

## TABLE OF CONTENTS

TITLE PAGE.....	i
THESIS APPROVAL.....	ii
SUBMISSION.....	iii
DECLARATION OF ORIGINALITY.....	iv
MOTTO AND DEDICATION.....	v
ACKNOWLEDGEMENT.....	vi
ABSTRACT.....	ix
ABSTRAK.....	x
TABLE OF CONTENTS.....	xi
LIST OF TABLES.....	xvi
LIST OF FIGURES.....	xvii
LIST OF APPENDIXES.....	xviii
CHAPTER I: INTRODUCTION	
1.1 Research Background.....	1
1.2 Problem Formulation.....	6
1.3 Research Objectives.....	7
1.4 Research Contributions.....	7
1.5 Writing Systematics.....	8

## CHAPTER II LITERATURE REVIEW

### 2.1 Underlying Theories

2.1.1 Agency Theory.....10

2.1.2 Earnings Management.....12

2.1.3 Motivations for Earnings Management.....13

2.1.4 Earnings Management Patterns.....14

2.1.5 Discretionary Accruals.....16

2.1.6 Surplus Free Cash Flow.....17

2.1.7 Audit Quality.....17

2.1.8 Operating Cash Flow.....19

2.2 Prior Studies.....19

2.3 Research Framework.....23

2.4 Hypothesis.....24

## CHAPTER III: RESEARCH METHODOLOGY

### 3.1 Research Variables and Operational Variable Definition

3.1.1 Dependent Variable.....31

3.1.2 Independent Variable.....33

3.1.3 Moderating Variable.....35

3.1.4 Control Variable.....36

3.1.5 Operational Variable Definition.....	36
3.2 Population and Sampling.....	38
3.3 Type and Source of Data.....	38
3.4 Data Gathering Method.....	38
3.5 Analytical Method.....	39
3.5.1 Descriptive Statistic Analysis.....	39
3.5.2 Classic Assumption Test.....	39
3.5.2.1 Normality Test.....	40
3.5.2.2 Multicollinearity.....	40
3.5.2.3 Autocorrelation Test.....	41
3.5.2.4 Heteroscedasticity Test.....	42
3.5.3 Test of Hypothesis.....	43
3.5.3.1 Multiple Regression Analysis.....	43
3.5.3.1.1 Individual Parameter Significance Test.....	44
3.5.3.1.2 Simultaneous Significance Test.....	44
3.5.3.1.3 Coefficient of Determination Test.....	45

#### CHAPTER IV: RESULT & ANALYSIS

4.1 Research Object Description.....	46
4.2 Data Analysis.....	47
4.2.1 Descriptive Statistics.....	47

4.2.2 Classic Assumption Test	
4.2.2.1 Initial Normality Test.....	50
4.2.2.2 Final Descriptive Statistics Analysis.....	50
4.2.2.3 Final Normality Test.....	52
4.2.2.4 Multicollinearity Test.....	53
4.2.2.5 Heteroscedasticity Test.....	54
4.2.2.6 Autocorrelation Test.....	55
4.2.3 Hypothesis Testing	
4.2.3.1 Multiple Regression Analysis.....	56
4.2.3.2 Individual Parameter Significance Test.....	56
4.2.3.3 Simultaneous Significance Test.....	56
4.2.3.4 Coefficient of Determination Test.....	58
4.3 Results Interpretation.....	60

## CHAPTER V: CONCLUSION

5.1 Conclusion.....	64
5.2 Expected Benefits.....	65
5.3 Limitations.....	65
5.3 Suggestions.....	66

REFERENCES.....	67
APPENDIX.....	71