## *ABSTRACT*

Earnings management is an action that management do which serve to income increase and income decrease current reported earnings of the unit which the manager is responsible without generating a corresponding increase and decrease in long term economic profitability of the unit. Earnings management often done to fulfil and maximize self-interest.

The purpose of this study is to analyze what factors can affect the companies do earnings management. This study intends to determine the effect of independent variables both simultaneously and partially. In this study, independent variables were used, namely firm size (UP), managerial ownership (KM) and bonus compensation (KB) to earnings management (ML).

The population in this study is the sector Manufacture companies listed on the Indonesia Stock Exchange in 2014-2017. The sampling technique used was purposive sampling and obtained 20 companies with a research period of 4 years, to obtain 80 sample data. The method of data analysis in this study is panel data regression analysis using software Eviews 10.

The fixed effect model was chosen after the start of the 2 panel test regression model selection test. The results showed that simultaneous firm size (UP), managerial ownership (KM) and bonus compensation (KB) influential to earnings management (ML).

Based on the test that have been conducted, it can be concluded that all research variables are heterogeneous data. Simultaneous all independent variables have a significant effect on earnings management. While partially the firm size have a significant effect on the negative direction of earnings management (ML). Bonus compensation have a significant effect on the positive direction of earnings management (ML). While managerial ownership have no significant effect of earnings management (ML).



**Keyword:** Firm Size, Managerial Ownership, Bonus Compensation and Earnings Management