**ABSTRACT**

Ayuanti, Rafikhein Novia. Thesis 2012. "The Effect of Good Corporate Governance toEarnings Management of The Companies Listed In The Corporate Governance Perception Index (CGPI) Period 2008-2010"

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Keywords :OfIndependent Board of CommissionersProportion, Institutional Ownership, the Board of Auditors, the Board of Directors, Earnings Management, Corporate Governance Perception Index.

The idea of Good Corporate Governance (GCG) arises as the reaction to the business practice of the company. GCG is the system of how a company is managed and controlled. Theoretically good corporate governance practices can enhance corporate value by improving their financial performance, which may reduce the risk undertaken by the board with a favorable decision to themselves and in general good corporate governance can increase investor trust.

This study uses a quantitative approach and focuses on testing the hipotesises employing a multiple regression anyliss with $\alpha = 5\%$.Research aims to determine the influence of corporate governance mechanisms, that is the proportion of independent board, institutional ownership, board of audit, and board of directors of earnings management. The research is conducted to the companies incorporated in The Corporate Governance Perseption Index (CGPI) in the period 2008-2010 and the samples of 11 companies acquired by purposive sampling method. Earnings management in this study was calculated using the discresionary accrualcalculation model

The results shows, there is no significant influence of the proportion of independent board, institutional ownership, board of audit, and board to directors of the practice to earnings management. Simultaneous testing can not prove the existence of significant influence of the proportion of independent board, institutional ownership, board of audit, and board of directors to the practice of earnings management. It is because the independent variables used to explain only a small fraction of dependent variables, as shown in the adjusted R square -10.1% while the rest is explained by other independent variables that are not used in this study.