ABSTRACT

This research sets objective to analyze the effect of corporate governance and structural ownership toward earning management in Indonesia. Earning Management is measured by discretionary accruals (DACC). Corporate governance comprise with board size, board independence, board rendezvous, audit committee, audit independence, and audit rendezvous. Ownership structure is measured by managerial ownership, institutional ownership, and government ownership. Three controlling variables are used as well in this research which consisted of firm’s size, leverage, and return on asset. Data used in this research collected from annual financial report published on Indonesia Stock Exchange by its listed companies.

By using purposive sampling method, 538 companies were filtered to 319 due to only those who met requirements remain. 1598 data were chosen as observational data. This research uses multiple regression method to figure out the effect of independent variables toward dependent variable.

This research resulting that only board rendezvous and audit rendezvous have significant negative effect toward earning management. On the other hand, there were no significant effect toward earning management by the remaining independent variables as well as controlling variables used in this research.

Keywords: earning management, discretionary accrual, corporate governance, ownership structure.