E-ISSN : 2549-5992, P-ISSN : 2088-0944
Available online at:
https://ejournal.itbwigalumajang.ac.id/index.php/wiga

The Influence of Profitability and Tax Planning on Earnings Management with Company Size as a Moderating Variable

Yelis G. Matalauni[1], Hartati Tuli[2], Ayu Rakhma Wuryandini[3]

Faculty of Economics, Departemen of Accounting, Universitas Negeri Gorontalo, Indonesia[1,2,3]

Corresponding Author: yelismatalauni26@gmail.com

ARTICLE INFO

Date of entry:
30 January 2024
Revision Date:
10 February 2024
Date Received:
26 March 2024

ABSTRACT

This research aims to determine the effect of profitability on earnings management with company size as a moderating variable in cigarette sub-sector companies listed on the Indonesian Stock Exchange for the 2012-2021 period. The research object is a cigarette sub-sector company listed on the Indonesiaan Stock Exchange. Purposive sampling was used in sampling so that the remaining 3 company samples remained for the 10 year observation period. This research uses secondary data obtained from www.idx.co.id,www.gudanggaramtbk.com, www.sampoerna.com, and www.wismilak.com. Data analysis uses classical assumption tests, multiple linear regression analysis, hypothesis testing and Moderated Regression Analysis tests. The results of the study partially show that profitability and tax planning have no effect on earnings management. Simultaneously, profitability and tax planning have no effect on earnings management. Based on the results of the MRA interaction test, company size can moderate the effect of profitability on earnings management. However, company size cannot moderate the influence of tax planning on earnings management.

Keywords: Company Size, Earnings Management, Moderating, Profitability, Tax Planning

Cite this as: Matalauni, Y. G., Tuli, H., & Wuryandini, A. R. (2024). The Influence of Profitability and Tax Planning on Earnings Management with Company Size as a Moderating Variable. *Wiga : Jurnal Penelitian Ilmu Ekonomi*, *14*(1), 36–48. https://doi.org/10.30741/wiga.v14i1.1006

INTRODUCTION

Information regarding profits is one of the parameters that is often used in measuring the performance of an entity or company (Nugroho & Radyasa, 2019). On the other hand, the importance of information regarding profits makes management have a tendency to take actions that can make financial reports better (Savitri, 2014). So management often manipulates profits to maximize manager satisfaction, besides that, profit manipulation can be detrimental to shareholders or investors.

Earnings management or what is known as earnings management is an effort or action carried out by company managers in interfering with or modifying information contained in financial reports with the aim of deceiving stakeholders who are interested in knowing how the company's performance and situation are. Company executives cited the need for these actions to be in accordance with accounting standards, in particular by implementing generally accepted and recognized accounting practices (Sulistyanto, 2018). According to Aissyah et al. (2020) agency theory assumes the existence of information asymmetry, where the agent who manages the company has more internal company information than the principal. Earnings management is a deliberate intervention by company management in the process of preparing financial reports, this is related to reducing or increasing profits without being associated with a decrease or increase in company income (Kalbuana et al., 2022).

The performance of a company can be measured by how well the company manages its assets to generate profits which will influence how the company manages its income. Companies with high profitability values are likely to obtain or generate high profits. In this research, profitability is proxied by return on assets (ROA). ROA is a ratio used to assess a company's ability to generate profits with all the assets owned by the company (Setyawan & Harnovinsah, 2016).

The next factor that influences earnings management is tax planning. Managers manage income for other purposes where management wants to minimize and reduce taxes as much as possible. Lestari et al. (2018) defines that tax planning is the initial stage in tax management, where the emphasis is on controlling every transaction that has tax consequences. According to Suyoto & Dwimulyani (2019) tax planning is a step to minimize a company's tax burden and increase profits.

Another factor that can influence earnings management actions is company size. In this research, company size is a moderating variable. Company size is a scale to determine the size of a company based on sales value, equity value, number of employees and total asset value (Bahri & Arrosyid, 2021). According to Gayatri & Pradnyantha (2021), large-sized companies generally tend to have a high chance of carrying out earnings management actions because large-scale companies have greater political costs when compared to small-scale companies or entities. The measurement of company size in this study is proxied by the natural log (Ln) of the company's total assets. The greater the total assets owned by an entity, the greater the company size (Muqsith & Murtianingsih, 2022). Based on agency theory, companies that have a larger company size, the amount of agency costs incurred will also be much larger (Anindya et al., 2020). A large level of profitability correlates with a larger company size. Larger entities will find it easier to obtain loans compared to small entities. Therefore, this can enable large entities to have a higher level of earnings management compared to small entities (Rahayu, 2018). Large-scale companies generally pay more attention to tax planning. Because tax authorities will focus greater attention on larger companies so companies will pay more attention when preparing their taxes (Pradnyawati et al., 2021).

Phenomena related to earnings management can be seen in the case of the tobacco company owned by British American Tobacco (BAT) which took action to avoid paying taxes through PT Bentoel Internasional Investama which resulted in the country suffering losses of US$ 14 million a year (Kontan.co.id, 2019). The phenomenon of tax avoidance (tax advoice) cases illustrates that the government has not maximized the implementation of existing regulations, so that companies are still taking advantage of many loopholes to carry out tax avoidance. Tax avoidance can affect earnings management because companies can increase profits through earnings management, resulting in an increased tax burden. Tax avoidance is a form of tax planning carried out by management with the aim of minimizing tax payments by legal means (Larastomo et al., 2016).

Earnings management will have a negative impact if implemented in a company. The parties who will be harmed are not only internal parties of the company, there will be many parties who will be harmed, especially interested parties such as stakeholders or investors. The existence of earnings management will ultimately have an impact on the bias of the information contained in a company's financial reports. This can influence the decision-making process of investors or other internal or external parties who depend on the information contained in the financial reports.

E-ISSN : 2549-5992, P-ISSN : 2088-0944
Available online at:
https://ejournal.itbwigalumajang.ac.id/index.php/wiga

In this regard, this research was conducted focusing on cigarette sub-sector companies listed on the Indonesia Stock Exchange for the 2012-2021 period. The reason the cigarette sub-sector was chosen as the object of this research is because the cigarette industry is one of the companies that is of great interest to investors. The tobacco industry is one of the largest economic sectors in Indonesia because cigarette consumption in this country is quite large, it is recorded that cigarette consumption is the second largest consumption after rice. Not only do people in general with lower economic levels also become the largest cigarette users, cigarette consumption from poor households reaches 12.21 percent for poor urban communities and for rural communities it is 11.63 percent (Kementerian Keuangan RI, 2022).

There are inconsistencies in the results of previous research conducted regarding the influence of profitability and tax planning on earnings management. Research conducted by Rahayu (2018), Kalbuana et al. (2022) dan Cinthya et al. (2022) proves that profitability has a significant positive effect on earnings management. The results of this research are different from the results of research conducted by Fitri & Andayani (2021) where the research results prove that profitability has no effect on earnings management. Research on the influence of tax planning on earnings management conducted by Ulfa et al. (2022) proves that tax planning has a significant positive effect on earnings management. Meanwhile, research conducted by Putri & Kadarusman (2021) proves different results, namely that tax planning has no influence on earnings management.

Based on previous research, there are differences in results that are not in accordance with what factors can influence earnings management. Therefore, the author in this study wants to re-examine the influence of profitability and tax planning on earnings management. In this study, researchers included company size as a moderating variable to differentiate it from several previous studies.

METHODS

This type of research is quantitative research with a causal method used to determine the causal relationship between two or more variables. The variables used in this research consist of three variables, namely the independent variable consisting of profitability and tax planning and the dependent variable, namely earnings management and the moderating variable, namely company size. Data analysis uses the classical assumption test, multiple linear regression analysis, hypothesis testing (T test, F test and coefficient of determination) and the MRA (Moderated Regression Analysis) test. The population in this study are cigarette sub-sector companies listed on the Indonesia Stock Exchange for the 2012-2021 period. The sample selection in this research used the purposive sampling method. The sample used must meet the established criteria as in Table 1.

Table 1. Sample Selection Process Based on Criteria

No	Sample selection process	Amount
1	Total population of cigarette companies registered on the IDX	5
2	Companies that did not publish their financial reports consecutively in the 2012-2021 period.	(1)
3	Companies that have negative profits	(1)
4	Cigarette companies that have complete data and information according to researchers' needs.	(0)
	Number of sample companies	3
	Number of observation data (3 companies x 10 research observation periods)	30

Source: Data processed by researchers, 2023

Based on previously established criteria, three companies have been obtained based on standard criteria sampled from the 2012-2021 period that meet the established standards. The following is a list of sample companies in this study:

Table 2. List of Sample Companies

No	Stock code	Company
1	GGRM	Gudang Garam Tbk
2	HMSP	Handjaya Mandala Sampoerna Tbk
3	WIIM	Wismilak Inti Makmur Tbk

Source: idx.co.id

RESULTS AND DISCUSSION

Data Analysis Results

Descriptive statistics

This research uses secondary data obtained from www.idx.co.id and the official websites of related companies.

Table 3. Descriptive Statistics Results
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Profitability	30	.02	.39	.1535	.10901
Tax Planning	30	.62	.82	.7469	.03913
Profit management	30	-.06	.03	-.0117	.01907
Company Size	30	27.82	32.13	30.3472	1.75621
Valid N (listwise)	30				

Source: SPSS Data Processing Results, 2023

Based on table 2, it can be explained that the total data (N) used in this research is 30 data observations obtained from financial reports on cigarette companies listed on the Indonesian Stock Exchange for 2012-2021. The information from the table above can be described as descriptive statistical data results as follows:

1. It is known that the profitability variable of cigarette sub-sector companies listed on the IDX for the 2012-2021 period has a minimum value of 0.02, a maximum of 0.39, a mean of 0.1535 and a standard deviation of 0.10901.
2. It is known that the tax planning variable for cigarette sub-sector companies registered on the IDX for the 2012-2021 period has a minimum value of 0.02, a maximum of 0.62, a mean of 0.82 and a standard deviation of 0.03923.
3. It is known that the earnings management variable for cigarette sub-sector companies listed on the IDX for the 2012-2021 period has a minimum value of -0.06, a maximum of 0.03, a mean of -0.0117 and a standard deviation of 0.01907.
4. It is known that the company size variable for cigarette sub-sector companies listed on the IDX for the 2012-2021 period has a minimum value of 27.82, a maximum of 32.13, a mean of 30.3472 and a standard deviation of 1.75621

Classic assumption test

Normality test

Table 4. Normality Test
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		30
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.01793733
Most Extreme Differences	Absolute	.071
	Positive	.071
	Negative	-.051

Test Statistic	.071
Asymp. Sig. (2-tailed)	.200[c,d]

Source: Results of SPSS Data Processing, 2023

Based on table 4.2 above, it can be seen that the Asymp. Sig. (2-tailed) is more than 0.05, which is equal to 0.200 which indicates that the regression model in this study meets the assumptions of the normality test and is feasible to study.

Autocorrelation Test

Table 5. Autocorrelation Test (Durbin-Watson)
Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.340[a]	.116	.014	.01894	1.576

Source: Results of SPSS Data Processing, 2023

Based on the results of the SPSS output, it shows a Durbin-Watson value of 1,576. With three independent variables and n = 30 it is known that the Durbin-Watson statistic sig level, 0.05, then the limit value dl = 1.2138 and the limit du = 1.6498, then the obtained dl < dw < du is 1. 2138 < 1.576 < 1.6498, thus the hypothesis does not produce definite conclusion. or in other words, in this test, each variable has an autocorrelation for each research variable.

Table 6. Autocorrelation Test (Runs Test)
Runs Test

	Unstandardized Residual
Test Value[a]	-.00082
Cases < Test Value	15
Cases >= Test Value	15
Total Cases	30
Number of Runs	15
WITH	-.186
Asymp. Sig. (2-tailed)	.853

Source: Results of SPSS Data Processing, 2023

From the results of the SPSS output it is known that the Asymp. Sig. (2-tailed) = 0.853 greater than the significant value of 0.05. Thus it can be concluded that there are no autocorrelation symptoms in the residuals.

Multicollinearity Test

Table 7. Multicollinearity Test
Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	Profitability	.820	1.220
	Tax Planning	.990	1.010
	Company Size	.828	1.208

Source: Results of SPSS Data Processing, 2023

From the results of the SPSS output it is known that each variable has a tolerance value greater than 0.1 and has a VIF value that is less than 10. So it can be said that all variables are free from multicollinearity symptoms.

Heteroscedasticity Test

Table 8. Heteroscedasticity Test (Glejser Test)
Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	-.009	.053		-.176	.862
	Profitability	.018	.020	.182	.894	.379
	Tax Planning	.073	.051	.266	1.434	.163
	Company Size	-.001	.001	-.183	-.903	.375

Source: Results of SPSS Data Processing, 2023

From the results of the SPSS output it is known that each variable has a significance value greater than 0.05. Thus the proposed regression model is free from symptoms of heteroscedasticity.

Multiple Linear Regression Test

Table 9. Multiple Linear Regression Test
Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	.049	.066		.732	.470
	Profitability	-.048	.032	-.276	-1.506	.144
	Tax Planning	-.071	.089	-.145	-.794	.434

Source: Results of SPSS Data Processing, 2023

Based on the calculation results of multiple linear regression tests, the regression equation is obtained as follows:

Earnings Management = 0.049 - 0.48 Profitability - 0.071 Tax Planning

Based on the regression model equation, it can be interpreted as follows:

1. The constant coefficient value is 0.049, this shows that if the profitability (X1) and tax planning (X2) variables are considered constant (constant) or equal to zero (0), then earnings management in cigarette sub-sector companies listed on the IDX for the 2012- 2021 will be worth 0.049.
2. The regression coefficient of the profitability variable shows a value of -0.48 meaning that the higher or greater the profitability value, the lower the earnings management value will be 0.48.
3. The regression coefficient of the tax planning variable shows a value of -0.071, meaning that the higher or greater the tax planning value, the earnings management value will decrease by 0.071.

Hypothesis testing
T Test (Partial Test)

Table 10. T Test (Partial Test)
Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	.049	.066		.732	.470
	Profitability	-.048	.032	-.276	-1.506	.144
	Tax Planning	-.071	.089	-.145	-.794	.434

Source: Results of SPSS Data Processing, 2023

Based on the results of the partial test (T test) above, it can be interpreted as follows:

1. Effect of Profitability on Earnings Management

Because the $T_{valuecount}$= -1.506 < T_{table} = 2.05183 and a significance value of 0.144 > 0.05 then H_0 accepted. So it can be concluded that profitability (X1) partially has no effect on earnings management (Y)

2. Effect of Tax Planning on Profit Management
   Because the $T_{valuecount}$ = -0.794 < T_{table} = 2.05183 and a significance value of 0.434 > 0.05 then H_0 accepted. So it can be concluded that tax planning (X2) partially has no effect on earnings management (Y).

F Test (Simultaneous Test)

Table 11. Test F (Simultaneous Test)
ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.001	2	.001	1.584	.224[b]
	Residual	.009	27	.000		
	Total	.011	29			

Source: Results of SPSS Data Processing, 2023

From the results of testing F_{value} obtained a value of 1.584 and a significance value obtained of 0.224. That is, in this test F_{value} < F_{table} (1.584 < 3.354) and Sig. 0.224 > 0.05. So it can be concluded that profitability and tax planning simultaneously have no effect on earnings management.

Coefficient of Determination

Table 12. Coefficient of Determination
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.324[a]	.105	.039	.01870

Source: Results of SPSS Data Processing, 2023

From the table above, the results of the calculation of the coefficient of determination test are 0.105. This means that profitability and tax planning together have an influence on earnings management by 10.5% and the remaining 89.5% is influenced by variables other than profitability and tax planning.

Test *Moderated Regression Analysis* (MRA)

1. **The Effect of Profitability on Earnings Management with Company Size as a Moderating Variable**

Table 13. Test results Moderated regression analysis Profitability on Earnings Management With Company Size as Moderating Variable
Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	.341	.134		2.548	.017
	Profitability	-4.728	1.487	-27.018	-3.179	.004
	Company Size	-.011	.004	-1.033	-2.548	.017
	X1*Z	.151	.048	27.182	3.140	.004

Source: Results of SPSS Data Processing, 2023

From the table above, the regression equation is obtained as follows:

$$\mathbf{Y = 0.341 - 4.728\ X1 - 0.011\ Z + 0.151\ X1{*}Z}$$

From the regression equation, an analysis can be taken as follows:
1. The constant value obtained is 0.341 which means that if profitability, company size and the interaction between profitability and company size are constant, then earnings management in cigarette sub-sector companies listed on the IDX for the 2012-2021 period is 3.41%.
2. The regression coefficient of the profitability variable shows a value of -4,728 meaning that the higher or greater the profitability value, the lower the earnings management value will be 4,728.
3. The regression coefficient of the firm size variable shows a value of -.011, which means that the higher or greater the value of firm size, the lower the value of earnings management will be by 0.011.
4. The regression coefficient of the interaction between profitability and firm size (X1*Z) obtained a value of 0.151 meaning that the higher the interaction between profitability and firm size, it will cause an increase in earnings management of 0.151. It can be concluded that company size can strengthen the influence of profitability on earnings management by 0.151.

Table 14. Results of Significance Test of Profitability Moderation Regression Coefficient on Earnings Management with Firm Size as Moderating Variable

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.004	3	.001	4.546	.011[b]
	Residual	.007	26	.000		
	Total	.011	29			

Source: Results of SPSS Data Processing, 2023

From the table above, the results obtained from testing the significance of the profitability regression coefficient on earnings management with company size as a moderating variable with a value of 0.011 < 0.05, it can be concluded that company size is able to directly moderate the effect of profitability on earnings management

The Influence of Tax Planning on Profit Management with Company Size as a Moderating Variable

Table 15. Test Results Moderated regression analysis Tax Planning on Profit Management with Company Size as a Moderating Variable

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.525	1.180		1.293	.208
	Tax Planning	-2.047	1.576	-4.200	-1.299	.205
	Company Size	-.050	.040	-4.571	-1.251	.222
	X2*Z	.066	.053	6.166	1.248	.223

Source: Results of SPSS Data Processing, 2023

From the table above, the moderation regression equation is obtained as follows:

$$\mathbf{Y = 1.525 - 2.047\ X2 - 0.050\ Z + 0.066\ X2{*}Z}$$

From the regression equation, an analysis can be taken as follows:
1. The constant value obtained is 1,525 meaning that if tax planning, company size and the interaction between profitability and company size are constant, then earnings management in cigarette sub-sector companies listed on the IDX for the 2012-2021 period is 1,525.
2. The regression coefficient of the prof tax planning variable shows a value of -2,407 meaning that the higher or greater the value of tax planning, it will cause a decrease in the value of earnings management by 2,407.

3. The regression coefficient of the firm size variable shows a value of -0.050, meaning that the higher or greater the value of firm size, the lower the value of earnings management will be by 0.050.
4. The regression coefficient of the interaction between tax planning and company size (X2*Z) obtained a value of 0.066, meaning that the higher the interaction between tax planning and company size, it will cause an increase in earnings management of 0.066.

Table 16. Results of the Significance Test of the Moderation Regression Coefficient of Tax Planning on Profit Management with Firm Size as a Moderating Variable

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.001	3	.000	.805	.503[b]
	Residual	.010	26	.000		
	Total	.011	29			

Source: Results of SPSS Data Processing, 2023

From the table of significance test results above, a significance value of 0.503 < 0.05 is obtained so that a conclusion can be drawn that the variable company size cannot moderate the effect of tax planning on earnings management in cigarette sub-sector companies listed on the IDX for the 2012-2021 period.

Discussion of Research Results

1. The Influence of Profitability on Earnings Management

The results of partial hypothesis testing (T Test) show that the T_{value} for the profitability variable it is -1.506 and T_{table} with α = 5% it is known to be 2.051, thus T_{value} smaller than T_{table} and the significant value of profitability is 0.144 > 0.05, meaning that from these results it can be concluded that H_0 accepted and Ha rejected. This shows that profitability (X1) partially has no effect on earnings management (Y) in cigarette sub-sector companies listed on the Indonesia Stock Exchange for the 2012-2021 period. The results of this research are consistent with the results of research conducted by Fitri & Andayani (2021) which proves that profitability has no effect on earnings management. This situation can occur because the increasing level of profitability of a company shows that the company's performance is running well and shareholders will receive increasing profits (Fitri & Andayani, 2021). Because the manager also makes a profit, he does not take earnings management actions (Anindya & Yuyetta, 2020). Meanwhile, the results of this research contradict the results of research conducted by Rahayu (2018), Kalbuana et al. (2022) dan Cinthya et al. (2022) where the results of their research prove that profitability has a positive effect on earnings management. The results of this research are not in line with agency theory, where agency theory explains that a mismatch of interests between the principal and the agent will greatly influence earnings management, where this can be caused by parties who only want to achieve personal interests (Anindya & Yuyeta, 2020). According to Agustia and Suryani (dalam Fitri & Andayani, 2021) if a company makes a profit in a certain period, the company will give bonuses or rewards to managers as a form of appreciation for the manager's excellent performance so that managers in the company will not have the desire to take action. profit management.

2. The Influence of Tax Planning on Earnings Management

The results of partial hypothesis testing (T Test) show that the T_{value} for the tax planning variable is -0.794 and T_{table} with α = 5% it is known to be 2.051, thus T_{value} smaller than T_{table} and the significant value of profitability is 0.434 > 0.05, meaning that from these results it can be concluded that H0 accepted and Ha rejected. This shows that tax planning (X2) partially has no effect on earnings management (Y) in cigarette sub-sector companies listed on the Indonesia Stock Exchange for the 2012-2021 period. The results of this research are consistent with the results of research conducted by Putri & Kadarusman (2021) which states that tax planning has no effect on earnings management. This proves that whether there is tax planning in a company has no effect on earnings management actions. Based on agency theory, differences in interests between the company and the government will increase earnings management actions in companies (Bintara, 2021). The majority of cigarette sub-sector companies have many departments in each of their economic activities, so this will result in each department manager tending to have the desire to be able to make themselves prosperous in order to obtain bonuses or rewards if they provide good performance (Gayatri & Pradnyantha, 2021). Thus, company managers wish to carry out earnings management actions for the manager's own interests, not based on tax planning which is in the interests of stakeholders (Kanji, 2019). Tax planning is carried out because the company owner or principal hopes to obtain a large dividend value by minimizing the costs incurred by the company (Putri & Kadarusman, 2021). The results of this research are supported by research conducted by Sari et al. (2019) and Suyoto & Dwimulyani (2019), where the results of their research show that tax planning has no effect on earnings management.

3. **The Influence of Profitability and Tax Planning on Earnings Management**

The results F_{value} obtained was 1.584 and the significance value was obtained at 0.224. That is, in this test $F_{value} < F_{table}$ and Sig value. 0.224 > 0.05. So it can be concluded that profitability and tax planning simultaneously have no effect on earnings management. This shows that profitability and tax planning together are unable to increase earnings management in cigarette sub-sector companies listed on the Indonesia Stock Exchange for the 2012-2021 period.. This can happen because the increasing level of profitability of a company shows that the company's performance is running well and shareholders will receive increasing profits (Fitri & Andayani, 2021). Tax planning has no effect on earnings management because the tax planning carried out by the company aims to make profits low so that the tax burden that the company must pay is also low, while the earnings management carried out by company managers aims to maximize the amount of profits earned so that the bonuses they will receive will be higher large (Putri & Kadarusman, 2021). The results of this research are in line with research conducted by Husni & Idayu (2022) which revealed that profitability and tax planning have no effect on earnings management. The value of a company's profitability does not influence the company to practice earnings management and there are no earnings management steps in reducing (manipulating) tax payments and tax debts by violating tax provisions in tax planning (Husni & Idayu, 2022)

4. **The Influence of Profitability on Earnings Management with Company Size as a Moderating Variable**

The results of testing the significance of the regression coefficient of profitability on earnings management with company size as a moderating variable with a value of 0.011 < 0.05, it can be concluded that company size is able to directly moderate the influence of profitability on earnings management. From the test results, the following regression equation can be formed (Solimun et al., 2019):

Yi = 0.341 – 4.728Xi without involving moderating variables (1)

Yi = 0.341 – 4.728Xi – 0.011Z involving moderating variables (2)

Yi = 0.341 – 4.728Xi – 0.011Z + 0.151Xi*Z involving moderating and interaction variables (3)

Coefficient test results $\beta 1$ obtains a significance value of 0.004 < 0.05, coefficient $\beta 2$ obtained a significance value of 0.017 < 0.05 and the coefficient$\beta 3$ obtained a significance value of 0.004 < 0.05. Where if seen from equation (3) if the coefficient $\beta 2$ and $\beta 3$ is declared statistically significant, so the moderating variable (company size) is called a quasi moderation variable (Solimun et al., 2019). Pseudo moderating variables are variables that can moderate the relationship between predictor (independent) variables and dependent (dependent) variables. So the existence of the moderating variable (company size) in this research has a dual function. Where, apart from functioning as a moderating variable, company size also functions as an explanatory (free) variable and acts as a predictor (dependent) variable. The results of this research are consistent with the results of research conducted by Rahayu (2018) where the results of his research reveal that the effect of profitability on earnings management can be moderated by company size. Companies that have a large level of profitability correlate with large company size. Larger entities will find it easier to obtain loans compared to small entities. Therefore, this can enable large entities to have a higher level of earnings management compared to small entities (Rahayu, 2018). his research is in line with agency theory where agency theory explains that companies that have a larger company size value, the amount of agency costs incurred will also be much larger (Anindya & Yuyeta, 2020). This can enable large companies to have a greater level of earnings management than small companies.

5. **The Influence of Tax Planning on Profit Management with Company Size as a Moderating Variable**
   The results of testing the significance of tax planning on earnings management with company size as a moderating variable, obtained a significance value of 0.503 < 0.05 so that a conclusion can be drawn that the company size variable cannot moderate the influence of tax planning on earnings management in cigarette sub-sector companies listed on the BEI for the period 2012-2021. From the test results, the following regression equation can be formed (Solimun et al., 2019):
   Yi = 1.525 – 2.047Xi without involving moderating variables (1)
   Yi = 1.525 – 2.047Xi + 0.050Z involving moderating variables (2)
   Yi = 1.525 – 2.047Xi + 0.050Z + 0.066 Xi *Z involving moderating and interaction variables (3)

Coefficient test results $\beta 1$ obtained a significance value of 0.205 > 0.05, coefficient $\beta 2$ obtained a significance value of 0.225 < 0.05 and coefficient $\beta 3$ obtained a significance value of 0.223 < 0.05. Where if seen from equation (3) if the coefficient $\beta 2$ and $\beta 3$ is declared not statistically significant, so the moderating variable (company size) is called a potential moderating variable (homologiser moderation). Potential moderation is a variable that has the potential to become a moderating variable that influences the strength of the relationship between the predictor (independent) variable and the dependent (dependent) variable. The potential moderating variable has no interaction with the predictor variable (tax planning) and also does not have a significant relationship with the dependent variable (earnings management) (Solimun et al., 2019). So it can be said that the existence of the company size variable in the research does not function as a moderating variable and also does not act as an explanatory or predictor variable. However, the company size variable in this study only has potential in theory and the results of previous research as a moderating variable. The results of this research are consistent with the results of research conducted by Baihaqi (2022) where the results of his research reveal that the influence of tax planning on earnings management cannot be moderated by company size. This can happen because the larger the size of an entity or company, the smaller the opportunity to take earnings management actions. Where this situation can occur because large entities or companies really maintain the good name of the company by not committing deviations or carrying out earnings management actions aimed at showing good performance by the entity or company indirectly (Baihaqi, 2022).

CONCLUSION

Profitability has no effect on Earnings Management, tax planning has no effect on Earnings Management in Cigarette Sub Sector Companies listed on the Indonesia Stock Exchange for the 2012-2021 period. This proves that high or low levels of profitability and tax planning do not have a real influence on earnings management. Profitability and tax planning do not simultaneously influence earnings management in Cigarette Sub-Sector Companies listed on the Indonesia Stock Exchange for the 2012-2021 period. The coefficient of determination value obtained was 0.039, which means that profitability and tax planning together have an influence on management of 3.9% and the remaining 96.1% is influenced by variables other than profitability and tax planning. Company size is able to moderate the influence of profitability on earnings management. The existence of the company size variable can strengthen the influence of profitability on earnings management. Company size is unable to moderate the influence of Tax Planning on Profit Management in Cigarette Sub-Sector Companies listed on the Indonesia Stock Exchange for the

2012-2021 period. It can be concluded that the existence of the company size variable does not function as a moderating variable and also does not act as an explanatory or predictor variable.

REFERENCES

Aissyah, N. N. A., Nurlaela, S., & Samrotun, Y. C. (2020). Kepemilikan Manajerial, Leverage, Profitabilitas, Ukuran Perusahaan dan Manajemen Laba Pada Perusahaan Properti dan Real Estate. Jurnal Penelitian Ekonomi Dan Akuntansi (JPENSI), 5(1), 49–61.

Anindya, W., & Yuyeta, E. N. A. (2020). Pengaruh Leverage , Sales Growth , Ukuran Perusahaan Dan Profitabilitas Terhadap. DIPONEGORO JOURNAL OF ACCOUNTING, 9(3), 1–14. https://ja.ejournal.unri.ac.id/index.php/JA/article/view/2536

Bahri, S., & Arrosyid, Y. P. (2021). Struktur Kepemilikan, Good Corporate Governance, Leverage, Dan Ukuran Perusahaan Terhadap Manajemen Laba. RISTANSI: Riset Akuntansi, 2(1), 59–77. https://doi.org/10.32815/ristansi.v2i1.424

Baihaqi, A. (2022). Pengaruh Perencanaan Pajak Dan Profitabilitas Terhadap Manajemen Laba Dengan Ukuran Perusahaan Sebagai Variabel Moderating Pada Perusahaan Farmasi Yang Terdaftar Di Bursa Efek Indonesia SEMINAR NASIONAL MULTIDISIPLIN ILMU Kolaborasi Multidisiplin Ilmu Untuk Bangkit Lebih Kuat Di Era Merdeka Belajar, 3(1), 309–326.

Bintara, R. (2021). Asean Corporate Governance Scorecard, Profitability, and Disclpsure of Corporate Social Responsibility on Earning Management. International Journal of Management Studies and Social Science Research, 3(1), 66–79. https://doi.org/10.36713/epra4799

Cinthya, M. T., Novitasari, L. G., & Dewi, N. L. P. S. (2022). Pengaruh Kepemilikan Institusional, Leverage, Ukuran Perusahaan dan Profitabilitas terhadap Manajemen Laba. Organum: Jurnal Saintifik Manajemen Dan Akuntansi, 4(2), 169–179. https://doi.org/10.35138/organum.v5i1.207

Fitri, D. K., & Andayani, S. (2021). Pengaruh Profitabilitas Dan Laverage Terhadap Manajemen Laba. Prosiding Senapan, 1(1), 214–222.

Gayatri, N. S., & Pradnyantha, W. W. (2021). The Influence of Tax Planning, Company Size, and Cash Holding on Earnings Management in the Infrastructure, Utilities and Transportation Sectors. American Journal of Humanities and Social Scienses Research (AJHSSR), 5(2), 261–267. https://www.ajhssr.com/wp-content/uploads/2021/02/ZD2152261267.pdf

Husni, M., & Idayu, R. (2022). Pengaruh Aset Pajak Tangguhan, Profitabilitas Dan Perencanaan Pajak Terhadap Manajemen Laba. "LAWSUIT" Jurnal Perpajakan, 1(2), 77–91. https://doi.org/10.30656/lawsuit.v1i2.5177

Kalbuana, N., Suryati, A., & Pertiwi, C. P. A. (2022). Effect of Company Age, Audit Quality, Leverage and Profitability on Earnings Management. International Journal of Economics, Business and Accounting Research (IJEBAR), 6(1), 389–399. https://doi.org/10.29040/ijebar.v6i1.4796

Kanji, L. (2019). Perencanaan Pajak dan Beban Pajak Tangguhan terhadap Manajemen Laba Pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia. Bongaya Journal of Research in Accounting (BJRA), 2(1), 20-27.

Kementerian Keuangan RI. (2022). Sesuaikan Tarif CHT Tahun 2023 dan 2024, Pemerintah Pertimbangkan Beberapa Aspek. https://www.kemenkeu.go.id/informasi-publik/publikasi/berita-utama/Sesuaikan-Tarif-CHT-Tahun-2023-dan-2024

Kontan.co.id. (2019). Tax Justice Laporkan Bentoel Lakukan Penghindaran Pajak, Indonesia Rugi US$ 14 Juta. https://nasional.kontan.co.id/news/taxjustice-laporkan-bentoel-lakukan-penghindaran-pajak-indonesia-rugi-rp-14-juta

Larastomo, J., Perdana, H. D., Triatmoko, H., & Sudaryono, E. A. (2016). Pengaruh Tata Kelola Perusahaan dan Penghindaran Pajak Terhadap Manajemen Laba Pada Perusahaan Manufaktur di Indonesia. Esensi, 6(1), 63–74. https://doi.org/10.15408/ess.v6i1.3121

Lestari, D. S. A., Kurnia, I., & Yuniati, Y. (2018). Pengaruh Perencanaan Pajak Dan Ukuran Perusahaan Terhadap Manajemen Laba. Jurnal Ilmiah Manajemen, Ekonomi, & Akuntansi (MEA), 2(3), 129–150. https://doi.org/10.31955/mea.vol2.iss3.pp84-108

Muqsith, N. A., & Murtianingsih. (2022). The Effect Of Institutional Ownership , Leverage , and Firm Size On Earnings Management. International Journal of Educational Research & Social Sciences, 3(2), 778–790. https://doi.org/https://ijersc.org
Nugroho, V., & Radyasa, Y. (2019). Pengaruh Likuiditas, Ukuran Perusahaan, dan Leverage Terhadap Kualitas Laba Pada Perusahaan Manufaktur. Jurnal Ekonomi Dan Pembangunan, 10(2), 80–91. https://doi.org/10.22373/jep.v10i2.39
Pradnyawati, S. O., Kepramareni, P., & Masyi, K. (2021). Manajemen Laba Dan Analisis Faktor Yang Mempengaruhinya. Jurnal Ilmiah Akuntansi Dan Bisnis, 6(1), 10-23.
Putri, I. D., & Kadarusman. (2021). Pengaruh Perencanaan Pajak terhadap Manajemen Laba dengan Ukuran Perusahaan sebagai Variabel Moderasi. Jurnal Inspirasi Ekonomi, 3(3), 1–7. www.idx.co.id.
Rahayu, L. P. (2018). Pengaruh Profitabilitas Terhadap Manajemen Laba Dengan Ukuran Perusahaan Sebagai Moderasi. Jurnal Ekobis Dewantara, 1(2), 14–24.
Sari, R. N., Hardiyanto, A. T., & Simamora, P. (2019). Pengaruh Beban Pajak Tangguhan, Perencanaan Pajak dan Profitabilitas Terhadap Manajemen Laba pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia Periode 2012-2017. Jurnal Online Mahasiswa Bidang Akuntansi, 5(5).
Savitri, E. (2014). Analisis Pengaruh Leverage dan Siklus Hidup Terhadap Manajemen Laba pada Perusahaan Real Estate dan Property yang Terdaftar di Bursa Efek Indonesia. Jurnal Akuntansi, 3(1), 72–89. https://ja.ejournal.unri.ac.id/index.php/JA/article/view/2536
Setyawan, B., & Harnovinsah. (2016). Pengaruh Beban Pajak Tangguhan, Profitabilitas, Dan Perencanaan Pajak Terhadap Manajemen Laba (Studi Empiris Pada Perusahaan Manufaktur Sub Sektor Otomotif Dan Komponen Yang Terdaftar Di Bursa Efek Indonesia Periode 2010-2014). Keberlanjutan: Jurnal Manajemen Dan Jurnal Akuntansi, 1(1), 15–40.
Solimun, Nurjannah, AMaliana, L., & Fernandes, A. A. R. (2019). Metode Statistika Multivariat Generalized Structured Component Analysis (GSCA) Pemodelan Persamaan Struktural (SEM) (1st ed., pp. i-xxi+210). UB Press.
Sulistyanto, H. S. (2018). Manajemen Laba (Teori & Model Empiris) (M. A. Listyandari (ed.); Cetakan II). Grasindo. https://www.ptonline.com/articles/how-to-get-better-mfi-results
Suyoto, H., & Dwimulyani, S. (2019). Pengaruh Leverage dan Perencanaan Pajak Terhadap Manajemen Laba dengan Profitabilitas Sebagai Variabel Moderasi. Prosiding Seminar Nasional Pakar, 2.15.1-2.15.9.
Ulfa, T., Zulfikar, R., & Sholikhan Yulianto, A. (2022). Tax Planning, Company Size, Profit Management, and Profitability as Moderating Variables. Journal of Applied Business, Taxation and Economics Research (JABTER), 1(5), 439–449. https://doi.org/10.54408/jabter.v1i5.88