

ABSTRACT

This study aims to analyze the factors that influence earnings management on manufacturing companies listed on the Indonesia Stock Exchange from 2021-2022. The independent variables used in this study are fraud triangle which is represented by the variable financial stability, leverage, financial target, nature of industry, effectiveness of supervision, and auditor changes, while the dependent variable used is earnings management. This study uses agency theory to generate testable hypotheses and derive empirical findings from hypothesis testing.

The study uses secondary data with a population of 294 manufacturing companies listed on the Indonesia Stock Exchange during the 2021-2022, using purposive sampling to select a sample of 147 manufacturing companies. The logistic regression analysis method is used to analyze the data.

The results of this study indicate that the fraud triangle represented by financial stability and auditor changes has no effect on earnings management. Then, leverage, financial target, nature of industry, and auditor changes have a positive effect on earnings management, while effectiveness of supervision has a negative and significant effect on earnings management.

Key Word: Financial Stability, Leverage, Financial Target, Nature of Industry, Effectiveness of Supervision, Auditor Changes and Earnings Management