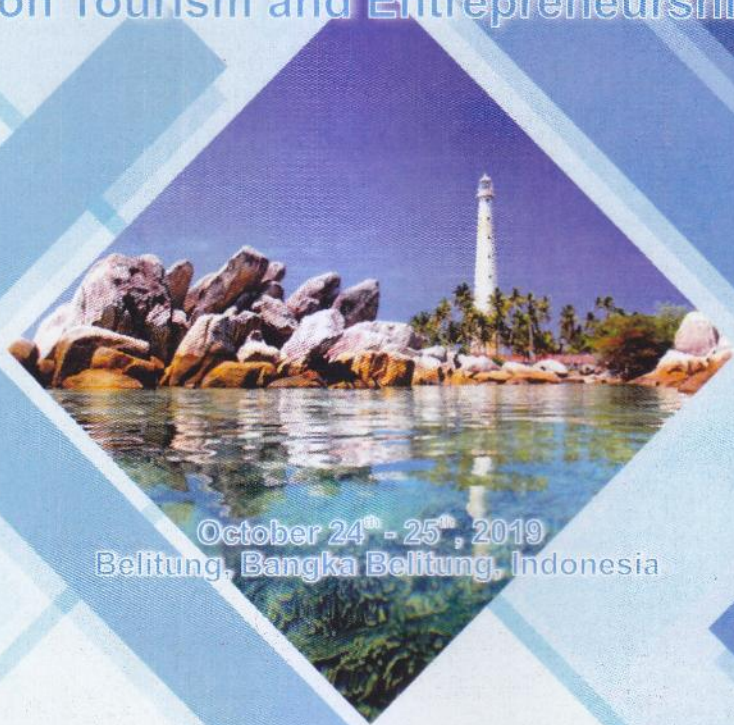




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EFFECT OF CORPORATE GOVERNANCE MECHANISM ON TAX AVOIDANCE
AND EARNINGS MANAGEMENT AND THEIR IMPACT ON VALUE OF THE FIRM
(Empirical Study on IDX Manufacture Companies Period 2013 - 2017)

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ABSTRACT

This study investigated how the tax avoidance and earnings management as a basis of management has an effect to value of the firm. The study also tested indirect relationship between the ability of corporate governance mechanism has an effect on value of the firm with the tax avoidance and earnings management as an intervening variable.

Population in this study are all companies in manufacture industry has been listed in the Indonesian Stock Exchange from 2013 to 2017. The total samples were 87 companies with method of this research are using analysis of causality to find correlation and influences between variables.

The results showed that the corporate governance mechanism has positive influence to the value of the firm. The other hypothesis has finding that the tax avoidance have positive significant to the value of the firm, otherwise the earning management have negative significant to the value of the firm. This research proved for indirect influences that corporate governance to the value of the firm with tax avoidance as mediate variable and show negative significant to the value of the firm and if earnings management as mediate variable then the finding also show positive significant to the value of the firm.

Keywords : tax avoidance, tax loopholes, effective tax rate, earnings management, discretionary accrual, value of the firm, tobins' q, mechanism of corporate governance boards of commissioner, independent commissioners, institutional ownership.