

**EFFECT OF PROFIT MANAGEMENT AND CORPORATE GOVERNANCE ON FINANCIAL STATEMENT FRAUD OF MANUFACTURING COMPANIES LISTED ON BEI IN THE PERIOD OF 2015-2017**

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**ABSTRACT**

The objective of the study was to prove empirically the effect of the Earnings Management and the Corporate Governance on the Financial Statements Fraud of Manufacturing Companies Listed on the Indonesia Stock Exchange for the Period of 2015-2017. As for the sample in this study there were 27 manufacturing companies listed on the IDX determined by using the *purposive sampling*. The variables in this study included earnings management, institutional ownership, managerial ownership, board of commissioners, audit committees, independent commissioners, and financial statements fraud. The data analysis method used in this study was the multiple linear regression analysis, with SPSS version 20. The results of this study indicated that the variable of the independent commissioner had a significant effect on the financial statements fraud, while the variables of the earnings management, the institutional ownership, the managerial ownership, the board of commissioners, and the audit committees did not have any significant effects significant on the financial statements fraud.

**Keywords: Profit Management, Institutional Ownership, Managerial Ownership, Board of Commissioners, Auditor Committee, Independent Commissioner, and Fraud of Financial Statements.**

