

ABSTRACT

The objectives of the research are to find out empirical evidence of the the effect of Ownership Structure, Firm Size, Corporate Governance Practices and Bonus Compensation on Earnings Management of Manufacturing Companies. Ownership structure in this research using managerial ownership, firm size is measured from the natural logarithm of company sales. Corporate Governance is measured by three variables, Proportion of Independent Board of Commissioners, the Audit Committee Composition and Audit Quality. Bonus compensation is measured using dummy variables, if the company gives bonuses compensation to management is given the value 1 and if not 0.

This research use library research methods and documentation. Data taken from the Indonesian Capital Market Directory (ICMD) and Financial Statements manufacturing company. The analysis method of this research using multiple regression. This research uses data from manufacturing companies listed in Bursa Efek Indonesia (BEI) years from 2007 to 2009. Sample of this research are 36 sample companies.

The results of this research indicate that variables which have significant influence on earnings managemen is an audit committee and compensation bonuses. Companies that establish an audit committee showed negative results, so the increasingly formation of audit committees can make earnings management practices decrease in that manufacturing companies. Variable compensation bonus show positive results, so if the company gives compensation bonuses to the management is high, then the practice of earning management will also be higher. Variable managerial ownership, firm size, board of Commissioners, and Audit Quality does not have a significant influence on earnings management by manufacturing firms.

Keywords: Ownership Structure, Firm Size, Corporate Governance, Compensation Bonus, Earnings Mangement.