

ABSTRACT

Earning management has been a concern for accounting because it's considered as a failure of accounting principles. It might not be a fraud but it allows manager to use aggressive or conservative accounting to increase or decrease reported income for their own interest. An indication of earning management was found during the study period based on media's report and it makes financial statement's capacity to provide the various parties about the financial condition information become less relevant. Earning management can be influenced by either macro or micro economic factors. This study aims to examine micro economic factors that include leverage, audit quality, firm size, and managerial ownership as independent variables.

Population of the study is financial and annual report from mining sector companies which are listed on Indonesia Stock Exchange (IDX) periods 2010 to 2013. There are 16 companies included and 64 data processed. Data analysis method in this research is Common-Constant (PLS) Method from panel data regression using Eviews program. The result shows that there are no significant influence between leverage, audit quality, firm size, and managerial ownership with earning management either simultaneously or partially.

Keyword : *Leverage, Audit Quality, Firm Size, Managerial Ownership, Earning Management.*