The Analysis of Corporate Social Responsibility, Managerial Ability, and Tax Planning

Dian Kurniawati¹, Septini Kumalaputri², Hanifah Setyaningrum³

¹,³ Perbanas Institute, Jakarta
² Politeknik Sriwijaya, Palembang
¹dian.kurniawati@perbanas.id, ²septini.kumalaputri@polsri.ac.id
Corresponding email: ³septini.kumalaputri@polsri.ac.id

DOI: https://doi.org/10.54099/aijb.v2i2.627

INTRODUCTION

Financial statements are a communication medium used to connect interested parties to the company and also to account for what the manager does to the owner's resources (Prastiti, 2013). PSAK No. 1 of 2013 concerning the presentation of financial reporting states that the purpose of financial statements is to provide information about the financial position, financial performance, and cash flow of a company entity that is beneficial to a large number of users in making economic decisions and also shows the results of management's responsibility for the use of resources (Dimarcia and Krisnadewi, 2016). The performance of the management of such enterprises is reflected in the profit contained in the income statement. Therefore, the process of preparing financial statements is influenced by certain factors that can affect the quality of financial statements (Deviana et al., 2021; Iskamto, 2015, 2022; Prihastuti et al., 2022; Rudianto et al., 2022).

There are two ways to manage profits, the first is by manipulating accruals without affecting cash flow, or called accrual earning management and the second is by real activities that affect the company's cash flow or called real earning management (Wardani and Kusuma, 2012). The earning management carried out by a company in addition to these two methods can also be opportunistic and efficient or informative. In practice, earning management can affect the relevance and reliability of the financial information presented, potentially harming stakeholders in making decisions (Kusumawardani and Dewi, 2016). This happens because the manager acts not to meet the interests of the owner or the interests of the company, but rather his interests. The owner of the company wants the manager to maximize his well-being without doing anything that could harm the company. On the other hand,
managers also have the drive to maximize their utility in maintaining positions in the company and get higher income or bonuses. From this situation, an agency conflict arises as mentioned by Jensen and Meckling (1976) in agency theory. In agency theory, some parties are principals and agents. The principal in the company is the owner of shares or capital and the manager and the Chief Executive Officer (CEO) is an agent. The principal is interested in the development of the company's capital and the agent is interested in the bonus (reward) to be obtained. In addition to principals and agents, there are also government parties who are interested in the taxes to be collected (Lathiifa & Chaerudin, 2022).

At the beginning of the 21st century, the world was shocked by the revelation of a scandal in the company of Enron Corporation (Corp), one of the major companies in the United States. Enron Corp. was found to have committed financial statement fraud. Furthermore, in 2015, in Japan, a case of financial statement irregularities was revealed by Toshiba Corporation. According to the results of an investigation from an independent committee, Toshiba's company was found to have inflated profits of up to USD1.2 billion over five years. Division leaders are forced to manipulate their financial statement data because the profit targets set by the company's management are considered unrealistic (Integrity Indonesia, 2017). From the above events, it is concluded that in the business world there is often manipulation of financial statements in earning management. Many factors are influential in earning management practices. After conducting a literature review, in this research, the author will take three variables that are quite strategic in making decisions for a manager in managing profits, namely corporate social responsibility, managerial ability, and tax planning.

In conducting business, the company has external responsibility in the form of CSR as stipulated in Law Number 40 of 2007 concerning Limited Liability Companies and Government Regulation Number 47 of 2012 concerning Corporate Social Responsibility. According to Nurlela (2019), corporate social responsibility can be said to be a continuous commitment from the business community, to behave ethically and contribute to economic development, while improving the quality of life of employees and their families, as well as the local community and the wider community in general. Companies that carry out CSR activities and disclose them in financial statements benefit in the form of a positive image from the public and investors. The result of this positive image can be an opportunity for management to carry out earning management because indirectly investors and other users of financial statements have given a good assessment of the company. This CSR activity is used by management as a strategy to defend itself from its actions in managing company profits so that the company's reputation is well maintained and protects the manager's career personally (Kusuma and Syafruddin, 2014).

The next factor influencing earning management practices is managerial ability. In running an enterprise, a reliable manager is needed to efficiently manage the company's resources. Reliable managers will make the most of the company's resources with the help of their professional and academic knowledge (Bhutta, Sheikh, Munir, Naz, and Saif, 2021). Management capabilities are also reflected in the decisions made to run the company which certainly have an impact on the results of operations and the value of the company. If the manager makes the right decision, the company is likely to benefit. On the contrary, inappropriate decisions will harm the company in the future. Therefore, the managerial ability is important to be researched because managers have a leading role in planning, managing, and controlling company operations and have high authority in presenting financial statement information to interested parties.

In addition to corporate social responsibility and managerial ability, tax savings are also one of the factors that encourage management to practice earning management. Tax savings are made by tax planning. Tax planning arises because of differences in interests between companies and governments.
Taxes are the largest source of state revenue to fund the State Budget (APBN) so taxes are the most important state revenue for the government. However, on the other hand, for the company, it is the costs that must be incurred on the income obtained so that it will reduce the net profit for the company. Conflicts of interest arise when a company is reluctant to pay taxes by the provisions and chooses to minimize its tax burden. The company has reason to reduce the amount of tax that is supposed to be paid. First, taxes paid to the government do not contribute directly to the company. Second, for companies, money paid for taxes is better diverted to profitable investments to increase cash flow and increase company value (Yulianty, 2021). The government in measuring the performance of tax revenues uses the tax ratio. The tax ratio is calculated by comparing the total tax revenue with the Gross Domestic Product (GDP). In 2018, the tax ratio in Indonesia was the lowest compared to 21 countries in Asia Pacific according to the Organisation of Economic Co-operation and Development (OECD) in Revenue Statistics in Asian and Pacific Economies 2020. The factor that causes a low tax ratio is the high practice of tax planning in tax avoidance and tax evasion. This high tax planning practice also has the potential to be one of the strategies carried out by managers to increase profits through earning management activities.

Some of the results of previous studies still show inconsistent results related to earning management, especially the variables of corporate social responsibility, managerial ability, and tax planning. Wardani and Santi (2018) mentioned that CSR has a positive and significant influence on earning management. Different results were found in research conducted by Ardiani and Sudana (2018) and Natasha and Purwanto (2020) that CSR had a negative effect on earning management. Meca and Sánchez (2018) state that managerial ability has an important role in shaping the quality of financial statements because capable managers tend not to do opportunistic earning management. But a different statement comes from Both et al (2019) and Demerjian et al (2017) who state that highly capable managers are significantly involved in income smoothing as a form of earning management practice. Dewi and Nuswantara (2021) as well as Tartono, Hidayat, and Haryono (2021) gave the result that tax planning has a positive influence on earning management. In contrast to the results of the study, Ayem and Ongirwalu (2020) and Wardani and Santi (2018) stated that tax planning does not affect earning management. Therefore, these variables need to be retested to obtain more convincing and reliable results.

LITERATURE REVIEW

Agency Theory
Agency theory is a theory that explains the relationship between agents and principals. According to Jensen and Meckling (1976) agency theory is a contract that makes the other party an agent and one or more principals who delegate their authority to the agent to make decisions in managing the company for the benefit of the principal. On the earning management side, agency theory can explain the behavior of agents, namely managers who act in their interests even though their actions can harm the principal. Information asymmetry and conflicts of interest arising from agency relationships encourage agents to cover important information that is unknown to the principal and ultimately the agent presents information that is not true, especially about measuring agent performance (Aditama and Purwaningsih, 2014).

Positive Accounting Theory
Positive accounting theory also assumes that the manager will be rational and will choose the accounting policy that best meets his interests or that can best maximize his utility. Managers are given flexibility in choosing the set of accounting policies available by accounting standards, so managers have the opportunity to use that flexibility to behave opportunistic ex-post (opportunistic behavior ex-post) to meet their interests. In terms of earning management, positive accounting theory can explain and predict the opportunistic behavior of managers who have incentives in carrying out earning management activities (Godfrey et al, 2010).
Earning Management

Earning management in the narrow sense is defined as the behavior of management to "play" with discretionary accruals in determining the size of profits. Earning management in a broader scope can be defined as the actions of managers in regulating the current profit of a business and the manager is responsible without resulting in an increase or decrease in the long-term economic profitability of the business. In practice, earning management can affect the relevance and reliability of the financial information presented, potentially harming stakeholders in making decisions (Kusumawardani and Dewi, 2016). This happens because the manager acts not to meet the interests of the owner or the interests of the company, but rather his interests. Company owners want managers to maximize their well-being without doing things that could harm the company.

Corporate Social Responsibility

Companies in carrying out their business, need to carry out social responsibility or commonly known as Corporate Social Responsibility. This is regulated in Law Number 40 of 2007 concerning Limited Liability Companies and Government Regulation Number 47 of 2012 concerning Corporate Social Responsibility. In the concept of earning management, CSR is quite influential considering that CSR is a cost that must be incurred by management and can reduce profits from the company. The more a company carries out CSR activities, the company will also incur large costs, but the more benefits the company will get a positive image in society (Nurlaela, 2019).

Managerial Ability

According to Demerjian et al. (2012), the managerial ability is the ability of a manager to increase company value by using resources efficiently. The manager's prowess can be seen in his ability to generate greater revenue by managing limited inputs. Bhutta et al. (2021) stated that companies that have higher managerial capabilities are expected to be able to align resources well in their operating environment, so that they can generate greater profits.

Tax Planning

Tax planning is an effort to reduce or minimize the tax burden that must be paid to the state so that the tax paid does not exceed the actual amount. This tax planning is the first step to analyzing various alternatives by companies that can be used to minimize the tax burden. Tax planning is carried out to estimate the amount of tax to be paid by tax avoidance (Astutik and Mildawati, 2016).

METHOD

This type of research is a causality research method with a quantitative approach. The population in this study is manufacturing sector companies on the Indonesia Stock Exchange (IDX) in 2015-2018 with a total population of 193 companies. Samples are obtained by the purposive sampling method, which is to select samples with certain criteria so that they are by the research design (Sugiyono, 2013). The criteria used are as follows:

1. Manufacturing companies that have IPO before 2015 or are not delisted during the period 2015 to 2019.
2. Manufacturing companies that have a positive profit before tax and do not experience fiscal losses.
3. Manufacturing companies using the financial statement period of January 1 to December 31.
4. There is completeness of data needed in this study.
5. Financial statements are denominated in rupiah.

Variable Measurement
The bound variable in this study is earning management. This study will measure earning management using Discretionary Accrual (DAC). The DAC itself is an acknowledgment of accrued profit based on the choice of management policy. The researcher used an earning management measurement model which was the result of a modification of the Jones model as also used by Wardani and Kusuma (2012).

The independent variables in this study are corporate social responsibility, managerial ability, and tax planning. Corporate social responsibility in this study will be measured by comparing disclosures made by companies with the Global Reporting Initiative (GRI) index version 4 standard with a total of 91 disclosure items. Managerial ability is measured using a measurement model introduced by Demerjian, et al (2012), namely the Data Envelopment Analysis (DEA) approach. Tax planning measurement in this study uses the Effective Tax Rate (ETR). ETR describes the effective tax rate of a corporation as measured by comparing the tax burden against profit before tax (Halperin and Sansing, 2005).

**Data Collection and Analysis Techniques**

Data collection uses documentation techniques through company financial statements obtained from the pages of each company and the Indonesia Stock Exchange during the 2015-2019 period. Data analysis in this study used multiple linear regression with Eviews 10 software. The first data analysis is by classical assumption testing and continued with the selection of regression models, panel data regression tests (hypotheses), coefficient of determination tests, F tests, and T-tests.

**RESULT AND DISCUSSION**

**Descriptive Statistics**

<table>
<thead>
<tr>
<th></th>
<th>DAC</th>
<th>CSRI,</th>
<th>DEA</th>
<th>ETR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mean</strong></td>
<td>0.000798</td>
<td>0.241974</td>
<td>0.926094</td>
<td>0.274714</td>
</tr>
<tr>
<td><strong>Maximum</strong></td>
<td>0.005337</td>
<td>0.439560</td>
<td>1.000000</td>
<td>0.839250</td>
</tr>
<tr>
<td><strong>Minimum</strong></td>
<td>-0.004557</td>
<td>0.109890</td>
<td>0.669000</td>
<td>0.012421</td>
</tr>
<tr>
<td><strong>Std. Dev.</strong></td>
<td>0.001856</td>
<td>0.064861</td>
<td>0.080831</td>
<td>0.106492</td>
</tr>
<tr>
<td><strong>Jumlah</strong></td>
<td>255</td>
<td>255</td>
<td>255</td>
<td>255</td>
</tr>
</tbody>
</table>

Source: Eviews Processed Data, 2022

Descriptive statistical test results with a selected sample of 255 data samples. From the descriptive statistical analysis table above, the highest value for the earning management variable is 0.005337 and the minimum value is 0.004557. The Corporate Social Responsibility variable has a minimum value of 0.109890 and a maximum value of 0.439560. The Managerial Ability (DEA) variable has a minimum value of 0.669000 and a maximum value of 1.0000. The Tax Planning (ETR) variable has a minimum value of 0.012421 and a maximum value of 0.839250

**Classic Assumptions Test**

**Normality Test**

The normality test results in figure 2 show a significant probability level of all variables of 0.352386. Because the Probability value is greater than the significant level of 0.05, it can be concluded that the residual data in this regression model are normally distributed. In other words, the regression model used satisfies the assumption of normality.
Multicollinearity Test

**Table 2. Multicollinearity Test Result**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient Variance</th>
<th>Uncentered VIF</th>
<th>Centered VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y</td>
<td>2.33E-06</td>
<td>178.2213</td>
<td>NA</td>
</tr>
<tr>
<td>X1</td>
<td>3.12E-06</td>
<td>15.04895</td>
<td>1,000494</td>
</tr>
<tr>
<td>X2</td>
<td>2.15E-06</td>
<td>142.1906</td>
<td>1,070837</td>
</tr>
<tr>
<td>X3</td>
<td>1.24E-06</td>
<td>8,223074</td>
<td>1,070586</td>
</tr>
</tbody>
</table>

Source: Processed Data Eviews, 2022

The multicollinearity test results presented in the table show that the value of each independent variable has a VIF value of less than 10, so it can be concluded that there is no multicollinearity problem between the independent variables.

Heteroskedasticity Test

**Table 3 Heteroskedasticity Test Result**

<table>
<thead>
<tr>
<th>F-statistic</th>
<th>0.459742</th>
<th>Prob. F(3,251)</th>
<th>0.7107</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obs*R-squared</td>
<td>1,393548</td>
<td>Prob. Chi-Square(3)</td>
<td>0.7070</td>
</tr>
<tr>
<td>Scaled explained SS</td>
<td>1,547896</td>
<td>Prob. Chi-Square(3)</td>
<td>0.6713</td>
</tr>
</tbody>
</table>

Source: Processed Data Eviews, 2022

From table 3 it can be seen that the value of prob. The Chi-Square of Obs*R-square of 0.7070 is more than 0.05. Then it can be concluded that there are no symptoms of heteroskedasticity.

Autocorrelation Test

**Table 4 Autocorrelation Test Result**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y</td>
<td>0.000369</td>
<td>0.001528</td>
<td>0.241631</td>
<td>0.8093</td>
</tr>
<tr>
<td>X1</td>
<td>0.003485</td>
<td>0.001766</td>
<td>1.973067</td>
<td>0.0496</td>
</tr>
<tr>
<td>X2</td>
<td>0.000397</td>
<td>0.001466</td>
<td>0.270833</td>
<td>0.7867</td>
</tr>
<tr>
<td>X3</td>
<td>-0.002848</td>
<td>0.001113</td>
<td>-2.559439</td>
<td>0.0111</td>
</tr>
<tr>
<td>R-squared</td>
<td>0.043764</td>
<td>Mean dependent var</td>
<td>0.000798</td>
<td></td>
</tr>
<tr>
<td>Adjusted R-squared</td>
<td>0.032335</td>
<td>S.D. dependent var</td>
<td>0.001856</td>
<td></td>
</tr>
<tr>
<td>S.E. of regression</td>
<td>0.001825</td>
<td>Akaike info criterion</td>
<td>-9,758390</td>
<td></td>
</tr>
<tr>
<td>Sum squared resid</td>
<td>0.000836</td>
<td>Schwarz criterion</td>
<td>-9,702841</td>
<td></td>
</tr>
</tbody>
</table>
The Analysis of Corporate Social Responsibility...

<table>
<thead>
<tr>
<th>Log likelihood</th>
<th>1248,195</th>
<th>Hannan-Quinn criter.</th>
<th>-9,736046</th>
</tr>
</thead>
<tbody>
<tr>
<td>F-statistic</td>
<td>3,82909</td>
<td>Durbin-Watson stat</td>
<td>1,875552</td>
</tr>
<tr>
<td>Prob(F-statistic)</td>
<td>0,010425</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Processed Data Eviews, 2022

Table 4 shows that the Durbin-Watson (DW) value is 1.875552. This value is between -2 and +2. So in this model, there is no autocorrelation or free from autocorrelation.

**Regression Model Selection**

**Chow Test**

Chow tests are carried out for chow tests are carried out to select the most appropriate model between pooled and fixed models. The hypothesis used in this test is:

H₀: common effect model (CEM) as the selected model
H₁: fixed effect model (FEM) as the selected model

If the probability value in cross-section F is less than 0.05 then H₀ is rejected and H₁ is accepted, meaning that the fixed effect model is the chosen model. Conversely, if the probability is more than 0.05 then H₀ is accepted and the common effect of the selected model. The results of the chow test are presented in the table as follows.

<table>
<thead>
<tr>
<th>Effects Test</th>
<th>Statistic</th>
<th>d.f.</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross-section F</td>
<td>1,139924</td>
<td>(50,201)</td>
<td>0,2621</td>
</tr>
<tr>
<td>Cross-section Chi-square</td>
<td>63,658162</td>
<td>560</td>
<td>0,0928</td>
</tr>
</tbody>
</table>

Based on the table 5, shows the results of the chow test that the probability (prob) value of cross section F is 0.2621, more than 0.05 so H₀ is accepted and it can be concluded that the common effect model (CEM) is a more appropriate to use than the fixed effect model (FEM).

**The Hausman Test**

The Hausman test was carried out to select the most appropriate model between the random model and the fixed model. The hypothesis used in this test is:

H₀: random effect model (REM) as the selected model
H₁: fixed effect model (FEM) as the selected model

If the probability value in the random cross-section is less than 0.05 then H₀ is rejected and H₁ is accepted, meaning that the fixed effect model is the chosen model. Conversely, if the probability is more than 0.05 then H₀ is accepted and the random effect of the selected model is. Hausman test results are presented in the table as follows.

<table>
<thead>
<tr>
<th>Test Summary</th>
<th>Chi-Sq. Statistic</th>
<th>Chi-Sq. d.f.</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross-section random</td>
<td>2,021383</td>
<td>3</td>
<td>0,05680</td>
</tr>
</tbody>
</table>

Based on the table 6, shows the result that the probability value of the random cross-section of 0.5680 is more than 0.05 so H₀ is accepted and it can be concluded that the random effect model (REM) is more appropriate to use compared to the fixed effect model (FEM).

**Breusch-Pagan Lagrange Multiplier Test**

The Breusch-pagan Lagrange multiplier test was conducted to select the most appropriate model between common models and random models. The hypothesis used in this test is:

H₀: common effect model (CEM) as the selected model
H₁: random effect model (REM) as the selected model

If the probability value in breusch-pagan is less than 0.05 then H₀ is rejected and H₁ is accepted, meaning that the random effect model is the chosen model. Conversely, if the probability is more than 0.05 then H₀ is accepted and the common effect of the selected model. The results of the breusch-pagan lagrange multiplier test are presented in the table as follows.

**Table 7 Breusch-Pagan Lagrange Multiplier Test Results**
Based on the table 7, shows the result that the probability (prob) value of the Breusch Pagan cross-section of 0.6909 is more than 0.05 so H₀ is accepted and it can be concluded that the common effect model (CEM) is more appropriate to use compared to the random effect model (REM). From the three statistical test results above, it can be concluded that the most appropriate model to use is the common effect model the fixed effect model, and the random effect model.

### Panel Data Regression Results
After regression with panel data, it was obtained that the fixed effect model was the most efficient in this study. The regression analysis of this panel data used to test the effect of Corporate Social Responsibility, Managerial Ability, and Tax Planning on Earning Management can be seen in the table as follows.

#### Table 8 Panel Data Regression Test Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y</td>
<td>0.000369</td>
<td>0.00152</td>
<td>2.41631</td>
<td>0.003</td>
</tr>
<tr>
<td>X1</td>
<td>0.003485</td>
<td>0.00176</td>
<td>1.973067</td>
<td>0.0496</td>
</tr>
<tr>
<td>X2</td>
<td>0.000397</td>
<td>0.001467</td>
<td>0.270833</td>
<td>0.7867</td>
</tr>
<tr>
<td>X3</td>
<td>-0.002848</td>
<td>0.001113</td>
<td>-2.559439</td>
<td>0.0111</td>
</tr>
</tbody>
</table>

Source: Processed Data Eviews, 2022

Based on table 8 above, the regression equation can be formulated as follows.

\[ Y = 0.000369 + 0.003485 \text{CSR} + 0.000397 \text{DEA} - 0.002848 \text{ETR} \]

#### Coefficient of Determination (R²)

<table>
<thead>
<tr>
<th>R-squared</th>
<th>0.043764</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted R-squared</td>
<td>0.032335</td>
</tr>
</tbody>
</table>

Source: Processed Data Eviews, 2022

From the table 9, an adjusted R² value of 0.032 is obtained, which means that the variation of three independent variables, namely corporate social responsibility, managerial ability, and tax planning, can explain 3.2% of earning management variations, while the rest is explained by other variables that are not studied.

#### Simultaneous Significance Test (F-Test)

| F-statistic | 3.82909 |
| Prob(F-statistic) | 0.010425 |

Source: Processed Data Eviews, 2022

From the test results above, the results were obtained that the variables of corporate social responsibility, managerial ability, and tax planning for earning management obtained a probability value of 0.010425 less than 0.05 and a F_hitung value of 3.8292097 more than F_tabel of 2.6405. To show simultaneously corporate social responsibility, managerial ability, and tax planning affect earning management.
Based on Table 10 above, it is explained that the effect of corporate social responsibility on earning management obtained a probability value of 0.0496 less than 0.05, and a t_hitung value of 1.973067 more than t_tabel of 1.9695. So it can be concluded that the variable corporate social responsibility has a positive effect on earning management. When the company does a lot of CSR, the possibility of managers doing earning management practices will increase. Similarly, if the CSR carried out by the company is not much, then the possibility of managers carrying out earning management practices will also decrease. This means that whether or not the company's social responsibility (CSR) is proven to influence managers to practice earning management. The results of this study are in line with research conducted by Wardani and Santi (2018) stated that CSR has a positive and significant influence on earning management.

Based on Table 10 above, it is known that the effect of managerial ability on earning management obtained a probability value of 0.7867 more than 0.05, and a t_hitung value of 0.270833 less than t_tabel of 1.9695. So it can be concluded that the managerial ability variable does not affect earning management. Whether or not the ability of managers to lead a company is capable is not proven to influence managers to carry out earning management practices. The results of this study are in line with Meca and Sánchez (2018) who stated that capable managers tend not to do opportunistic earning management. In Indonesia, Kodriyah and Putri (2019) also provide results that managerial ability does not affect earning management.

This research was conducted to examine the effect of corporate social responsibility, managerial ability, and tax planning on company earning management. The object of research used is a manufacturing sector company listed on the Indonesia Stock Exchange with a research period from 2015 to 2019. The samples in this study were obtained through the purposive sampling method with a total of 255 observations. The conclusions resulting from this study are as follows corporate social responsibility (CSR) has a positive and significant effect on earning management. With the number of CSR activities carried out by the company, the possibility of managers carrying out earning management practices will increase. Similarly, if the CSR carried out by the company is not much, then the possibility of managers doing earning management practices will also be small. This is in line with research conducted by Lubis and Suryani (2018), Dewi and Nuswantara (2021), and Tartono, Hidayat, and Haryono (2021) providing results that tax planning has a positive influence on earning management. In contrast to the results of the study, Ayem and Ongirwalu (2020) and Wardani and Santi (2018) stated that tax planning does not affect earning management.
carrying out earning management practices will also decrease. And then managerial ability does not affect earning management. The ability of managers to lead the company does not influence earning management. Also tax planning has a positive and significant effect on earning management. The ability of managers to lead the company does not influence earning management activities carried out by the company.

REFERENCES


Wardani, D.K., & Kusuma, I. W. “Is Earnings Management Informational or Opportunistic? Evidence from ASEAN Countries”. 14(1), 61-75