

## **ABSTRACT**

This study entitled "EFFECT OF GOOD CORPORATE GOVERNANCE MECHANISM OF EARNINGS MANAGEMENT IN THE BANKING COMPANIES LISTED IN INDONESIA STOCK EXCHANGE", by R Vindi being mentored by Mr. M. Y. Dedi Haryanto, S.E., M.Sc., Ak .. This study aimed to examine the effect of corporate governance mechanisms are independent of the composition of the board of directors, the board size, and the size of the audit committee on earnings management in corporate banking terdaftar in Indonesia Stock Exchange. The number of banking companies were registered up to 2010 there were 33 companies, but only 21 companies with financial statements showing during the years 2008 to 2010 were 63 denagan sampled for the study because it fits the criteria for the study.

The analysis model used is multiple regression models, in addition to the classic assumption test was used to avoid bias between variables, namely normality test, multicollinearity, and test heterokedasitas. Hypothesis testing is performed by test T (partial testing) and F test (test simultaneously).

The test results obtained from the calculations with the program SPSS ver. 16:00 note that there is no multicollinearity and heterokedasitas, the analysis model used. Based on the formulation of the problem posed and the analysis and discussion that has been obtained, the conclusion that can be drawn between the others is that the mechanisms of good corporate governance: the composition of independent commissioners, the size of the board and audit committee size has no effect on earnings management. Namu, the partial composition of the board of commissioners of the independent variables affect earnings management (H1), the variable size of the board of commissioners (H2) and the size of the audit committee (H3) had no effect on the dependent variable simultaneously.

**Keywords:** Composition of the Board of Commissioners of Independent Commissioners size, size of the Audit Committee, Earnings Management