Abstract

Earning Management is a management action to control some earnswhich are appropriate with management desire to gain individual profit. Good corporate governance needs to decrease it because some companies in Jakarta Islamic Index will not usually do the earnings management. In many studies, it has been detected that there are many factors such as leverage, ownership concentration, firm size, and good corporate governance influencing earnings management practices. This study tries to investigate the influence of leverage, ownership concentration, firm size and good corporate governance toward earnings management practices. The corporate governance of this research is composition of the board of directors and audit quality. The Quality audit is measured by audit firm size and audit committee. The type of this study is a descriptive quantitative. The targeted population is the companies listed in the Indonesian Stock Exchange and the Jakarta Islamic Index. The sample is determined by purposive random sampling method. There are 130 companies meeting the criteria. The Data analysis is carried out in terms of financial statements in the range of 2004 to 2008. The Hypotheses of this study are tested by using multiple regression analysis. The data Collection technique is through documentation. The findings of this study show that on average, there are some companies listed in the Jakarta Islamic Index implementing earnings management practices even though the value is very low. Leverage has a positive influence toward earnings management. However, ownership concentration has no influence toward earnings management, the company size has a negative influence toward earnings management; the composition of the board of commissioners, audit firm size and the audit committee have no significant influence toward earnings management.

Keywords: Leverage; Ownership concentration; Company size; Composition of the board of commissioners; Audit firm size; Audit committee; Earning management