

ABSTRACT

THE EFFECT ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARD ON EARNINGS RESPONSE COEFFICIENT (Empirical Studies on Manufacturing Companies Registered in Indonesia Stock Exchange 2009 - 2012)

By

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This research aims to analyze the effect adoption of international financial reporting standard on earnings response coefficient. Earnings response coefficient as a dependent variable and adoption of international financial reporting standard as an independent variable, with leverage, risk, size, and market to book value ratio as control variables.

The sample is taken with purposive sampling method and get 43 companies that suitable with criteria in this research. The periods that used in this research from 2009 – 2012, and total of observation is 172 data. This research is examined by multiple linear regression, and classic assumption test for examining the fairness about research data.

The result of this research shows that adoption of international financial reporting standard have positive significant effect on earnings response coefficient. leverage as control variables have negative effect on earnings response coefficient, size have positive effect on earnings response coefficient, while risk and market to book value ratio does not effect on earnings response coefficient.

Keyword : **Earnings Response Coefficient, Adoption of International Financial Reporting Standard, leverage, risk, size, and Market to Book Value Ratio.**