

**THE IMPACT OF GOOD CORPORATE GOVERNANCE ON EARNINGS
MANAGEMENT THROUGH REAL ACTIVITIES MANIPULATION
(Empirical study of Merchandising Companies Listed on Indonesia 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



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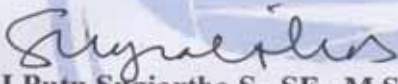
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Is really my own thinking and writing, i fully knowledge that my writings does not contain others' or part(s) of other writings, except for those that have been cited and mentioned in bibliography.

Yogyakarta, December 10th, 2014



Agnes Theodora Tejo

Optimism is the faith that leads to achievement. Nothing can be done without hope and confidence. – Hellen Keller

But he said to me, "My grace is sufficient for you, for my power is made perfect in weakness." Therefore I will boast all the more gladly about my weaknesses, so that Christ's power may rest on me. That is why, for Christ's sake, I delight in weaknesses, in insults, in hardships, in persecutions, in difficulties. For when I am weak, then I am strong. – 2 Corinthians 12:9-10

Our greatest weakness lies in giving up. The most certain way to succeed is always to try just one more time. –Thomas A. Edison

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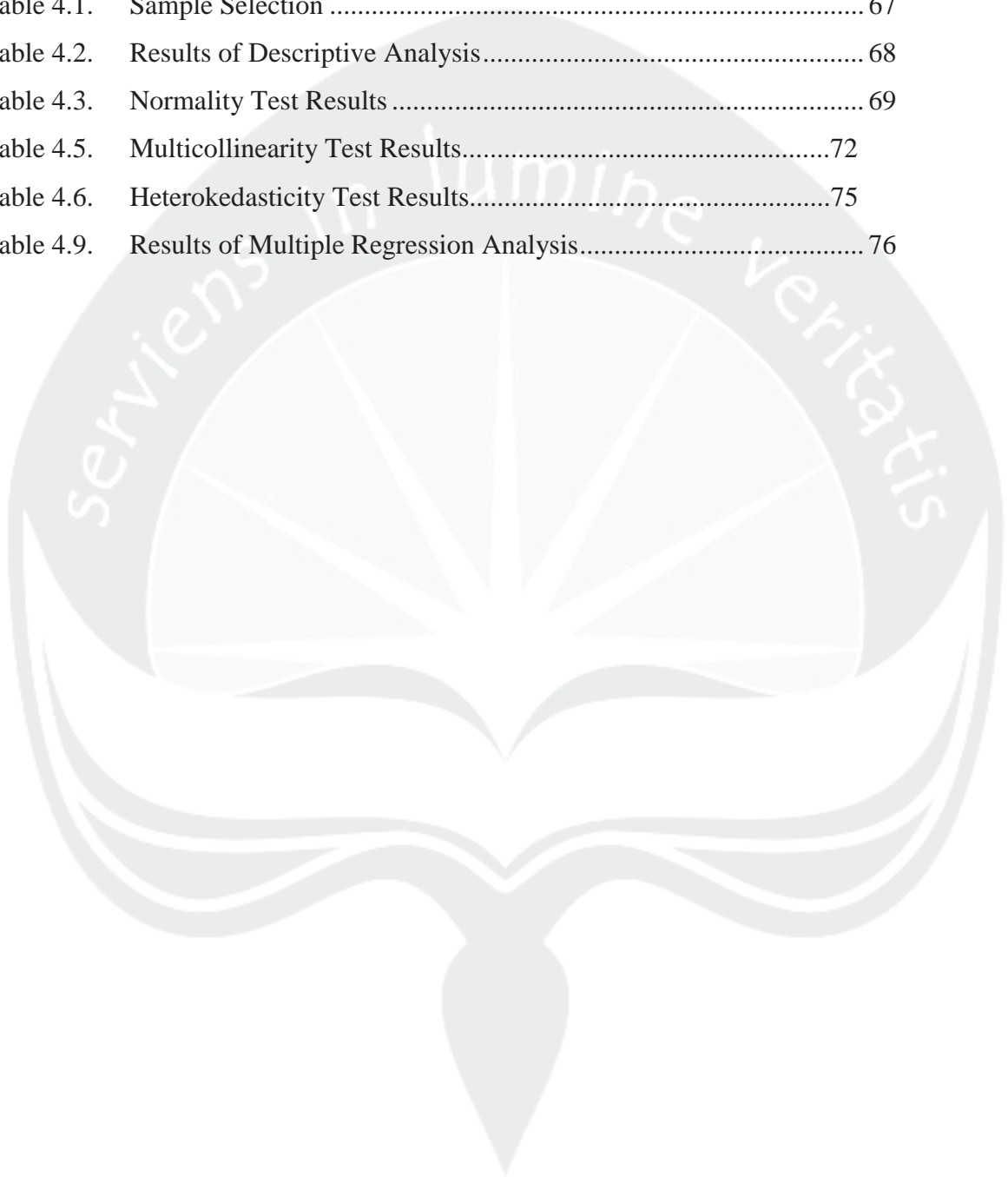
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Abstract

This study examines the effect of good corporate governance on earnings management through real activities manipulation. Good corporate governance is measured by the board commissioner size, number of board commissioners meeting, the independent board commissioner composition, audit committee size, number of audit committee meetings, audit committee competency, and audit quality. Earnings management through real activities manipulation is measured using abnormal cash flow from operations and abnormal discretionary expenses.

This research was conducted by using financial statements of merchandising company that listed in the Indonesian Stock Exchange in 2009-2013 as many as 83 samples. The method of analysis used in this study is multiple regression.

Based on the results of the study showed that the variables of good corporate governance has no effect on earnings management through real activities manipulation. This is due to the less effective application of board commissioner and audit committee, less competency and only to comply with existing regulations.

Key words: good corporate governance, earnings management, real activities manipulation, size, return on assets