

## **Earnings Management Around Initial Public Offerings: Borsa Istanbul Application**

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### **Abstract**

This paper studies the presence of earnings management in initial public offerings (IPOs) of Turkish firms. The sample consists of 30 Turkish firms that went public in the years 2011 to 2015 on the Borsa Istanbul. Since there is no market-determined price for IPO share before they are sold to market participants by issuers and underwriters, increasing the attractiveness of an IPO share will be related the degree of earnings management before going public. Therefore this paper aims to find whether IPO issuers make discretionary accruals in their financial statements in order to affect the IPO share price before, during and after going public. According to the results, discretionary accruals level is the highest in the IPO year which is expected as in the other studies and there is statistically significant difference between different periods.

**Keywords:** Earnings Management, Initial Public Offerings, Discretionary Accruals, Borsa Istanbul