ACKNOWLEDGEMENTS

I can do everything through Him who gives me strength. I confess that I can come this far with the wisdom and power that God has given me. I thank the Lord for allowing all these things. All glory to the Lord.

This thesis with the title of "THE EFFECT OF ACCRUAL EARNINGS MANAGEMENT ON THE TENDENCY TO MEET EARNINGS BENCHMARKS" is written in order to fulfill one of the academic requirements to achieve a Sarjana Ekonomi degree in Accounting from Universitas Pelita Harapan, Karawaci.

The author acknowledges that with the guidance, support, advice, and prayers of many people, the author was able to finish his studies. Therefore, the author would like to express his gratitude to all parties who have helped in the process of completing this thesis, to the following:

- Dra. Gracia Shinta S. Ugut, M.B.A., Ph.D., as Dean of Faculty Economics and Business.
- 2. Dra. Wijaya Triwacaningrum, SE., M.A., AK., CA., CMA., CSP. as the Head of Accounting Study Program.
- 3. Dr. Drs. Antonius Herusetya, Ak., CA., M.M. as the Lecturer of Accounting Study Program and as the thesis supervisor. Thank you for your guidance, advice, time, and support during the process of completing the thesis.
- 4. All Lecturers of the UPH Accounting Study Program who have contributed in educating and sharing valuable knowledge.

- 5. My beloved family who has generously helped me with prayers and encouragement.
- 6. My old friends, Joseph Kim and Shin Jung Hyeon who have shared joy and hardship for a long time.
- 7. My college mates, Kim Yun Hyung, Lee Ju Hun, and Lee Seung Jun who have joined the first day of school, military life, and the final term.
- My Lincoln Dormitory brother, Chun Woo Jin who have shared dream, joy, and worry.
- Members of Accounting A 2015 Class, Kim Hyo Bin, Chong Ha Neul, Lee Ho
 Jae, Do Gyoeng Tae, and Noh Young Jin for always working and helping each
 other throughout life of university.
- 10. My thesis mate, Patrik Wijaya who have helped by translating Bahasa Indonesia to make me understand.
- 11. All related parties whose names cannot be mentioned one by one.

The author acknowledges that this paper is infinitely lacking and has many flaws. Recognizing this, the author welcomes readers' criticisms and suggestions with a positive attitude. Although it is not a perfect paper, the author hopes that it will be of some help to future readers and additional researchers.

Karawaci, 26 November 2021

Author

TABLE OF CONTENT

TITLE PAGE
FINAL ASSIGNMENT STATEMENT AND UPLOAD AGREEMENT
THESIS APPROVAL
THESIS DEFENSE COMMITTEE
ABSTRACTv
ACKNOWLEDGEMENTS vi
TABLE OF CONTENTviii
LIST OF TABLESxii
LIST OF FIGURESxiii
APPENDIX LISTxiv
CHAPTER I INTRODUCTION1
1.1 Background
1.2 Problem Material
1.3 Purpose of Research
1.4 Advantage of Research
1.5 Limitation
1.6 Writing Scheme
CHAPTER II THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT
2.1 Grounded Theory
2.1.1 Agency Theory
2.1.2 Earnings Quality
2.1.2.1 Earnings Management
2.1.2.1.1 Accrual Earnings Management

	2.1.3 Earnings Benchmarks	10
	2.1.4 COVID-19 and Pandemic	11
	2.2 Prior Researches	12
	2.3 Conceptual Framework	15
	2.4 Hypothesis Development	15
	2.4.1 Effect of Accrual Earnings Management on Earnings Benchmarks	15
	2.4.2 Effect of Accrual Earnings Management on Earnings Benchmark During the Period of COVID-19	16
(CHAPTER III RESEARCH METHODOLOGY	17
	3.1 Population, Sample, and Source of Data	17
	3.2 Data Collecting Method	
	3.3 Empirical Model	18
	3.4 Operational Variables	20
	3.4.1 Dependent Variable	20
	3.4.1.1 Benchmark Indicator	20
	3.4.2 Independent Variable	20
	3.4.2.1 Accrual Earnings Management (ABSDAC)	21
	3.4.2.1.1 Performance Matched Discretionary Accrual	21
	3.4.2.1.2 Modified Jones Model	22
	3.4.2.2 COVID Year (COVID)	23
	3.4.3 Control Variable	23
	3.4.3.1 Firm Size (SIZE)	24
	3.4.3.2 Leverage (LEVERAGE)	24
	3.4.3.3 Company Growth (GROWTH)	25
	3.4.3.4 Total Accruals (TACC)	25

3.4.3.5 GDP per Capita (GDP)	26
3.4.3.6 Inflation Rate (INFLATION)	26
3.4.3.7 Economic Growth (ECGRW)	26
3.5 Data Analysis Method	27
3.5.1 Descriptive Statistical Analysis	27
3.5.2 Correlation Analysis	28
3.5.3 Goodness of Fit Test	
3.5.4 Overall Model Fit Test	28
3.5.5 Hypothesis Test	29
3.5.6 Sensitivity and Robustness Tests	30
CHAPTER IV RESULTS AND DISCUSSION	31
4.1 Overview of Research Data	31
4.2 Results of Research	
4.2.1 Hypothesis 1 Model	32
4.2.1.1 Descriptive Statistical Analysis	32
4.2.1.2 Correlation Analysis	35
4.2.1.3 Goodness of Fit Test	40
4.2.1.4 Overall Model Fit Test	41
4.2.1.5 Hypothesis Test	42
4.2.1.6 Sensitivity and Robustness Tests	43
4.2.1.6.1 Using Modified Jones Model	43
4.2.1.6.2 Sub-sample Test by Country	44
4.2.2 Hypothesis 2 Model	46
4.2.2.1 Goodness of Fit Test	46
4 2 2 2 Overall Model Fit Test	47

4.2.2.3 Hypothesis Test	48
4.2.2.4 Sensitivity and Robustness Tests	49
4.2.2.4.1 Using Modified Jones Model	49
4.2.2.4.2 Sub-sample Test by Country	50
4.3 Discussion of Research Results	52
CHAPTER V CONCLUSION	54
5.1 Conclusion	54
5.2 Limitation	55
5.3 Suggestion	55
REFRENCES	
APPENDIX	

LIST OF TABLES

Table 2.1 Prior Research Selected by Author
Table 4.1 Summary of Research Data
Table 4.2 Descriptive Statistics
Table 4.3 Results of Correlation Analysis (Person)
Table 4.4 Results of Goodness of Fit Test for Model 1
Table 4.5 Results of Logistic Regression for Model 1
Table 4.6 Results of Logistic Regression for Model 141
Table 4.7 Results of Logistic Regression for Model 1
Table 4.8 Results of Logistic Regression for Model 1
Table 4.9 Results of Logistic Regression for Model 1 Using Modified Jones Model
Table 4.10 Results of Logistic Regression for Model 1 by Country45
Table 4.11 Results of Goodness of Fit Test for Model 2
Table 4.12 Results of Logistic Regression for Model 2
Table 4.13 Results of Logistic Regression for Model 2
Table 4.14 Results of Logistic Regression for Model 2
Table 4.15 Results of Logistic Regression for Model 2
Table 4.16 Results of Logistic Regression for Model 2 Using Modified Jones Model 49
Table 4.17 Results of Logistic Regression for Model 2 by Country51

LIST OF FIGURES

Figure 1.1 GDP Growth Rate of Five ASEAN Countries, United States, and Chi	ina
	1
Figure 2.1 Conceptual Framework	.15



APPENDIX LIST

- Appendix 1 List of Sample Companies
- Appendix 2 Descriptive Statistics (STATA BE 17)
- Appendix 3 Pairwise Correlation (STATA BE 17)
- Appendix 4 Goodness of Fit and Logistic Regression Robust H1 (STATA BE 17)
- Appendix 5 Logistic Regression Robust H1 for Modified Jones Model (STATA BE 17)
- Appendix 6 Logistic Regression Robust H1 for Sub-sample (STATA BE 17)
- Appendix 7 Goodness of Fit and Logistic Regression Robust H2 (STATA BE 17)
- Appendix 8 Logistic Regression Robust H2 for Modified Jones Model (STATA BE 17)

Appendix 9 Logistic Regression Robust H2 for Sub-sample (STATA BE 17)