

ABSTRACT

The purpose of this research is examining the impact of the adoption of IFRS-based accounting standards toward companies earnings quality at manufacturing companies listed on the Indonesian Stock Exchange (IDX) from 2009 to 2012. The companies earnings quality is proxied through earnings management, value relevance of earnings by price-earnings model, and value relevance of earnings by return-earnings model.

Sampling method used is purposive sampling and obtained 115 companies as sample. The data used are secondary data, namely the financial statements of manufacturing companies from 2009 to 2012 that have been audited by Public Accountant Firm. To prove the hypothesis, performed Ordinary Least squares testing that begins with the test of classical assumption. Research model passed the test of the classical assumptions.

Statistically testing for hypothesis concluded that the adoption of IFRS-based accounting standards proved to have no significant effect on the lower level of earnings management. The adoption of IFRS-based accounting standards proved to have a significant and positive effect on the value relevance of earnings by price-earnings model. The adoption of IFRS-based accounting standards proved to have a significant and positive effect on the value relevance of earnings by return-earnings model.

Keywords: earnings quality, earnings management, value relevance of earnings by price-earnings model, value relevance of earnings by return-earnings model, accounting standards, IFRS.