

**THE IMPACT OF USING REAL ACTIVITIES MANIPULATION THROUGH CASH
FLOW FROM OPERATION ON FUTURE PERFORMANCE**

**(Empirical study of Manufacturing Companies Listed on the Indonesian Stock
Exchange)**

**Presented as Partial Fulfillment of the Requirements for the Degree of
Sarjana Ekonomi (S1) in Accounting Program Faculty of Economics
Universitas Atma Jaya Yogyakarta**

THESIS



Complied by

Nora Ria Sibarani

Student ID Number: 09 15 17677

**FACULTY OF ECONOMICS
UNIVERSITAS ATMA JAYA YOGYAKARTA
OCTOBER 2014**

Faculty of Economics

Universitas Atma Jaya Yogyakarta

I hereby recommended that the thesis prepared under my supervisor by

Nora Ria Sibarani

Student ID number 09 15 17677


Thesis Entitled

**THE IMPACT OF USING REAL ACTIVITIES MANIPULATION THROUGH
CASH FLOW FROM OPERATION ON FUTURE PERFORMANCE**

**(Empirical study of the Manufacturing Companies listed on the Indonesia Stock
Exchange)**

**Be accepted in partial fulfillment of requirement for the Degree of Sarjana Ekonomi
(S1) in International Finance and Accounting Program Faculty of Economics,
Universitas Atma Jaya Yogyakarta**

Advisor,



Dr. I Putu Sugiartha S., SE., M.Si, Ak., CA.

Yogyakarta, August 26th, 2014

This is to certify that the thesis entitled

**THE IMPACT OF USING REAL ACTIVITIES MANIPULATION THROUGH CASH
FLOW FROM OPERATION ON FUTURE PERFORMANCE**

Presented by

Nora Ria Sibarani

Student ID Number: 09 15 17677

**Has been defended and accepted on October 9, 2014 towards fulfillment of the
Requirements of the Degree of Sarjana Ekonomi (S1)
In International Financial Accounting Program
Faculty of Economics, Universitas Atma Jaya Yogyakarta**

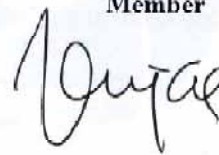
Examination Committee

Chairman

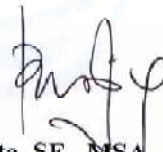


(Dr. I Putu Sugiarta S., SE., M.Si., Ak., CA.)

Member



(Jenjang Sri L., SE., M.Com., Ak., CA.)



(Pratiwi Budiharta, SE., MSA., Ak., CA.)

Yogyakarta, October 9, 2014

Dean



**FAKULTAS
EKONOMI**

(Drs. Budi Suprpto, MBA., Ph.D.)

AUTHENTICITY ACKNOWLEDGEMENT

I, Nora Ria Sibarani hereby declare that I compiled the thesis with the following title:

THE IMPACT OF USING REAL ACTIVITIES MANIPULATION THROUGH CASH
FLOW FROM OPERATION ON FUTURE PERFORMANCE

(Empirical study of the Manufacturing Companies listed on Indonesia Stock Exchange)

Is really my own thinking and writing, i fully knowledge that my writings does not contain others' or part(s) of other writings, except for those that have been cited and mentioned in bibliography.

Yogyakarta, August 26, 2014



Nora Ria Sibarani

ACKNOWLEDGEMENT

Praise the God for the blessing he gave so the writer can finish this thesis with the title “The Impact of Earnings Management Through Cash Flow From Operation for Future Performance”. This thesis as the requirement for the Degree of Sarjana Ekonomi (S1) in International Financial and Accounting Program Faculty of Economics, Universitas Atma Jaya Yogyakarta. I would like to say thank you for all of people who always supported me during the time I needed to accomplish my thesis without them my thesis can not running well.

1. My beloved family, my parents Bilmar Sibarani and Lumiaty Napitupulu, who always supporting me, gives me some advices, care, and love me. This thesis dedicted to both of you. For both my sister Ryanti Christianna Sibarani and Shelly Talia Sibarani, my grand father, uncles, aunties, cousins and all of my familiy thank you so much for loves, prays, and supports.
2. My advisor, Mr. Dr. I Putu Sugiarta S., SE., M.Si., Ak. For the lecture and the guidance in this thesis. Thank you so much for guiding me in finishing this thesis, your suggestions, understanding, patience, and cooperation during the process of compiling my thesis.
3. My beloved Andreas DarmanSianturi, who always supporting me, encourage me to finish my thesis, care, and always love me. Thank you so much.
4. For the international and regular lecturer Mr. Parnawa, Mr. Andre, Mrs. Pratiwi, Mrs Dewi, Mrs Wiwik, Mrs. Fenyta, Mrs. Jenjang and the others i can not mention one by one thanks for your time for teaching me from beginning till the end of semester.
5. The international program administrator, Mr. Adit who always helps me, guides and waits patiently in international office.

6. My best friends – Kiki, Vony, Winda, Arum, William, Ria Arcanca thank you so much for helping me, for your times, supports, prays, always understanding me. Love you all ever after.
7. Team of 82 KKN 64 – William, Adisti, Tasha, Nyenyeyes, Icha, Yoga, Yosi, Nani, Andri, Andre, Tegar. Thanks for the togetherness, experiances, supports, laughs, advice in KKN.
8. For all people I could mention one by one and thank you for your support and care.

Love,

Nora Ria Sibarani

MOTTO

BELIEVE IN YOUR SELF

DO YOUR BEST AND GOD WILL GIVE THE BEST

*Janganlah hendaknya kamu kuatir tentang apapun juga,
tetapi nyatakanlah dalam segala hal keinginanmu kepada Allah
dalam doa dan permohonan dengan ucapan syukur.*

Filipi 4:6



TABLE OF CONTENTS

	Page
Title	i
Supervisor Approval	ii
Authenticity Acknowledgement.....	iii
Acknowledgement.....	v
Motto.....	vii
Table of Contents	viii
List of Tables.....	xi
List of Appendices	xii
Abstract	xiii
CHAPTER I INTRODUCTION	1
1.1. Background of The Research	1
1.2. Research Question.....	5
1.3. Objective of the Research	6
1.4. Research Contribution.....	7
1.5. Systematic of Writing.....	7
CHAPTER II THEORITICAL BACKGROUND AND HYPOTHESIS	
DEVELOPMENT	9
2.1. Statement of Financial Accounting Concepts No. 8	9
2.2. Agency Theory	12
2.3. Positive Accounting Theory.....	13
2.4. Earnings Management.....	15
2.4.1. Earnings Management Through Real Activities Management	17
2.5. Cash Flow.....	19
2.5.1. Cash Flow From Operation	21

2.6. The Impact of Real Activities Manipulation for Future Performance	22
2.7. Previous Researcher	23
2.8. Hypothesis Development	24
CHAPTER III RESEARCH METHODOLOGY	26
3.1. Population and Sample	26
3.2. Data Collection Method	26
3.3. Variables	27
3.3.1. Independent Variable	27
3.3.2. Dependent Variable	28
3.3.3. Control Variables	28
3.4. Data Analysis Method	29
3.4.1. Normality Test	29
3.4.2. Multicollinearity Test	30
3.4.3. Heteroscedasticity Test	30
3.4.4. Autocorrelation Test	31
3.4.5. Hypothesis Test	31
CHAPTER IV DATA ANALYSIS	33
4.1. Sample Selection	33
4.2. Descriptive Statistics	34
4.3. Normality Test	35
4.4. Multicollinearity Test	36
4.5. Heteroscedasticity Test	37
4.6. Autocorrelation Test	38
4.7. Regression Analysis	39
4.8. Analysis Discussion	41
CHAPTER V CONCLUSION AND LIMITATION	43
5.1. Conclusion	43

5.2. Limitations of The Research44
5.3. Suggestion44

REFERENCES



LIST OF TABLE

	Page
Table 4.1. Sample Selection.....	33
Table 4.2. Results of Descriptive Analysis.....	34
Table 4.3. Normality Test Results	35
Table 4.4. Normality Test Result Data After Trimming.....	36
Table 4.5. Multicollinearity Test Results.....	37
Table 4.6. Heteroscedasticity Test Result.....	38
Table 4.7. Autocorrelation Test Result.....	39
Table 4.8. Results of Multiple Regression Analysis.....	39

LIST OF APPENDICES

Appendix I	List of Companies
Appendix II	Research Data
Appendix II	Descriptive Statistics
Appendix IV	Normality Test
Appendix V	Muticollinearity Test
Appendix VI	Heteroscedasticity Test
Appendix VII	Autcorrelation Test
Appendix VIII	Regression

**THE IMPACT OF USING REAL ACTIVITIES MANIPULATION
THROUGH CASH FLOW FROM OPERATION FOR FUTURE
PERFORMANCE**

**(Empirical study of the Manufacturing Companies Listed on Indonesia Stock
Exchange)**

Complied by

Nora Ria Sibarani

Student ID Number :09 15 17677

Advisor

Dr. I Putu Sugiarta S., SE., M.Si., Ak.

ABSTRACT

This study aim to test the impact of using real activities manipulation through cash flow from operation for future performance. Real activities manipulation is measured by abnormal cash flow from operation (ABN_CFO) and this model is developed by Roychowdhury (2006). Samples in this study are manufacturing companies listed in Indonesia Stock Exchange from 2002-2012 which meets the sample criteria. There were 77 manufacturing companies listed in Indonesia Stock Exchange taken as the population and companies criteria as the sample in this study.

This study using regression analysis to test the hypothesis. The result of this research shows that the hypothesis is accepted. Based on the hypothesis test found that real activities manipulation through cash flow from operation negatively impact on future performance.

Key words : Real activities manipulation, Future performance