

## **ABSTRACT**

Irawan, Arif. 2013. THESIS. Title: “*The Influence of Corporate Governance and Leverage Ratios on Profit Management (Empirical Study on Companies Registered in JII in 2007-2011)*”

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Keywords : *Independent Board of Commisioners, Institutional Ownership, Managerial Ownership, Audit Committee, Leverage Ratio, Profit Management.*

*Earning management derives from the agency problems, such as misalignment of interests between the principal (owner/stockholder) and the agent (manager). Therefore, this research aims to analyze the influence of corporate governance with independent board of commisioners proxy, institutional ownership, managerial ownership, audit committee and leverage ratios with leverage ratio proxy on the earning management of companies registered in JII in 2007-2011.*

*This research is an associative explanation research. The samples in this research are companies registered in JII in the period of 2007-2011 by using purposive sampling method which produces 8 sample companies. The research employs a secondary data. To analyze the data, it uses multiple regression analysis.*

*The research results show that the measurement of independent board, institutional ownership, managerial ownership and audit committee with leverage ratio have a simultaneous significant influence on the earning management. Only the variable of institutional ownership has the partial significant influence on the profit management. It means that at higher institutional ownership value, the earning management practice is lower. At the lower institutional ownership, the earning management practice will increase. Whereas, independent board, managerial ownership, audit committee, and leverage ratio have no consistent influence on the profit management. It might be done only to fulfil the regulation and not to maintain a good corporate governance in the companies.*