

ABSTRACT

The purpose of this research is examining the influences of the adoption of IFRS-based accounting standards on both accrual-based and real earnings management. Accrual-based earnings management is proxied through discretionary expense calculated by modified Jones model. While real earnings management is proxied through abnormal calculation of cash flow operation, discretionary expense, and production expense.

The population in this study, consist of manufactured firm that listed in Indonesia Stock Exchange in 2009-2014. The sampling method in this research is purposive sampling. Criteria for firm is a manufacturing company and it must have complete data and support the implementation of research. Total sample in this study is 438 data and analysis technique that used is regression panel data.

The empirical result of this study show that the adoption of IFRS is negatively associated in changes of accruals based earnings management and positively associated in changes of real earnings management practices.

Keyword: IFRS, real earnings management, accrual earnings management, modified Jones model, regression panel data.