

ABSTRACT

Earnings management is not a detrimental thing during conducted in corridors opportunities. Earnings management behavior can be maximized through a monitoring mechanism that aims to harmonize the different interests between principal and agent. This study aimed to see if the ownership structure and mechanisms of corporate governance have an effect on earnings management of the company.

The dependent variable in this study is discretion revenue. Value discretion revenue obtained will be used as an earnings management, is through the multiple linear regression equation with several independent variables. They are the shareholding of institutional, composition of independent commissioner, the composition of the independent audit committee as well as some of the control variables. They are company size, leverage and quality of the audit results. The regression will be done after the data declared eligible by the classical assumption.

The results show that institutional ownership variable, the composition of independent commissioner and independent audit committee have no significant affect on earnings management. Similarly, the variable audit quality has no significant effect on earnings management. Only the variable company size and leverage have significant effect on earnings management. Therefore, companies need to increase the understanding and seriousness in implementing corporate governance practices so that such practice is not just a mere formality, but can be a way to create a good condition of the company and thoughtful.

Keyword: *earnings management, discretion revenue, age of the company, institutional stock ownership, the composition of independent commissioner, composition of independent audit committee, size, leverage and quality of audit results*