

ABSTRACT

The purpose of this research is to examine the influence of the corporate governance mechanism concerning to the earnings management and firm value in manufacturing companies listed at Indonesian Stock Exchange during 2005-2008. The variable examined in this research is institutional ownership, managerial ownership, independent commissioner, auditor quality, earning management measured with discretionary accrual by modified Jones model (1995) and firm value.

The sample which is used in this research manufacturing companies listed at Indonesian Stock Exchange on period of 2005-2008. This research is using purposive sampling method to determine the sample and resulted 77 companies as research sample. Multiple regression model and statistic descriptive is used to analysis data.

The result of this research shows the corporate governance mechanism (institutional ownership, managerial ownership, independent commissioner and auditor quality) are not influence to earnings management. Institutional ownership, managerial ownership and auditor quality not influence to firm value. Independent commissioner had negative effect and significant to the firm value.

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