INQUISITIVE Vol 4 (2) (June 2024) page: 94 – 110
e - ISSN 2775 – 1244 p - ISSN 2774 – 8634
e-journal : http://journal.univpancasila.ac.id/index.php/INQUISITIVE/

THE INFLUENCE OF COMPANY SIZE, TAX PLANNING, AND CORPORATE SOCIAL RESPONSIBILITY ON EARNINGS MANAGEMENT IN INDONESIA

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Abstract: This study examines the effect of company size, tax planning, and corporate social responsibility on earnings management in basic material manufacturing companies on the Indonesia Stock Exchange during the period 2018-2022. Using purposive sampling, this study involved 26 companies. The data used are secondary data from the company's financial statements. The analysis was carried out using multiple linear regression. The results show that company size and tax planning have a negative effect on earnings management, while corporate social responsibility has no effect on earnings management. This indicates that larger companies and those with more effective tax planning tend to reduce earnings management practices, whereas corporate social responsibility is not directly related to earnings management.

Keywords: firm size, tax planning, corporate social responsibility, earnings management

Abstrak: *Penelitian ini mengkaji pengaruh ukuran perusahaan, tax planning, dan corporate social responsibility terhadap manajemen laba pada perusahaan manufaktur sektor basic material di Bursa Efek Indonesia selama periode 2018-2022. Dengan menggunakan purposive sampling, penelitian ini melibatkan 26 perusahaan. Data yang digunakan adalah data sekunder dari laporan keuangan perusahaan. Analisis dilakukan dengan regresi linear berganda. Hasil menunjukkan bahwa ukuran perusahaan dan tax planning berpengaruh negatif terhadap manajemen laba, sementara corporate social responsibility tidak berpengaruh terhadap manajemen laba. Hal ini menunjukkan bahwa perusahaan yang lebih besar dan dengan perencanaan pajak yang lebih efektif cenderung mengurangi praktik manajemen laba, sedangkan corporate social responsibility tidak terkait secara langsung dengan manajemen laba.*

Kata Kunci: *ukuran perusahaan, tax planning, corporate social responsibility, manajemen laba*

INTRODUCTION

"Earnings management is a serious problem faced by practitioners, accounting and financial academis over the past few decades" (Nalarreason et al., 2019). Earnings management refers ti a series of actions and decisions teken by company management ti influence financial performance to achieve a specific goal. This practice can include various actions, such as managing revenue through creative revenue recognition policies, deferring expense recognition, using creative accounting, and/or using other accounting methods that can affect financial results. The goals of earnings management can vary depending on the financial goals to be achieved, but aggressive and ubethical earnings management practices can lead to various ethical issues and constraints on financial reporting.

With the development of the business world, the application of earnings management practices has undergone a transformation in the approaches taken. One important development to note is the increase in transparency and compliance with applicable accounting standards. This development has forced company management to focus more on the quality of financial reporting and avoid financial statement manipulation. Another important development to note is the increasing understanding of the long-term implications of aggressive earnings management practices. This development has encouraged company management to rethink the long-term effects of earnings management practices, leading companies to adopt more sustainable and responsible earnings management practices and consider the long-term interests of all stakeholders.

Earnings management practices are not isolated incidents. They occur not only in developed countries but also in developing countries like Indonesia. Recorded cases of earnings management practices in Indonesia have occurred in various industrial sectors, including large and small companies. Some of these cases include PT Kimia Farma Tbk (2001), PT Indofarma Tbk (2001), PT Katarina Utama Tbk (2010), PT Inovasi Infracom Tbk (2014), and one of the more recent cases involving PT Tiga Pilar Sejahtera Food Tbk (AISA) (2019).

The case involving PT Tiga Pilar Sejahtera Food Tbk (AISA) (2019) began with the release of audited financial statements that seemed unusual because they recorded a profit of Rp. 1.13 trillion throughout 2019, while in the same year their net revenue decreased by 4.4% to Rp. 1.51 trillion and cost of goods sold experienced a significant decrease from the previous year (Saleh, 2020). Based on these anomalies, the IDX conducted a review of the completeness of documents and the substance of information that must be submitted by AISA.

If observed, several of the cases mentioned above occurred in large companies in the form of separate legal entities (Limited Liability Companies). Generally, an entity separate from its owner will have an organizational structure consisting of various functions and departments working in a coordinated manner to achieve the company's goals. Agency theory explains that in a company with several stakeholders, there tends to be differences in interests. These differences in interests are what trigger earnings management practices. Wardani & Santi (2018) stated that there will be several parties with different interests in a company, including the company's owners, management, and the government. The differences in interests among stakeholders force management to do whatever it takes to achieve the company's goals, including engaging in earnings management practices.

In addition to the differences in interests as explained by agency theory, other factors that can cause earnings management practices include the size of the company. Considering the prevalence of earnings management practices in large companies, this is because large companies tend to have complex resources, allowing them to engage in complex earnings management practices. However, Wardani & Santi (2018) argued that larger companies should actually be more closely scrutinized by external parties, thereby reducing the likelihood of earnings management practices.

Second, tax planning. Taxes are obligations that must be paid by companies to the government. However, taxes are often seen as a burden that reduces a company's profits. Therefore, Lestari et al. (2018) stated that shareholders in a company certainly aim to enrich themselves, and management aims to prosper the company, which can lead to disputes with the government and drive management to engage in earnings management practices to minimize tax payments.

Third, one important factor to consider that could lead to earnings management practices is Corporate Social Responsibility (CSR) activities. Well-performed CSR activities will create a good image for the company in the eyes of the public and stakeholders. This can be misused as a mask to cover up earnings management practices within the company. However, Alexander & Palupi (2020) stated that CSR activities should reduce the occurrence of earnings management practices by increasing the level of transparency and accountability in the company's financial statements.

Several previous studies have yielded different results. Lestari et al. (2018) and Sentosa (2019) found that tax planning has a positive and significant effect on earnings management, but Wardani & Santi (2018) found that tax planning has no effect on earnings management. Additionally, Alexander & Palupi (2020) showed that CSR has a negative effect on earnings management. However, another result obtained by Wardani & Santi (2018) showed the opposite, that CSR has a positive effect on earnings management. The inconsistency of these results indicates that there are issues that need to be re-examined. This makes this research interesting and necessary to be conducted. This study will use company size, tax planning, and add CSR as variable X. The purpose of this study is to determine the influence of company size, tax planning, and CSR on earnings management. Through this research, it is hoped that new findings and results can be obtained and able to answer the problem of whether company size, tax planning, and CSR do influence earnings management.

LITERATURE REVIEW

Agency Theory

The Agency Theory proposed by Jensen & Meckling (1976) acknowledges the existence of conflicts of interest between two parties with interests. This is due to asymmetric information and differences in goals. Agency Theory can explain how company size, tax planning, and CSR can influence earnings management. According to agency theory, larger companies tend to face greater asymmetric information and more complex agency conflicts. This drives company management to engage in earnings management practices to maintain a positive image and meet all stakeholders' expectations.

In relation to tax planning, this practice is often used to reduce the tax burden that must be paid by the company. Management wishing to maximize profits by minimizing tax burdens will be encouraged to engage in earnings management practices.

Furthermore, CSR itself in some cases is used by companies as a tool to improve their image and reputation in the eyes of stakeholders. Management seeking to conceal their earnings management practices may use CSR as a means to create a positive image and support from stakeholders.

In an effort to reduce agency problems, Jensen & Meckling (1976) explain that agency costs will arise, including monitoring costs to supervise agent actions, proofing costs to ensure agents act in the principal's interests, and residual losses, which are losses borne by the principal if the agent continues to act against the principal's interests even after the first two costs have been incurred.

Signal Theory

In their book, Brigham & Houston (2014) state that signal theory is the perspective held by shareholders regarding the potential increase in the company's value in the future. In this case, companies will use this action to signal to shareholders regarding the quality of the company and its future prospects so that shareholders can distinguish between good-quality companies and poor-quality companies.

Signal theory is rooted in the concept of pragmatic accounting, which emphasizes the impact of information on changes in the behavior of information users. Signal theory also places special emphasis on the importance of information issued by companies in the investment decision-making process by external parties (Rokhlinasari, 2015).

Earnings Management

Earnings management is a practice carried out by company management to influence financial statements to create a better appearance than the actual financial position. According to Jao et al. (2019), earnings management practices are efficient if they can increase the informativeness of earnings in communicating private information. However, many current earnings management practices are caused by differences in interests between management and owners who aim to maximize their respective profits.

Company Size

Company size refers to the dimensions or scale of a company in terms of assets, revenue, or the number of employees it has. Company size has significant implications in various business aspects, including earnings management, tax planning, and CSR. Generally, company size can influence the strategies and decisions made by company management. Regarding earnings management, Nalarreason et al. (2019) stated that the larger the size of a company, the more likely it is that management will engage in earnings management practices. This is because large companies are under greater pressure to meet stakeholder expectations. However, on the other hand, this greater pressure can limit the maneuverability of management to engage in earnings management practices due to increased external scrutiny.

Tax Planning

Tax has two perspectives, from the company's point of view and from the government's point of view. Companies consider taxes as a burden that reduces their net income, while the government sees taxes as a source of income and state revenue used to finance national development (Lestari et al., 2018). Tax planning is a strategy used by individuals or business entities to optimize their tax obligations legally by utilizing existing loopholes. Thus, tax planning aims to reduce the tax burden that must be paid without violating applicable laws and regulations.

Corporate Social Responsibility

CSR is the result of stakeholders' push for clarity in reporting a company's business impact on the environment (Kinasih et al., 2018). This push then transforms into an obligation for companies to participate in corporate operational activities with the aim of providing comfort and even prosperity to the general public. Marnelly (2012) defines understanding of CSR to include at least three aspects. The first aspect is that CSR is considered a voluntary role. Second, CSR is also considered a company's philanthropic activity. Third, CSR is a company's obligation to humanity and the environment. By disclosing CSR, companies can meet stakeholder interests and ensure the company's long-term sustainability.

Analytical Framework

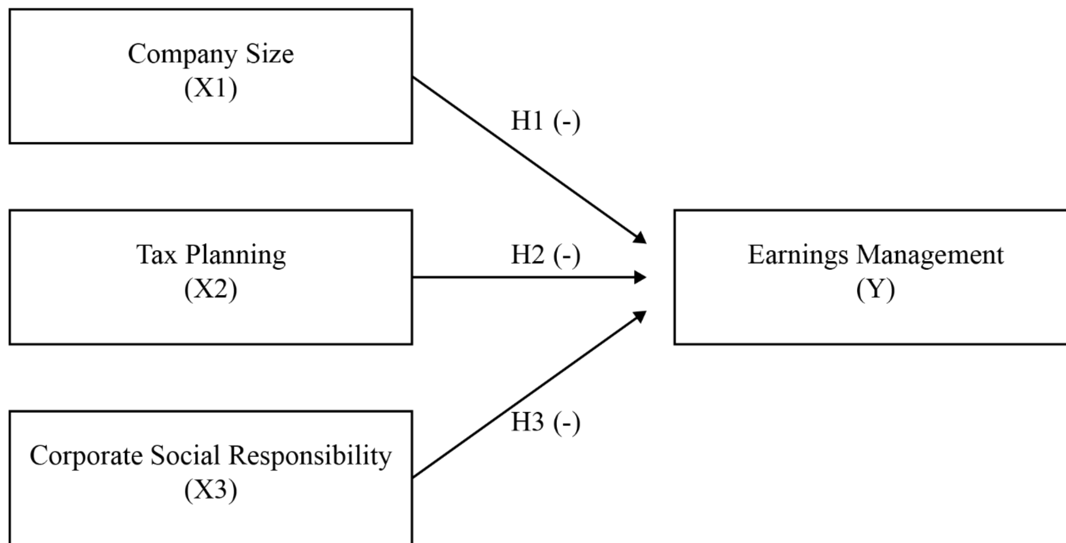

Figure 1. Analytical framework

Description

Y	:	Earnings management
X1	:	Company size
X2	:	Tax Planning
X3	:	Corporate Social Responsibility
H1	:	Hypothesis 1 the relationship between Company Size (X1) and Earnings Management (Y)
H2	:	Hypothesis 2 the relationship between Tax Planning (X2) and Earnings Management (Y)
H3	:	Hypothesis 3 the relationship between Corporate Social Responsibility (X3) and Earnings Management (Y)
-	:	The line that indicates the relationship between variable X and variable Y

RESEARCH METHODOLOGY

Research Object

This study focuses on the research object which includes manufacturing companies in the basic materials sector listed on the Indonesia Stock Exchange (IDX) during the period of 2018-2022.

Data Source and Type

The data used in this study is sourced from the annual financial reports of manufacturing companies in the basic materials sector listed on the IDX during the period of 2018-2022. This study uses secondary data, which is the annual financial report data of companies obtained through a second party (IDX), so the required financial report data will be taken from the official website of the IDX (www.idx.co.id) and the official website of each related company. This study also uses an approach in the form of a non-participant observation method involving data analysis on the companies' annual financial reports and additional information obtained through data collection techniques such as studying previous research reports relevant to the research object.

Population and Research Sample

In a research study, a set of objects that will be the subject of the study, known as the population, is required. In this study, the population used is manufacturing companies in the basic materials sector listed on the Indonesia Stock Exchange (IDX) during the period of 2018-2022. Meanwhile, the research sample will be a subset taken from the population to represent the characteristics of the population as a whole. In determining the sample, this study uses a non-probability sampling method with purposive sampling technique. By using this method and technique, the study will select elements from the population based on needs and considerations to obtain a sufficient number of samples that can represent the overall characteristics of the population. The criteria established to consider sample selection are as follows:

- Manufacturing companies in the basic materials sector listed on the IDX during the period of 2018-2022
- Manufacturing companies in the basic materials sector that have published annual financial reports as of December 31, 2018, to December 31, 2022, which have been audited
- Manufacturing companies in the basic materials sector that disclose and report CSR in their financial statements
- Manufacturing companies in the basic materials sector that have positive earnings in their financial statements

Data Collection Techniques and Tools

This study is quantitative in nature, with data sourced from secondary data obtained through the official website of the Indonesia Stock Exchange (IDX) (www.idx.co.id) and the official websites of each relevant company. The methods used in this study are literature review and documentation. The literature review is conducted by collecting literature such as journals,

books, and other relevant sources. Then, documentation is done by collecting data in the form of annual financial reports of the sample companies.

Operational Definition

a. Earnings Management

In their research, Meini & Siregar (2014) stated that there are two types of earnings management, namely accrual-based and real earnings management. This study uses accrual-based earnings management approximated using Discretionary Accruals (DA), adopting the modified Jones model. This model was first proposed by Jones (1991) and later developed and modified by Dechow et al. (1995). The modified model is known as the Modified Jones Model. To calculate the value of Discretionary Accruals (DA) using the Modified Jones Model, four steps are needed:

- Calculate total accruals (TA) using the formula:

$$\mathbf{TA = NIit - CFOit}$$

Description

TA	:	Total accruals
NIit	:	Net income of company (i) in year (t)
CFOit	:	Cash flow from operations of company (i) in year (t)

- Finding the coefficients β1, β2, and β3 using regression technique with the model equation:

$$\frac{\mathbf{TAit}}{\mathbf{Ait-1}} = \boldsymbol{\beta}\mathbf{1}\left(\frac{\mathbf{1}}{\mathbf{Ait-1}}\right) + \boldsymbol{\beta}\mathbf{2}\left(\frac{\mathbf{\Delta REVit}}{\mathbf{Ait-1}}\right) + \boldsymbol{\beta}\mathbf{3}\left(\frac{\mathbf{PPEit}}{\mathbf{Ait-1}}\right) + \mathbf{e}$$

Description

TAit	:	Total accruals of company (i) in year (t)
Ait-1	:	Total assets of company (i) in the previous year (t-1)
β1 β2 β3	:	Regression coefficients
ΔREVit	:	Change in revenue of company (i) in year(t)
PPEit	:	Property, Plant, and Equipment of company (i) in year (t)
e	:	Error

- Calculating Nondiscretionary Accruals (NDA)

$$\mathbf{NDA} = \boldsymbol{\beta}\mathbf{1}\left(\frac{\mathbf{1}}{\mathbf{Ait-1}}\right) + \boldsymbol{\beta}\mathbf{2}\left(\frac{\mathbf{\Delta REVit}}{\mathbf{Ait-1}} - \frac{\mathbf{\Delta RECit}}{\mathbf{Ait-1}}\right) + \boldsymbol{\beta}\mathbf{3}\left(\frac{\mathbf{PPEit}}{\mathbf{Ait-1}}\right)$$

Description

NDA	:	Nondiscretionary accruals
β1 β2 β3	:	Regression coefficients
Ait-1	:	Total assets of company (i) in the previous year (t-1)
ΔREVit	:	Change in revenue of company (i) in year (t)
ΔRECit	:	Change in net accounts receivable of company (i) in year (t)
PPEit	:	Property, Plant, and Equipment of company (i) in year (t)

- Calculating Discretionary Accruals (DA)

$$\mathbf{DA = TA - NDA}$$

Description

DA	:	Discretionary accruals
TA	:	Total accruals
NDA	:	Nondiscretionary accruals

b. Company Size

In this study, firm size is measured by the total assets of the company, transformed into logarithmic form. The formula used is:

$$\textbf{Size} = \textbf{Log}(\textbf{Total assets})$$

Description

Size	:	Company size
Log	:	Logarithm

c. Tax Planning

In this study, tax planning is measured using the Effective Tax Rate (ETR) formulated by Price Waterhouse Coopers (PWC). ETR calculation is done by looking at the ratio of total corporate income tax to total company income before tax. The formula used is:

$$\textbf{ETR} = \frac{\textbf{Total corporate income tax}}{\textbf{Income before tax}}$$

Description

ETR	:	Effective Tax Rate

d. Corporate Social Responsibility

Measurement of CSR in this study is based on Circular Letter of the Financial Services Authority of the Republic of Indonesia Number 16/SEOJK.04/2021 regarding the Forms and Contents of Annual Reports of Issuers or Public Companies. In this Circular Letter, CSR is the eighth point that must be disclosed in the company's annual financial statements. The content of CSR is a sustainability report. In this report, there are at least eight main points which are further elaborated into 50 indicators that companies must report in their sustainability reports. The eight main points are:

- Explanation of sustainability strategy
- Overview of sustainability aspects (Economic, Social, and Environmental)
- Brief profile of the issuer or public company
- Explanation of the board of directors
- Sustainability governance
- Sustainability performance
- Written verification from independent parties (if any)
- Feedback sheet for readers (if any)

Measurement according to SEOJK guidelines will be done by assigning a value of 1 (one) for each reported indicator and a value of 0 (zero) for each indicator not reported. Afterwards, when the number of reported indicators is known, a comparison will be made between the number of reported indicators and the total number of indicators that should exist using the formula:

$$\textbf{CSR} = \frac{\Sigma \textbf{y}}{\textbf{n}}$$

Description
CSR : Number of disclosed corporate social responsibility (CSR) disclosures
∑y : Number of indicators disclosed by the company
n : Total number of indicators for the company

e. Pengujian Hipotesis

Data processing in this research uses the Statistical Product and Service Solution (SPSS) software. SPSS is used to analyze data and perform statistical calculations with a Windows-based software. The version of SPSS used in this study is version 25, with the analysis model used being multiple linear regression analysis. This analysis produces several tests such as descriptive analysis, classical assumption tests, hypothesis tests, and the results of multiple linear regression analysis. The multiple linear regression equation used is:

$$Y = \alpha + \beta 1X1 - \beta 2X2 + \beta 3\ X3 + e$$

Description
Y : Earnings management
A : Constant
β1, β2, β3 : Regression coefficients for each independent variable
X1 : Company size
X2 : Tax plannig
X3 : Corporate social responsibility
e : error

RESULT

Description of Research Data

In this study, every company sampled must meet all the sampling criteria set. Based on the criteria, the number of basic materials sector companies in the population has been reduced to the study sample. The details of the reduction in the number of population to the sample are as follows:

Table 1. Research object criteria

No	Research Object Criteria	Total
1	Manufacturing companies in the basic materials sector listed on the Indonesia Stock Exchange (BEI) during the period 2018-2022.	55
2	Manufacturing companies in the basic materials sector that did not publish annual financial statements as of December 31, 2018, until December 31, 2022, that have been audited.	3
3	Manufacturing companies in the basic materials sector that did not disclose and report CSR in their annual financial statements during the period 2018-2022.	4
4	Manufacturing companies in the basic materials sector that did not have positive earnings in their annual financial statements during the period 2018-2022.	22
	Number of Research Objects	**26**

Descriptive Statistical Analysis

Table 2. Descriptive statistical analysis

	N	Minimum	Maximum	Mean	Std. Deviation
Manajemen Laba (Y)	130	-2.98E+12	3.28E+12	-1.6958E+11	8.45030E+11
Ukuran Perusahaan (X1)	130	11.34	14.18	12.5548	.76096
Tax Planning (X2)	130	.00	.79	.2445	.12497
CSR (X3)	130	.60	.86	.7317	.05812
Valid N (listwise)	130				

Source: data processed by researchers

From the descriptive statistical analysis table, several conclusions can be drawn:

- First, the study used 130 samples obtained from 26 research objects over 5 years.
- Second, the descriptive analysis of earnings management shows a minimum value of -2.98 and a maximum of 3.28. The average value of -1.6958 indicates that overall earnings performance is below expectations, with a large variation indicated by a standard deviation of 8.45030.
- Third, the analysis of firm size using the logarithm of total assets shows a minimum value of 11.34 and a maximum of 14.18, with an average of 12.5548. The standard deviation of 0.76096 indicates a relatively small variation in firm size.
- Fourth, the tax planning analysis shows a minimum value of 0.00 and a maximum of 0.79, with an average of 0.2445. The standard deviation of 0.12497 indicates a small variation.
- Fifth, the CSR analysis shows a minimum value of 0.60 and a maximum of 0.86, with an average of 0.7317. The standard deviation of 0.05812 indicates a small variation.

Classical Assumption Test

a. Normality Test

Table 3. Normality test
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		130
Normal Parameters[a,b]	**Mean**	-.0047774
	Std. Deviation	5.77358E+10
Most Extreme Differences	**Absolute**	.075
	Positive	.075
	Negative	-.040
Test Statistic		.075
Asymp. Sig. (2-tailed)		.067[c]

a. Test distribution is Normal
b. Calculated from data
c. Lilliefors Significance Correction

Source: data processed by researchers

In this study, the researcher used the Kolmogorov-Smirnov statistical test. Based on the Kolmogorov-Smirnov test results, the obtained significance value (Asymp. Sig. (2-tailed)) is 0.067, which is greater than the expected significance value of 0.05. Therefore,

based on the normality test results, it is stated that the research data is normally distributed and can be used for further statistical tests.

b. Multicollinearity Test

Table 4. Multicollinearity test

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Ukuran Perusahaan (X1)	.992	1.008
	Tax Planning (X2)	.992	1.008
	CSR (X3)	1.000	1.000

a. Dependent variable: Manajemen Laba (Y)

Source: data processed by researchers

In conducting the multicollinearity test, attention will be paid to the Tolerance and VIF (Variance Inflation Factor) values. In this part, if the tolerance value is greater than 0.10 and the VIF value is less than 10.00, it is considered that there is no multicollinearity. Conversely, if the tolerance value is less than 0.10 and the VIF value is greater than 10.00, it is considered that there is multicollinearity. Based on the multicollinearity test results above, it can be concluded that there is no multicollinearity in this research data because all tolerance values are greater than 0.10 and all VIF values are less than 10.00.

c. Heteroskedasticity Test

Table 5. Heteroskedasticity test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.037E+10	4.441E+10		1.810	.073
	Ukuran Perusahaan (X1)	-3094592611	3544067123	-.077	-.873	.384
	Tax Planning (X2)	3.000E+10	2.158E+10	.123	1.390	.167
	CSR (X3)	.002	.004	.045	.511	.610

a. Dependent variable: abs_RES

Source: data processed by researchers

This study conducted a heteroskedasticity test using the Glejser method. The heteroskedasticity test using the Glejser method is performed by regressing the independent variable against the absolute residual value (Abs_RES). Based on the heteroskedasticity test results above, it was found that all significance values are above 0.05. This means that there is no heteroskedasticity present.

d. Autocorrelation Test

Table 6. Autocorrelation test

Model Summary[b]

Model	Durbin-Watson
1	2.039

a. Predictors: (Constant), CSR (X3), Tax Planning (X2), Ukuran Perusahaan (X1)

b. Dependent variable: Manajemen Laba (Y)

Source: data processed by researchers

The autocorrelation test uses Durbin Watson. Based on the autocorrelation test results above, the Durbin Watson value obtained is 2.039. Based on the Durbin Watson Table with the sample size (n=130) and the number of independent variables (k=3), the DL value is 1.6667 and the DU value is 1.7610. Based on these results, the Durbin Watson value is greater than the DU value (2.039 > 1.7610), and the Durbin Watson value is less than the 4-DU value = 2.239 (2.039 < 2.239). Thus, it can be concluded that there is no autocorrelation.

Hypothesis Testing

a. Multiple Linear Regression Analysis

Table 7. Multiple linear regression analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.638E+12	1.363E+12		4.135	.000
	Ukuran Perusahaan (X1)	-3.506E+11	8.965E+10	-.316	-4.191	.000
	Tax Planning (X2)	-2.741E+12	5.122E+11	-.405	-5.351	.000
	CSR (X3)	-1.005E+12	1.100E+12	-.069	-.914	.362

a. Dependent variable: Manajemen Laba (Y)

Source: data processed by researchers

From the multiple linear regression results, the interpretation is as follows: First, the constant (α) of 5.638 indicates that if all independent variables are zero, then earnings management will be 5.638. Second, the coefficient of the company size variable is -3.506, which means that if the company size increases by one unit, earnings management will decrease by 3.506, assuming all other variables are zero. Third, the coefficient of the tax planning variable is -2.741, which means that if tax planning increases by one unit, earnings management will decrease by 2.741, assuming all other variables are zero. Fourth, the coefficient of the CSR variable is -1.005, which means that if CSR increases by one unit, earnings management will decrease by 1.005, assuming all other variables are zero.

b. Model Fit Test

Table 8. Model fit test

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2.726E+25	3	9.087E+24	17.654	.000[b]
	Residual	6.486E+25	126	5.147E+23		
	Total	9.212E+25	129			

a. Dependent variable: Manajemen Laba (Y)
b. Predictors: (Constant), CSR (X3), Ukuran Perusahaan (X1), Tax Planning (X2)
Source: data processed by researchers

Based on the F-test results above, it can be seen that the significance value is 0.00, which means that the significance value is lower than 0.05. Thus, it can be concluded that there is an influence between the independent variables on the dependent variable simultaneously. And if we look at the partial effects later, at least one independent variable will have an effect on the dependent variable.

c. Coefficient of Determination Test

Table 9. Coefficient of determination test

Model Summarry

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.544[a]	.296	.279	7.17443E+11

a. Predictors: (Constant), CSR (X3), Ukuran Perusahaan (X1), Tax Planning (X2)
Source: data processed by researchers

Based on the R-squared test results above, it can be seen that the value of R-square is 0.296. This means that the influence given by the independent variables on the dependent variable simultaneously is 29.6%, which means that there is still an influence given by other variables but these variables are not included in this research model..

d. Partial Test

Table 10. Partial test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.638E+12	1.363E+12		4.135	.000
	Ukuran Perusahaan (X1)	-3.506E+11	8.965E+10	-.316	-4.191	.000
	Tax Planning (X2)	-2.741E+12	5.122E+11	-.405	-5.351	.000
	CSR (X3)	-1.005E+12	1.100E+12	-.069	-.914	.362

a. Dependent variable: Manajemen Laba (Y)
Source: data processed by researchers

The test is conducted by comparing the significance value of each independent variable to the alpha value and comparing the calculated t value to the t-table value. Based on the partial test results, the following conclusions can be drawn: First, the company size variable has a coefficient of -3.506 and a significance value of 0.000 (lower than 0.05). With a calculated t value of -4.191 higher than the t-table value of 1.65694, the first hypothesis (H1) that company size has a negative effect on earnings management is accepted, and H0 is rejected. Second, the tax planning variable has a coefficient of -2.741 and a significance value of 0.000 (lower than 0.05). With a calculated t value of -5.351 higher than the t-table value of 1.65694, the second hypothesis (H2) that tax planning has a negative effect on earnings management is accepted, and H0 is rejected. Third, the CSR variable has a coefficient of -1.005 and a significance value of 0.362 (higher than 0.05). With a calculated t value of -0.914 lower than the t-table value of 1.65694, the third hypothesis (H3) that CSR has a negative effect on earnings management is rejected, and H0 is accepted.

Discussion

The Influence of Company Size on Earnings Management

The partial test table shows that company size has a coefficient of -3.506 and a significance value of 0.000<0.05, which means the hypothesis that company size has a negative effect on earnings management is accepted. Large companies tend to be more transparent and complex, making earnings management practices more difficult. Large companies usually have complex organizational structures and tight internal control systems, and they are monitored by investors, regulators, and financial analysts, making earnings management easy to detect. Additionally, large companies value their reputation, so they are more cautious about engaging in earnings management practices.

Previous studies, such as Purnama (2017), Wardani & Santi (2018), and Suheny (2019) support these findings, showing that company size has a negative effect on earnings management. However, some other studies, such as Lestari et al. (2018) and Nalarreason et al. (2019), have found different results, indicating a positive effect or no effect of company size on earnings management.

The Influence of Tax Planning on Earnings Management

The partial test shows that the coefficient of tax planning is -2.741 with a significance of 0.000<0.05. The hypothesis that tax planning has a negative effect on earnings management is accepted. This result indicates that higher levels of tax planning lead to lower likelihood of earnings management because large companies with knowledgeable tax teams prefer safe and legitimate ways to manage their finances.

Companies with good tax planning tend to have strong internal controls and strict procedures to ensure compliance with regulations, eliminating the need for earnings management practices. They understand the significant risks associated with earnings management, such as fines and reputational damage.

This study is supported by Ningsih (2019) and Devitasari (2022), who also found a negative effect of tax planning on earnings management. However, the studies of Wardani &

Santi (2018) and Rustandi et al. (2021) found no significant effect of tax planning on earnings management.

The Influence of Corporate Social Responsibility on Earnings Management

The partial test shows a coefficient of CSR of -1.005 with a significance of 0.362>0.05, so the hypothesis that CSR has a negative effect on earnings management is rejected. This result indicates that CSR does not affect earnings management.

CSR aims to have a positive impact on society and the environment. However, this study's results suggest that CSR, while important, does not influence how companies manage their finances. Companies may use CSR to enhance their reputation without a real commitment to CSR principles.

From a signaling theory perspective, good CSR demonstrates corporate responsibility, but if it's only used for reputation, it doesn't reflect the company's true values. Companies that use CSR solely for image still have incentives for earnings management.

These results differ from other studies stating that CSR affects earnings management, both positively and negatively, such as the studies by Ardiani & Sudana (2018), Alexander & Palupi (2020), and Rumapea et al. (2021). However, there are also studies that align with these results, such as Kinasih et al. (2018), which found that CSR does not affect earnings management.

CONCLUSION

Based on the findings of the study, there are three interesting findings regarding the relationship between firm size, tax planning, and CSR on earnings management..

Firstly, a finding that indicates firm size has a significant negative impact on earnings management. Larger companies tend to have more complex organizational structures and stricter internal control systems. This makes earnings management practices more difficult to execute and easier to detect. Larger companies are more cautious in managing their finances to maintain their reputation.

Secondly, tax planning also shows a negative influence on earnings management. This is because companies with high tax planning tend to have stronger internal controls and understand the consequences of their tax activities. With a deep understanding of taxation, instead of using earnings management practices, companies prefer safer and legally sound methods without the need for earnings management practices.

Thirdly, there is a different and quite interesting result. Based on the partial test results, there is no significant relationship between Corporate Social Responsibility (CSR) and earnings management, with a coefficient value of -1.005 and a significance value of 0.362>0.05. This indicates that the hypothesis stating that CSR has a negative effect on earnings management must be rejected, and the null hypothesis (H0) is accepted. Although CSR is considered an important part of modern business strategy and can provide positive signals about corporate responsibility, this research suggests that companies that use CSR solely as a tool to enhance their reputation without a genuine commitment to CSR principles tend to continue to engage in earnings management practices. This result remains a minority among other studies that show a negative impact of CSR on earnings management, highlighting the need for further research to understand this dynamic more deeply.

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