ABSTRACT

This research aims to examine the effect of manipulation of real activities through cash flow operations of the company's market performance with profit as an intervening variable. The real activity manipulation is one form of earnings management that aims to increase its profit. With high profits, investors will be attracted to invest in the company and the impact on the increasing demand for the stock so that the market performance increase.

This research used secondary data taken from the 100 years SWA rating of 2007-2011, so the company's financial statements used are the consolidated financial year 2006-2010. Samples were determined by purposive sampling and testing hyphotheses using regression test.

The result of this research showed that from 258 company used, there were 153 company suspected to perform manipulation of real activities through operating cash flow activities and 105 company not to do. Next result is the manipulation of real activities through operating cash flow activities has significantly effect on the market performance and profit, the profit has significantly effect on the market performance, while the manipulation of real activities through operating casg flow activities was not significantly affect on the market performance with profit as an intervening variable.

Key words : Cash flow operating activities, real activity manipulation, profit, market performance.

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