The Effect of Information Asimmetry On Earnings Management In Companies That Conduct An Initial Public Offering (IPO) On The Indonesia Stock Exchange (IDX)

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ABSTRACT

This study aims: to determine the effect of information asymmetry on Earnings Management in companies that carry out initial public offering on the Indonesia Stock Exchange in the period before go public, when go public, or after go public.
Design and methodology: Sampling in this study is to use the purposive sampling method, where the company to be studied must certain criteria. The number of companies used as research samples based on predetermined criteria is 142 companies. The population in this study are banking/financial companies, service companies, and trading companies that made initial public offering on the Indonesia Stock Exchange (IDX). Analysis techniques are carried out with simple linear regression analysis techniques. The analytical method uses descriptive statistics, data quality tests, and hypothesis testing. Test the quality of the data in the form of classic assumption test which includes: normality test, multicollinearity test, heteroscedasticity test and autocorrelation test. Hypothesis testing uses the t test to test the coefficient partially with a significant level of 5%.
Results: The test results prove that information asymmetry has a significant effect on earnings management during and after conducting an IPO, but when go public does not pass the heteroscedasticity test. The test results also prove that information asymmetry has no significant effect on earnings management before the IPO. Regression results indicate that the coefficient of determination possessed by the variables observed before, during, and after the IPO are respectively R-square= 0.039, 0.121, and 0.221. This means that the influence of the independent variables on the dependent variable is 3.9%, 12.1% and 22.1%.
Originality/value: the addition of research variables to the independent variables can be done considering there are about 96.1%, 87.9%, and 77.9% influenced by other variables not included in this research model.
Keywords: *Asimmetry Information, Earnings Management, Initial Public Offering* (*IPO*).

INTRODUCTION

The capital market is the fastest alternative to get additional capital for companies that are already in the start-up stage (because they are developing), because at this stage the company needs a lot of funds to reach growth and maturity (Susanto and Ekawati, 2006). One of the many alternative options for how to benefit from the capital market is by offering the company's initial public offering or better known as an initial public offering (IPO) or a public term that is popular in Indonesia. Funds obtained from initial public offering are usually used to create new product lines or to expand, with the aim of attracting investors, because creating new product lines and expanding companies can show the bright prospects of the investment they will invest in the company.

The management is required to explain the condition of the company as a whole before offering its shares on the stock exchange. In this case it is done by making and publishing a company prospectus book that contains comprehensive information about the company starting from public offerings, company activities and prospects, legal viewpoints about the company, complete financial statements of companies, to disseminating prospectuses and stock order forms (Irawan and Gumanti, 2009).

One of the information contained in financial statements is information about company profits. Profit information as stated in the Statement of Financial Accounting Concepts (SFAC) Number 2 is the main element in financial statements and is very important for those who use it because it has predictive value (FASB, 1980). According to PSAK Number 1 profit information

is needed to assess changes in potential economic resources that may be controlled in the future, generate cash flows from existing resources, and for formulating considerations about the effectiveness of companies in utilizing additional resources (IAI, 2004). For shareholders or investors, profit means an increase in economic value (wealth) to be received, through dividend distribution. Profit is also used as a tool to measure the performance of company management over a period of time which is generally a concern of certain parties, especially in assessing the performance of management's responsibility in managing the entrusted resources and can be used to estimate future prospects.

In connection with the above, the preparation of financial statements using accrual basis is chosen because it is seen as rational and fair in reflecting the company's financial condition in real terms, but on the other hand the use of accrual basis can provide management flexibility in choosing accounting methods as long as they do not deviate from the Accounting Standards Financial or SAK in force. Generally accepted accounting principle (GAAP) or General Accounting Principles (PABU) also provides flexibility for managers to choose the accounting method that will be used in preparing financial statements (Veronica and Bahtiar, 2003). Managerial choices can trigger managers to conduct informative earnings management behavior or opportunistic earnings management. The choice of managers regarding earnings management illustrates that the investment opportunity set influences contract events, which in turn affect manager's choice of the accounting method used (Watts and Zimmerman, 1978).

Choice of managers for accounting methods used because managers have access to information on company prospects that are not owned by parties outside the company, this is called the agency theory. This theory implies the existence of information asymmetry between managers as agents and owners (shareholders) as principals. Associated with increasing corporate value, when there is information asymmetry, managers can provide a signal about the condition of the company to investors in order to maximize the value of the company's shares. The signal given can be done through disclosure of accounting information.

The relationship between information asymmetry and earnings management exists when information asymmetry is high, stakeholders do not have sufficient resources, incentives, or access to relevant information to monitor manager's actions, which provides opportunities for earnings management practices. The existence of information asymmetry will encourage managers to present information that is not true, especially if the information is related to manager's performance measurement (Richardson, 1998). Research by Barth, Elliot, and Finn (1999) highlighted the prospectus of the company's financial performance in recent years before going public. In their research they emphasized the relationship between company profits before going public and stock prices. The results of the study are quite surprising, namely companies with consistent profits have higher stock prices compared to companies that have inconsistent profits. The choice of accounting method that is deliberately chosen by management in regulating the company's profitability for a certain period with specific objectives and intentions is known as earnings management.

Healy and Palepu (1999) state that there are three conditions that cause communication through financial statements to be imperfect and not transparent, namely: compared to investors, managers have more information about the strategies and operations of the business they manage. The interests of managers are not always aligned with the interests of investors. Imperfections of accounting and audit rules. The phenomenon of earnings management has made many researchers curious to investigate further about its existence, so that many studies in various countries have been conducted with varying results. Therefore, it is deemed necessary to study with the latest period of data observations and with different samples from previous studies and also the addition of variables, namely information asymmetry variables. The purpose of adding this variable is to see how strong or not the influence of variables on the practice of profit management at IPO companies on the IDX (Indonesia Stock Exchange).

The purpose of this study is to obtain empirical evidence about the effect of information asymmetry on earnings management periods before, during and after an initial public offering. This research is presented in several sections. The first part is the introduction and background of

the purpose of this study. The second part will explain the theoretical basis and the development of the hypothesis. The third part explains the research method used. The fourth part presents the results of statistical testing. The fifth section presents conclusions, limitations and suggestions for further research.

LITERATURE REVIEW

Agency Theory

Agency theory can be viewed as a contractual model between two or more persons (parties), where one party is called agent and the other party is called principal. Principal delegates accountability to decision-making to the agent, it can also be said that the principal provides a trust to the agent to perform certain tasks in accordance with the agreed contract work. Scott (2000) states that companies have many contracts, for example a work contract between a company and its managers and a loan contract between the company and its creditors. Where the agent and principal want to maximize each utility with the information they have. But on the one hand, the agent has full information than the principal on the other side, thus giving rise to asymmetry information. Information that is more owned by managers can trigger to take actions in accordance with the wishes and interests to maximize their utility. As for investors in this case investors, it will be difficult to effectively control the actions taken by management because they only have little information available. Therefore, sometimes certain policies are carried out by company management without the knowledge of the capital owners or investors.

Agency Theory has the assumption that each person is solely motivated by self-interest, giving rise to a conflict of interest between the principal and the agent. The shareholders as the principal make a contract to maximize their welfare with profitability that is always increasing. Managers as agents are motivated to maximize the fulfillment of their economic and psychological needs, among others in terms of obtaining investments, loans, and compensation contracts. Agency problem arises because of the opportunistic behavior of the agent, namely management behavior to maximize its own well-being that is contrary to the interests of the principal. Managers have the urge to choose and apply accounting methods that can show good performance for the purpose of getting bonuses from the principal.

Initial Public Offering

The IPO is also called an unseasoned equity offering or initial public stock offering. Gumanti (2003) in Irawan and Gumanti (2009) defines it as an event where the company first offers its shares to the public in the capital market. Hariyani and Serfianto (2010) define the public offering is the activity of securities offering conducted by the issuer to sell securities to the public based on the procedures stipulated in the capital market law and its implementing regulations The purpose of the company want to conduct an IPO is to get additional capital from the public and the company will be increasingly known. As a consequence, the owner of the company must be willing to share ownership to want to extract unlimited funds, namely with the company selling shares to the public through the capital market, so that the ownership percentage will be reduced, but actually this should not be worried because the shares are sold to the public through The IPO will not reduce the ability of shareholders themselves to be able to maintain control of the company then the other consequence is to comply with applicable capital market regulations, which all of these provisions will basically help companies to develop in a good way in the future. The securities issued by issuers are stocks, bonds, rights issues and warrants (Diah, 2011).

Information Asymmetry

Information asymmetry is a situation where managers have access to information on company prospects that are not owned by parties outside the company. Jensen and Meckling (1976) add that if the two groups (agents and principals) are people who try to maximize their utility, then there are strong reasons to believe that agents will not always act best for the interests of principals. Principals can limit it by establishing appropriate incentives for agents and conducting monitors designed to limit the activities of deviant agents. There are two types of

information asymmetry according to Rahmawati, et al. (2006), namely: adverse selection and moral hazard: First, adverse selection is a type of information asymmetry in which one or more parties that hold or will carry out a business transaction, or potential business transactions have more information on other parties. Adverse selection occurs because some people such as company managers and other insiders are more aware of the current conditions and prospects for the future of a company than outside investors. Second, moral hazard is a type of information asymmetry in which one or more parties that carry out or will conduct a business transaction or potential business transaction can observe their actions in the settlement of their transactions while the other parties do not.

Asymmetry between agents and principals provides opportunities for managers to act opportunistically or gain personal benefits. Assuming that individual agents act to maximize self-interest, then with the information asymmetry it will encourage agents to hide some information that is not known to the principal. In the conditions of the asymmetry, the agent can influence the accounting numbers presented in the financial statements by conducting earnings management (Diah, 2011).

Earnings Management

Copeland (1968) defines earnings management as a range of management efforts to maximize, or minimize profits, including income smoothing in accordance with management's wishes. Whereas, Schipper, (1989) defines earnings management as intervention or interference in the process of preparing financial statements with the aim of maximizing personal profit. This definition means that earnings management is the opportunistic behavior of managers to maximize their utility. a few years later Scott (1997) stated that earnings management is the selection of accounting policies by managers of existing accounting standards and naturally can maximize their utility and or market value of the company. Healy and Wahlen, (1999) explain that earnings management occurs when managers use valuations in financial reporting and in the structure of transactions to change financial statements in order to mislead shareholders regarding the economic performance of the company or influence the consequences of agreements related to the reported figures in financial statements.

Earnings management is one of the factors that can reduce the credibility of financial statements, earnings management adds bias in financial statements and can interfere with users of financial statements who believe the profit figures are engineered as profit figures without engineering (Setiawati and Na'im, 2000). Earnings management is not always interpreted as an adverse negative effort because earnings management is not always oriented to earnings manipulation. Earnings management is not always associated with attempts to manipulate accounting data or information, but rather tends to be associated with the selection of accounting methods that are deliberately chosen by management for specific purposes within the limits of GAAP. According to Angga and Indira (2012) in disclosing financial statements of a company, managers have a tendency to make earnings information better. This is done considering the importance of the role of earnings in various decision-making processes there is a tendency for managers to influence the reported profits of companies with a variety of specific motives (Niken and Syilvia, 2009).

In positive accounting theory there are three hypotheses underlying the occurrence of earnings management (Watt and Zimmerman, 1986; Rachmawati et al., 2006), namely: First, Bonus Plan Hypothesis where management will choose an accounting method that maximizes its utility, namely high bonuses. Second, Debt Covenant Hypothesis where company managers who violate credit agreements tend to choose accounting methods that have the effect of increasing profits to maintain their reputation in the view of external parties. Third, Political Cost Hypothesis where the larger the company, the greater the possibility that the company chooses accounting methods that reduce profits. This is because with high profits the government will immediately take action, for example: imposing antitrust regulations, increasing corporate income tax, and others.

Scott (2000) suggests several motivations for earnings management. First, Bonus Purposes where managers who have information on the company's net income will act opportunistically to make earnings management by maximizing current profits. Second, Political Motivation, namely the implementation of earnings management is used to reduce profits reported to public companies. Third, the Taxation Motivation departs from the emergence of tax-saving motivation as the most obvious motivation for earnings management with the aim of saving income tax. Fourth, CEO turnover where CEOs approaching retirement will tend to increase income to increase their bonuses. Fifth, the Initial Public Offering (IPO) is carried out when a company that is going to go public does not have market value, causes managers of companies that will go public to do earnings management in hopes of increasing the company's stock price. Finally, regarding the importance of giving information to investors, information about company performance must be conveyed to investors so that earnings reporting needs to be presented so that investors continue to assess that the company is in good performance.

The pattern of earnings management according to Scott (2000) can be done by: First, Taking a Bath where this pattern occurs during reorganization including the appointment of a new CEO by reporting a large amount of losses with the technique of recognizing future costs and period losses walk when bad adverse conditions cannot be avoided in the current period. Second, Income Minimization is carried out when the company gains high profitability with the aim of not getting political attention. Third, the Income Maximization is done when the profit decreases, where the action on income maximization aims to report a high net income for the purpose of a bigger bonus. Fourth, income smoothing is done by companies by leveling reported earnings so as to reduce fluctuations in profits that are too large because investors generally prefer relatively stable profits.

Initial public offering can be a stimulant for managers to conduct earnings management. Scott (1997) states that when companies go public financial information in the prospectus is an important source of information, because prospective investors have no other information about the company on the market. In the book building method, long before the stock offer begins, investors can already submit a price offer to the seller of emissions, the stock price will be decided based on the price of the best offer.

Aharony et al. (1993) did not find strong evidence that the company did earnings management during the IPO. However, the results of different studies are expressed by Friedlan (1994) who found strong indications that managers regulate the level of profits by increasing reported earnings (income increasing) before the IPO company. The results of the study were reinforced by Teoh et al. (1998) who found strong evidence that companies that go public in the United States increase their income increasing in the period prior to bidding (IPO). Chen, Lin and Zou (2005) in Irawan and Gumanti (2009) conducted a study of companies conducting initial public offering on the Taiwan capital market found that management made income increasing discretionary accruals in the period before the IPO and made income decreasing discretionary accruals in the period after the IPO.

Amin (2007) conducted a study of companies that went public on the IDX and found that the company carried out earnings management several years before the IPO by playing accruals components. Gumanti (2001) conducted research on companies that went public in the period 1995 to 1997 found that earnings management proved to exist in the two-year period before the company went public. Handani (2004) examined 42 companies that went public in the 2001-2003 period on the Indonesia Stock Exchange and found indications of earnings management by increasing reported earnings (income increasing) in the period of the year before the company conducted an IPO. Irawan and Gumanti (2009) stated that there were no indications of earnings management periods before or after the IPO. Meanwhile, Diah (2011) shows that there is no significant pattern of earnings management in the last year before the IPO.

Angga and Indira (2012) shows the results that earnings management tends to be done with income increasing patterns in the period (t-1) and (t+1). The earnings management tendency is also carried out with a decreasing income pattern in the IPO year period (t0). This is explained by the reasons that underlie this research is that aggressive earnings management is carried out

by the company before the IPO in order to get a positive market response in the form of interest in new investors through opportunistic earnings reporting by increasing company profits. In the period after the IPO (t+1) earnings management is conducted to increase the percentage of dividends with the aim to attract investors in the next period.

Development of Hypotheses

The existence of information asymmetry is considered as the cause of earnings management. Richardson (1998) argues that there is a systematic relationship between the magnitude of information asymmetry and the level of earnings management. Management flexibility for earnings management can be reduced by providing more quality information for outsiders. The quality of financial statements will reflect the level of earnings management. In line with the results of the study conducted by Rachmawati et al. (2006) states that the independent variable information asymmetry has a positive and significant effect and is able to explain the dependent variable earnings management which is measured using operational relative bid-ask spreads.

1.1 Period before IPO

Investors will only refer to the prospectus which is the main information about the company on the market. Investors only have relatively limited information about companies conducting IPOs. In line with the findings of Barth et al. (1999) company owners will attempt to increase or maintain the company's profit level in order to maximize bid prices. Because a high bid price will directly affect the welfare of the issuer. Based on these conditions the first hypothesis to be tested is:

> **HI**: The influence of information asymmetry on earnings management in companies that go public before the IPO.

1.2 Period during IPO

The earnings management tendency is also carried out with a decreasing income pattern in the IPO year period (t0). This is because the basis of this research is that aggressive earnings management is carried out by the company before the IPO in order to get a positive market response in the form of interest in new investors through opportunistic earnings reporting by increasing company profits (Angga and Indira, 2012).

> **H2**: The influence of information asymmetry on earnings management in companies that go public during the IPO.

1.3 Period after IPO

According to Irawan and Gumanti (2009), after a company goes public, an imbalance in earnings distribution may occur if the company has made earnings management in the period before going public, because management accruals in a period will have an impact on the next period. If the manager has made earnings management before the company goes public by increasing company profits, then it is probable that earnings management will be carried out by the manager in the period after going public to adjust the company's financial transactions before being judged by the company.

This is in line with the findings of Jain and Kini (1994) in Irawan and Gumanti (2009) that there will be a decrease in post performance (under performance), despite high sales growth and capital expenditure. In another study of earnings management Teoh et al. (1998) who found strong evidence that managers would reduce the level of profits reported in the period after going public. So on the basis of this description, the third hypothesis in this study is formulated as follows:

> **H3**: The influence of information asymmetry on earnings management in companies that go public the period after the IPO.

RESEARCH METHODS

This research is a descriptive study to determine the influence of Information Asymmetry on earnings management in companies that go public by offering initial public offering on the indonesia stock exchange. Amount earnings can be regulated by using accounting accrual method, but cashflow from operation reflects the real financial conditions that are accepted or issued by the company and cannot be manipulated using any accounting approach. Therefore, indications of earnings management can be known by analyzing the earnings (net income after tax) and cashflow from operation (net cashflow from operation activities) movements from one year before the company goes public until one year after the company goes public.

The population to be used in this study are: all companies that went public on the Indonesia Stock Exchange were obtained from the *Fact Book* books, *Indonesian Capital Market Directory* (ICMD), website www.idx.co.id. Sampling is used by purposive sampling method. The research sample consisted of financial, service, and trade companies that conducted Initial Public Offering on the stock exchange on the grounds: there was an increase in the share sales of the three companies from year to year based on information from the IDX. This indicates an increase in investor confidence in the company. The service, trade and financial sectors are chosen because these three sectors are sectors where the company is closely related to the customer. In addition, this sector has the broadest range of stakeholders, including investors, creditors, government, and social, so it is necessary to disclose clear financial statement information to external parties.

Based on the purposive sampling method there are 52 companies that conduct initial public offering (IPO) the total number of companies used as research samples is 52 x 3 = 156 companies both in the period before, during, and after conducting an Initial Public Offering (IPO). But there are only 142 companies that can be used as samples because there are 14 companies that have data outliers. Data collection techniques carried out in this study using the documentary method, namely the technique of collecting data using journals, books, and viewing and retrieving data obtained from financial statements issued in the period 31 December. The type of company is obtained from *Fact Book* data. Financial statements, and daily stock price data and joint stock price index published by the Indonesia Stock Exchange (IDX) are obtained from www.idx.co.id and *Indonesian Capital Market Directory* (ICMD).

Variable Measurement

This study measures information asymmetry using bid-as spread relative in Rachmawati et al (2006) which operated as follows: $SPREAD = (ask_{i,t} – bid_{i,t})/\{(ask_{i,t} + bid_{i,t})/2\} \times 100$.
The model for adjusting spread is: $SPREAD_{i,t}= \alpha_0 + \alpha_1 PRICE_{i,t} + \alpha_2 VAR_{i,t} + \alpha_3 TRANS_{i,t} + \alpha_4 DEPTH_{i,t} + ADJSPREAD_{i,t}$. Predicted earnings management is influenced by information asymmetry. The regression equation used in this study is as follows: DACC = α0 + α1ADJSPREADi + 3. Profit Management (DACC) can be measured through discretionary accruals calculated by excluding Total Accruals (TACC) and nondiscretionary accruals (NDACC). In calculating DACC, the Modified Jones Model is used. The Modified Jones Model can detect earnings management better than other models in line with the results of the Dechow et al. (1995). The calculation model is as follows: TACCit = EBXTit - OCFit. Where TACCit / TAi, t-1 = α1 (1 / TAi, t-1) + α2 ((αREVit - αRECit) / TAi, t-1) + α3 (PPEit / TAi, t-1). From the regression equation above, the NDACC can be calculated by re-entering the NDACCit coefficients = α1 (1 / TAi, t-1) + α2 ((αREVit - αRECit) / TAi, t-1) + α3 (PPEit / TAi, t -1). So DACCit = (TACCit / TAi, t-1) - NDACCit.

Data Analysis

The method of analysis that will be used in this study is descriptive statistics, data quality test, and hypothesis testing. The descriptive statistical test describes the direct relationship between data collection and summarizing data and the presentation of the results of the

summarization, in other words Descriptive Statistics can provide an overview or description of a data seen from the average, median, standard deviation, maximum, minimum. Before the data are analyzed further using simple linear regression analysis, first the data quality test will be carried out in the form of classic assumption tests including: normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. In order to be a good parameter, the regression equation must meet the classical assumptions. Parameters that are good if not biased, efficient and consistent. If there is a classic assumption deviation over the proposed linear model (negative), the estimated results cannot be accounted for or are not reliable.

RESULTS

The table below illustrates the description of the variables used in this study. N is the number of studies, the minimum is the smallest value of a series of observations, the maximum is the largest value of a series of observations, the mean is the sum of the values of all data divided by the amount of data, while the standard deviation is the root of the sum of squares data values with averages divided by the amount of data.

Table 1.1: Sample Linear Regression Tests Result Before The IPO
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
AsymmetryBeforeIPO	50	-77818	174401276	6.97E6	3.154E7
AsymmetryDuringIPO	47	-420951	2187799	2.97E5	449505.042
AsymmetryAfterIPO	45	-359561	2465712	2.43E5	538379.760
EMBeforeIPO	50	-363051	494465	4.52E4	185332.924
EMDuringIPO	47	-348948	514688	1.01E5	178512.373
EMAfterIPO	45	-353641	427403	4.49E4	150146.371
Valid N (listwise)	45				

Sources: SPSS Processed Data

The regression model used in this study theoretically produces parametric values that are in accordance with the assumption of Ordinary Least Squares (OLS), first the data must fulfill four classic assumption tests. Estimating the regression coefficient with the least squares method (OLS) aims to achieve good conditions, namely the best linear unbiased estimative (BLUE). The four classic assumption tests are as follows: normality test, multicollinearity, heteroscedasticity and autocorrelation. The normality test aims to test whether in a regression model, the dependent variable, the independent variable or both have a normal distribution or not. A good regression model is normal or near normal data distribution. To test this normal data using the One-Sample Kolmogorov-Smirnov Test method, where the test results are not significant with an alpha rate of 0.05 indicating these variables are normal.

The results of the Kolmogorov–Smirnov One-Sample Test before the IPO were obtained by Assim values. Sig. (2-tailed) of 0.112. Because the value of 0.112 is greater> 0.05, it can be concluded that the data is normally distributed, or meets the classical assumptions of normality, so that the regression model before the IPO has a normal distribution. The period when the IPO was obtained by the Asyim value. Sig. (2-tailed) of 0.137. Because the value of 0.137 is greater> 0.05, it can be concluded that the data is normally distributed, or meets the classical assumptions of normality, so that the regression model when the IPO has a normal distribution. Likewise with the period after the IPO, the Asyim value was obtained. Sig. (2-tailed) of 0.396. Because the value of 0.396 is greater> 0.05, it can be concluded that the data is normally distributed, or meets the classical assumptions of normality, so that the regression model after the IPO has a normal distribution.

Testing for the presence of multicollinearity was carried out in the period before, during and after the IPO and the following results were obtained: the results of the multicollinearity test before the IPO obtained VIF values <10 and tolerance values> 0.10. Multicollinearity test results at IPO, obtained VIF value <10 and tolerance value> 0.10. As well as the results of the multicollinearity test after the IPO, VIF values <10 and tolerance values> 0.10 were obtained. So that it can be concluded that the third regression model is free from multicollinearity.

A good regression model is a regression model of homoskedasticity or there is no heteroscedasticity because this data collects data representing various sizes. As for several ways to detect the presence or absence of heteroscedasticity, namely by testing the Scatterplot Graph and Glejser Statistical Test. Based on the scatterplot graph shows that the point spreads randomly and spreads both above and below the number 0 on the Y axis. It can be concluded that the results of the scatterplot graph test in the period before, during and after the initial public offering (IPO) does not occur heteroscedasticity in the regression model, and meets the classic assumption of heteroscedasticity. This study also uses the glejser statistical test, namely by transforming the residual value into an absolute residual and re-ordering it with an independent variable. Based on the results of the glejser statistical test, the significance value for the independent information asymmetry before the IPO was 0.256> 0.05 and the period after the IPO was 0.334> 0.05, it can be concluded that the data met the classical assumption of heteroscedasticity. However, the period when the IPO was 0.002 <0.05, it can be concluded that the data did not meet the classic assumption of heteroscedasticity.

The next test is the autocorrelation test which aims to test whether in the linear regression model there is a correlation between interruption in a certain period and the error in the previous period. Based on the results of testing durbin-watson in this study both the period before, during, and after the IPO found the following results: the period before the IPO with a statistical DW value of 2.245, the number of variables used one (k = 1) with a sample n = 50 obtained values DW table upper limit (du) is: 1.585 and DW table lower limit (dl) is: 1.503. Based on the autocorrelation formula (dl <d <4 - du) = (1.503 <2.245 <4 - 1,585) or (1.503 <2.245 <2.415). The period at the IPO with a statistical DW value of 1.860, the number of variables used one (k = 1) with samples n = 47 obtained the DW value upper limit table (du) of: 1.503 and DW table lower limit (dl) of: 1.566. Based on the autocorrelation formula (dl <d <4 - du) = (1,566 <1,860 <4 - 1,503) or (1,566 <1,860 <2,497). Likewise in the period after the IPO with a statistical DW value of 2,087, the number of variables used one (k = 1) with samples n = 45 obtained by the DW value upper limit table (du) of: 1.566 and DW table lower limit (dl) of: 1,475. Based on the autocorrelation formula (dl <d <4 - du) = (1.475 <2,087 <4 - 1,566) or (1,475 <2,087 <2,434), it can be concluded that there is no case of autocorrelation in the analysis module used in the research period before, when or after the IPO.

Based on the results of simple linear regression analysis using a significance level of 5%, the results of a simple linear regression analysis of the period before, when and after the company made an Initial Public Offering (IPO) are as follows:

Table 1.2: Sample Linear Regression Tests Result Before The IPO

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	53289.230	26599.906		2.003	.051
	AsimmetryBeforeIPO	-.001	.001	-.197	-1.395	.169

a. Dependent Variable: EMBeforeIPO

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	53289.230	26599.906		2.003	.051
	AsimmetryBeforeIPO	-.001	.001	-.197	-1.395	.169

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.197[a]	.039	.019	183568.278

a. Predictors: (Constant), AsimmetryBeforeIPO
b. Dependent Variable: EMBeforeIPO
Sources: SPSS Processed Data

Based on the results of simple linear regression analysis in the table above, a regression equation can be made for the research model as follows: Y = 53289.230 - 0.001X + e. The regression equation above can be explained as follows: First, a constant or intercept of 53289,230 means that if the independent variable remains, the dependent variable is: 53289,230. Second, the regression coefficient of the information asymmetry variable before IPO (X) is equal to: -0.001X, meaning that if the independent variable information asymmetry before the IPO increases by 1%, then earnings management increases by -0.001. The coefficient is negative, meaning there is a negative relationship between information asymmetry and earnings management. The determination coefficient is 0.039 which means that the effect of information asymmetry variables before IPO (X) on earnings management (Y) is: 3.9% and the remaining 96.1% is influenced by other variables outside of this research model. Based on the significance test t above, it was obtained a significance value of 0.169> 0.05, it can be concluded that the information asymmetry variable before IPO (X) did not significantly influence earnings management variables before the IPO (Y).

Table 1.3: Simple Linear Regression Test Results During IPO

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	60146.110	29683.603		2.026	.049
	AsimmetryDuringIPO	.138	.056	.347	2.485	.017

a. Dependent Variable: EMDuringIPO

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.347[a]	.121	.101	169245.205

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	60146.110	29683.603		2.026	.049
	AsimmetryDuringIPO	.138	.056	.347	2.485	.017

a. Predictors: (Constant), AsimmetryDuringIPO

b. Dependent Variable: EMDuringIPO

Sources: SPSS Processed Data

Based on the results of simple linear regression analysis in the table above can be made a regression equation for the research model as follows: Y = 60146.110 + 0.138X + e. The regression equation above can be explained as follows: First, a constant or intercept of 60146.110 means that if the independent variable remains, the dependent variable is: 60146.110. Second, the regression coefficient of information asymmetry variable at IPO (X) is: 0.138X, meaning that if the independent variable information asymmetry when the IPO has increased by 1%, then earnings management has increased by 0.138. The coefficient is positive, meaning there is a positive relationship between information asymmetry and earnings management. The determination coefficient is 0.121 which means that the effect of information asymmetry variables at IPO (X) on earnings management (Y) is: 12.1% and the remaining 87.9% is influenced by other variables outside of this research model. Based on the significance test t above obtained a significance value of 0.017 <0.05, it can be concluded that the information asymmetry variable at IPO (X) has a significant effect on the earnings management variable at IPO (Y).

Table 1.4: Simple Linear Regression Test Results After IPO

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	13047.926	21968.707		.594	.556
	AsimetriAfterIPO	.131	.038	.470	3.493	.001

a. Dependent Variable: EMAfterIPO

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.470[a]	.221	.203	134051.777

a. Predictors: (Constant), AsimmetryAfterIPO

b. Dependent Variable: EMAfterIPO

Sources: SPSS Processed Data

Based on the results of simple linear regression analysis in the table above, a regression equation can be made for the research model as follows: Y = 13047,444 + 0.131X + e. The regression equation above can be explained as follows: First, a constant or intercept of 13047,444 means to say that if the independent variable remains, the dependent variable is: 13047,444. Second, the regression coefficient of information asymmetry variable after IPO (X) is equal to:

0.131X meaning, if the independent variable information asymmetry after the IPO has increased by 1%, then earnings management increases by 0.131. The coefficient is positive, meaning there is a positive relationship between information asymmetry and earnings management. The determination coefficient is 0.221 which means that the effect of information asymmetry variables at IPO (X) on earnings management (Y) is: 22.1% and the remaining 77.9% is influenced by other variables outside of this research model. Based on the ignition test above, the significance value of 0.001 <0.05 is obtained, it can be concluded that the information asymmetry variable after IPO (X) has a significant effect on earnings management variables after IPO (Y). The testing of the first hypothesis in this study is to test whether information asymmetry affects significantly towards Earnings Management in companies that go public before the IPO.

Table. 1.5: Results of t Test Analysis of the First Hypotheses

Independent Variable	**t_{count}**	**t_{table}**	**Significant**	**Remarks**
Asimmetry H-1	-1.395	1.6759	0.169	H_1 rejected

From the results of the t test in the table above, obtained a value of -1.395 and t table of 1.6759 and a significance of 0.169> 0.05. So the results of this study reject the hypothesis that there is an effect of asymmetric information on earnings management in companies that go public before the IPO. The results of this hypothesis are in line with the research conducted by Irawan and Gumanti (2009) which concluded that during the observation period in publicly traded companies that conducted Initial Public Offering (IPO) in 2000-2005 there was no strong evidence of earnings management. In contrast to the results of research conducted by Rachmawati (2006) and Ni Ketut (2011) which stated the influence of information asymmetry relationship with earnings management. The testing of the second hypothesis in this study is to examine whether information asymmetry significantly affects earnings management in companies that go public during the IPO.

Table. 1.6: Results of t Test Analysis of the Second Hypotheses

Independent Variable	**t_{count}**	**t_{table}**	**Significant**	**Remarks**
Asimmetry H-0	2.485	1.6779	0.017	H_2 accepted

Based on the results of the t test in the table above, obtained a t-count of 2.485 and t table of 1.6779 and a significance of 0.017 <0.05. So the results of this study accept the hypothesis that there is an effect of asymmetric information on earnings management in companies that go public during the IPO. The results of these hypotheses are in line with the research conducted by Angga and Indira (2012) that it is proven that there is a tendency for earnings management in period companies to conduct Initial Public Offering (IPO) in the 2005-2010 research year with 68 company samples, and in line with Rachmawati et al. (2006) with 27 sample companies which stated that information asymmetry had a significantly positive effect and was able to explain earnings management.

The testing of the third hypothesis in this study is to examine whether information asymmetry significantly affects earnings management in companies that go public the period after the IPO.

Table. 1.7: The Results of the t Test Analysis of the Third Hypotheses

Independent Variable	**t_{count}**	**t_{table}**	**Significant**	**Remarks**
Asimmetry H+1	3.493	1.6794	0.001	H_3 Accepted

Based on the results of the t test in the table above, obtained a value of 3.493 and t table of 1.6794 and a significance of 0.001 <0.05. So the results of this study accept the hypothesis that there is an effect of asymmetric information on earnings management in companies that go public the period after the IPO. The results of these hypotheses are in line with the research conducted by Angga and Indira (2012) that it was found that there was a tendency for earnings management in period companies after conducting Initial Public Offering (IPO) with the 2005-2010 research year with 68 sample companies. As well as in line with the research of Rachmawati et al (2006) with 27 sample companies which stated that information Asymmetry had a significantly positive effect and was able to explain earnings management.

CONCLUSION

Based on the results of data analysis, hypothesis testing and discussion in this study obtained several conclusions which are summarized as follows: First, the normality of data distribution used in this study was seen using the Kolmogorov-Smirnov Test One-Sample test method. The test results obtained by the value of Assy. Sig. (2-tailed) the period before, during and after the IPO are 0.112, 0.137 and 0.396, respectively. Because of the value of Assyria. Sig. (2-tailed) the three periods are greater> 0.05, it can be concluded that the data is normally distributed, or shows that the data distribution is normal, so the normality requirements are met. Second, based on the Rsquare value of the period before the IPO of 0.039 which means that the effect of the information asymmetry variable before IPO (X) on earnings management (Y) is: 3.9% and the remaining 96.1% is influenced by other variables outside the research model. While the Rsquare value of the period at IPO and after IPO is 0.121 and 0.221 which means that the effect of information asymmetry variables at and after IPO (X) on earnings management (Y) are: 12.1% & 22.1% and the remaining 87.9% & 77.9% is influenced by other variables outside of this research model.

Third conclusion, based on simple linear regression test the significance of the t period before the IPO obtained a significance value of 0.169> 0.05, it can be concluded that the information asymmetry variable before IPO (X) does not significantly influence earnings management variables before the IPO (Y). Fourth, based on a simple linear regression test the significance of the t period at the IPO obtained a significance value of 0.017 <0.05, it can be concluded that the information asymmetry variable at IPO (X) has a significant effect on earnings management variables during IPO (Y). Fifth, based on a simple linear regression test the significance of the t period after the IPO obtained a significance value of 0.001 <0.05, it can be concluded that the information asymmetry variable after IPO (X) has a significant effect on the earnings management variable after the IPO (Y).

Furthermore, the Sixth conclusion, based on the testing of the first hypothesis in this study is to examine the effect of information asymmetry on earnings management in companies that go public before the IPO. The research results show that the value of t-count is -1.395 <t-table 1.6759 with a significant level of 0.169 greater than> 0.05, so that it can be obtained that there is no effect of Information Asymmetry on Earnings Management in companies that go public before the IPO. Seventh, based on the testing of the second hypothesis in this study is to examine the effect of information asymmetry on earnings management in companies that go public during the IPO. The results of the research show that the t-count is 2.485> t table 1.6779 with a significant level of 0.017 which is lower than <0.05, so that it can be obtained that there is an influence of information asymmetry on earnings management for companies that go public during the IPO. However, the results of the classic assumption test cannot meet the heteroscedasticity test. Eighth, based on the testing of the third hypothesis in this study is to examine the effect of information asymmetry on earnings management in companies that go public the period after the IPO. The results showed that the t-count was 3.493> t table 1.6794 with a significant level of 0.001 which was lower than <0.05, so that it can be obtained that there was an influence of information asymmetry on earnings management for companies that went public after the IPO.

Some suggestions for further research are: First, further research can add good research variables to the independent variables considering that there are around 96.1% & 87.9% and 77.9% influenced by other variables in the period before, during and after the IPO outside this research model. Second, further research extends the observation period so that the influence can be seen from a longer period of time and to enhance the empirical test power and also use a broader object of research, not only in the Service, Trade and Finance companies but also with other Manufacturing and company companies. , because the longer the observation time interval, the greater the chance to obtain information about reliable variables to make more accurate forecasting.

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