

## Earnings Management from Taiwan Gisa Firms

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**Abstract :** Research has primarily focused on listed companies, less is done regarding small and medium-sized enterprises. Under the authorities' support, Taipei Exchange (TPEX) started Go Incubation Board for Startup and Acceleration Firms (GISA) in January 2014. This platform is designed to help small-sized innovative companies grow and to enter the capital market in the future. This research yield insight into earnings management activities around seasoned equity offerings (SEO) based on Taiwan's GISA firms and the effectiveness of external corporate governance. Data for the study come from the GISA Market Observation Post System from January 2014 to December 2016. The result finds that GISA firms prone to upward accrual-based earnings management during SEO to avoid long-term negative consequences. Especially, firms with paid-in capital more than NT\$ 30 million, higher fundraising amounts, or smaller-sized firms, tend to increase discretionary accruals. Finally, consistent with prior literature, CPA firms effectively serve as the role of external corporate governances on mitigating earnings management.

**Keywords :** GISA, earnings management, CPA, seasoned equity offerings

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