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Mediating Role of Employee Readiness to Change in the Relationship of Change Leadership with Employees' Affective Commitment to Change

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Abstract

The purpose of this study was to determine the effect of tax planning, leverage, bonus compensation, independent commissioners and public ownership on earnings management with profitability as a moderating variable. The independent variables in this study are tax planning, economic motivation, exam fees, bonus compensation, independent board of commissioners, public ownership, the dependent variable is earnings management and the moderating variable is profitability. This study uses moderating regression analysis (MRA) to determine the effect of tax planning, economic motivation, exam fees, bonus compensation, independent commissioners, public ownership, on earnings management with profitability as a moderating variable. In this study the determination of the sample using purposive sampling method with the number of samples used in this study as many as 39 companies with 117 samples observed. This study uses secondary data, data collected using documentation techniques. Testing the research hypothesis using SPSS 22.0 for Windows. The results showed that tax planning has a positive effect on earnings management. Leverage positive effect on earnings management. Bonus compensation does not have a positive effect on earnings management. Independent commissioners have a negative effect on earnings management. Public ownership has a negative effect on earnings management. Profitability strengthens influence tax planning on earnings management. Profitability cannot strengthen the effect of leverageto earnings management. Profitability can not strengthen the effect of bonus compensation to earnings management. Profitability strengthens influence independent board of commissioners on earnings management. Profitability strengthens influencepublic ownership of earnings management.

Keywords
tax; ownership; management; profitability

I. Introduction

According to the Statement of Financial Accounting Standards (PSAK) No. 1 Paragraph 7, financial statements are a structured presentation of the financial position and financial performance of an entity.Profit is one of the important components in the financial statements that are used to measure the improvement or performance of a company. Meutia (2004) argues that earnings management is a deliberate act of managers to manipulate financial statements within the limits that are still permitted by accounting principles with the aim of providing misleading information for users of financial statements for the benefit of managers. In the concept of earnings management, it can be

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explained by agency theory where conflicts between stakeholders and management as agents who carry out these interests can affect earnings management practices. Profits reported by management are not only used by interested parties but are used as the basis for paying taxes. When the company reports profits and makes a profit, in this case it will be good news for the company and this is also good news for the tax authorities because the profits generated by the company are the basis for calculating taxes. When managers report large company profits, the tax burden will also be large which will reduce the profits generated by the company.

However, it cannot be denied that earnings management actions occur in many companies, including the case of earnings management carried out by an accountant of PT Kimia Farma Tbk. (PT KAEF). Manipulation of financial statements also occurred in the case of Garuda Indonesia's financial statements that occurred in 2019. Furthermore, another earnings management practice that has occurred is the case of modification of Bank Bukopin's financial statements. In this case, Bank Bukopin modified credit card data with a total of more than 100,000 cards and was carried out more than 5 years ago. This modification caused Bank Bukopin's commission-based income to increase improperly and the 2015 to 2017 financial statements were revised. Other earnings management cases are also found in the case of PT. Three Pillars of Prosperous Food Tbk,

Earnings management can be influenced by several factors, namely tax planning.The role of tax planning in earnings management practice can conceptually be explained by agency theory and positive accounting theory. In agency theory, in this case the government (fiscus) as the principal and management as the agent each have different interests in tax payments. The company (agent) tries to pay taxes as little as possible because paying taxes means reducing the company's economic capacity. The economic condition of the population is a condition that describes human life that has economic score (Shah et al, 2020). On the other hand, the government (principal) needs funds from tax revenues to finance government spending. Thus, there is a conflict of interest between the company and the government, thus motivating the agent to minimize the tax burden that must be paid to the government. On the positive accounting theory in the third hypothesis, namely The Political Cost Hypothesis (Scott, 2015) also explains that companies that are faced with political costs, tend to engineer profit reductions with the aim of minimizing the political costs they have to bear. Political costs include all costs that must be borne by companies related to government regulations, one of which is the tax burden.

*Leverage*is the level of debt used by the company to fund assets owned with the aim of carrying out the company's business activities (Mulyana & Saputra, 2017). In relation to leverage, one of the alternative sources of company funds apart from selling shares in the capital market is through external sources of funds in the form of debt. The company will try to fulfill the debt agreement in order to obtain a good assessment from creditors. This can then motivate managers to carry out earnings management to avoid debt covenant violations. Research by Yusak and Endiye (2021) concludes that leverage has a positive and significant effect on earnings management. While the different results from the research of Veni Zakia, et al (2020) show that leverage has no significant effect on earnings management.

Researchers are interested in conducting research on earnings management with the variables of tax planning, leverage, bonus compensation, independent commissioners and public ownership as influencing factors. Researchers also add profitability as a moderating variable because they want to examine the extent to which the company's profitability level can influence in terms of strengthening or weakening earnings management practices. The companies used as samples in this study are companies in the consumer goods industry sector listed on the Indonesia Stock Exchange.

II. Review of Literature

2.1 Agency Theory

Agency theory describes the company as a meeting point between the owner of the company (principal) and management (agent). In companies whose capital consists of shares, shareholders act as principals, and the CEO (Chief Executive Officer) as their agent. Shareholders employ the CEO to act in the interests of the principal.

2.2 Positive Accounting Theory

Positive accounting theory seeks to explain a process, which uses accounting skills, understanding, and knowledge as well as the most appropriate use of accounting policies to deal with certain conditions in the future.

2.3 Profit Management

Earnings management is a phenomenon where managers can choose certain accounting policies with the intention of maximizing their welfare or increasing firm value (Scott, 2009).

2.4 Tax Planning

Tax planning is part of tax management and the first step in tax management. Suandy (2008) defines tax planning as the process of organizing the business of a taxpayer or a group of taxpayers in such a way that the tax debt, both PPh and other tax burdens, is in a minimal position.

2.5 Leverage

Leverage is the level of the company's ability to use assets or capital that have fixed costs (debt or shares) in order to realize the company's goal to maximize the value of the company concerned.

2.6 Bonus Compensation

Bonus compensation is a policy given to managers based on the results of their performance in order to achieve company goals (Pujiati & Arfan, 2013). Compensation is what a worker receives in return for the work provided, either hourly wages or periodic salaries designed and managed by the personnel department.

2.7 Independent Board of Commissioners

The Independent Commissioner is elected based on the GMS (General Meeting of Shareholders). The decision in the GMS is not based on the number of votes which is usually one person, but based on the number of shares owned. The Independent Commissioner has the task of supervising and providing input to the board of directors. Thus, the Independent Commissioner has the function of overseeing the quality of information on the performance of the Board of Directors as well as overseeing the completeness of reports on the performance of the Board of Directors.

2.8 Public Ownership

One way to reduce earnings management actions by management in the company is through the distribution of ownership. Public ownership is ownership of company shares by the public other than institutions and managers.

2.9 Profitability

Profitability is the company's ability to earn a profit from the assets used. This is often used as a benchmark by investors to assess whether the company is healthy or not, which in turn will influence the decision to buy or sell company shares (Gantino, 2015).

2.10 Concept Framework and Hypotheses

The research concept is a logical relationship from the theoretical basis that has been described in the previous section. The research concept is presented in Figure 1 below.

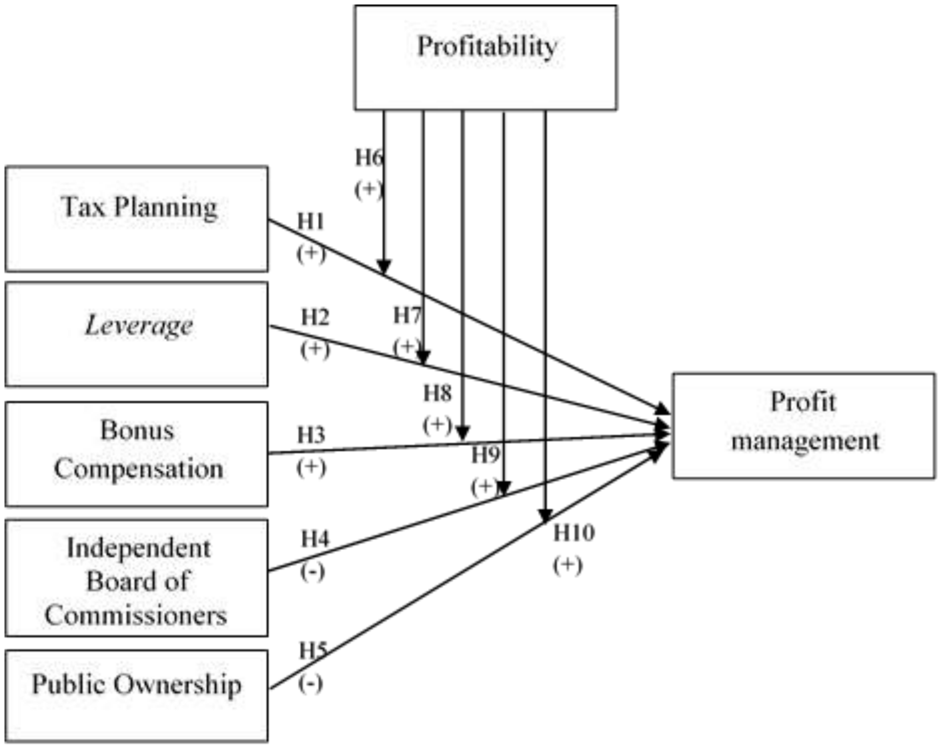

Figure 1. *Research Concept*

Based on the conceptual framework, the hypotheses proposed for this study are as follows:

a. Effect of Tax Planning on Earnings Management

With the management's desire to suppress and make the tax burden as small as possible, the management tends to minimize tax payments with various efforts, as long as these activities are still within the applicable tax regulations. Efforts to minimize the tax burden are often referred to as tax planning. Research by Faqih, et al., (2021) concludes that tax planning has an effect on earnings management. This research is supported by the research of Septa et al., (2021) which states that tax planning has a positive effect on earnings management. Based on the description above, the proposed research hypotheses are:

H1: Tax Planning has a positive effect on Earnings Management.

b. Effect of Leverage on Earnings Management

Companies that have high leverage due to debt that are greater than the assets owned by the company are suspected of carrying out earnings management practices because the company is threatened with default, which is unable to meet obligations on time. This condition indicates that companies with high leverage have weak supervision over management which causes management to determine inappropriate strategies. Lack of supervision in addition to causing high leverage will also increase management's opportunistic behavior such as carrying out earnings management to maintain its performance in the eyes of shareholders and the public. The results of Susanto and Majid's research (2017) found that leverage has no effect on earnings management, but Utari and Sari (2016) examined the effect of leverage on earnings management in manufacturing companies listed on the Indonesia Stock Exchange (IDX) showing that leverage has a positive effect on earnings management. . Wardani and Isbela (2017) found a positive relationship between leverage and earnings management. From this research, the hypotheses of this research are:

H2: Leverage has a positive effect on Earnings Management

c. Effect of Bonus Compensation on Earnings Management

Bonus compensation is all income in the form of money, goods directly, or indirectly received by employees in return for services provided to the company (Malayu, 2010:118). Andrew and Edwin also explain the same thing that Compensation is everything that is contributed or considered as a fair and proper remuneration given to workers in achieving organizational goals. According to Wibowo (2007), compensation is the number of packages offered by the organization to workers in return for the use of their workforce. From the various opinions above, the researcher concludes that Compensation Bonuses are rewards received by managers or employees for what they have done to the company.

H3: Bonus Compensation has a positive effect on Earnings Management.

d. Influence of Independent Board of Commissioners on Earnings Management

Independent commissioners are members of the board of commissioners who are not affiliated with management, other members of the board of commissioners and controlling shareholders, and are free from business relationships or other relationships that may affect their ability to act independently. The large number of independent commissioners will narrow the movement or opportunity for management to practice earnings management. This is supported by research conducted by Nasution and Setiawan (2007) and Nabila and Daljono (2012) that the proportion of independent commissioners has a significant negative effect on earnings management. Research conducted by Sudiani (2016) and Sari (2017) and Yanti (2017) states that the composition of the independent board of commissioners has a negative effect on earnings management. Based on the description above,

H4: Independent Board of Commissioners has a negative effect on Earnings Management

e. Effect of Public Ownership on Earnings Management

Public shareholding is the percentage of shares offered to the public at an IPO (initial public offering). The size of the percentage of shares offered to the public affects the amount of information that will be shared with the public. Public investors result in managers being obliged to provide internal information on a regular basis as a form of accountability. So it is possible to reduce the intensity of earnings management due to the supervision of the public investor. This is evidenced by Rahman et al. (2014) which shows that public share ownership has a significant effect on earnings management. However, it is not in accordance with research conducted by Azline (2008) and research by Leuz et al., (2001) which stated that there was no effect between public shares and earnings management. Based on the explanation above,

H5: Public Ownership has a negative effect on Earnings Management.

f. The Effect of Profitability in Moderating the Relationship Between Tax Planning, *leverage*, Bonus Compensation, Independent Board of Commissioners and Public Ownership with Earnings Management

Companies that have a high level of profitability will always comply with tax payments. Meanwhile, companies that have a low level of profitability will not comply with tax payments in order to maintain company assets (Hendy and Susi, 2019). Based on this description, the proposed hypothesis is as follows:

H6: Profitability strengthens the effect of tax planning on earnings management

Profitability will affect managers in carrying out earnings management actions. Company owners always demand management to achieve high profitability. The higher the profit of a company, the lower its debt will be because more internal funds are available to fund its investment (Kadim and Sunardi, 2019). Research by Tala and Karamoy (2017), finds that profitability has a positive effect on income smoothing practices. Based on this description, the proposed hypothesis is as follows:

H7: Profitability strengthens the effect of leverage on earnings management

Companies that have high profitability will continue to provide bonus compensation policies to managers for their performance. In other words, the greater the achievement that exceeds the existing target, the greater the possibility for the company to provide bonuses. So that the higher the profit of a company, the more bonuses given. Based on this description, the proposed hypothesis is as follows:

H8: Profitability strengthens the effect of bonus compensation on earnings management

With the existence of independent commissioners who come from outside the company and various abilities, it will increase the ability of independent commissioners in conducting supervision. With tighter supervision, it will strengthen the performance of existing companies and increase profits, so managers do not have the opportunity to carry out earnings management. So the more independent commissioners, the better the company's profit and the higher the profitability ratio (ROA).

H9: Profitability strengthens the influence of independent commissioners on earnings management

The greater the percentage of shares owned by the public, the less likely the company is to carry out earnings management. Profitability is the company's ability to generate profits within a certain period. The greater the company's profitability, the smaller the company's earnings management. If profitability is high, the percentage of public share ownership will increase which will strengthen management not to carry out earnings management.

H10: Profitability strengthens the effect of public ownership on earnings management.

III. Research Method

This research was conducted on consumer goods industry companies listed on the Indonesia Stock Exchange (IDX) in 2019-2021. The objects of this research are tax planning, leverage, bonus compensation, independent commissioners and public ownership in earnings management with profitability as a moderating variable. The population in this study is the consumer goods industry sector companies listed on the Indonesia Stock Exchange (IDX). Sampling in this study was conducted using purposive sampling method. The number of samples that can be used for this study are 117 companies. Data collection in this study is by using documentation techniques. Documentation techniques are data collection techniques that are collected in the form of reports in the form of annual reports and financial statements of companies engaged in the good consumer industry sector listed on the IDX for the 2019-2021 period. In this study, the data analysis technique usedmoderating regression analysis (MRA) to determine the effect of each variable.

IV. Results and Discussion

4.1 Results

a. Descriptive Analysis

Table 1. Descriptive Analysis Results

Descriptive Statistics					
	N	Minimum	Maximum	mean	Std. Deviation
Profit management	117	-0.2160	0.6019	-0.047378	0.1081105
Tax Planning	117	18.5383	488,1999	78.545241	39,7273786
Leverage	117	10.8472	188,7043	39.656271	21.0125846
Bonus Compensation	117	0.0000	1.0000	0.410256	0.4939958
Independent Board of Commissioners	117	16.6667	600000	42.468444	9.5773858
Public Ownership	117	1.0561	49.9172	18.149534	12,2470821
Profitability	117	0.0526	60.7168	10.708630	10,2013002
Valid N (listwise)	117				

Source: Secondary Data Processed, 2022

Profit managementhas a minimum value of -0.2160. The maximum value is 0.6019 and the average is -0.047378 with a standard deviation of 0.1081105.Tax planninghave a minimum value of 18.5383. The maximum value is 488,1999 and the average is 78,545241 with a standard deviation of 39,7273786.*Leverage*have a minimum value10.8472. Maximum value of188,7043 and an average of39.656271with a standard deviation of21.0125846.Bonus compensationhas a minimum value of 0. The maximum value is 1 and the average is 0.410256 with a standard deviation of 0.4939958.Independent board of commissionershave a minimum value16.6667. The maximum value is 60 and the average is42.468444with a standard deviation of9.5773858.Public ownershiphave a minimum value1.0561. Maximum value of49.9172and an average of18.149534with a standard deviation of 12,2470821. Profitabilityhave a minimum value0.0526. Maximum value of60.7168and an average of10.708630with a standard deviation of 10,2013002.

b. Multiple Linear Regression Analysis Results

Table 2. Multiple Linear Regression Analysis Results

Coefficientsa						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.825E-016	0.059		0.000	1,000
	Tax Planning	0.137	0.069	0.137	1,995	0.049
	Leverage	0.319	0.074	0.319	4,323	0.000
	Bonus Compensation	0.166	0.071	0.166	2,329	0.022
	Independent Board of Commissioners	-0.291	0.083	-0.291	-3,507	0.001
	Public Ownership	-0.170	0.077	-0.170	-2,223	0.028
	Profitability	0.002	0.071	0.002	0.023	0.982
a. Dependent Variable: Earnings Management						

Source: Secondary data processed, 2022

Based on the results of the regression analysis as presented in Table 2, as forstructural equation as follows:

$$Y = 2.825E\text{-}016 + 0.137X1 + 0.319\ X2 + 0.166\ X3 - 0.291\ X4 + 0.170\ X5 + 0.166\ Z$$

c. Results of Moderation Regression Analysis (MRA)

Table 3. Results of Moderation Regression Analysis (MRA)

Coefficientsa						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.468E-016	0.047		0.000	1,000
	Tax Planning	0.141	0.065	0.141	2,171	0.032
	Leverage	0.305	0.078	0.305	3,912	0.000
	Bonus Compensation	0.029	0.063	0.029	0.460	0.646
	Independent Board of Commissioners	-0.160	0.072	-0.160	-2,238	0.027
	Public Ownership	-0.214	0.068	-0.214	-3,144	0.002
	Planning*Profitability	0.256	0.071	0.256	3,584	0.001
	Leverage*Profitability	-0.093	0.075	-0.093	-1,230	0222
	Compensation*Profitability	-0.261	0.092	-0.261	-2.835	0.005
	Board of Commissioners*Profitability	0.256	0.079	0.256	3,245	0.002

	Public Ownership*Profitability	0.284	0.069	0.284	4.138	0.000
a. Dependent Variable: Earnings Management						

Source: Secondary data processed, 2022

Based on the results of the regression analysis as presented in Table 3, as forstructural equation as follows:

$$Y = 2.468E\text{-}016 + 0.141X1 + 0.305X2 + 0.029X3 - 0.160X4 + 0.214X5 + 0.256\ X1*Z - 0.093\ X2*Z - 0.261X3*Z + 0.256\ X4*Z + 0.284\ X5*Z$$

d. Hypothesis Testing

1. Results of t-test statistics (t-test)

Table 4. Statistical Test Results t

Coefficientsa						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.468E-016	0.047		0.000	1,000
	Tax Planning	0.141	0.065	0.141	2,171	0.032
	Leverage	0.305	0.078	0.305	3,912	0.000
	Bonus Compensation	0.029	0.063	0.029	0.460	0.646
	Independent Board of Commissioners	-0.160	0.072	-0.160	-2,238	0.027
	Public Ownership	-0.214	0.068	-0.214	-3,144	0.002
	Planning*Profitability	0.256	0.071	0.256	3,584	0.001
	Leverage*Profitability	-0.093	0.075	-0.093	-1,230	0222
	Compensation*Profitability	-0.261	0.092	-0.261	-2.835	0.005
	Board of Commissioners*Profitability	0.256	0.079	0.256	3,245	0.002
	Public Ownership*Profitability	0.284	0.069	0.284	4.138	0.000
a. Dependent Variable: Earnings Management						

Source: Secondary data processed, 2022

a) The Effect of Tax Planning on Earnings Management
Based on the results of the t testtax planningon earnings management obtained a significance value of 0.032 with a beta coefficient of 0.141. Significance value 0.032 < 0.05then Ho is rejected and H1 is accepted. This result has meaningtax planning has a positive effect on earnings management.

b) Effect of Leverage on Earnings Management
Based on the results of the t test*leverage* on earnings management obtained a significance value of 0.000 with a beta coefficient of 0.305. Significance value 0.000 <

0.05then Ho is rejected and H2 is accepted. This result has meaning*leverage*positive effect on earnings management.

c) The Effect of Bonus Compensation on Earnings Management
Based on the results of the t testbonus compensationon earnings management obtained a significance value of 0.646 with a beta coefficient of 0.029. Significance value 0.646 > 0.05then Ho is accepted and H3 is rejected. This result has meaningbonus compensation does not have a positive effect on earnings management.

d) The Influence of the Independent Board of Commissioners on Earnings Management
Based on the results of the t testindependent board of commissionerson earnings management obtained a significance value of 0.027 with a beta coefficient of -0.160. Significance value 0.027 < 0.05then Ho is rejected and H4 is accepted. This result has meaningindependent board of commissioners has a negative effect on earnings management.

e) The Effect of Public Ownership on Earnings Management
Based on the results of the t testpublic ownershipon earnings management obtained a significance value of 0.002 with a beta coefficient of -0.214. Significance value 0.002 < 0.05then Ho is rejected and H5 is accepted. This result has meaningpublic ownership has a negative effect on earnings management.

f) The Effect of Tax Planning with Profitability on Earnings Management
Based on the results of the t-test obtained a significance value of 0.001 with a beta coefficient of 0.256. Significance value 0.001 < 0.05then Ho is rejected and H6 is accepted. This result has meaningprofitability amplifies influencetax planning on earnings management

g) Effect of Leverage with Profitability on Earnings Management
Based on the results of the t test, a significance value of 0.222 was obtained with a beta coefficient of -0.093. Significance value 0.222 > 0.05then Ho is accepted and H7 is rejected. This result has meaningprofitability does not strengthen the effect of leverageto earnings management.

h) The Effect of Bonus Compensation with Profitability on Earnings Management
Based on the results of the t test, a significance value of 0.005 was obtained with a beta coefficient of -0.261. Significance value 0.005 < 0.05then Ho is accepted and H8 is rejected. This result has meaningprofitability does not strengthen the effect of bonus compensationto earnings management.

i) Influence of Independent Board of Commissioners with Profitability on Earnings Management
Based on the results of the t-test obtained a significance value of 0.002 with a beta coefficient of 0.256. Significance value 0.002 < 0.05then Ho is rejected and H9 is accepted. This result has meaningprofitability amplifies influenceindependent board of commissioners on earnings management.

j) Effect of Public Ownership with Profitability on Earnings Management
Based on the results of the t-test obtained a significance value of 0.000 with a beta coefficient of 0.284. Significance value 0.000 < 0.05then Ho is rejected and H10 is accepted. This result has meaningprofitability amplifies influencepublic ownership of earnings management.

2. F-test Results Statistics (F-test)

Table 5. F Statistical Test Results

ANOVAa						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	88,360	10	8,836	33,885	0.000b
	Residual	27,640	106	0.261		
	Total	116,000	116			

a. Dependent Variable: Earnings Management
b. Predictors: (Constant), Public Ownership*Profitability, Public Ownership, Leverage*Profitability, Bonus Compensation, Planning*Profitability, Tax Planning, Independent Board of Commissioners, Board of Commissioners*Profitability, Leverage, Compensation*Profitability

Source: Secondary data processed, 2022

Based on the above results obtained significant 0.000 <0.05.This result means thattax planning, leverage, bonus compensation, independent commissioners, public ownership, tax planning with profitability, leverage with profitability, bonus compensation with profitability, independent commissioners with profitability, public ownership with profitability simultaneously have a significant effect on earnings management.

3. Results of the Coefficient of Determination (R2)

Table 6. Coefficient of Determination Test Results (R2)

Model Summaryb				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.873a	0.762	0.739	0.51064599

a. Predictors: (Constant), Public Ownership*Profitability, Public Ownership, Leverage*Profitability, Bonus Compensation, Planning*Profitability, Tax Planning, Independent Board of Commissioners, Board of Commissioners*Profitability, Leverage, Compensation*Profitability
b. Dependent Variable: Earnings Management

Source: Secondary data processed, 2022

The magnitude of the influence of the independent variable on the dependent variable is indicated bythe value of total determination (Adjusted R Square) of 0.739 means that 73.9% variation in earnings management influenced by variations in tax planning, leverage, bonus compensation, independent board of commissioners, public ownership, tax planning with profitability, leverage with profitability, bonus compensation with profitability, independent board of commissioners with profitability, public ownership with profitability while the remaining 26.1% is explained by other factors not included in the model.

4.2 Discussion

a. Effect of Tax Planning on Earnings Management

Based on the results of data analysis, the results of the t test were obtainedtax planningon earnings management obtained a significance value of 0.032 with a beta coefficient of 0.141. Significance value 0.032 < 0.05then Ho is rejected and H1 is accepted. This result has meaningtax planning has a positive effect on earnings management. This means that the highertax planningsoprofit managementwill increase. While getting smallertax planningsoprofit managementwill decrease.

b. Effect of Leverage on Earnings Management

Based on the results of data analysis, the results of the t test were obtained*leverage* on earnings management obtained a significance value of 0.000 with a beta coefficient of 0.305. Significance value 0.000 < 0.05then Ho is rejected and H2 is accepted. This result has meaning*leverage*positive effect on earnings management. This means that the higher*leverage* soprofit managementwill increase. While getting smaller*leverage* soprofit managementwill decrease.

c. Effect of Bonus Compensation on Earnings Management

Based on the results of data analysis, the results obtained a significance value of 0.646 with a beta coefficient of 0.029. Significance value 0.646 > 0.05then Ho is accepted and H3 is rejected. This result has meaningbonus compensation has no effect on earnings management. This means that changesbonus compensationnot affectprofit management.

d. Influence of the Independent Board of Commissioners on Earnings Management

Based on the results of data analysis, the results obtained a significance value of 0.027 with a beta coefficient of -0.160. Significance value 0.027 < 0.05then Ho is rejected and H4 is accepted. This result has meaningindependent board of commissioners has a negative effect on earnings management. This means that the largerindependent board of commissionerssoprofit managementwill decrease. While getting smallerindependent board of commissionerssoprofit managementwill increase.

e. Effect of Public Ownership on Earnings Management

Based on the results of data analysis, the results obtained a significance value of 0.002 with a beta coefficient of -0.214. Significance value 0.002 < 0.05then Ho is rejected and H5 is accepted. This result has meaningpublic ownership has a negative effect on earnings management. This means that the largerpublic ownershipsoprofit managementwill decrease. While getting smallerpublic ownershipsoprofit managementwill increase.

f. InfluenceProfitability in Moderating the Relationship between Tax Planning and Earnings Management

Based on the results of data analysis, the results obtained a significance value of 0.001 with a beta coefficient of 0.256. Significance value 0.001 < 0.05then Ho is rejected and H6 is accepted. This result has meaningprofitability amplifies influencetax planning on earnings management. This means getting biggerprofitabilitywill maximize influencetax planning on earnings management.

g. The Effect of Profitability in Moderating the Relationship Between Leverage and Earnings Management

Based on the results of data analysis, the results obtained a significance value of 0.222 with a beta coefficient of -0.093. Significance value 0.222 > 0.05then Ho is accepted and H7 is rejected. This result has meaningprofitability cannot amplify the effect of leverageto earnings management.

h. The Effect of Profitability in Moderating the Relationship Between Bonus Compensation and Earnings Management

Based on the results of data analysis, the results obtained a significance value of 0.005 with a beta coefficient of -0.261. Significance value 0.005 < 0.05then Ho is accepted and H8 is rejected. This result has meaningprofitability does not strengthen the effect of bonus compensationto earnings management.

Companies that have high profitability will continue to provide bonus compensation policies to managers for their performance. In other words, the greater the achievement that exceeds the existing target, the greater the possibility for the company to provide bonuses. So the higher the profit of a company, the more bonuses given.

i. The Effect of Profitability in Moderating the Relationship Between the Independent Board of Commissioners and Earnings Management

Based on the results of data analysis, the results obtained a significance value of 0.002 with a beta coefficient of 0.256. Significance value 0.002 < 0.05then Ho is rejected and H9 is accepted. This result has meaningprofitability amplifies influenceindependent board of commissioners on earnings management. This means getting biggerprofitabilitywill maximize influenceindependent board of commissioners on earnings management.

j. The Effect of Profitability in Moderating the Relationship Between Public Ownership and Earnings Management

Based on the results of data analysis, the results obtained a significance value of 0.000 with a beta coefficient of 0.284. Significance value 0.000 < 0.05then Ho is rejected and H10 is accepted. This result has meaningprofitability amplifies influencepublic ownership of earnings management. This means getting biggerprofitabilitywill maximize influencepublic ownership of earnings management.

V. Conclusion

Based on the results of the study, it can be concluded that:

a. Tax planning has a positive effect on earnings management.
b. *Leverage*positive effect on earnings management.
c. Bonus compensation does not have a positive effect on earnings management.
d. Independent board of commissioners has a negative effect on earnings management.
e. Public ownership has a negative effect on earnings management.
f. Profitability strengthens influencetax planning on earnings management.
g. Profitability cannot strengthen the effect of leverageto earnings management.
h. Profitability cannot strengthen the effect of bonus compensationto earnings management.
i. Profitability strengthens influenceindependent board of commissioners on earnings management.

j. Profitability strengthens influencepublic ownership of earnings management.

Suggestion

Some suggestions that can be submitted are as follows:

a. For students, the results of this research can be used as a teaching resource or case study in activities in certain subjects. In addition, the results of this study can be used as a literature review in order to conduct similar research by adding research samples and reconstructing the research model with other variables so that the research results are in accordance with the actual situation.
b. Forcompanies in the consumer goods industry sector listed on the Indonesia Stock Exchange (IDX), the results of this study can be used to minimize earnings management practices. This can be done by paying attention to tax planning, leverage, bonus compensation, independent commissioners, public ownership, tax planning and profitability.
c. For the University, the results of this study can be used as teaching materials as well as examples in reviewing case studies in certain subjects in order to prepare competent graduates.

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