THESIS TITLE

Analysis of Earnings Management Indication around IPO on Indonesian Listed Company

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Abstract

Objectives: This research is conducted to examine whether there is earnings management indication prior to IPO period in Indonesian listed company. Purpose of the research is to find evidence whether Indonesian IPO firms from years 2001 to 2006 is conduct earnings management.

Methods: By using 30 samples of Indonesian IPO firms from years 2001 to 2006, the analysis method is descriptive statistic and hypothesis testing. The hypothesis will be test with t-test for parametric statistic. Modified Jones Model in estimating non-discretionary accruals and performance-matched discretionary accruals are used as a proxy of earnings management.

Result: The result of this research is that the performance matched discretionary accruals insignificantly related to earnings management. This study also found evidence that firm’s characteristic such profitability and leverage are affecting earnings management incidents of earnings management by IPO Firms in Indonesia

Conclusion: The researcher found that there is no evidence that Indonesian listed companies are managing earnings in the year before IPO. This study also found evidence that high profitable and high leverage firms are significantly related to earnings management

Key words: Earnings Management, Initial Public Offering, Discretionary Accruals, Jakarta Stock Exchange
Preface

First and foremost, the author would like to devote her gratefulness to the Almighty God for His abundant blessings throughout the completion of this thesis. This thesis with title of: Analysis of Earnings Management Indication around IPO on Indonesian Listed Company was written to fulfill the requirement for the completion of undergraduate degree on Accounting Major, School of Accounting, Bina Nusantara International University.

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Finally, the author hopes that this thesis would give benefit for further references in Earnings Management and IPO Perspective. The author realized that this thesis is far from faultless, and it still has many weaknesses. The author expects advices and suggestion for further improvements. In final word, the author expects that this thesis will provide value added knowledge for the author herself and the readers. Thank You.

Jakarta, July 20th, 2007

Author

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