

## **ABSTRACT**

*This research aims to examine the effect of manipulation of real activities through cash flow operations of the company's market performance. The real activity manipulation is one form of earnings management that aims to increase its profit. With high profits, then theoretically the company will be able to distribute high dividends and will impact positively on the stock return.*

*This research replicates Oktorina dan Gutagaol's (2008) research and using secondary data taken from the 100 years SWA rating of 2008-2010, so the company's financial statements used are the consolidated financial year 2007-2009. Samples were determined by purposive sampling and testing hypotheses using two-tail test.*

*The results of this research showed that from 105 samples used, there were 93 samples suspected tend to perform manipulation of real activities through operating cash flow activities and 12 samples tend not to do. After performed hypothesis test, there were significant differences in mean CAR between the two samples. Samples that were suspected to tend to manipulate real activities through operating cash flows have a mean CAR greater than suspected samples tend not to perform manipulation of real activities through operating cash flow.*

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