ABSTRACT

Background This study aimed to determine whether the publicly traded company initial public offering (IPO) using the earnings management policies (Earnings Management), to see the difference between the operating performance before and after the policy does Initial Public Offering (IPO), to see the difference in the level of profitability between before and after the policy does Initial Public Offering (IPO), as well as to see the effect of earnings management (earnings management) and operating performance on profitability in the company went public policy that performs an initial public offering (IPO) in 2008.

This study uses the classical assumption test , different test which consists of one- sample t - test , paired sample t - test , and Wilcoxon signed rank , but it is also the F test , t test , and multiple linear regression analysis . This study has a sample of 12 companies doing IPOs in the year 2008 to the year of observation for 8 years ie from 2005 to 2012 . The independent variable in this study is discretionary accruals , current ratio , and total asset turnover , the dependent variable is the return on assets . The results showed that the test is based on one-sample t test proved that the company is doing an IPO in 2008 indicated use of earnings management around IPOs . While based on paired samples t - test , and Wilcoxon signed rank the result that there are differences in operating performance and profitability of the company went public between before and after the policy does Initial Public Offering (IPO) . And based on the results of multiple linear regression equation was obtained :

$$Y = 0{,}277 + 1{,}002X_1 + 1{,}036X_2 + 3{,}117\,X_3 + 0{,}05$$

From the results of multiple linear regression analysis of the obtained results that the discretionary accruals variable (X1), current ratio (X2), and total asset turnover (X3), affect the return on assets (Y) in a linear fashion. And the most influential variable is the current ratio (X1) with a contribution of 39.69%. The coefficient of determination (R2) of 0.620, meaning that 62% of the level of profitability of companies doing an IPO in 2008 is influenced by variables of earnings management and operating performance, while the remaining 38% is influenced by other variables. Through the F test can be seen that all the independent variables simultaneously affect the dependent variable. Hypothesis testing using T test showed that of the three independent variables found to significantly affect the dependent variable.