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FACTORS AFFECTING EARNINGS MANAGEMENT PRACTICES IN MINING SECTOR COMPANIES ON THE INDONESIAN STOCK EXCHANGE 2018-2022

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Abstract: Earnings management is an interesting topic to discuss, considering that if you look at the facts in the field, there are still many companies that, in achieving their goals, tend to practice earnings management. Profit management practices often occur in various companies, one of which occurs in the mining sector, this is one of the problems in supporting the progress of the mining sector. This research aims to determine the factors that influence earnings management in mining sector companies on the Indonesia Stock Exchange 2018-2022. The research method used is the verification method. The population in this research is mining sector companies on the Indonesia Stock Exchange 2018-2022, totaling 44 companies. The sampling technique used was non-probability sampling with a purposive sampling method, so the sample was 25 companies. The data analysis used is panel data regression analysis using Eviews 13 software. The research results show that information asymmetry, managerial share ownership, profitability, and company age influence earnings management, while company size has no influence on earnings management. The magnitude of the influence of information asymmetry, managerial share ownership, profitability, company age and company size on earnings management is 56.55%.
Keywords: Information Asymmetry, Managerial Share Ownership, Profitability, Company Age, Company Size, and Earnings Management.

INTRODUCTION

Eearnings management engineering is an interesting topic to discuss, because if you look at the landscape in this field, there are still many companies that, in achieving their desires, tend to practice earnings management engineering. Therefore, earnings management is an important research topic, and financial reports provide an overview and insight into the factors that can cause earnings management, so that stakeholders in assessing a company's performance become more careful (Violinna & Zubaidi, 2022). Earnings management practices aim to stimulate the desires of investors, as well as facilitate additional capital and financing for the company. Achieving and maximizing profits from operating activities, as well as increasing market value through accounting policies are the goals of earnings management engineering. Management carries out earnings management engineering activities by increasing or decreasing profits in its reporting, this results in the accounting information presented not reflecting reality (Setiawati & Syaiful, 2022). Due to having the freedom to choose which accounting method to use, managers tend to engage in what is called opportunistic behavior according to positive accounting theory. This opportunistic behavior can lead someone to take earnings management actions. Earnings information is often the target of management manipulation that harms investors and maximizes personal profits

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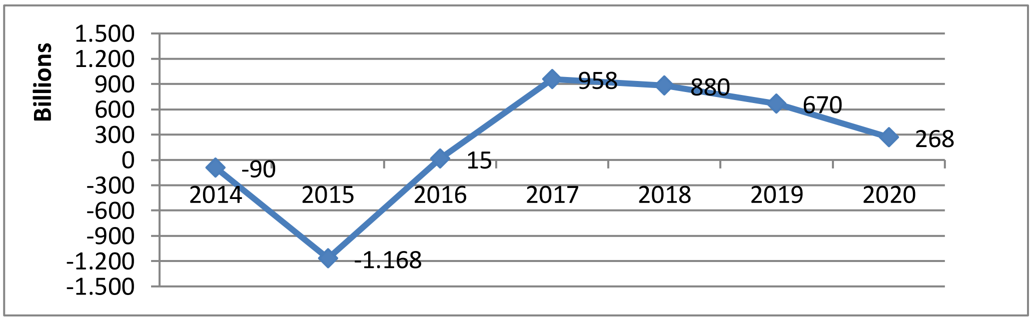
(Fatonah et al., 2022).

In the current era of earnings management, fairness in reporting financial information can be influenced by the choice of accounting method, this can be done by accountants who have sufficient experience and flying hours. But that does not mean that every choice of method in accounting always reflects data manipulation in accounting. The existence of a conflict of interest demonstrated by management can cause managers to take unethical actions in engineering earnings management, so that the information in their financial reporting can mislead stakeholders. Management tends to be able to adjust profits with the freedom shown in accounting standards if the profits generated do not match expectations (Rizqi, 2023). Company management often hides the company's bad condition by showing good financial performance, involving fraudulent practices in preparing financial reports. The impact is detrimental to certain parties, especially investors and creditors (Prayoga & Sudarmaji, 2019). Important indicators for stakeholders in evaluating and predicting the performance of a corporation can be seen from the information in its financial reporting. Financial reports are a structured description of the financial performance and financial situation of an entity (IAI, 2018). As a source of information regarding the company's financial condition and performance, financial reports have a crucial role. This document contains information about the company's ability to create profits. Profit is considered a critical measure of effectiveness and efficiency (Anthony & Govindarajan, 2015:175). Creditors and investors use profits as a basis for making economic decisions, so profits must be consistent to provide reliable information. Profit quality reflects the sustainability of profits in the future and is determined by the accrual and cash flow elements (Sulistyanto, 2018:6).

In fact, users of financial reports may be too focused on the profits reported, so they tend to ignore how the profit itself was obtained. This is what underlies the profit management engineering actions carried out by the management (Pramesti & Budiasih, 2017). Profitable information is often manipulated through opportunistic management actions to advance its own interests. This is because this behavior could occur because management is aware that external parties tend to consider profit information as an indicator in assessing the performance of a corporation. Adjusting profits according to one's wishes is called earnings management (Irfan & Isynuwardhana, 2019). The following image shows the avarege profits of companies in the mining sector listed on the IDX, namely:



Graph 1. Average Profit in Mining Sector Companies Period 2014-2020
Source: Indonesian Stock Exchange (www.idx.co.id) (2022)

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Graph 1 above shows that there has been a large change in the average profit of companies in the mining sector listed on the IDX between 2015-2020, indicating the potential for earnings management habits used by companies. High fluctuations in earnings, both steep increases and decreases raise questions about alleged earnings management, and management may be engaging in earnings engineering. Profits recorded in financial reports are often used as a strategy to attract investor interest, which can be manipulated by management through earnings engineering practices (Sulistyanto, 2018:6). This earnings manipulation is a form of earnings management practice, which can have positive, negative or no impact. Earnings management is categorized as profitable if it can provide a signal about the company's long-term value to stakeholders. On the other hand, it can be considered detrimental if the aim is to hide the true value of the company. Neutrally, earnings management can be interpreted as providing real performance information in the short term (Rankin et al, 2012). Assessment of the ethics of earnings management actions depends on the extent to which these actions comply with the procedures stated in accounting standards. This involves consideration of changes in accounting recording methods, revenue recognition, and other factors. However, some views state that earnings management can be considered misleading and creates a gap between owners and managers resulting from information asymmetry. The adverse impact involves reducing the credibility and validity of financial information, which in turn can result in erroneous views regarding the delivery of financial reports (Huynh, 2020).

Cases regarding earnings management in a number of mining companies often occur, information quoted from a 2018 www. Hukumonline.com article which revealed: the non-profit institution Indonesian Corruption Watch (ICW) indicated that possible state losses would reach IDR 133.6 trillion or the equivalent of US $ 27.062 billion due to non-compliance in reporting export transactions according to actual conditions. ICW noted that there were indications of engineered financial reporting in export transactions of mining sector companies, which were carried out from 2006-2016. The aim of this practice is to reduce profits so that the company's tax burden is lower (Rizki, 2018). Apart from that, information from www.finance.detik.com in 2019 shows that PT Adaro Energy Tbk is also involved in earnings management practices. Global Witness found that Adaro, through its business entity in Singapore known as Coaltrade Services International, is suspected of using transfer pricing to reduce sales revenue and profits reported in Indonesia, with the aim of minimizing the company's tax burden. This practice is believed to have been going on from 2009 to 2017, with Adaro paying taxes amounting to around US$ 125 million, which is a lower amount than what should be paid in Indonesia, namely around Rp. 1.75 trillion (Sugianto, 2019).

One of the bases for implementing earnings management in companies is agency theory. Agency theory is part of game theory which examines contract patterns created to encourage logically minded agents to act in accordance with the wishes of the main party. Agency theory developed from a concept that examines contract design where the agent acts on behalf of the principal; Conflict can occur when the agent's goals are not in line with the principal's desires. (Scott, 2017:358). This collaboration between agencies creates two main problems. First, there is information asymmetry, where management generally has more in-depth knowledge of financial and operational conditions than owners. Second, the emergence of a conflict of interest due to different intentions, which causes management actions to not necessarily be in line with the

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owner's objectives. In simple terms, pressure from both parties in this relationship can result in managers making decisions that are not always in accordance with the wishes of capital owners (Scott, 2017:358). Information asymmetry refers to a situation where some investors have information knowledge, while others do not (Jogiyanto, 2017:387). The existence of information asymmetry shows that managers have access to a lot of information, including future needs, that is not known to shareholders. According to agency theory, information asymmetry between shareholders and managers depends on trust. This can lead to a mismatch between the information received and the actual state of the company, especially in cases where shareholders do not know all the information. The potential for earnings management practices will increase as information asymmetry increases (Cahyono & Widyawati, 2019).

Apart from information asymmetry, share ownership can also influence a company's earnings management. Management share ownership is one type of share ownership in a company because members of the management team are actively involved in decision making and own all of the company's capital. Efforts to reduce agency problems in companies require aligning the interests of management and company shareholders through management share ownership. Therefore, apart from carrying out their role through company management, those who act as company owners are managers (Effendi, 2016:59). Managerial share ownership is the amount of manager ownership of company shares. This is considered a way to balance the interests between owners and managers, because by owning company shares, managers have interests like other shareholders, and reduces the possibility of agency conflicts. This is expected to increase manager motivation in improving company performance and achieving profits for shareholders. On the other hand, if the interests of managers and owners are aligned, the tendency for information manipulation or earnings management can be reduced. This is expected to improve the quality of accounting information and clarity of profits. Managerial share ownership policies are able to minimize earnings management practices (Pramesti & Budiasih, 2017).

Another potential factor that influences earnings management is financial performance, which can be assessed through profitability ratios. This ratio functions to evaluate the strength of a business in generating profits and shows the effectiveness of its management. This performance can be seen from investment and sales profits, so that the use of this ratio can show the level of business efficiency (Kasmir, 2019:196). The level of profitability can be assessed using the Return On Assets (ROA) indicator (Kasmir, 2019:201). Profitability describes the level of a company's ability to generate profits. Large fluctuations in profits, both steep increases and decreases, raise questions about alleged earnings management, and management may be carrying out earnings engineering (Sulistyanto, 2018:6). In positive accounting theory there are two hypotheses related to profitability, these hypotheses are the bonus plan hypothesis and the political cost hypothesis, providing strong reasons for companies to manage their financial performance carefully. In the bonus plan hypothesis, the company owner offers bonuses to managers after the company reaches certain performance goals. This provides a strong incentive for managers to plan and monitor company profitability strategically, in the hope of getting these bonuses (Sulistyanto, 2018:45). Likewise, the political cost hypothesis shows that the amount of tax imposed on a company is directly related to its profits. As a result, managers are motivated to manage earnings carefully to avoid excessive tax burdens. As leaders, managers naturally try to minimize the

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financial obligations imposed on their company (Sulistyanto, 2018:45).

Engineering of financial reporting can also be influenced by the age of a company. The achievements that have been obtained and will be obtained by the company which are included in part of the company documentation since the founding of the company are referred to as the age of the company (Ulum, 2020:173). Company age is calculated from the year the company was founded (Suriesh & Retnani, 2023). The longer a company has been around, the higher the possibility of operating profitably, because companies that have been around for a long time have enough experience so that management can plan to increase profits and increase competitiveness (Adityaningsih & Hidayat, 2024). Apart from that, the size of a company is also important to analyze which can be related to engineering practices in financial reporting. The size of a company can be seen from the size of assets, sales, and the number of employees which are related to each other to describe the size of a company (Sawir, 2018:102). Total assets are an indicator of company size (Jogiyanto, 2017:282). The higher the level of assets, the higher the probability of engineering management's impact on profits, and vice versa. Company size has a positive impact on earnings management (Agustina et al., 2022).

Researchers' interest in earnings management problems is due to the frequent occurrence of cases of profit manipulation, one of which is shown in mining sector companies with various forms of fraudulent manipulation, so that this can be detrimental to stakeholders. From the various case descriptions in the article, the various forms of earnings management carried out tend to be more negative, namely by reducing the company's income or profits with the aim of lowering the tax burden paid. Researchers hope that the results of this research can be useful for stakeholders to avoid management's practice of engineering profits in their financial reporting, so that the information presented can be misleading in decision making for stakeholders. Based on the description above, the aim of this research is to find out how information asymmetry, managerial share ownership, profitability, company age and company size influence earnings management in mining companies on the IDX 2018-2022.

Information Asymmetry

Information asymmetry describes conditions when management exercises greater information control than investors or creditors, then information asymmetry can occur (Suwardjono, 2017:584). The bid-ask spread in this research is used as a measuring tool for information asymmetry (Jogiyanto, 2017:584).

Managerial Share Ownership

Managerial share ownership relates to the proportion of shares owned by a group of active decision makers, consisting of directors and commissioners. Alternatively, it can be interpreted as the entire capital ownership in a company (Effendi, 2016:59). Managerial share ownership is measured by the shares owned by management divided by the company's total shares (Effendi, 2016:59).

Profitability

The profitability ratio is the company's capacity to achieve the desired profits (Kasmir, 2019:196). Profitability is measured through the use of ROA, namely profit after tax divided by total assets (Kasmir, 2019:201).

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Company Age

The achievements that have been obtained and will be obtained by the company which are included in part of the company documentation since the founding of the company are referred to as the age of the company (Ulum, 2020:173). Company age is calculated from the year the company was founded (Suriesh & Retnani, 2023).

Company Size

The size and size of a company can be determined from the level of assets, sales, and number of employees which are interrelated to describe the size of a company (Sawir, 2018:102). Total assets are an indicator of company size (Jogiyanto, 2017:282).

Earnings Management

Earnings management can be defined as the actions of managers in a company to manipulate/distort financial data in the form of reports, ultimately misleading stakeholders in seeking an accurate understanding of the company's performance and the overall situation (Sulistyanto, 2018:6). Earnings management is measured using the Modified Jones Model (Sulistyanto, 2018:225).

Research Framework and Hypotheses

Below, a diagram of the framework for thinking in this research will be presented, namely as follows:

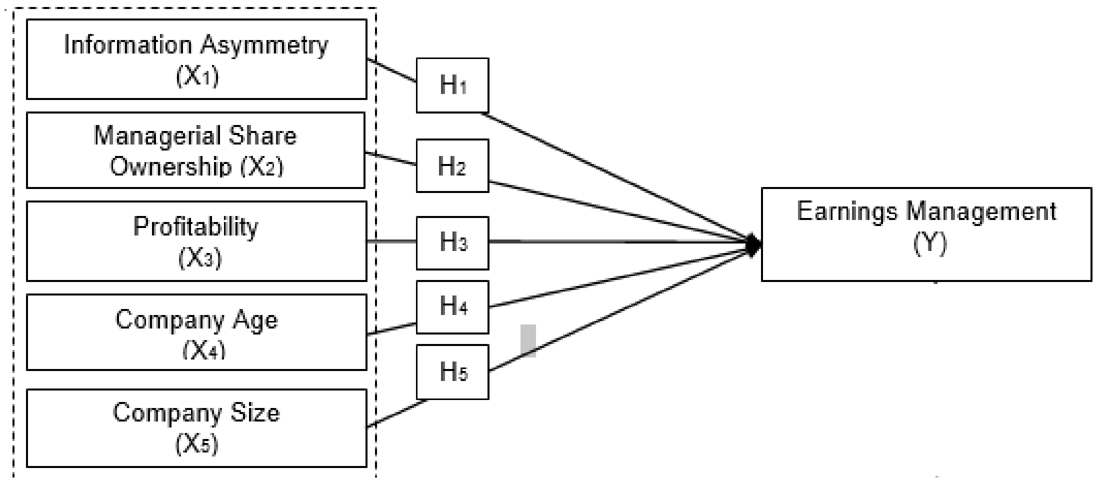

Figure 2. Framework
Source : Processing Data (2024)

Based on the description of above, the research hypothesis formed is:

H_1: Information asymmetry has a effect on earnings management.
H_2: Managerial share ownership has a effect on earnings management.
H_3: Profitability has a effect on earnings management.
H_4: Company age has a effect on earnings management.
H_5: Company size has a effect on earnings management.

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METHODS

This type of research is included in quantitative research. The research method used is the verification method. The population in this research is mining sector companies on the Indonesia Stock Exchange 2018 - 2022, totaling 44 companies. The sampling technique is non-probability sampling using purposive sampling, so the total sample is 25 companies. The type and source of data used is secondary data, while the data collection technique uses documentation studies to collect company financial reports for the 2018 - 2022 period. The independent variables are information asymmetry, managerial share ownership, profitability, company age, and company size n. The dependent variable is earnings management.

Information asymmetry in this study is measured using the bid-ask spread. Managerial share ownership in this study is measured by the shares owned by management divided by the company's total shares. Profitability in this research is measured using return on assets (ROA). Company age in this study is measured from the year the company was founded. Company size in this study was measured using the natural log (Ln) of total assets. Meanwhile, earnings management in this research is measured using the Modified Jones Model. The regression equation in this study is Yit = β0 + β1 X1it + β2 X2it + β3 X3it + β4 X4it + β5X5it + eit. Where β0=Constant, β1, β2, β3, β4, β5=regression coefficient, X1=Information Asymmetry, X2=Managerial Share Ownership, X2=Profitability, X4=Company Size, This research uses a research significance level of 0.05 (5%). The data analysis used is panel data regression analysis using the Eviews 13 program.

RESULTS AND DISCUSSION

Table 1. Panel Data Model Test

Test	Prob. Value	Criteria	Results
Uji Chow	0,3114	0,05	Common Effect Model
Uji Hausman	0,7061	0,05	Random Effect Model
Uji Langrange Multiplier	0,6066	0,05	Common Effect Model

Source: Eviews Output Results (2024)

Based on Table 1 above, it shows that the three tests show that the best model chosen is the common effect model.

Table 2. Panel Data Regression Analysis (Common Effect Model)

Variable	Coefficient
Constant	-0,026
Information Asymmetry	0,425
Managerial Share Ownership	-0,154
Profitability	0,243
Company Age	0,020
Company Size	0,029

Source: Eviews Output Results (2024)

$$\mathbf{Y = -0{,}026 + 0{,}425X_1 - 0{,}154X_2 + 0{,}243X_3 + 0{,}020X_4 + 0{,}029X_5}$$

Based on the regression equation above, it shows that information asymmetry,

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profitability, company age and company size have a positive influence on earnings management. Meanwhile, managerial share ownership has a negative influence on earnings management.

Table 3. Partial Hypothesis Test

Variable	t Value	Prob.Value	Results
Information Asymmetry	5,356>1,980	0,0000<0,05	H_1 Accepted
Managerial Share Ownership	2,879>1,980	0,0047<0,05	H_2 Accepted
Profitability	2,947>1,980	0,0039<0,05	H_3 Accepted
Company Age	2,552>1,980	0,0120<0,05	H_4 Accepted
Company Size	0,660<1,980	0,5101>0,05	H_5 Rejected

Source: Eviews Output Results (2024)

Based on Table 3 above, the results of partial hypothesis testing show that information asymmetry, managerial share ownership, profitability and company age have an influence on earnings management. Apart from that, company size has no effect on earnings management.

Table 4. Simultaneous Hypothesis Test

Variable	F Value	Prob.Value	Results
Information Asymmetry, Managerial Share Ownership, Profitability, Company Age, & Company Size	30,986>2,29	0,0000<0,05	H_6 Accepted

Source: Eviews Output Results (2024)

Based on Table 4 above, the results of simultaneous hypothesis testing show that information asymmetry, managerial share ownership, profitability, company age and company size have a significant effect on earnings management.

Table 5. Determination Coefficient Test

Information	Value	Percentage
R-squared	0,5655	56,55%

Source: Eviews Output Results (2024)

Based on Table 5. above, it shows that the influence of the information asymmetry variable, managerial share ownership, profitability, company age and company size on the earnings management variable is 56.55%, while the remaining 43.45% is influenced by other variables outside the research model.

The Influence of Information Asymmetry on Earnings Management

The research results show that information asymmetry influences earnings management. The results of this research are also supported by the previous discussion which shows that when some investors have access to information, while others do not, then information asymmetry can occur (Jogiyanto, 2017:387). This situation reflects that managers have more knowledge about future prospects than stakeholders. According to agency theory, the existence of stakeholders and their management with information asymmetry, depending on their integrity, can result in shareholders receiving information

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that does not always reflect the actual condition of the company if not all information is known. A significant level of information asymmetry can be an indicator of greater earnings management practices (Cahyono & Widyawati, 2019). Management has more knowledge about organizational information than outside parties (principals), such as shareholders. This situation can lead to inconsistencies between the data provided by management to shareholders, creating opportunities for certain parties to be involved in engineering actions against their profits. The significant differences in information in companies have led to an increase in earnings management practices, along with the amount of information known by company management compared to shareholders (Rizki, 2021). The results of this research are in line with the results of previous research conducted by Cahyono & Widyawati (2019), Obiora et al (2022), and Makhlouf et al (2022). The results of their research show that information asymmetry has an effect on earnings management. While the results of this research are not in line with the results of research conducted by Rizki (2021) and Setiawati & Syaiful (2022), the results of their research show that information asymmetry has no effect on earnings management.

The Influence of Managerial Share Ownership on Earnings Management

The research results show that managerial share ownership influences earnings management. The results of this research are also supported by the previous discussion which shows that managerial share ownership refers to the position of shares owned by active management members who can be involved in the process of determining business entity decisions. Theoretically, the lower management's share ownership, the greater the incentive to prevent behavior that benefits the manager or the manager's opportunity to carry out earnings management (Yusrilandari, et al 2016). To achieve a balance in the interests of the owner and manager, it is important to hand over shares to the manager. By owning company shares, managers are able to have interests that match other shareholders, reduce agency conflicts, and encourage managers to improve company performance and provide profits to shareholders. It is possible that managers who have access to company information may tend to manipulate data for personal gain. Thus, if the interests of managers and owners can be aligned through share ownership, the motivation to manipulate information or carry out earnings management does not increase. Of course, it is hoped that it can increase the clarity of earnings and accounting information, through the implementation of managerial ownership policies as an effort not to increase earnings management practices (Pramesti & Budiasih, 2017).

Managerial share ownership plays an important role in the emergence of earnings management, because managers are able to influence decisions regarding the implementation of accounting in business entities. Low levels of ownership may provide managers with incentives to engage in opportunistic behavior. According to Irfan & Isynuwardhana (2019), part of the problem solving effort is to align the interests of management with stakeholders through policies regarding share ownership by management. Earnings management tends to decrease when management ownership increases, and this principle also applies vice versa (Febria, 2020). Management share ownership refers to the share of equity owned by the company. The existence of management share ownership also strengthens the link between the interests of the agent and the principal, so that the manager's decisions tend not to be hasty and wise in order to avoid potential losses to the company. A larger proportion of management share ownership tends to reduce the possibility of earnings management actions, while

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conversely, the impact can have a significant influence on earnings management practices (Setiawati & Syaiful, 2022).

Managerial share ownership policy is closely related to agency theory which can cause information asymmetry between shareholders and managers, this can have an impact on earnings management practices carried out by managers based on personal or group interests. The existence of a managerial share ownership policy in a company can minimize earnings management practices, this is because managers are also part of the company's shareholders, so managers will be more responsible and behave in accordance with applicable regulations in carrying out operational activities or copying the company's financial reports. Managerial stock policies can minimize managers carrying out earnings management practices that can be detrimental to the company. The results of this research are in line with the results of research conducted by Kargi & Suleiman (2021), Setiawati & Syaiful (2022), Serdaneh & Ghazalat (2022), Suriesh & Retnani (2023), and Irom et al (2023). influence on earnings management. While the results of this research are not in line with the results of research conducted by Irfan & Isynuwardhana (2019) and Febria (2020), the results of their research show that managerial share ownership has no effect on earnings management.

The Influence of Profitability on Earnings Management

The research results show that profitability influences earnings management. The results of this research are also supported by the previous discussion which shows that according to positive accounting theory, in accordance with the political cost hypothesis, the amount of tax a company must pay is directly related to the company's profitability. If the company obtains large profits, the tax obligations will be higher, while if the profits are less or smaller, the company will have relatively lower tax obligations. This dynamic forces managers to exercise careful control over the company's profit margin, with the aim of minimizing what must be paid in terms of taxes. Managers will try to avoid excessive tax obligations, because this is a wise approach to financial management (Sulistyanto, 2018:45). The results of this research are in line with the results of research conducted by Mandour & Mokhtar (2018), Irfan & Isynuwardhana (2019), Cahyono & Widyawati (2019), Tonye & George (2019), Febria (2020), Sakdiyah et al (2021), Rizki (2021), Kalbuana et al (2022), and Rizqi (2023) research results show that profitability has an effect on earnings management. Meanwhile, the results of this study are not in line with the results of research conducted by Agustia & Suryani (2018), Ilham et al (2020), Amake & Akogo (2021), Obiora et al (2022), Antou et al (2021), Violinna & Zubaidi (2022), Laurencia & Mulyana (2022), Sarah et al (2023), and Adityaningsih & Hidayat (2024) research results show that profitability has no effect on earnings management.

The Influence of Company Age on Earnings Management

The research results show that company age has an effect on earnings management. The results of this research are also supported by the previous discussion which shows that the age of a company depends on how long the company has been established or operating. The age of a company shows how strong the company is in facing competition and able to survive in the industry (Rahmawati, 2017:79). The age of a company shows how well the company is able to compete and survive in running its business. Companies that have been established for a long time have management

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experience and can follow past trends, so they can plan the development of their company by increasing profits and competing with companies that have been established for a long time or have just been established. The longer the age of the company, the greater the opportunity for earnings management to occur (Agustia & Suryani, 2018). The age of a company is one indicator that influences earnings management. The results of this research are in line with the results of research conducted by Kalbuana et al (2022), Agustia & Suryani (2018), Sakdiyah et al (2021), Agustina et al (2022), Violinna & Zubaidi (2022), Suriesh & Retnani (2023), Rizqi (2023), Adityaningsih & Hidayat (2024) research results show that company age has an effect on earnings management. While the results of this study are not in line with the results of research conducted by Obiora et al (2022), Fatonah et al (2022), Violinna & Zubaidi (2022), Putri et al (2023), Sarah et al (2023), and Ilham (2020). His research shows that company age has no effect on earnings management.

The Influence of Company Size on Earnings Management

The research results show that company size has no effect on earnings management. The results of this research are also inversely proportional to the previous discussion which shows that the value of a company is measured by its total assets. The bigger your company, the more the decisions and actions you take will have a real impact on the company. As a result, large companies have greater incentives to carry out earnings management (Fatonah et al., 2022). The size of a company is determined by its total assets, so that the greater the total assets of a company, the greater the opportunity for earnings management. The bigger the company, the stronger its earnings management, and vice versa. Company size has a positive impact on earnings management (Agustina et al., 2022). The results of this study show that there is no significant influence of company size on earnings management. This could be because companies that practice earnings management are not determined by the size of the company. Companies that have a large or small scale can carry out earnings management practices in accordance with the interests of the company. The results of this research are in line with the results of research conducted by Obiora et al (2022), Amake & Akogo (2021), Mandour & Mokhtar (2018), Agustia & Suryani (2018), Violinna & Zubaidi (2022), Putri et al (2023), Sarah et al (2023), and Adityaningsih & Hidayat (2024) research results show that company size has no effect on earnings management. Meanwhile, the results of this study are not in line with the results of research conducted by Setiawati & Syaiful (2022), Rizki (2021), Cahyono & Widyawati (2019), Fatonah et al (2022), Sakdiyah et al (2021), Agustina et al (2022), and Ilham et al (2020) research results show that company size influences earnings management.

CONCLUSION

The research results show that information asymmetry, managerial share ownership, profitability, and company age influence earnings management. Meanwhile, company size has no effect on earnings management. The suggestions that researchers can convey based on the results of the research that has been carried out are reducing the amount of information loss by increasing agency costs to increase monitoring costs. Increase the proportion of managerial share ownership in the company to reduce any conflict of interest between shareholders and managers. Therefore, managerial share

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ownership policy is an alternative that needs to be considered by stakeholders in order to reduce earnings management practices carried out by managers, because with managerial share ownership managers will be more responsible in managing the company. Increase company profitability by increasing company sales and profits. Optimize the company's lifespan by complying with and implementing every policy such as tax regulations and presenting financial reports in accordance with PSAK/IFRS. increasing the size of the managerial company by improving financial performance and making appropriate investment decisions on fixed assets. Minimizing earnings management practices by increasing the company's internal supervision.

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