

**THE INFLUENCE OF REAL ACTIVITY EARNINGS MANAGEMENT
TOWARD FIRM'S FUTURE OPERATING CASHFLOW IN INDONESIAN
MANUFACTURING COMPANIES**

(Empirical Study of Companies Listed in BEI from 2009 until 2012)

A THESIS

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



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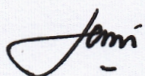
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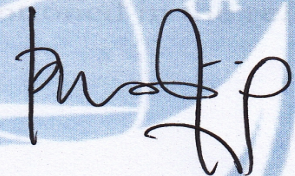
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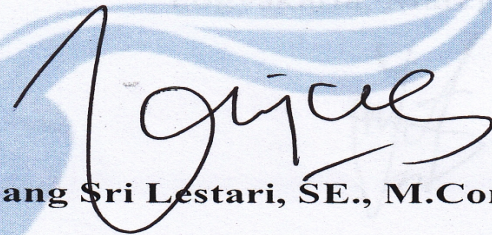


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**THE INFLUENCE OF REAL ACTIVITY EARNINGS MANAGEMENT
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I fully acknowledge that my writing does not contain others' or part (s) of others' writing, except for those that have been cited and mentioned in the references.

Yogyakarta, March 26th , 2015



Yosua Surya Pribadi

MOTTO AND DEDICATION

- Yippee Kay Yay -

John McClane

- YOU'LL NEVER WALK ALONE -

Liverpool F.C

*And we know that all things work together for good to them that
love God, to them who are the called according to His purpose*

Romans 8 : 28

This thesis is dedicated to:

Jesus Christ

My Family

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Abstract

The financial reporting has an objective to summarize financial performance of the company periodically. One indicator from the financial reporting that commonly used to assess performance is earnings. Stakeholders used earnings in measuring management's performance, determining executive compensation, assessing firms' future prospects to make resource allocations, and firm valuation decisions. Therefore, managers are keen to show better reported earnings in their financial report. In order to achieve the targeted income or to show better reported earnings in their financial report, even though the company doesn't performing really good, commonly managers are tend to manipulate earnings. In manufacturing industry, one feasible method of earnings manipulation is through real earnings management. Real earnings management that has been done by the manager will give direct impact on decreasing the ability of the financial report in predicting the future profitability of the company and, thus, may disadvantaging for the investor and any other stakeholder. The measurement of future profitability can be done by calculating the company's future operating cashflow.

This study aims to prove empirically whether there are significant influence of real earnings management towards firm's future operating cashflow during the year 2009 until 2012, especially for manufacturing companies listed in Bursa Efek Indonesia (BEI) that selected with some criteria. There are three kinds of real earnings management that examined by this research, those are: sales manipulation, overproduction and reduction of discretionary expense. The statistical method used in the research is regression analysis.

From the testing and data analysis, it is revealed that real earnings management has negative impact toward future operating cashflow.

Keywords: Real Earnings Management, Future Operating Cashflow