

## **ABSTRACT**

*The purpose of this study was to analyze the effect of earnings management to firm value. This study also to analyze the influence of corporate governance through managerial ownership, institutional ownership, the proportion of independent board and audit quality as a moderating variable of the relationship between earnings management and firm value.*

*The samples used in this study were manufacturing companies listed on the Stock Exchange during the years 2007-2010 with a random sampling method based some multiple criteria and obtained a sample of 140 companies.*

*The results showed that earnings management can reduce firm value. Moderating variables that influence the relationship of earnings management to firm value is managerial ownership. While institutional ownership, the proportion of independent board and audit quality is not a moderating variable.*

*Keywords : earnings management, firm value, corporate governance, managerial ownership, institutional ownership, the proportion of independent board, audit quality*