

**THE IMPACT OF CORPORATE GOVERNANCE MECHANISM ON
EARNINGS QUALITY
(CASES OF STUDY : MANUFACTURING COMPANIES LIST IN THE
INDONESIA STOCK EXCHANGE since 2004-2010)**

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ABSTRACT

This research aims at examining the impact of corporate governance mechanism on earnings quality. Namely the mechanism of, managerial ownership, institutional ownership, composition of board of commissioner, and audit committees.

Earnings quality was measured by Earnings Response Coefficient. The obyek is managerial ownership, institutional ownership, composition of board of commissioner, audit committees and earnings quality on manufacturing companies liest in the Indonesia Stock Exchange since 2004-2010. Type in this research ar level of causal. The data was collected use purposive sampling method. The number of samples of the company was 8.

Based on the research, got the result are managerial ownership has strongest effect toword earnings quality ,institutional ownership has strongest effect toword earnings quality, composition of board of commissioner has strongest effect toword earnings quality, audit committees has strong effect toword earnings quality. Simultaneously the effect of mechanism of managerial ownership, institutional ownership, composition of board of commissioner, audit committees on earning quality are strongest.

Key Words: Corporate governance mechanism, Earnings response coefficient,

Earnings quality