

## **ABSTRACT**

Gracia Anastasia (01220090078)

### **THE IMPACT OF EARNINGS MANAGEMENT AT THE MANDATORY OF IFRS PERIOD (STUDY OF LISTED COMPANIES ON INDONESIA STOCK EXCHANGE)**

(xvi + 56 pages : 1 figure ; 9 tables ; 2 appendices)

This study examines whether mandatory adoption of IFRS, by Indonesia companies is associated with lower earnings management. Indonesia began mandatory to IFRS in 2011. Thus, we will compare the impact to earnings management before and after the mandatory of IFRS. In addition, the impact of the mandatory of IFRS may have influence the accounting quality. Earnings management is one of the measurements. In this study, the earnings management will analyze from the accrual based and real transaction based in aggregate level and individual level. Our studies will use the method of binary logistic with SPSS program to see the relationship and the impact through models.

Data used in this study are companies, which have been listed by IDX (Indonesia Stock Exchange). Based on the final sample of 128 Indonesia listed companies to the period of 2006-2011, our results show that the mandatory adoption of IFRS is not associated with the reduction in the earnings management level both in the accrual based earnings management and the real transaction based earnings management. Our study is unable to find the significance impact through the related variables. The sensitivity analysis that has been done confirmed the model result which has no significance effect. Thus, the mandatory of IFRS in Indonesia has not functioned effectively because the purpose and impact that expected by the international standard has not been seen yet.

Reference: 44 (1993 – 2012)