

ABSTRACT

The objective of this research is to examine the influence of Investment Opportunity Set (IOS) and corporate governance mechanism (audit committee independence, independence of commissioner, institutional ownership, managerial ownership) to earnings quality and firm value. This research also examines the influence of earnings quality to firm value.

This research uses samples from 130 companies listed on Indonesia Stock Exchange (IDX), by using purposive sampling which published financial report among 2005-2009. The method of analysis of this research uses multi regression.

The results of this research show that (1) earnings quality didn't have significant influence to firm value, (2) Investment Opportunity Set (IOS) didn't have significant influence to earnings quality but had significant influence to firm value, (3) audit committee independence didn't have significant influence to earnings quality but had significant influence to firm value, (4) independence of commissioner had significant influence to earnings quality but didn't have significant influence to firm value, (5) institutional ownership had significant influence to earnings quality but didn't have significant influence to firm value, (6) managerial ownership had significant influence to earnings quality and firm value, and (7) simultaneously of Investment Opportunity Set (IOS), audit committee independence, independence of commissioner, institutional ownership, and managerial ownership had significant influence to earnings quality and firm value.

Keywords : Investment Opportunity Set (IOS), corporate governance mechanism, earnings quality, firm value