ABSTRACT

Theaims of this study is to examine the effect of earnings management on firm value and to test the role of financial performance, proxied by Basic Earning Power (BEP), as a moderating variable. The independent variable used in this study is earnings management, measured by calculating discretionary accruals. The dependent variable in this study is firm value, measured by the Tobin's Q ratio.

The population used in this study consists of manufacturing companies listed on the Indonesia Stock Exchange. Using purposive sampling, the 288 samples selected are manufacturing companies that published complete financial statements for the years 2020–2022. Data analysis in this study was conducted using descriptive statistics, classical assumption tests, and Moderated Regression Analysis (MRA) using SPSS.

The results indicate that earnings management does not affect firm value. Furthermore, Basic Earning Power has a positive and significant effect on firm value. The moderation test reveals that Basic Earning Power moderates the effect of earnings management on firm value.

Keywords: Earnings Management, Firm Value, Financial Performance, Basic Earning Power