

ABSTRACT

This study aimed to test whether corporate governance affect earnings management. Corporate governance is measured using three proxies, namely institutional ownership, proportion of independent commissioners, and the size of the board of commissioners. Earnings management as measured by discretionary accruals. The calculation of earnings management using the formula Modified Jones Model.

The samples in this study are SOE that go public in the period 2007-2011 by using purposive sampling. Samples obtained 10 companies by the number of observations by 47 samples (for five years with two data outliers and the data transformations Lag). The data used are annual reports from each company were obtained from the IDX website and the websites of each company. Hypothesis testing was done with statistical analysis tools such as R version 2.11.1. The results show that institutional ownership, the proportion of independent commissioners, and the size of the board of commissioners have no effect on earnings management.

Keywords: Institutional Ownership, Proportion Of Independent Commissioners, The Size Of The Board Of Commissioners, Earnings Management