

ABSTRACT

The objective of this research is to examine the influence of the earnings management concerning to the firm value and to examine whether the corporate governance mechanism is the moderating variable between influence of earnings management toward the firm value. The variable examined in this research is earnings management measured with discretionary accrual by modified Jones model, firm value, institutional ownership, managerial ownership, independent commissioner and auditor quality.

The sample which is used in this research listed non financial company in Indonesian stock exchange on period of 2005-2009. This research is using purposive sampling method to determine the sample and it produce 58 companies as research sample. Regression analysis method used descriptive statistic and multiple regression.

The result of this research shows the earnings management negative influence to firm value. Corporate governance mechanism as moderating variable from influence earnings management to firm value unprovable.

Keyword: earnings management, firm value, institutional ownership, managerial ownership, independent commissioner, auditor quality.