

**EARNINGS MANAGEMENT AND THE VALUE RELEVANCE OF  
EARNINGS**

**Undergraduate Thesis**

**Presented as Partial Fulfillment of the Requirement for the Degree of Sarjana**

**Ekonomi (S1) in Accounting Program Faculty of Economics**

**Universitas Atma Jaya Yogyakarta**



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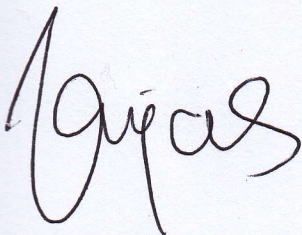
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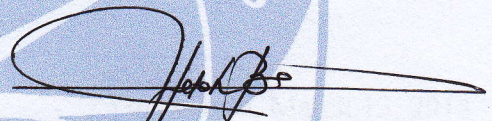
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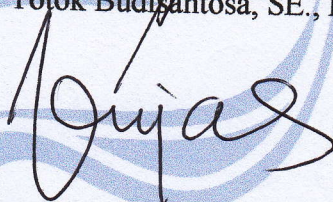
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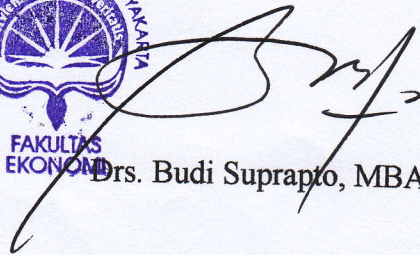


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## AUTHENTICITY ACKNOWLEDGEMENT

I hereby declare that the thesis with the title:

### **EARNINGS MANAGEMENT AND THE VALUE RELEVANCE OF EARNINGS**

Is really my own thinking and writing. I fully acknowledge that my writing does not contain others' or part(s) of others writing, except for those that have been cited and mentioned in references.

Yogyakarta, March,13, 2015



Ivana Prayitna

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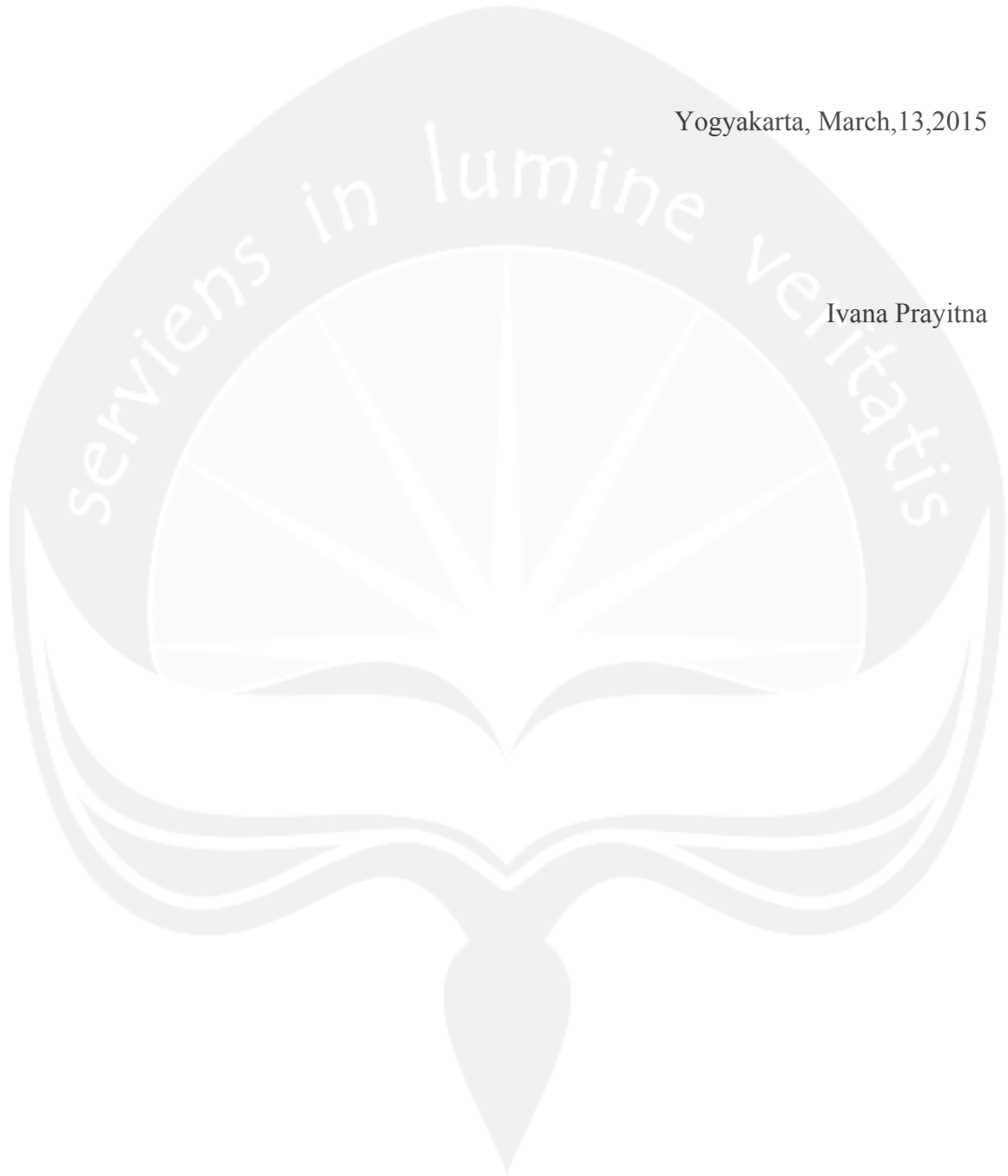


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I am aware that my undergraduate thesis is far from perfect. I expect that readers can give comments and suggestion to enrich my undergraduate thesis. Finally, I hope this research can benefit the readers.

Yogyakarta, March,13,2015

Ivana Prayitna



## Motto

No matter how long it takes, when God works, it always worth the wait.

Be fearless. The world cannot scare you, unless you allow it within yourself.

Cintailah apa yang kau kerjakan, maka kau akan menjadi sosok yang luar biasa

Pastikan kau gembira saat menyusuri jalan cita-cita dan tujuan mu. Tetaplah bersemangat, bergembira, dan penuh rasa ingin tahu – Robin Sharma (The Monk Who Sold His Ferrari)

Lakukan segala pekerjaan yang Tuhan percayakan karena Dia akan memberikan kemampuan kepada orang yang sungguh-sungguh berusaha dan bekerja –  
renunganharian.net

I dedicate this work to:

Jesus Christ

My family

My university

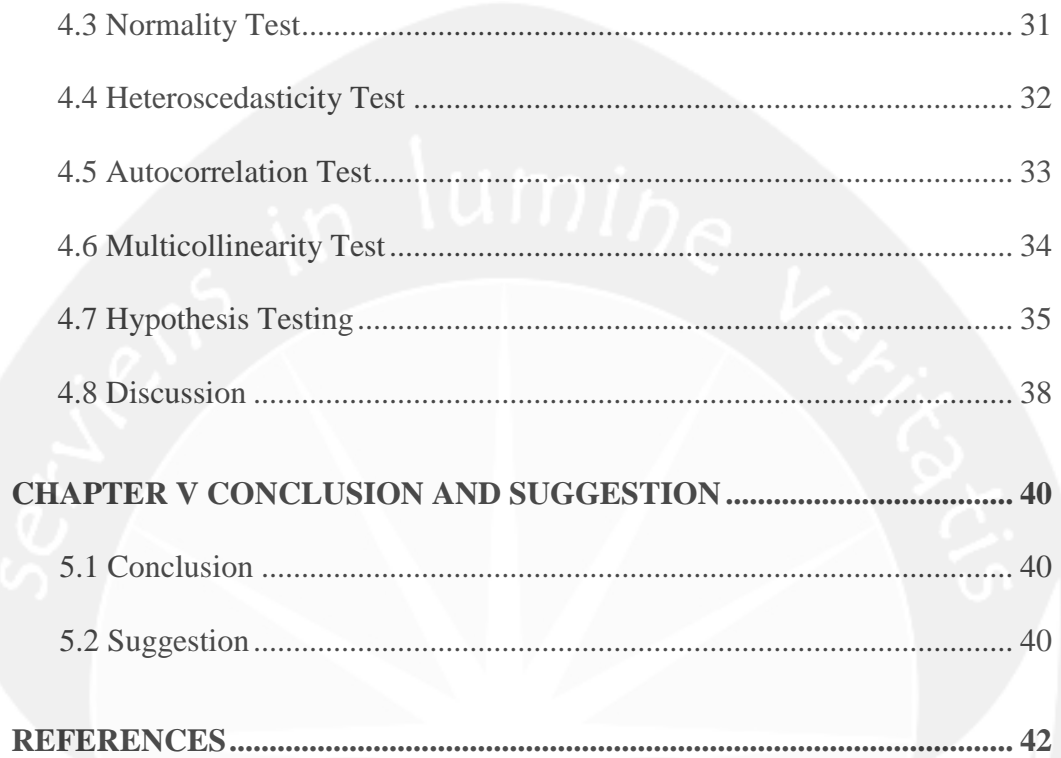


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**Abstract**

This research examine whether earnings management negatively affects the value relevance of earnings. I measure earnings management using Modified Jones model. Following the research by Fattahi, MoeinAddin and Abtahi (2014), I regress stock prices with earnings and discretionary accruals. The results show earnings is value relevant and earnings management positively affects the value relevance of earnings.

Keywords: earnings management, value relevance of earnings, relevance, and reliability