

The Effect of Ownership Structure, Revenue Growth and Other Factors on Profit Management

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ABSTRACT

This research aims to obtain empirical evidence regarding the effect of independent variables, namely managerial ownership, institutional ownership, revenue growth, audit quality, profitability, leverage, board size, and firm size on the dependent variable, earnings management. The research object in this study consists of all manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the period of 2022 to 2024. The sample was selected using the purposive sampling method, and the data were analyzed using multiple linear regression. Through this process, 70 companies with a total of 210 observations successfully met the research criteria. The results of this study indicate that audit quality and leverage have a negative effect on earnings management. A high level of audit quality is considered capable of increasing public confidence in the reliability of financial statements, thereby reducing the possibility of earnings management practices. Furthermore, companies with high leverage tend to be more closely monitored by creditors and external parties, thus limiting management's opportunity to engage in earnings manipulation. Meanwhile, other independent variables, such as managerial ownership, institutional ownership, revenue growth, profitability, board size, and firm size are found to have no effect on earnings management.

INTRODUCTION

Financial statements are a structured presentation of an entity's financial performance and position, providing information on its financial position, performance, and cash flow that can be useful to users (Indonesian Institute of Accountants 2024). Financial statement users rely heavily on financial statements for decision-making (Astari and Suryanawa 2017). Therefore, company management must produce high-quality financial statements.

Profit is one of the main parameters in financial reports used by shareholders to assess an entity's performance. Profit is a measure of a company's performance based on accrual-based accounting (Agustia and Suryani 2018). Often, users of financial reports focus solely on the profit generated by an entity without examining how that profit was generated (Savitri 2014). Therefore, companies with stable profit levels tend to be more trusted by investors and shareholders.

Company management recognizes that high and stable profits in financial reports will be more attractive to investors. Furthermore, company management is often motivated to maximize profits for their own benefit, such as to obtain additional bonuses or promotions (Savitri 2014). These pressures can drive company management to employ various methods to increase profits. One method used by company management is earnings management. Earnings management is an effort by company management to manipulate or manipulate figures in the company's financial statements by changing the accounting methods or procedures used by the company (Sulistyanto 2008).

This study replicates previous research conducted by Nugrahanti and Nugroho (2022), which focused on non-financial companies listed on the Indonesia Stock Exchange between 2017 and 2019. This study, meanwhile, focuses on manufacturing sector companies listed on the Indonesia Stock Exchange between 2022 and 2024.

Nugrahanti and Nugroho's (2022) research used four independent variables: political connections, managerial ownership, institutional ownership, and audit quality. As an extension of Nugrahanti and Nugroho's (2022) research, the researchers modified the political connections variable with revenue growth derived from Le and Nguyen's (2023) research. They also added several variables: profitability and leverage from Martinus et al.'s (2022) research, board size, and firm size from Le and Nguyen's (2023) research.

This study aims to obtain empirical evidence regarding the influence of managerial ownership, institutional ownership, revenue growth, audit quality, profitability, leverage, board size, and firm size on earnings management.

LITERATURE REVIEW

Agency Theory

An agency relationship is an agreement in which one or more individuals (principals) authorize another individual (agents) to act on their behalf in carrying out tasks, including decision-making (Jensen and Meckling 1976). It is hypothesized that when agents and principals both seek to maximize their own profits, problems will arise if (1) there are differences in interests between the two parties and (2) the agent has superior and broader access to information than the principal (Toumeh and Yahya 2017).

In the context of earnings management, this theory assumes that conflicts between managers and shareholders arise due to misinformation or asymmetric information. Under certain circumstances, managers do not perform their duties in accordance with shareholders' wishes because managers have broader access to information than shareholders.

Signal Theory

This signaling theory was developed by Spence (1973) and then adopted into various fields such as accounting and finance. This theory explains that managers can send signals or clues to shareholders through various forms of financial reports and other performance indicators. These signals constitute highly sensitive information that can influence shareholders' investment decisions (Lie and Paranita 2023).

These signals can increase pressure on managers to engage in earnings management. When managers want to send positive signals to shareholders to attract investors, they may make efforts to increase company profits (Sulistyanto 2008). These signals are manipulated to make the company's performance appear better to investors and shareholders than it actually is.

Earnings Management

Nugrahanti and Nugroho (2022) state that earnings management is a manager's activity to manipulate or change earnings by increasing or decreasing the company's profit. With earnings management, financial statements can provide a more accurate picture of the company's performance, reflecting the needs of shareholders and new investors. Corporate company management is motivated to engage in earnings management due to the intense pressure to achieve the desired profit levels (Susanti et al. 2022). Often, users of financial statements focus solely on the stated profit figures.

Managerial Ownership and Earnings Management

Research by Nugrahanti and Nugroho (2022), Winata and Simon (2024), and Al-Zaqeba et al. (2022) found that managerial ownership negatively impacts earnings management. This means that the greater the managerial ownership, the less likely it is to engage in earnings management because managers are more focused on maintaining the company's reputation.

The above results contrast with research by Alexander (2021), Felicya and Sutrisno (2020), Maricar and Almalita (2022), Firnanti (2018), Theiri et al. (2022), Alzura and Djashan (2023), and Sha and Steven (2022), which showed that managerial ownership has no significant impact on earnings management. Based on the above discussion, the following hypothesis is proposed:

H1: Managerial ownership impacts earnings management.

Institutional Ownership and Earnings Management

Research by Nugrahanti and Nugroho (2022) states that institutional ownership has a negative effect on earnings management, meaning institutional investors are more likely to monitor management to prevent earnings manipulation. However, Alexander (2021) found that institutional ownership has a positive effect, indicating the potential for fraud between institutions and management in pursuit of expected profits.

Meanwhile, research conducted by Winata and Simon (2024), Felicya and Sutrisno (2020), Maricar and Almalita (2022), Alzura and Djashan (2023), and Firnanti (2018) found that institutional ownership has no effect on earnings management. This indicates that even though institutions hold significant shares, they do not always monitor the activities and decision-making of company management. Referring to the above description, the proposed hypothesis is:

H2: Institutional ownership has an effect on earnings management.

Revenue Growth and Earnings Management

Based on research conducted by Kalbuana et al. (2020) and Hamdiah and Anggrini (2024), revenue growth has a positive effect on earnings management, meaning companies with high growth will have a strong incentive to maintain stable earnings. Meanwhile, research conducted by Enakirerhi and Ighosewe (2024) found that revenue growth has a negative effect on earnings management. This is because revenue growth reflects good company performance, thus disincentivizing management from financial statement manipulation.

However, a different finding was found in research by Edeline et al. (2024), who stated that revenue growth has no effect on earnings management because revenue growth is not the primary factor driving earnings manipulation, but rather many other factors. Referring to the above description, the proposed hypothesis is:

H3: Revenue Growth influences earnings management

Audit Quality and Earnings Management

Research by Rachel and Sanjaya (2022), Firnanti (2018), Alzura and Djashan (2023), and Rizqi (2023) found that audit quality influences earnings management. This means that the higher the quality of the auditor entrusted by a company to conduct its audit, the lower the company's tendency to engage in earnings management due to strong external oversight from the external auditor.

However, several other studies, such as Nugrahanti and Nugroho (2022), Winata and Simon (2024), Alexander (2021), and Felicya and Sutrisno (2020), found that audit quality had no effect on earnings management. This could be due to the uneven effectiveness of auditors or limited information available to detect earnings management. Another reason is that earnings management practices are not a primary concern for auditors, given that such actions are

within applicable accounting standards and do not violate existing regulations. Referring to the above description, the proposed hypothesis is:

H4: Audit quality influences earnings management.

Profitability and Earnings Management

Research by Firnanti (2018), Rachel and Sanjaya (2022), Rizqi (2023), Edeline et al. (2024), Maricar and Almalita (2022), Alzura and Djashan (2023), and Sha and Steven (2022) found that profitability influences earnings management. Some of these studies showed a positive influence, meaning companies with higher profitability tend to maintain their reputation and are therefore more likely to engage in earnings management.

However, research by Winata and Simon (2024) and Hutauruk et al. (2022) found that profitability has no effect on earnings management. This means that companies with high profitability are less likely to manipulate financial statements because they have no interest in doing so or because internal controls are strong enough to prevent earnings management. Based on the above description, the proposed hypothesis is:

H5: Profitability influences earnings management.

Leverage and Earnings Management

Research by Firnanti (2018), Susanti et al. (2022), Maricar and Almalita (2022), and Edeline et al. (2024) found that leverage has a positive effect on earnings management, where companies with high debt levels tend to engage in earnings management to fulfill debt covenants with creditors or to maintain the trust of creditors and investors. Meanwhile, Theiri et al. (2022) argue that companies with high leverage tend to be more cautious and avoid earnings management due to stricter oversight from creditors.

However, this statement contradicts research by Rachel and Sanjaya (2022), Hutauruk et al. (2022), Alzura and Djashan (2023), and Sha and Steven (2022), which found that leverage has no effect on earnings management. This means that a company's debt level or leverage is not a primary factor in determining whether or not it engages in earnings management. Referring to the description above, the proposed hypothesis is:

H6: Leverage has an effect on earnings management.

Board Size and Earnings Management

Research conducted by Le and Nguyen (2023) and Al-Zaqeba et al. (2022) shows that board size influences earnings management. A high board composition can increase oversight of management but can also lead to weak coordination and conflicts of interest, which can lead to earnings management.

Meanwhile, Almarayeh et al. (2024), Alexander (2021), and Firnanti (2018) argue that board size has no influence on earnings management. The effectiveness of a company's oversight is not influenced by board size but rather by the quality of board members and other factors. Referring to the above description, the proposed hypothesis is:

H7: Board size influences earnings management.

Company Size and Earnings Management

Firnanti (2018), Susanti et al. (2022), and Edeline et al. (2024) found that company size influences earnings management positively. This suggests that larger companies tend to engage in earnings management due to higher market expectations and investor pressure. However, this finding contrasts with the research by Maricar and Almalita (2022), which found a negative influence on earnings management. This suggests that larger companies are more transparent and monitored, making them less likely to engage in earnings management.

Hutauruk et al. (2022), Felicya and Sutrisno (2020), Alzura and Djashan (2023), and Theiri et al. (2022) argue that company size has no effect on earnings management. This suggests that company size is not a primary determinant or factor in determining whether a company engages in earnings management. Consistent with these findings, the findings suggest that company size is not an absolute factor in earnings management practices. In fact, the professionalism of managers in managing the company plays a more important role in achieving optimal profits.

H₈: Company size influences earnings management.

Research Model

The following is a research model that illustrates the relationship between research variables:

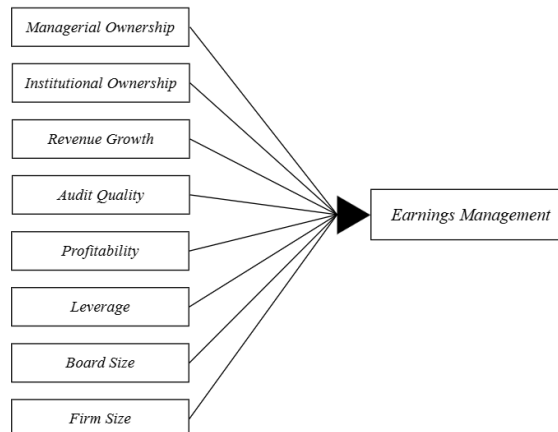


Figure 1. Research Model

METHODOLOGY

The research subjects used in this study were manufacturing companies listed on the Indonesia Stock Exchange for a three-year period, from 2022 to 2024. The sample selection technique used in this study was purposive sampling. This type of sampling is a non-probability sampling method that collects data from specific individuals or groups selected based on specific criteria relevant to the research objectives (Sekaran and Bougie 2020, 233). This method was chosen because the required sample must meet predetermined criteria.

Based on the criteria used in the purposive sampling method, 70 companies, totaling 210 data points, were selected as the sample in this study.

Table 1. Sample Selection Results

No.	Sample Criteria	Number of Companies	Amount of Data
1.	Listed manufacturing companies in a way consistent on the Indonesia Stock Exchange (IDX) during period 2021 to 2024.	273	819
2.	Manufacturing companies that did not consistently publish financial reports during the period 2021 to 2024.	(24)	(72)
3.	Manufacturing companies that compile report finance with currencies other than Rupiah during period 2021 to 2024.	(40)	(120)
4.	Manufacturing companies that have year book besides ends on December 31 during period 2021 to 2024.	(3)	(9)
5.	Manufacturing companies that do not in a way consistent get profit during period 2022 to 2024.	(77)	(231)
6.	Manufacturing companies that do not in a way consistent own ownership managerial during period 2022 to 2024.	(52)	(156)
7.	Manufacturing companies that do not in a way consistent own ownership institutional during period 2022 to 2024.	(7)	(21)
Number of Research Samples		70	210

Source: Data Processing Results

Operational Definition and Variable Measurement

Earnings management is the effort undertaken by company management to manage reported earnings figures, either by increasing or decreasing them in accordance with management's objectives (Nugrahanti and Nugroho 2022). In this study, earnings management is measured using discretionary accruals using the Modified Jones' Model (Nugrahanti and Nugroho, 2022). The proxies used are as follows:

$$TAC_{it} = NI_{it} - CFO_{it}$$

Total accruals estimated by the OLS (Ordinary Least Square) regression equation:

$$\frac{TA_{it}}{A_{it-1}} = \beta_1 \left(\frac{1}{A_{it-1}} \right) + \beta^2 \left(\frac{\Delta Rev_{it}}{A_{it-1}} \right) + \beta^3 \left(\frac{PPE_{it}}{A_{it-1}} \right) + \varepsilon$$

Nondiscretionary Accruals (NDA):

$$NDA_{it} = \beta^1 \left(\frac{1}{A_{it-1}} \right) + \beta^2 \left(\frac{\Delta Rev_{it} - \Delta Rec_{it}}{A_{it-1}} \right) + \beta^3 \left(\frac{PPE_{it}}{A_{it-1}} \right)$$

Discretionary accruals (DA):

$$DA_{it} = \left(\frac{TA_{it}}{A_{i,t-1}} \right) - NDA_{it}$$

Keterangan:

DA_{it}: Discretionary accruals of company i in year t

NDA_{it}: Nondiscretionary accruals of company i in year t

NI_{it}: Net income of company i in year t

CFO_{it}: Cash flow from operations of company *i* in year *t*

TA_{it}: Total accruals of company *i* in year *t*

A_{i, t-1}: Total assets of company *i* in year *t-1*

ΔRev_{it}: Change in revenue from year *t-1* to *t*

PPE_{it}: Property, plant, and equipment of company *i* in year *t*

ΔRec_{it}: Change in accounts receivable from year *t-1* to *t*

ε: Error term in the regression

Managerial ownership is the ownership of company shares by the company's management, such as directors and commissioners. The measurement of managerial ownership in this study refers to Nugrahanti and Nugroho (2022), which is proxied by the ratio of management share ownership to the company's total outstanding shares. This managerial ownership variable uses a ratio scale. The following proxies are used to measure the managerial ownership variable:

$$MO = \frac{\text{Number of Management Shares}}{\text{Total Shares Outstanding}}$$

Institutional ownership refers to the ownership of company shares by institutions such as the government, financial institutions, legal entities, trust funds, and other institutions. The measurement of institutional ownership in this study refers to Nugrahanti and Nugroho (2022), which is proxied by the ratio of institutional share ownership to the company's total outstanding shares. This variable uses a ratio scale. The following proxies are used to measure institutional ownership:

$$IO = \frac{\text{Number of Shares Owned by Institution}}{\text{Total Shares Outstanding}}$$

Revenue growth is the ratio of the change in revenue from one year to the next (Le and Nguyen 2023). The measurement of revenue growth in this study refers to Le and Nguyen (2023), which is proxied by comparing revenue from one year to the previous year to determine whether the company experienced an increase or decrease in revenue. This variable uses a ratio scale. The following proxies are used to measure revenue growth:

$$RG = \frac{\text{Revenue}_t - \text{Revenue}_{t-1}}{\text{Revenue}_{t-1}} \times 100\%$$

Audit quality is the result of auditors' ability to examine financial statements, particularly those related to material misstatements (DeAngelo 1981). The measurement of audit quality in this study refers to Nugrahanti and Nugroho (2022), using a dummy variable where 1 represents companies audited by a Big Four accounting firm and 0 represents companies not audited by a Big Four accounting firm. The Big Four accounting firms include Deloitte, PwC, Ernst & Young (EY), and KPMG. This variable uses a nominal scale. The following proxies are used to measure audit quality:

Number 1: represents a company audited by Big Four KAPs

*Number 0 : represents a company
audited by non – Big Four KAPs*

Profitability is a company's demonstrated ability to generate maximum profits, and it can also indicate the performance of managers (Hutauruk et al. 2022). The profitability measurement in this study refers to Winata and Simon (2024), which is proxied by Return on Assets (ROA). This profitability scale uses a ratio scale, measured by comparing the ratio of net profit to the company's total assets. The following proxies are used to measure the profitability variable:

$$ROA = \frac{Net\ Income}{Total\ Assets}$$

Leverage is the use of debt to fund a company's operations. Leverage can describe a company's funding sources, whether from equity or debt, and can be measured by the ratio of each funding source (Hutauruk et al. 2022). The leverage measurement in this study refers to Hutauruk et al. (2022), which is proxied by the Debt to Asset Ratio (DAR). This variable uses a ratio scale. The following proxies are used to measure profitability:

$$DAR = \frac{Total\ Liabilities}{Total\ Assets}$$

Board size is the number of commissioners in a company. Board size can be used as an indicator in assessing corporate governance characteristics (Le and Nguyen 2023). The measurement of board size in this study refers to Le and Nguyen (2023), which is proxied by the number of commissioners in the company. The board size variable uses a ratio scale. The following proxies are used to measure board size:

$$BSIZE = \text{Number of board members}$$

Company size can be measured by dividing companies into large, medium, and small. The measurement of company size in this study refers to Hutauruk et al. (2022), which is proxied by calculating the natural logarithm of the company's total assets. The following proxies are used to measure company size:

$$Company\ Size = Ln (Total\ Assets)$$

RESEARCH RESULT & DISCUSSION

Table 2. Statistical Test Results Descriptive

Variables	N	Minimum	Maximum	Mean	Standard Deviation
EM	210	-0.22755	0.35638	0.00000	0.06283
MO	210	0.00000	0.78387	0.08911	0.14493
IO	210	0.02117	0.97141	0.63285	0.20481
RG	210	-0.51707	0.99172	0.08708	0.22259
AQ	210	0.00000	1.00000	0.37142	0.48434
ROA	210	0.00063	0.31339	0.08568	0.06903
DAR	210	0.03266	0.91260	0.36947	0.18538
BSIZE	210	2.00000	11.00000	4.22381	1.92002
CSIZE	210	25.31330	33.78995	29.10694	1.69252

Source: Data Processing Results

Table 3. Distribution Frequency Audit Quality (AQ)

	Information	Frequency	Percentage
0	Non-Big Four KAP	132	62.86%
1	Big Four Public Accounting Firms	78	37.14%
	Total	210	100%

Source: Data Processing Results

This study used multiple regression analysis with a significance level (alpha) of 5% or 0.05. The results of the residual normality test indicate that the 210 data points used as the research sample are normally distributed. The classical assumption test revealed no multicollinearity, no autocorrelation, and no heteroscedasticity in the profitability variable (ROA).

The correlation coefficient (R) analysis was 0.262, indicating a weak relationship between the dependent variable, earnings management (EM), and the independent variables, managerial ownership (MO), institutional ownership (IO), revenue growth (RG), audit quality (AQ), profitability (ROA), leverage (DAR), board size (BSIZE), and firm size (CSIZE).

The results of the coefficient of determination analysis (adjusted R square) are 0.031 or 3.1%, which means statistically, the amount of variation in the dependent variable, namely earnings management (EM) that can be explained by variations in the independent variables, namely managerial ownership (MO), institutional ownership (IO), revenue growth (RG), audit quality (AQ), profitability (ROA), leverage (DAR), board size (BSIZE), and company size (CSIZE) is 3.1%, while the remaining 96.9% is explained by other variables not included in the research model.

Table 4. t-Test Results

Variables	B	Sig.	Conclusion
(Constant)	-0.027	0.794	-
MO	0.001	0.986	H ₁ No accepted
IO	-0.026	0.383	H ₂ No accepted
RG	-0.021	0.304	H ₃ No accepted
AQ	-0.025	0.028	H ₄ accepted
ROA	0.087	0.228	H ₅ no accepted
DAR	-0.054	0.041	H ₆ accepted
BSIZE	0.002	0.595	H ₇ no accepted
CSIZE	0.002	0.548	H ₈ No accepted

Source: Data Processing Results

Based on the t-test results, the managerial ownership (MO) variable has a significance level of 0.794. This value is greater than the alpha value of 0.05, so H1 is rejected, and the data conclude that company age has no effect on earnings management. This condition can occur due to the alignment of interests between managers and shareholders. Managers who also own shares in the company tend to make decisions from the perspective of stakeholders in improving company performance (Firnanti 2018).

The institutional ownership (IO) variable has a significance value of 0.383. This value is greater than 0.05, so H2 is rejected, meaning institutional ownership

has no effect on earnings management. This indicates that even though institutions own significant shares, they do not always monitor the activities and decision-making of company management (Winata and Simon 2024).

The revenue growth (RG) variable shows a significance value of 0.304. Because this value is higher than 0.05, H3 is rejected. Therefore, company growth does not affect earnings management. This situation can arise because management attempts to maintain the company's sales pattern each period. Therefore, increased sales do not significantly impact earnings management practices (Edeline et al. 2024).

The audit quality (AQ) variable obtained a significance value of 0.028. This value is less than 0.05, thus H4 is accepted. This indicates that audit quality influences earnings management. Furthermore, the unstandardized coefficient (B) for the audit quality variable is -0.025, thus concluding that audit quality has a negative effect on earnings management. This indicates that auditors working at Big Four Public Accounting Firms (KAP) are considered to have superior capabilities in suppressing earnings management practices. This is due to their extensive experience in handling various audit assignments with high complexity and strict professional standards. Furthermore, Big Four KAPs also have a strong reputation and high credibility in the eyes of the public, resulting in more trustworthy audit results. With their expertise and better maintained independence, auditors from Big Four KAPs are considered able to identify and detect potential material misstatements in financial statements more effectively than non-Big Four KAPs (Rachel and Sanjaya 2022).

The profitability (ROA) variable has a significance value of 0.228. Because this value is above 0.05, H5 is accepted. This means that profitability has no effect on earnings management. Profitability does not influence earnings management practices because investors typically pay little attention to ROA, so managers have no incentive to manipulate earnings. Whether a company's profitability is high or low, this condition does not justify managers changing the profit figures in financial reports (Hutauruk et al. 2022).

For the leverage variable (DAR), the significance value is 0.041. This value is less than 0.05, so H6 is accepted. Thus, leverage influences earnings management. Furthermore, the unstandardized coefficient (B) for the leverage variable is -0.054, concluding that leverage has a negative effect on earnings management. Leverage has been shown to negatively impact earnings management practices, meaning that the higher a company's leverage, the lower the management's tendency to manipulate earnings. Highly leveraged companies are generally under stricter scrutiny from creditors and other external parties, limiting management's opportunity to manipulate earnings. Furthermore, high debt levels can signal to investors and creditors that a company is confident in its ability to meet its future financial obligations. However, the use of large amounts of debt-based financing also increases a company's financial risk, requiring management to be more cautious in making financial and operational decisions to ensure the company's sustainability (Wijaya et al. 2017).

The board of commissioner's size (BSIZE) variable recorded a significance value of 0.595. Because this value is significantly greater than 0.05, H7 is not accepted. This means that board size does not influence earnings management. A larger number of board members in a company increases the effectiveness of monitoring the company's management performance in carrying out earnings management actions (Firnanti 2018).

The company size variable (CSIZE) had a significance value of 0.548. This value is also greater than 0.05, so H8 is not accepted. Therefore, audit committee size does not influence earnings management. Company size does not influence earnings management due to strict oversight from various parties such as the government, analysts, investors, and stakeholders, which limits the room for managers to manipulate reports. Furthermore, managers tend to strive to demonstrate good performance to avoid conflict with shareholders. Therefore, the professionalism and integrity of managers, rather than company size, are more determining factors in the occurrence of earnings management (Hutauruk et al. 2022).

CONCLUSIONS AND RECOMMENDATIONS

Based on the research results, it can be concluded that audit quality (AQ) and leverage (DAR) have a negative effect on earnings management. Meanwhile, managerial ownership, institutional ownership, revenue growth, profitability, board size, and firm size have no effect on earnings management.

This study has several limitations. First, the study period is relatively short, covering only three years of observation, from 2022 to 2024. Second, the Adjusted R² value obtained is still relatively low, at 3.1%, indicating that a significant portion of earnings management variation is influenced by variables outside the research model. Third, the results of the classical assumption test indicate heteroscedasticity in the profitability variable (ROA). Fourth, the F-test results yield a significance value of 0.070, which is greater than the 0.05 level of significance, indicating that the regression model used in this study is not a good fit.

Based on these limitations, there are several recommendations for future researchers that can be considered. First, it is recommended to extend the research period so that the results obtained can provide a more comprehensive picture of the influence of independent variables on long-term earnings management. Second, future research is expected to expand the research object by increasing the number of companies used as a sample, so that the results are more representative and the regression model used is more relevant and has a better level of feasibility. Third, to address data experiencing heteroscedasticity, future researchers are advised to adjust or transform the standard error using the White method using White's syntax-macro as explained by Ghozali (2021: 185). Fourth, the independent variables in future research can be changed or replaced with other variables that are estimated to have a more significant influence on earnings management, such as operating cash flow, independent board of commissioners, audit committee, or other relevant variables.

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