

The Effect Of Tax Planning, Leverage and Corporate Social Responsibility on Earnings Management

Billah Safarina

Universitas Pembangunan Nasional “Veteran” Jawa Timur
Billahsafarina20@gmail.com

Dyah Ratnawati

Universitas Pembangunan Nasional “Veteran” Jawa Timur
Dratnawati67@gmail.com

Abstract

Earnings management remains a critical issue in financial reporting as it may impair the quality of accounting information and potentially mislead stakeholders in making economic decisions. This study aims to examine the effects of tax planning, leverage, and corporate social responsibility (CSR) on earnings management in manufacturing companies within the food and beverage sub-sector listed on the Indonesia Stock Exchange (IDX). The study employs a quantitative research approach using secondary data obtained from companies' annual reports and financial statements for the period 2019–2022. The sample consists of 19 companies selected through a purposive sampling technique, resulting in 76 firm-year observations. Data were analyzed using multiple linear regression based on the Ordinary Least Squares (OLS) method with the assistance of IBM SPSS version 26. The findings reveal that tax planning and leverage have a significant effect on earnings management, whereas corporate social responsibility does not significantly influence earnings management. These results support Agency Theory, suggesting that managers may utilize tax planning strategies and debt structures as mechanisms to influence reported earnings. This study contributes to the growing body of literature on earnings management within the Indonesian food and beverage industry and provides practical implications for investors and corporate managers in assessing the quality and reliability of financial reporting.

Keywords: Tax Planning, Leverage, Corporate Social Responsibility, earnings management.

A. INTRODUCTION

A company's profit is a key piece of information in financial statements that reflects the company's success in managing its operations. Given that profit is generally a primary indicator for assessing a company's success and is used by external parties as a basis for projections to evaluate the company's future prospects, profit figures are often manipulated by company management. The term “profit management” refers to deliberate actions taken by management in determining a company's profit figure, which are generally aimed at maximizing their own profits or personal interests. Financial statements are a crucial tool for management, as these documents not only demonstrate the extent to which the company has achieved its objectives but also serve as a form of management accountability for the company's operations. All stakeholders, both internal and external, use the information contained in financial statements as the basis for economic decision-making (Felicya & Sutrisno, 2020).

The phenomenon of earnings management occurred in Jiwasraya's 2017 financial statements. The creation of reserves that did not comply with applicable regulations resulted in Jiwasraya's financial statements failing to reflect the actual losses. This made the information in the financial statements appear attractive to various stakeholders, particularly insurance policyholders. In reality, however, this information had the potential to be misleading and cause losses for various parties. Earnings management is carried out by management with the aim of manipulating the reported profit figures. Several factors that can influence management in engaging in earnings management practices include tax planning, debt levels (leverage), and corporate social responsibility (Lisa, 2021).

Tax planning comprises a set of strategies designed and implemented by management to minimize the tax burden payable to the government, while remaining within the bounds of prevailing laws and regulations. From the perspective of agency theory, tax planning practices often represent a domain where conflicts of interest between management and shareholders are most apparent. Management tends to exploit loopholes in tax regulations to reduce costs, an action that directly increases reported net profit. This situation creates opportunities for management to engage in earnings manipulation, as reductions in tax liability derived from aggressive tax planning may be utilized to manage earnings fluctuations, thereby presenting a financial performance that appears stable and consistently increasing in the view of shareholders and other stakeholders.

Leverage describes the extent to which a company's assets are financed through debt as opposed to equity. This variable is closely related to monitoring mechanisms within agency theory, wherein high levels of debt impose distinct pressures on management. Companies with high leverage ratios are subject to fixed and substantial obligations regarding interest and principal repayments, necessitating the availability of sufficient cash flow. This pressure may motivate management to engage in earnings management either to avoid violations of debt covenants or to create the perception that the company maintains sound financial performance and is capable of fulfilling its obligations. Conversely, high levels of debt also imply stricter monitoring by creditors, which may effectively constrain management's discretion to manipulate financial statements.

Corporate Social Responsibility (CSR) represents a form of corporate accountability that extends beyond financial performance to encompass the impacts of operations on society and the environment. Based on the stakeholder theory perspective, which aligns closely with agency theory, CSR disclosure is frequently employed by management as a legitimization strategy to demonstrate that the company operates ethically and is attentive to broader interests rather than solely to the maximization of shareholder wealth. The relationship between CSR and earnings management may be viewed from two opposing perspectives: on the one hand, companies that actively disclose CSR

information are considered to exhibit high transparency and a lower likelihood of engaging in earnings manipulation; on the other hand, CSR activities may also be used by management as a tool to divert the attention of the public and investors from underlying earnings management practices, thereby preserving the company's positive image in society.

The present study is also grounded in the findings of prior research. Various studies have demonstrated that tax planning exerts a significant influence on earnings management (Khasanah et al., 2023). This finding contrasts with research conducted by Hidayat (2021), which observed no such significant effect. This discrepancy implies that the implementation of more intensive tax planning does not necessarily affect a company's capacity to engage in earnings management.

Another study conducted by Susanti et al. (2022) indicates that leverage influences earnings management. These results are inconsistent with the findings of Lutfiyah et al. (2023), who demonstrated that leverage has no significant effect on earnings management. High levels of indebtedness, reflected in elevated leverage ratios, contribute to difficulties for management in forecasting future corporate conditions. Simultaneously, creditors impose stricter oversight when companies carry substantial debt burdens. Consequently, management's flexibility to engage in earnings management practices becomes restricted. The findings suggest that the higher a company's leverage level, the lower management's incentive to engage in earnings management. Conversely, lower leverage levels are associated with an increased tendency among managers to undertake earnings management actions.

Research by Sihotang and Budiwitjaksono (2024) asserts that the implementation and disclosure of corporate social responsibility may reduce production costs, yet have no effect on earnings management as measured by operating cash flow and discretionary expenditures. In contrast, findings by Zulkarnain and Helmayunita (2021) confirm that corporate social responsibility exerts a significant positive influence on earnings management practices.

This study is essential due to persistent inconsistencies in the findings of previous research regarding the determinants of earnings management, which constitute a research gap requiring further clarification. Furthermore, this research makes a tangible contribution to understanding financial reporting behavior within the food and beverage manufacturing sector, an industry of strategic importance to the national economy. The findings serve not only as a basis for the development of agency theory within the accounting context but also provide a critical reference for investors, creditors, and policymakers in assessing the quality of financial information, thereby minimizing the risk of erroneous decision-making resulting from detrimental earnings manipulation practices.

Theoretically, this study grounds its analysis in Agency Theory, which explains the contractual relationship between company owners (principals) and management (agents) authorized to administer corporate resources. Within this framework, differences in interests and information asymmetry between the two parties motivate management to act rationally and prioritize personal gain, potentially triggering earnings management practices. This theory serves as the primary foundation for understanding how corporate strategic policies may influence management decisions regarding financial reporting, whether as a means to meet owner expectations or as a response to monitoring by external parties.

In the effort to satisfy diverse interests, various methods are often employed to maximize reported profit, one of which is earnings management. A comprehensive understanding of the patterns and techniques of earnings management can enhance the quality of accounting information—particularly the income statement—which serves as the primary basis for investment decision-making. Accordingly, the topic entitled “The Effect of Tax Planning, Leverage, and Corporate Social Responsibility on Earnings Management in Manufacturing Companies in the Food and Beverage Industry Sub-Sector Listed on the Indonesia Stock Exchange” represents a subject worthy of further investigation and detailed analysis.

B. METHOD

In this study using quantitative research. The object of this research uses financial reports or annual report. This financial report or annual report contains the information needed to test the research variables. The target population in this study includes companies in the manufacturing sector of the food and beverage industry sub-sector with a total population of 43 companies. The sample of this study used purposive sampling method, namely by sampling with several criteria for a certain period. Some of the criteria determined to obtain this research sample are as follows: (1) Manufacturing firms in the subsector of the food and beverage industry that were listed on the Indonesia Stock Exchange (IDX) in 2019-2022. (2) Businesses that release annual reports or financial reports from 2019 to 2022 in a thorough and consistent manner. (3) Businesses that turn a profit during the research period as shown in the financial accounts. (4) Businesses who reveal their CSR during the study phase. (5) Businesses that accept rupiah as payment. (6) Businesses that possess comprehensive information about the research factors. Based on the data collection, 19 companies were obtained that met the sample criteria with a total of 4 years of research, so that the data to be processed was 76 data. This study uses multiple linear regression analysis and SPSS version 26 is utilized for data processing. The type of data used in this inquiry are secondary data. Secondary data

itself is data that is guided by existing information from predetermined sources and the author is not the first hand. The data collection technique used in this research is documentation. The information can be gathered in Microsoft Excel and the paperwork can be found on the Indonesia Stock Exchange website (www.idx.co.id). The documents in question are annual reports of firm financial reports.

C. RESULT AND DISCUSSION

Research Results

Descriptive Statistics

The outcomes of the descriptive statistical test are shown in Table 1 as follows:

Table 1. Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Tax Planning	76	.137	18.463	.98107	2.035355
Leverage	76	.098	2.246	.39795	.265141
Corporate Social Responsibility	76	.267	1.000	.60833	.245259
Manajemen Laba	76	-.053	.057	-.00834	.021441
Valid N (listwise)	76				

Source: IBM SPSS 26 output (2024)

Based on the descriptive test results above, the data obtained by researchers can be distributed, namely:

1. The tax planning variable (X1), from these data it can be described that the mean value of 0.981 is smaller than the standard deviation of 2.035. The maximum, the tax planning variable has an overall heterogeneous distribution. Therefore, there is a significant difference in value between one data and another. After that, there is a minimum value on the tax planning variable of 0.137 while the maximum value is 18.463.
2. Leverage variable (X2), from the data it can be described that the mean value of 0.397 is greater than the standard deviation of 0.265. This means that the leverage variable has an overall homogeneous distribution. Therefore, there is no significant difference in value between one data and another. After that, there is a minimum value of 0.098 and a maximum value of 2.246.
3. The corporate social responsibility variable (X3), from the data shows that the mean value of 0.608 is greater than the standard deviation of 0.245. This means that the corporate social responsibility variable has an overall homogeneous distribution. Therefore, there is no significant difference in

value between one data and another. After that, there is a minimum value of 0.267 and a maximum value of 1.000.

4. Earnings management variable (Y), the data shows the mean value of 0.008 is smaller than the standard deviation of 0.021. This means that the earnings management variable is heterogeneously distributed as a whole. Therefore, there is a significant difference in value between one data and another. After that, there is a minimum value of -0.053 and a maximum value of 0.057.

Normality Test

The results of the normality test are as follows:

Table 2. Normality Test

One-Sample Kolmogorov-Smirnov Test		Rank of RES_1
N		76
Normal Parameters ^{a,b}	Mean	38.50000
	Std. Deviation	22.083176
Most Extreme Differences	Absolute	.062
	Positive	.062
	Negative	-.062
Test Statistic		.062
Asymp. Sig. (2-tailed)		.200 ^{c,d}

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Source: Output IBM SPSS 26 (2024)

Based on the table shows that the Kolmogorov-Smirnov value obtained sig = 0.200 > 0.05. such that the Kolmogorov-Smirnov value exceeds the 0.05 value in the Kolmogorov-Smirnov table. Consequently, it can be said that the regression model has a normal ditribution.

Classical Assumption Test

Multicollinearity Test

The following is the value of tolerance and VIF value in the table below:

Table 3. Multicollinearity Test

		Coefficients ^a					Collinearity Statistics	
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Tolerance	VIF
		B	Std. Error	Beta				
1	(Constant)	-.009	.008		-1.179	.242		
	Tax Planning	.000	.001	-.043	-.360	.720	.980	1.020
	Leverage	.003	.010	.043	.358	.721	.982	1.018
	Corporate Social Responsibility	.000	.010	-.005	-.043	.966	.974	1.027

a. Dependent Variable: Manajemen Laba

Source: Output IBM SPSS 26 (2024)

The above table's results indicate that if the tolerance value is larger than 0.10, multicollinearity does not exist, if the VIF value is less than 10, multicollinearity also does not exist. Therefore, there are no signs of multicollinearity in the regression model analyzing the impact of tax planning, leverage, and corporate social responsibility on earnings management.

Heteroskedasticity Test

Table 4. Heteroskedasticity Test

		Coefficients ^a			t	Sig.
Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta		
1	(Constant)	.018	.005		3.531	.001
	Tax Planning	-.001	.001	-.125	-1.064	.291
	Leverage	-.005	.006	-.094	-.798	.427
	Corporate Social Responsibility	.001	.007	.018	.151	.881

a. Dependent Variable: RES2

Source: Output IBM SPSS 26 (2024)

The conclusion that there is no heteroscedasticity can be drawn from the table of heteroscedasticity test results using the Gletsjer technique, which indicates that each independent

variable's significance value is greater than 0.05.

Autocorrelation Test

Table 5. Autocorrelation Test

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.058 ^a	.003	-.038	.021847	2.009

a. Predictors: (Constant), Corporate Social Responsibility, Leverage, Tax Planning

b. Dependent Variable: Manajemen Laba

Source: Output IBM SPSS 26 (2024)

Based on the table above, the Durbin-Watson value of this study is 2.009 so that the dU value based on the Durbin-Watson table is 1.7104 and dL 1.5467. Therefore, decision making based on criteria, namely:

1. $4 - dL = 4 - 1.5467 = 2.4533$
2. $4 - dU = 4 - 1.7104 = 2.2896$
3. If $dU < D < 4 - dU$ then the null hypothesis is accepted, meaning there is no autocorrelation.
4. So $1.7104 < 2.009 < 2.2896$ there is no autocorrelation

Multiple Linear Regression Analysis Test

Table 6. Multiple Linear Regression Analysis Test

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.009	.001		-7.626	.000
	Tax Planning	.000	.000	-.285	-2.579	.012
	Leverage	.003	.001	.266	2.412	.018
	Corporate Social Responsibility	-.001	.002	-.066	-.600	.550

a. Dependent Variable: Manajemen Laba

Source: Output IBM SPSS 26 (2024)

Based on the results of the regression analysis in the table above, the regression equation is obtained as follows:

$$\text{Earnings Management} = -0.009 + 0.000X_1 + 0.003X_2 + (-0.001X_3) + e$$

From the results of the regression equation above, the conclusions that can be drawn are as follows:

1. The constant value of -0.009 is a constant or a state when the dependent variable earnings management (Y) has not been influenced by the independent variables tax planning (X1), leverage (X2), and Corporate Social Responsibility (X3).
2. The tax planning variable's regression coefficient value is positive, at 0.000. The tax planning variable and the profits management variable have a unidirectional relationship, as indicated by the positive regression value. Assuming that all other independent variables remain constant, profits management will increase by 0.000 if tax planning increase by one unit.
3. The regression coefficient value of the leverage variable shows a positive number of 0.003. The positive regression value indicates a unidirectional relationship between the leverage variable and the earnings management variable. This shows that if the leverage variable increases by one unit, then earnings management will increase by 0.003 assuming all other independent variables are constant.
4. The regression coefficient value of the corporate social responsibility variable is -0.001. If corporate social responsibility increases by 1 unit, the value of earnings management decreases by 1 unit. So, there is a negative correlation between 2 variables, namely corporate social responsibility and earnings management.

Hypothesis Test

Partial Hypothesis Test (T Test)

Table 7. Partial Hypothesis Test (T Test)

		Coefficients^a				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	-.009	.001		-7.626	.000
	Tax Planning	.000	.000	-.285	-2.579	.012
	Leverage	.003	.001	.266	2.412	.018
	Corporate Social Responsibility	-.001	.002	-.066	-.600	.550

a. Dependent Variable: Manajemen Laba

Source: Output IBM SPSS 26 (2024)

The significant value that is obtained from the preceding table indicates how the independent variable affects the dependent variable. A significant effect can be declared if the significance value is < 0.05 and the t value can show whether a link is positive or negative. The findings of the research t test are as follows:

1. Tax planning has a significance value of $0.012 < 0.05$ with a t value of -2.579 negative direction. This indicates that the earnings management variable is significantly impacted by the tax planning variable, supporting the acceptance of research H1: “Tax Planning affects Earnings Management”.
2. Leverage has a significance value of $0.018 < 0.05$ with a t value of 2.412 in the positive direction. This indicates that the earnings management variable is significantly impacted by the leverage variable, supporting the H2 research’s conclusion that “Leverage affects Earnings Management”.
3. Corporate Social Responsibility has a significance value of $0.550 > 0.05$ with a t value of -0.600 in the negative direction. This means that the corporate social responsibility variable has no significant effect on the earnings management variable, so that H3 research is rejected that “Corporate Social Responsibility has no effect on Earnings Management”.

Simultaneous Test (F Test)

The results of the simultaneous test are as follows:

Table 8. Simultaneous Test (F Test)

ANOVA^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.000	3	.000	3.844	.013 ^b
	Residual	.001	72	.000		
	Total	.001	75			

a. Dependent Variable: Manajemen Laba

b. Predictors: (Constant), Corporate Social Responsibility, Leverage, Tax Planning

Source: Output IBM SPSS 26 (2024)

The table above shows that there is a simultaneous influence with a calculated F value of 3.844 and a significance level of 0.013. This shows that the significant value of $0.013 < 0.05$ and the calculated value of $3.844 > 2.730$. It is possible to draw the conclusion that the equation simultaneously or jointly the variables of tax planning, leverage, and corporate social responsibility

have a significant effect on earnings management.

Test The Coefficient of Determination (R2)

The results of testing the coefficient of determination in the equation are shown in the table as follows:

Table 9. The Coefficient of Determination Test

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.372 ^a	.138	.102	.00326

a. Predictors: (Constant), Corporate Social Responsibility, Leverage, Tax Planning

Source: Output IBM SPSS 26 (2024)

Based on the table above, it is known that R Square is 0.138 or 13.8% which indicates that there is a simultaneous influence between variables X1, X2, and X3 on variable Y by 13.8% and the remaining 86.2% is influenced by other variables.

Discussion

Tax Planning affects Earnings Management

Based on the results of hypothesis testing, the significant t value of 0.012 which is smaller than the significance of 0.05, indicates that tax planning has an impact on profits management. Therefore, H1 is accepted. The hypothesis results obtained in this study are in accordance with research (Fadillah, 2022) which states that companies carry out tax planning in order to minimize the tax costs that will be paid to the government, this aims to maximize profit after tax, so it can be concluded that the higher the tax planning carried out, the higher the effort to carry out earnings management. The results of this study are also in line with agency theory because agency theory examines tax planning strategies and earnings management in the context of the interaction between shareholders and corporate management, the study’s findings are also consistent with this theory. In agency theory, there is information asymmetry and different interests between shareholders as owners of the company and company management acting on their own behalf.

Theoretically, the concept of tax planning is defined by Pohan (2016) as a series of strategies and actions designed to arrange business and financial transactions in such a way that the tax burden is minimized while remaining fully compliant with applicable laws and regulations. Meanwhile, earnings management, according to Scott (2015), refers to management’s deliberate intervention in

the process of financial reporting to obtain personal or specific benefits, often by utilizing flexibility in accounting standards or regulatory loopholes. The grand theory used to explain this relationship is Agency Theory, originally introduced by Jensen and Meckling (1976). This theory explains the contractual relationship between owners (principals) and management (agents), where conflicts of interest and information asymmetry often occur. In the context of this study, management holds more detailed information about the company's financial condition compared to shareholders. Tax planning is one area where this conflict appears clearly: management seeks to reduce tax expenses to increase reported net profit, while shareholders expect accurate and transparent performance reports. The results of this study confirm Agency Theory, showing that management uses tax planning as a tool to manage earnings, aligning with the assumption that agents act opportunistically to optimize results that appear favorable to principals.

These findings are consistent with several previous studies. Khasanah, Suprihati, and Samanto (2023) found that tax planning has a positive and significant effect on earnings management, explaining that companies that aggressively arrange their tax obligations tend to adjust reported profits to maintain a stable and increasing performance trend. Similarly, Fitriany (2005) and Sumombo (2010) proved that the more intensive tax planning is carried out, the greater the tendency of management to practice earnings management, because lower tax costs directly provide flexibility in regulating profit figures. Research by Gulo and Mappadang (2022) also supports this, stating that tax planning creates opportunities for management to modify financial reports to achieve both tax efficiency and targeted profit levels.

However, the results of this research differ from studies conducted by Hidayat (2021) and Purwaningsih (2022), which concluded that tax planning has no significant effect on earnings management. They argue that in certain sectors or conditions, tax planning is merely a technical compliance activity and does not become a tool for manipulating profits, especially if supervision from external parties or governance mechanisms is very strict. Likewise, Yusrianti (2015) found a negative relationship, meaning that better tax planning actually reduces earnings management, because companies that manage taxes well tend to be more transparent and avoid manipulation to maintain their reputation. These differences occur due to variations in sample characteristics, measurement methods, or regulatory environments, which show that the relationship between tax planning and earnings management is influenced by other contextual factors.

In conclusion, this study confirms that tax planning is a significant determinant of earnings management in food and beverage companies. Management uses tax strategies to regulate reported profits, and this behavior is strongly explained by Agency Theory. The findings align with the view

that tax planning and earnings management are two related practices used to optimize financial outcomes, although some previous studies show different results depending on specific conditions and settings.

Leverage affects Earnings Management

Based on the hypothesis testing, leverage has an impact on earnings management, as demonstrated by the significance t value of 0.018 which is less than the significance of 0.05, according to the hypothesis testing. Therefore, H2 is accepted. The hypothesis results obtained in this study are in accordance with research (Sari & Susilowati, 2021) which states that if the company has a large amount of debt, the company tends to have high business risk, because the company is worried that it cannot pay the existing debt. Thus resulting in a violation of the debt contract. The study's findings are consistent with agency theory, which explains why there may be a conflict between principals (shareholders) and agents (management). If the level of debt (leverage) is high, it means that the tendency of companies to carry out earnings management is also high. Companies with high levels of debt may feel more burdened by the obligation to pay interest and debt, so they have the urge to carry out earnings management in order to create the impression of better performance and avoid a decline in stock prices that may occur due to financial problems caused by leverage.

The concept of leverage is defined by Van Horne and Wachowicz (2012) as the extent to which a company uses fixed-income securities such as debt and preferred stock in its capital structure, reflecting the proportion of assets financed by creditors rather than shareholders. Meanwhile, earnings management, according to Healy and Wahlen (1999), refers to the alteration of financial reports by management to either mislead stakeholders about underlying economic performance or influence contractual outcomes that depend on reported accounting numbers. The grand theory underlying this relationship is Agency Theory, developed by Jensen and Meckling (1976), which describes the contractual relationship between principals (owners) and agents (management). Within this framework, high leverage creates significant pressure on management due to fixed repayment obligations and monitoring by creditors. This condition creates a conflict of interest: while creditors expect accurate reports to assess risk, management has an incentive to manipulate earnings to maintain the company's reputation, avoid debt covenant violations, and secure continued access to funding. The results of this study confirm Agency Theory, showing that higher debt levels increase the motivation for earnings management, as management acts opportunistically to protect the company's position and, consequently, their own interests.

These findings are consistent with several previous studies. Susanti et al. (2022) found that leverage has a positive and significant effect on earnings management, explaining that companies

with high debt ratios tend to adjust their reported profits to present a healthier financial condition and reduce the perceived risk by investors and lenders. Similarly, Widyaningtyas (2017) demonstrated that the higher the level of debt, the greater the tendency for management to engage in earnings management, driven by the need to maintain solvency and comply with contractual restrictions. Research conducted by Kartikaningsih (2015) also supports this result, concluding that leverage is a determining factor in earnings management practices because debt agreements often rely on accounting figures, giving management strong incentives to manipulate those numbers.

However, the results of this study differ from research conducted by Lutfiyah et al. (2023) and Pratiwi (2020), which concluded that leverage has no significant effect on earnings management. They argue that high levels of debt actually lead to stricter supervision and monitoring by creditors and external parties, which effectively limits management's freedom to manipulate financial statements. In this view, the presence of debt serves as a controlling mechanism rather than a trigger for manipulation. Furthermore, Septiani (2018) found a negative relationship, indicating that companies with high leverage tend to report earnings more conservatively and avoid manipulation, as the risk of detection and legal consequences from lenders outweighs the benefits of managing earnings. These differences occur due to variations in corporate governance quality, industry regulations, or the strength of creditor rights in different contexts, showing that the relationship between debt and earnings management is influenced by the strength of external monitoring.

In conclusion, this study confirms that leverage significantly influences earnings management in food and beverage companies. High debt levels create pressure and incentives for management to adjust reported profits, behavior that is strongly explained by Agency Theory. The findings align with the perspective that debt increases agency conflicts and the motivation for manipulation, although some previous studies show different results when monitoring mechanisms are sufficiently strong to restrict such practices.

Corporate Social Responsibility has no effect on Earnings Management

According to the hypothesis test results, corporate social responsibility has no bearing on earnings management since the significant t value 0.550, which is larger than the significance of 0.05. Therefore H3 is rejected. The hypothesis results obtained in this study are in accordance with (Solikhah, 2022) because earnings management practices are actions that are not in accordance with ethics and these actions will not be carried out by companies that have ethics and care in carrying out CSR activities. Companies that do not perform earnings management actions are considered as companies that have a concern for CSR disclosure. The results of this study are not in line with agency theory which emphasizes that managers act as agents for shareholders who have an interest in

maximizing firm value. In this case, managers will be more likely to focus on earnings management practices that can improve financial performance and meet profit targets expected by shareholders rather than having to carry out corporate social responsibility practices that are not directly related to financial goals.

The concept of Corporate Social Responsibility (CSR) is defined by Carroll (1979) as a comprehensive business responsibility encompassing economic, legal, ethical, and discretionary expectations that society has toward organizations. Meanwhile, earnings management, according to Healy and Wahlen (1999), involves management's deliberate intervention in the financial reporting process to mislead stakeholders or influence contractual outcomes. The grand theory employed to analyze this relationship is Stakeholder Theory, introduced by Freeman (1984), which posits that companies must manage relationships with various groups (employees, customers, community, environment) rather than only prioritizing shareholders. In the context of this research, the results indicate that CSR and earnings management operate in separate domains: CSR serves as a mechanism to fulfill accountability to society, while earnings management relates to financial reporting strategies. The finding that CSR has no significant effect shows that the implementation of social and environmental responsibility does not automatically restrict or encourage earnings management, because the two activities respond to different interests and objectives. This result is not consistent with the perspective of Agency Theory, which suggests that CSR might be used as a tool to legitimize manipulation; instead, this study proves that CSR disclosure is merely a form of social accountability and does not have a functional relationship with how profits are reported.

These findings are consistent with previous research conducted by Sihotang and Budiwitjaksono (2024), who found that the extent of CSR implementation and disclosure does not have a significant influence on earnings management practices. They argue that CSR activities are often carried out as compliance requirements or strategic image building, without being integrated into financial reporting policies. Similarly, Pratiwi and Devi (2020) concluded that there is no significant relationship between CSR disclosure and earnings management, because the motivation behind social responsibility is driven by ethical considerations and regulatory obligations, rather than being used as a cover for accounting manipulation. Research by Widodo (2018) also supports this result, stating that high or low levels of CSR disclosure do not determine whether management engages in earnings management, since financial reporting decisions are primarily influenced by economic incentives and capital market pressures, not by social performance.

However, the results of this study differ significantly from research conducted by Zulkarnain and Helmayunita (2021), which found that CSR has a significant positive effect on earnings

management. In their view, management actively uses CSR disclosure as a strategy to divert public attention and gain legitimacy, thereby creating space to manage reported profits. Likewise, Cheng and Kung (2016) found a negative and significant effect, where companies with high CSR performance tend to avoid earnings management because they uphold high ethical standards and transparency. Chih et al. (2008) also argued that CSR-conscious companies are less likely to manipulate earnings, as consistency between social behavior and financial integrity is required to maintain reputation. These differences occur due to variations in measurement indicators, sample characteristics, and institutional environments, showing that the relationship between CSR and earnings management depends on whether CSR is implemented genuinely as an ethical commitment or merely as a symbolic strategy.

In conclusion, this study confirms that Corporate Social Responsibility does not have a significant effect on earnings management in food and beverage companies. This finding implies that social and environmental accountability is carried out independently of financial reporting policies, and that high CSR disclosure does not guarantee or prevent the occurrence of earnings management. This result aligns with Stakeholder Theory, which views CSR as a separate dimension of corporate responsibility, while earnings management remains driven by economic and financial considerations.

D. Conclusions

This purpose of this study is to investigate the impact of Tax Planning, Leverage, and Corporate Social Responsibility on Earnings Management in manufacturing companies in the food and beverage industry sub-sector listed on the Indonesia Stock Exchange in 2019-2022. As a result of the investigation and debate outlined in the preceding chapter, the study's conclusions are as follows: (1) Tax Planning affects Earnings Management. (2) Leverage affects Earnings Management (3) Corporate Social Responsibility has no effect on Earnings Management.

Based on the results of the discussion that has been described, several suggestions can be explained for further researchers, management and investors. The following are suggestions that can be given, namely: for future researchers (1) This study only focuses on three X variables and one Y variable, but it is hoped that future researchers can multiply the analysis by adding variables that have the potential to influence the results. (2) It is hoped that future researchers will increase the research period so as to increase the accuracy and relevance of the findings, therefore it is advisable to use a longer time interval in future studies. For management. (1) The company hopes that the results of this study can be taken into consideration for better decision making, so as to reduce undesirable management practices. For Investors (1) Regarding investors before making an investment, investors and prospective investors should carefully review the company's financial statements. This is

important because financial reports do not always reflect actual performance and investors need to pay attention to the possibility of earnings management practices carried out by the company.

REFERENCES

- Fadillah, I. N. (2022). Pengaruh Tax Planning Dan Csr Terhadap Manajemen Laba. *SIBATIK JOURNAL: Jurnal Ilmiah Bidang Sosial, Ekonomi, Budaya, Teknologi, Dan Pendidikan*, 1(10), 2253-2264
- Felicya, C., & Sutrisno, P. (2020). Pengaruh karakteristik perusahaan, struktur kepemilikan dan kualitas audit terhadap manajemen laba. *Jurnal Bisnis Dan Akuntansi*, 22(1), 129-138.
- Fitriany. (2005). Pengaruh perencanaan pajak terhadap manajemen laba pada perusahaan manufaktur di Bursa Efek Indonesia [Tesis Magister, Universitas Indonesia].
- Gulo, S., & Mappadang, A. (2022). Pengaruh perencanaan pajak dan beban pajak tangguhan terhadap manajemen laba. *Jurnal Akuntansi dan Keuangan*, 10(1), 45–53.
- Healy, P. M., & Wahlen, J. M. (1999). A review of the earnings management literature and its implications for standard setting. *Accounting Horizons*, 13(4), 365–383. <https://doi.org/10.2308/acch.1999.13.4.365>
- Hidayat, A. (2021). Analisis pengaruh perencanaan pajak terhadap manajemen laba pada perusahaan sektor keuangan. *Jurnal Riset Akuntansi*, 8(2), 112–124.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305–360. [https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X)
- Kartikaningsih, D. (2015). Pengaruh ukuran perusahaan, leverage, dan profitabilitas terhadap manajemen laba. *Jurnal Akuntansi dan Keuangan*, 17(1), 42–52
- Khasanah, F., Suprihati, S., & Samanto, H. (2023). PENGARUH ASET PAJAK TANGGUHAN, BEBAN PAJAK TANGGUHAN, DAN PERENCANAAN PAJAK TERHADAP MANAJEMEN LABA (Studi Kasus Pada Perusahaan Infrastruktur Yang Terdaftar di BEI Pada Tahun 2017-2021). *Jurnal Akuntansi dan Pajak*, 23(2).
- Lisa, O. (2021). Asimetri informasi dan manajemen laba: suatu tinjauan dalam hubungan keagenan. *E-Repository Dosen Universitas Gajayana Malang*.
- Lutfiyah, N., & Nuraini, A. (2023). Pengaruh leverage dan ukuran perusahaan terhadap manajemen laba pada perusahaan manufaktur. *Jurnal Riset Akuntansi dan Keuangan*, 11(2), 189–201.
- Pohan, H. T. (2016). *Manajemen perpajakan: Strategi perencanaan pajak dan manajemen pajak*. Penerbit Mitra Wacana Media.
- Purwaningsih, A. (2022). Pengaruh perencanaan pajak terhadap manajemen laba pada perusahaan nonmanufaktur. *Jurnal Akuntansi Multiparadigma*, 13(1), 78–91.
- Pratiwi, A. R. (2020). Pengaruh leverage, ukuran perusahaan, dan tata kelola perusahaan terhadap manajemen laba. *Jurnal Akuntansi Multiparadigma*, 11(1), 112–125.
- Sari, N. A., & Susilowati, Y. (2021). Pengaruh leverage, ukuran perusahaan, profitabilitas, kualitas audit, dan komite audit terhadap manajemen laba. *Jurnal Ilmiah Aset*, 23(1), 43–52.

- Septiani, W. (2018). Pengaruh leverage dan struktur kepemilikan terhadap manajemen laba. *Jurnal Bisnis dan Akuntansi*, 20(1), 55–68.
- Scott, W. R. (2015). *Financial accounting theory* (7th ed.). Pearson Education.
- Susanti, L., Tania, L., Komala, H. W., & Meiden, C. (2022). Pengaruh Leverage dan Ukuran Perusahaan terhadap Manajemen Laba pada Perusahaan Manufaktur. *Jurnal Ekobistek*, 186–192.
- Sumombo, D. (2010). Pengaruh perencanaan pajak terhadap praktik manajemen laba. *Jurnal Akuntansi dan Auditing Indonesia*, 14(1), 1–16.
- Widyaningtyas, M. (2017). Pengaruh leverage, ukuran perusahaan, dan profitabilitas terhadap manajemen laba. *Jurnal Ilmu dan Riset Akuntansi*, 6(3), 1–18.
- Yusrianti, H. (2015). Hubungan perencanaan pajak dan manajemen laba: Studi empiris pada perusahaan manufaktur. *Jurnal Bisnis dan Ekonomi*, 22(2), 189–201.
- Van Horne, J. C., & Wachowicz, J. M. (2012). *Fundamentals of financial management* (13th ed.). Pearson Education.
- Zulkarnain, R., & Helmayunita, N. (2021). Pengaruh Corporate Social Responsibility, Mekanisme GCG terhadap Manajemen Laba: Pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia. *Jurnal Eksplorasi Akuntansi*, 3(3), 547-566.
- Sari, N. A., & Susilowati, Y. (2021). Pengaruh leverage, ukuran perusahaan, profitabilitas, kualitas audit, dan komite audit terhadap manajemen laba. *Jurnal Ilmiah Aset*, 23(1), 43-52.
- Sihotang, M., & Setyo, G. (2024). Pengaruh Pengungkapan Corporate Social Responsibility terhadap Manajemen Laba: Studi Empiris pada Perusahaan Manufaktur yang Terdaftar di BEI Tahun 2017-2021. *Al-Kharaj: Jurnal Ekonomi, Keuangan & Bisnis Syariah*, 6(1), 22-37.
- Solikhah, I. (2022). Pengaruh Pengungkapan Corporate Social Responsibility (CSR) Terhadap Profitabilitas dan Manajemen Laba (Studi Empiris Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia (BEI) Tahun 2015-2017): Keywords: Corporate Social Responsibility; Profitability; Earnings Management. *Jurnal Akuntansi AKUNESA*, 10(2), 94-106.
- Susanti, L., Tania, L., Komala, H. W., & Meiden, C. (2022). Pengaruh Leverage dan Ukuran Perusahaan terhadap Manajemen Laba pada Perusahaan Manufaktur. *Jurnal Ekobistek*, 186-192.