

ABSTRACT

The disclosure of information by public companies in Indonesia is crucial to ensure transparency and accountability. By publishing financial reports, companies can provide adequate information to stakeholders such as investors, employees, government, and the general public. Information on a company's profit can be used to predict its future. However, sometimes company management manipulates profit figures through accruals. There are many factors that influence earnings management, and therefore a deeper study of its characteristics and influences is necessary. This study aims to examine and analyze the effects of Financial Leverage, Auditor Tenure, Information Asymmetry, and the COVID-19 Pandemic on earnings management.

The independent variables in this study are Financial Leverage, Auditor Tenure, Information Asymmetry, and the COVID-19 Pandemic. The dependent variable in this study is earnings management. According to Agency and Institutional Theory, Financial Leverage, Auditor Tenure, Information Asymmetry, and the COVID-19 Pandemic have a positive effect on earnings management. The population in this study is non-cyclical Consumer Goods sector companies listed on the Indonesia Stock Exchange from 2017-2021. The sampling method used in this study is Purposive Sampling with predetermined criteria, resulting in 168 consumer goods companies as the sample. The data in this study is secondary data in the form of annual reports obtained from company websites, IDX, Yahoo Finance, and financial information from the Bloomberg terminal. This study uses descriptive statistical analysis, classical assumption tests consisting of normality tests, multicollinearity tests, heteroscedasticity tests, and autocorrelation tests, as well as hypothesis tests consisting of Determination Coefficient Test, T-Statistic Test, and F-Statistic Test.

Through statistical analysis in this study, it was found that Financial Leverage, Information Asymmetry, and the COVID-19 Pandemic significantly affect earnings management. However, there was no significant effect found between Auditor Tenure and earnings management.

Keywords: Earning Management, Information Asymmetry, Auditor Tenure, Financial Leverage, Pandemic COVID-19