ABSTRACT

Earning Management Practice Before And After The Initial Public Offering

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Initial Public Offerings (IPO) is a mechanism that should be done when the company first stock offering to the general public in the primary market. In addition, the IPO also gives the opportunity for the management of the company to be able to perform earnings management. Earnings management emerged as a consequence of the parties in the management of financial reporting in the interest of the company itself. Earnings management cannot be interpreted as a negative action, since it does not always manipulate the level of earnings management profit. This study aims to determine whether there is any earnings management practices one year before and one year after IPO.

This study uses data management earnings 1 year before and 1 year after the IPO. Samples taken as many as 48 companies that conducted by purposive sampling Data collected through the documentation. Data were analyzed using analysis of paired-samples T test with SPSS 17.0 software.

The study says that, for the value of discretionary accruals one year prior to the IPO have an average value of positive. As for the value of discretionary accruals one year after the IPO has an average value is negative, these results show that in the year prior to the date of the IPO company reporting accounting profit increase, and at one year after the date of the IPO companies reporting lower earnings accounting. Besides, the results of this study also showed that there are significant differences of earnings management prior to the IPO earnings management after IPO.

Keywords: Initial Public Offerings (IPO), Earning Management.