


**THE EFFECT OF TAX PLANNING, INTELLECTUAL CAPITAL,
AND ACCOUNTING CONSERVATIONS ON EARNINGS
MANAGEMENT (STUDY OF CONSUMER GOODS SECTOR
COMPANIES LISTED ON THE INDONESIAN STOCK
EXCHANGE 2019- 2022)**

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Article Info	ABSTRACT
<p>Article history: Received July 05,2024 Revised July 25, 2024 Accepted Aug 05, 2024</p> <p>Keywords: Tax Planning, Intellectual Capital, Accounting Conservatism, Earnings Management</p>	<p>This study aims to determine the effect of tax planning, intellectual capital, and accounting conservatism on earnings management of consumer goods sector companies listed on the Indonesia Stock Exchange in 2019-2022. The research method uses multiple linear regression analysis with a quantitative approach. This study used a sample of 104 data with sampling using the purposive sampling technique. The measuring instrument used is Statistical Package for the Social Sciences (SPSS) version 25. The results showed that simultaneously tax planning, intellectual capital, and accounting conservatism had no effect on earnings management with a significance value of 0.460. The partial test results show that tax planning has a significant positive effect on earnings management with a significance value of 0.028 based on agency theory, where companies try to pay the minimum possible tax to the government so as not to reduce the profit earned in the current year. Intellectual capital has no effect on earnings management with a significance value of 0.730. This is because in the Value Added Intellectual Coefficient (VAIC), employee expenses are not counted as costs. Accounting conservatism has no effect on earnings management with a significance value of 0.704; this is due to the implementation of the International Financial Reporting Standards (IFRS) guidelines in Indonesia. The coefficient of determination shows a value of 0.024, indicating that the variables included in the model are able to influence earnings management by 2.4%.</p> <p style="text-align: right;">This is an open-access article under the CC-BY 4.0 license.</p> <div style="text-align: right;">  </div>

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INTRODUCTION

According to the Statement of Financial Accounting Concept (SFAC) No. 1 on Financial Reporting, it is explained that profit information is the main component in evaluating management performance. Management, especially managers whose performance has been measured based on profit information, tends to pay more attention to the level of profit earned, which encourages the emergence of deviant behavior called profit management actions.

According to Putra and Sukartha (2023), in profit management, information about profit in financial statements is often the target of engineering by management to maximize its satisfaction. This condition or thing can occur when a manager uses his or her considerations to create financial statements that can make stakeholders believe about important conditions in a company. Company management especially the manager tries his best to achieve the goal of maximizing its satisfaction by using the management to regulate, increase, and decrease the company's profits (Nurwati, et al. 2023).

Managers as part of company management have full power in managing the company and have the freedom to adjust the accounting methods used in preparing financial statements (Makhfiah 2023). Adjusting financial statements is an action that is not uncommon for management to take. Manipulating company profits either by increasing income in the current year or making profit reserves for the following year is a method often used by management.

Profit management behavior is described as negative behavior because profit management causes the display of financial information to not reflect the actual situation. Profit information in financial statements is the main concern to assess how well the company's management performance or accountability is.

The trigger factor for earnings management practices is the existence of an agency problem (agent problem) that arises as a result of a conflict (Yusnita 2023). Agency problems arise as a result of misalignment of interests between principals (owners) and agents (management). interests between principals (owners) and agents (management).

The high and low level of financial statement manipulation by management can be caused by tax planning (Fadillah 2022). Management is motivated to practice earnings management to influence the amount of tax by lowering the profit to be reported so as to reduce the tax that should be paid with the aim of showing high profits to the principal as a form of accountability for the delegation given by the principal to the agent in managing the company.

Intellectual capital is an intangible asset owned by a company that consists of information and knowledge resources that function to increase competitiveness and can improve company performance (Rantung and Salim 2024). Intellectual capital is considered a resource that is difficult to measure and used to measure financial performance. Agency theory explains that earnings management can be influenced by the existence of information asymmetry that can affect management's decisions in managing resources.

Accounting conservatism is a principle that implies the lowest value of assets and income and the highest value of liabilities and expenses that should be chosen to be reported and requires an accountant to display a pessimistic attitude when choosing accounting methods for financial reporting (Sucita 2023). Principles of accounting conservatism limit management's opportunistic behavior in taking advantage of

positions. They are internal parties of the company who know more information about the company to carry out profit management actions; thus, accounting conservatism can minimize expenses related to agency costs so as to improve the quality of profits and maintain the company's value (Tita et al. 2022).

The manufacturing industry in the consumer goods sector was chosen in this study because it was able to attract investors to be able to compete with potential in every increase. Therefore, the company was established to obtain maximum profits so that the company could operate and grow (Yusnita 2023). Another reason for choosing this sector is that the consumer goods sector is one of the most significant sectors in making a major contribution to national economic growth. Performance of companies in the consumer goods industry sector consistently recorded positive levels of productivity, investment, exports that continue to increase, as well as labor absorption, which is considered better than other sectors.

Inconsistency of the results of previous research, the researcher retested these variables by conducting a 4-year study (2019-2022) in companies in the consumer goods industry sector with data processing techniques using the Statistical Package for the Social Sciences (SPSS) software version 25. The researcher updated the results of the study to find out if the results produced today are different from the results of previous studies.

METHODS

The researcher took two ways in selecting the collection method. data, this method is library research; this research obtains information related to the problem researched through books, journals, theses, the internet, and other data related to research. The second thing that the researcher does is the documentation method. This research is researched through the collection of information to complete the problems through documentation. The documentation taken is a report. Annual corporate finance obtained through the web www.idx.co.id and the official website of the company is the sample of the research.

The data analysis method used in this study is statistics. descriptive, classical assumption test, and hypothesis test. This research is research that uses quantitative analysis with the theory tested through secondary data analysis with the help of the IBM SPSS version 25 application. A data quality test uses classical assumption tests, which include normative tests, multicollinearity test, autocorrelation test, and heteroskedasticity test. Test The hypothesis was used multiple linear regression analysis

RESULT AND DISCUSSION

Table 1 Results of the Partial Significance Test (t-Test)

Model	<i>Coefficients^a</i>		t	Sig.
	<i>Unstandardized Coefficients</i>	<i>Standardized Coefficients</i>		
B		<i>Std. Error</i>	<i>Beta</i>	
(Constant)	-256.222	127.045		-2.017 .046
Tax Planning	3.467	1.556	.219	2.228 .028
Intellectual Capital	.027	.079	.034	.346 .730
Konservatisme Akuntansi	-.080	.211	-.038	-.381 .704

a. *Dependent Variable*: Manajemen Laba

Source: SPSS version 25 data, (2024)

The result of the calculation in the regression equation is obtained with a constant value of -256.222. The tax planning coefficient has a value of 3.467, intellectual capital 0.027, and accounting conservatism -0.080. Based in table 1, the regression equation formed in thus regression test is. $Y = -256,222 + 3,467X_1 + 0,027X_2 - 0,080X_3 + e$

Information:

Y : Earnings Management

α : Constant

β : Regression Coefficient

X1 : Tax Planning

X2 : Intellectual Capital

X3 : Accounting Conservatism

e : Error

The result of the regression equation can be interpreted as follows:

- The constant value of -256.222 means that if the values of the variables X1 (tax planning), X2 (intellectual capital), and X3 (accounting conservatism) are equal to 0, then the fixed value or initial value of the variable Y (profit management) is -256.222.
- The value of the tax planning coefficient of 3.467 means that every 1 unit increase in the value of the tax planning variable will cause an increase in the profit management value of 3.467.
- The coefficient value of intellectual capital is 0.027, meaning that every increase of 1 unit of value in the intellectual capital variable will cause an increase in the profit management value of 0.027.
- The value of the accounting conservatism coefficient of -0.080 means that every 1 increase in the value unit of the accounting conservatism variable will cause a decrease in the profit management value of 0.080.

Explanation:

- Tax planning variables are proxied with tax calculations. Retention Rate Obtained a value t calculated against profit management 2.228 with the value of t table = $t(a/2; n-k-1) = (0.05/2; 104-3-1) = (0.025; 100) = 1,984$. Calculate $>$ Table (2,228 $>$ 1,984) and value significance is less than 0.05 (0.028 $>$ 0.05), so it can It is concluded based on this first (partial) t test that tax planning variables have a significant positive effect on management.
- Through the second test, an estimate of the intellectual variable capital that is proxied by the calculation of Value Added Intellectual Coefficient (VAIC). Obtaining the calculation of the value of Calculate the profit management of 0.346 with the value of t table = $t(a/2; n-k-1) = (0.05/2; 104-3-1) = (0.025; 100) = 1,984$.

Count < Table (0.346 > 1.984) and the significance value is greater than 0.05 (0.730 > 0.05) so that it can be inferred based on the test of t (partial) of these two, then the intellectual capital variable does not have a significant effect on profit management.

- c. Through the third test, an estimate of the variable Accounting conservatism proxied with total accruals measure to obtain a value of t calculated on profit management of -0.381 with table t value = $t(a/2; n-k-1) = (0.05/2; 104-3-1) = (0,025; 100) = 1,984$. Tcount < Table (-0.381 < 1.984) and significance value greater than 0.05 (0.704 > 0.05) therefore can It is concluded based on this third (partial) t test, then Accounting conservatism has no significant effect on profit management.

Table 2 Test Result F (Simultaneous)

ANOVAa						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	88743.000	3	29581.000	1.834	.146 ^b
	Residual	1612843.836	100	16128.438		
	Total	1701586.837	103			

- a. Dependent Variable: Manajemen Laba
 b. Predictors: (Constant), Konservatisme Akuntansi, Tax Planning, Intellectual Capital

Based on table 2, the F value is calculated as 1.834 where F table = $t(\alpha/2; n-k-1) = (0.05/2; 104-3-1) = (0.025; 100) = 2.70$, and a significance of 0.146. This shows that the value of $F_{cal} < F_{tabel}$ (1.834 < 2.70) and the significance value > 0.05 (0.146 > 0.05). Then you can It is concluded that tax planning, intellectual capital, and conservatism accounting has no simultaneous effect on profit management.

1. The Effect of Tax Planning on Profit Management

The results of tax planning research have a positive effect on management. Profit based on agency theory is quite effective; this can It is indicated that tax planning has a significant effect on Opportunities for Company Managers (Agents) to Perform Management Actions profit, so that it represents that the average company has taken profit management actions as a form of minimizing Obligation to pay the tax burden (Antonius and Tampubolon 2019).

As explained by Widyantoro et al. (2023), one of the motivations of the management in the practice of profit management is the motivation tax. Management (agent) is motivated to practice profit management to influence the amount of taxes by lowering the profits that will be reported so as to reduce the tax that should be paid.

Motivation of managers (agents) in an effort to generate profits on reports Finance aims to gain appreciation from the owner (principal). This is because the benchmarks used to assess the performance of the party Company management (agent) based on the profit information generated on the financial statements. Therefore, the management tries to minimize the tax burden so as not to reduce the profits obtained with the aim of

showing a high amount of profit to the principal as a form of delegate liability given by the principal to the agent in managing the company.

The results of this study are in line with the research conducted by Putri, (2022); Fadillah, (2022); Ali and Cahyani (2021); Cahyani dan Hendra (2020). where the results of the study show that tax planning is influential significant positive on profit management.

2. The Effect of Intellectual Capital on Profit Management

Intellectual capital has no effect on profit management because in the VAIC (Value Added Intellectual Coefficient) model, the burden on employees (labor expense) is not calculated as a cost in the calculation of the company input (IN). This is due to the active role of employees in the value creation process, so that employees are considered entities (value-added entities) and are not considered an operational cost.

The results of this study are in line with the research conducted by Rantung dan Salim, (2024); serta Supatminingsih dan Wicaksono, (2019) where the results of the study show that intellectual capital is not affect profit management.

3. The Effect of Accounting Conservatism on Profit Management

Accounting conservatism has no effect on profit management due to the application of International Financial Reporting Standards (IFRS) in Indonesia (Sari, M. L. 2015). The implementation of IFRS provides new policies, which in their implementation can dilute the principles of conservatism. For example, there is a revaluation of fixed assets owned by a company. Although a company has reduced profit management actions with an income maximization pattern, such as choosing a depreciation method for fixed assets that can report lower profits, the implementation of IFRS can limit this because at the end of the accounting period, fixed assets owned by a company must be revalued.

Accounting conservatism has no effect on profit management in this study, which is also due to the fact that the companies in the research sample mostly tend to maximize profits or increase profits for the current year period rather than doing accounting conservatism. The company aims to increase the value of its shares because the value of high stocks can increase market confidence not only in the company's current performance but also in the company's prospects in the future, at the same time having the potential to make it easier for companies to get loan funding from banks. The results of this study are in accordance with previous research conducted. by Saputri dan Mulyati (2020); serta Sari, M.L.(2015) states that accounting conservatism has no effect on profit management.

4. The Effect of Tax Planning, Intellectual Capital, and Conservatism Simultaneous Accounting for Profit Management

There is no influence of tax planning variables on profit management because intellectual capital variables partially do not have influence on profit management with a significance value of 0.730, which is higher than other independent variables, thus causing. When tests were carried out simultaneously, the results of the study were obtained that tax planning had no effect on profit management. Intellectual capital has no effect on

profit management, this is because in the VAIC (value-added intellectual cost) model, employee expenses are not calculated as costs in the calculation of input values for the for the company. This is based on the fact that employees have an active role in creating added value and cannot be counted as a company's operational cost (Wijaya 2012).

Accounting conservatism has no effect on profit management. due to the implementation of International Financial Reporting Standards (IFRS) in Indonesia (Sari, M. L. 2015). The application of IFRS provides new policies, which in their application can dilute the principles of conservatism. One example is the revaluation policy of fixed assets owned by companies that requires companies to revaluation of fixed assets owned at the end of the period

CONCLUSION

Based on the results of the research discussion that has been carried out, the author The following conclusions were obtained:

1. Tax planning has a significant positive effect on profit management. This is proven in the t-test (partial), which obtained a significance value smaller than 0.05 ($0.028 < 0.05$) with the $T_{count} < T_{Table}$ ($2.228 > 1.984$). The results of this study are in accordance with previous research conducted by Putri, (2022); Fadillah, (2022); Ali and Cahyani (2021); Cahyani dan Hendra (2020).
2. Intellectual capital has no influence on profit management. This can be proven in the t test (partial) to obtain a significance value of more greater than 0.05 ($0.730 > 0.05$) with the value of $T_{count} < T_{Table}$ ($0.346 < 1.984$). The results of this study are in line with previous research conducted by Rantung dan Salim, (2024); serta Supatminingsih dan Wicaksono, (2019).
3. Accounting conservatism has an effect on profit management. It can be proven in the statistical test t (partial) obtained a significance value greater than 0.05 ($0.704 > .05$) with the value of $T_{count} < T_{Table}$ ($-0.381 < 1,984$). So the results of this study are in accordance with previous research conducted by Saputri dan Mulyati (2020); serta Sari, M.L.(2015).
4. Tax planning, intellectual capital, and accounting conservatism simultaneously have no effect on profit management. This is proven in the statistical test f (simultaneous) obtained a significance value greater than 0.05 ($0.146 > 0.05$) with a value of $F_{count} < F_{Table}$ ($1.834 < 2.70$).

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