

**EARNINGS MANAGEMENT IN INITIAL PUBLIC OFFERING AND ITS
AFFECT ON THE LONG-TERM PERFORMANCE OF STOCK**

A THESIS

**Presented as Partial Fulfillment of the Requirements
for the Degree of Sarjana Ekonomi (S1) in Management Program
Faculty of Economics University of Atma Jaya Yogyakarta**



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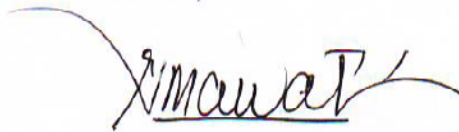
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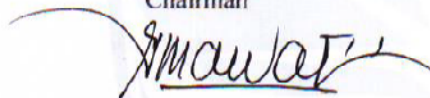
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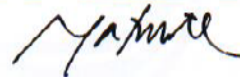


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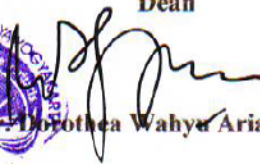
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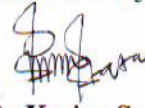
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Is verily my own study and research. The statements, ideas, bibliographies and notes which are noted by others are written stated in the form of notation and references. If in the future, I were proved that I had imitated some parts or the whole of this thesis, then I will be willing to remove the Degree of Sarjana Economy (S1) and certificate of graduation from Atma Jaya Yogyakarta University thus Sarjana Economy (S1) and certificate of graduation that I obtained would be returned to Atama Jaya Yogyakarta University.

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With love,

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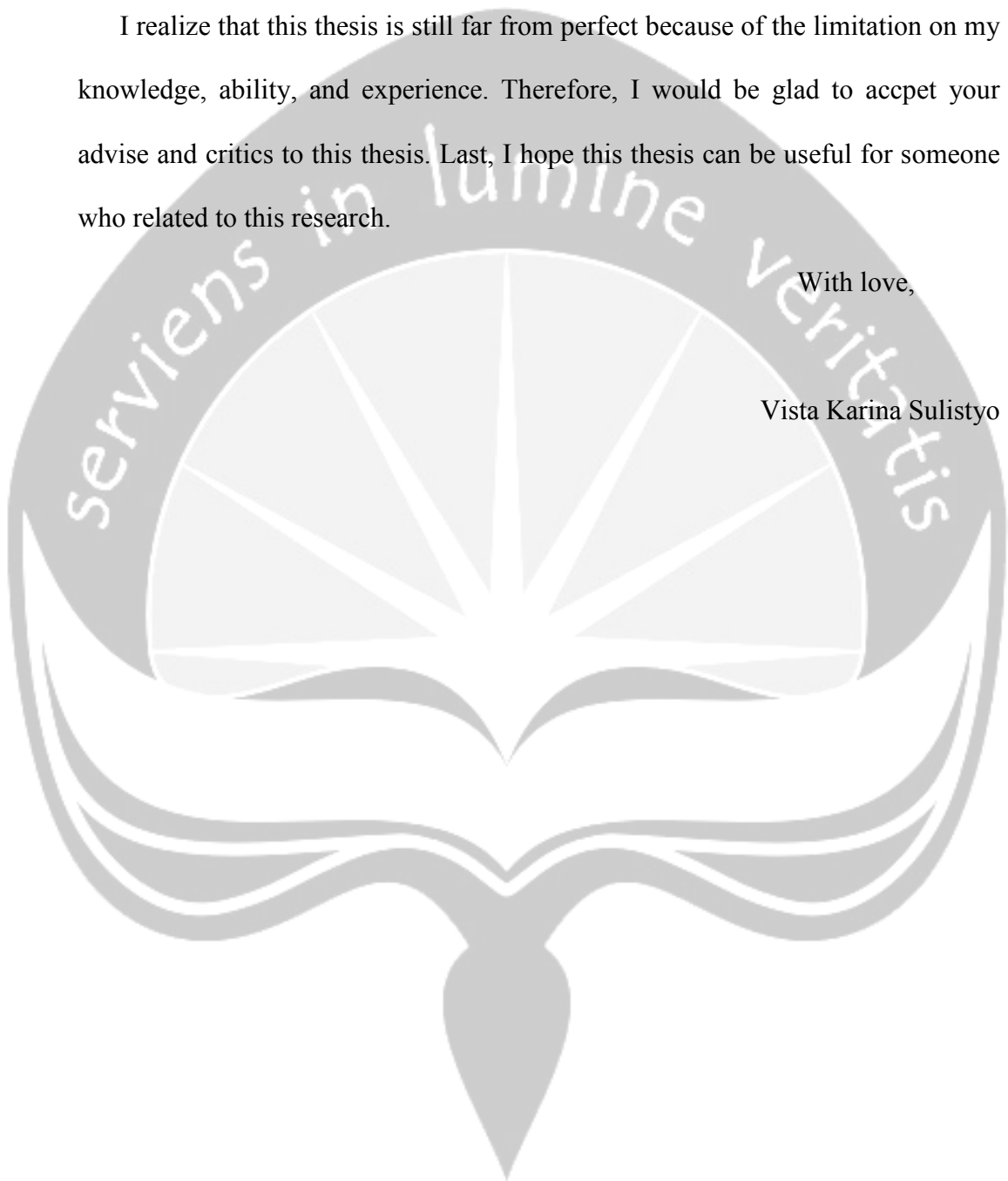


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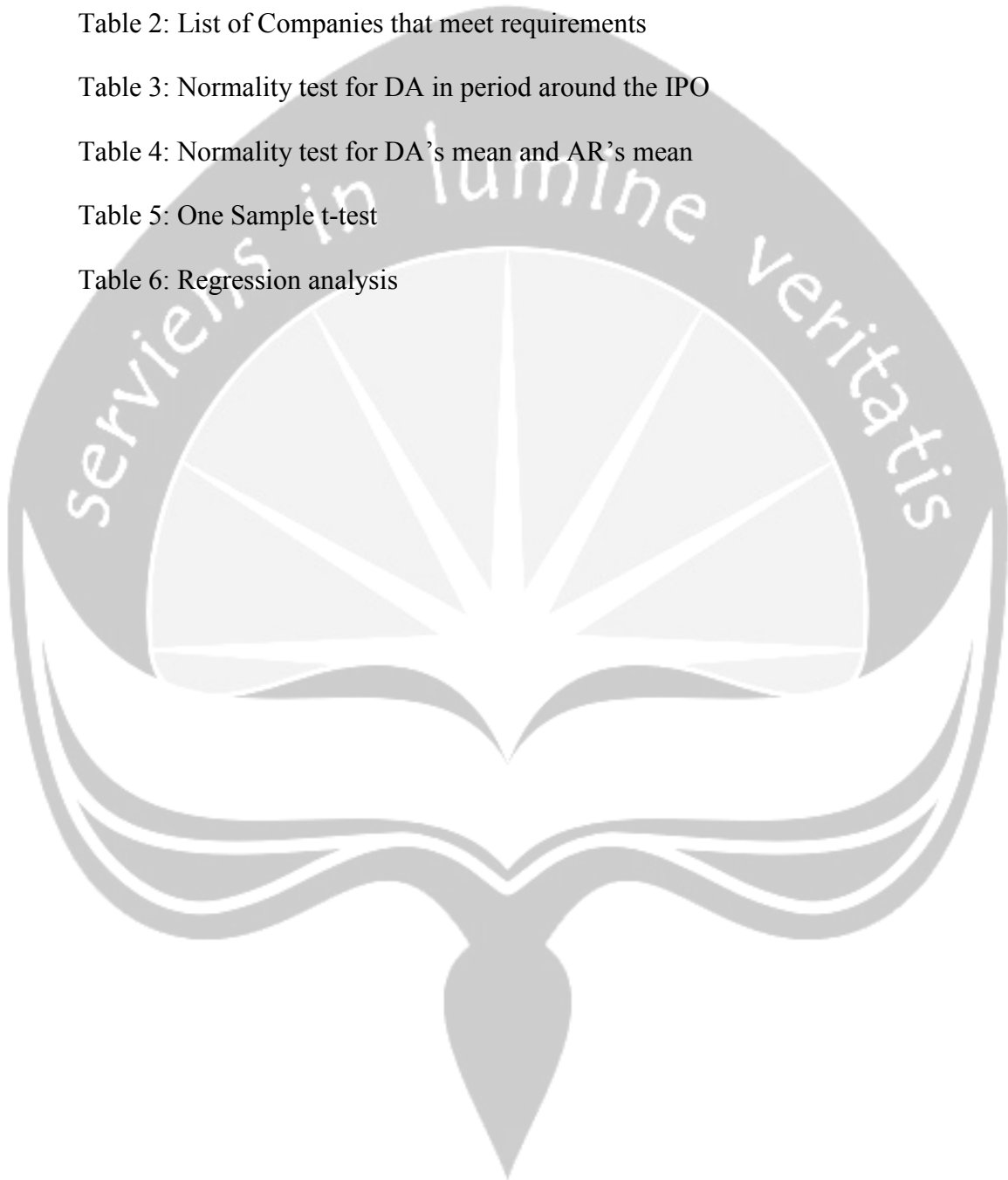
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ABSTRACT

At the time of the IPO, the prospectus is the only source of information for investors. The lack of information available will encourage and motivate the manager of the company to perform the earnings management. After the IPO, asymmetric information between management and investors is no longer high. Investors already have a lot of information about the company. Management no longer has the opportunity to manipulate the financial statements for personal gain. The objectives of this research are to examine whether companies do the earnings management in period around the IPO and whether earnings management affects long-term performance of stock. Therefore, this research goal's is to find out whether there is or not earnings management around the IPO in the companies which do the IPO and its affects to the performance of stock after IPO.

Results show that earnings management happens in period 2 years and one year before IPO, and also 2 years after the IPO, while in the period around IPO and one year after IPO, earnings management is not found. Another results found that earnings management has no effect toward long-term stocks' performance

Keyword: Initial Public Offering (IPO), Earnings Management, Long-term Performance

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INTISARI

Pada saat IPO, prospektus merupakan satu-satunya sumber informasi bagi para investor. Keterbatas informasi mengenai informasi perusahaan member peluang bagi manajemen untuk melakukan *earnings management*. Setelah IPO, informasi asimetri semakin berkurang antara manajemen dan para investor. Para investor sudah mendapat banyak informasi mengenai perusahaan tersebut. Manajemen tidak lagi memiliki kesempatan memanipulasi data keuangan untuk kepentingan pribadi. Objek penelitian ini adalah untuk menguji apakah perusahaan melakukan *earnings management* di sekitar IPO dan apakah *earnings management* mempengaruhi kinerja saham jangka panjang. Oleh karena itu, tujuan penelitian ini adalah untuk mengetahui apakah *earnings management* terjadi di sekitar IPO dan apakah *earnings management* mempengaruhi kinerja saham jangka panjang

Hasil penelitian menunjukkan bahwa *earnings management* terjadi pada periode 2 tahun dan 1 tahun sebelum IPO, dan juga 2 tahun, sedangkan pada periode saat IPO dan 1 tahun setelah IPO tidak terjadi *earnings management*. Hasil lainnya menunjukkan bahwa *earnings management* tidak mempengaruhi kinerja saham jangka panjang.

Kata kunci: *Initial Public Offering (IPO)*, *Earnings Management*, Kinerja jangka panjang