

## **ABSTRACT**

*The purpose of this research is to provide empirical evidence of the affect of ownership concetration, firms size, and corporate governance mechanisms on earnings management. Ownership concetration was measure by the biggest stock of individual or organization, firms size was measure by natural logaritma of net sales, and corporate governance mechanisms were measure by three variabls (composition of board of commisioner, audit quality were measure by industry specialize audit firm, and composition of audit committee).*

*Earnings management was measure by discretionary accruals use Modified Jones Method. The population of this research is 143 companies in the manufacturing sector which were listed in Indonesian Stock Exchange (IDX). The research data were collected from manufacturing companies financial statement for the period of 2006 to 2008. Based on purposive sampling method, there are 37 samples. The reseacrh hypotesis were tested using multiple regression analysis.*

*The results of this research show that ownership concetration, firm size and industry specialize audit firm have significant relationships with earnings management. Next, variable composition of board of commisioner and composition of audit committee have no significant relationship with earnings management.*

*Keywords: ownership concetration, firms size, corporate governance, earnings management*