ABSTRACT

Earnings management can occur because of the weak application in the principles of Good Corporate Governance. Good Corporate Governance is needed to encourage the creation of markets that are efficient, transparent and consistent with laws and regulations. Earnings management practices can scrape the investor confidence in the quality of financial reporting and hamper the smooth flow of capital on the financial markets. The best solution of the problem about earnings management is by applying the mechanism of Good Corporate Governance, because with the practice of Good Corporate Governance can minimize the occurrence of earnings management.

The purpose of this reseacrh is to analyze the effect of Good Corporate Governance which is proxied by independent commissioner, an audit committee, managerial ownership, and institutional ownership on earnings management partial and simultaneously at banking companies listed on Indonesian Stock Exchange (IDX) period of 2016-2018. This research method is quantitative and population of research is banking companies listed on the Indonesia Stock Exchange (IDX) periode of 2016-2018. The technique sampling in this research uses of purposive sampling. The sampling technique used is purposive sampling and obtained 31 companies with a research period of 3 years so that it takes 93 sample data. The data analysis method uses panel data regression analysis with Eviews 9.0 for windows.

The result of this study indicate simultaneously variable of independent commissioner, an audit committee, managerial ownership, and institusional ownership have an effect on earnings management with Adjusted R-Square value equal to 0,088099 or 8,80%. Partially, independent commissioner has a significant negative effect on earning management, while audit committe, managerial ownership, and institusional ownership have no effect on earning management.

***Keywords**: Earnings Management, Independent Commissioner, Audit Committee, Managerial Ownership, Institutional Ownership*