

## **ABSTRACT**

*Several cases regarding earnings management practices occur in Indonesian companies, this shows that there is low supervision on the performance of company management so that the financial statements presented by the company are not credible and accurate. The low level of supervision has a negative impact on profit earning, thus encouraging company managers to practice earnings management.*

*This study aims to determine how the influence of Independent Commissioners, Institutional Ownership, and Quality of Audit on earnings management, either simultaneously or partially. so that these three variable factors are expected to reduce earnings management practices in the company.*

*The population in this study were all pharmaceutical sector companies listed on the Indonesia Stock Exchange in 2012-2019. In this study, using purposive sampling with 56 sample units studied. The analysis in this study used descriptive analysis and multiple linear regression.*

*The results of the study show that the Independent Commissioner, Institutional Ownership, and Audit Quality have a simultaneous effect on Earnings Management. Partially Independent Commissioner and Audit Quality have no effect on Earnings Management. Meanwhile, Institutional Ownership has a negative effect on Earnings Management.*

*This research is expected to be a reference and as a development tool for further research. For companies, company management is advised to increase institutional ownership which aims to reduce earnings management practices. For investors, investing in companies that have a high value of institutional ownership because based on the results of this study high institutional ownership can reduce the level of earnings management practices.*

**Keywords:** *Nonperforming Loans, Return on Assets, Capital Adequacy Ratio, Loan to deposit ratio.*