

# Earnings Management Trend in Manufacturing Companies Sub-Sector Food and Beverage Listed on the Indonesia Stock Exchange Year 2019-2023

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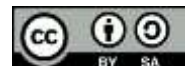
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## ABSTRACT

This study aims to analyze the trend of earnings management in manufacturing companies operating in the food and beverage sub-sector listed on the Indonesia Stock Exchange. Earnings management trends encompass methods used by companies to manipulate or manage their financial statements. Factors influencing earnings management include tax planning, income tax expenses, and profitability. The management's goal is to enhance corporate earnings to reflect stable profits, thus accurately portraying the company's financial performance in future periods. The study population consists of 45 companies, with a sample of 9 companies selected using purposive sampling. Data collection utilized secondary data from quarterly financial reports of manufacturing companies listed on the Indonesia Stock Exchange from 2019 to 2023. The research employed descriptive analysis to assess earnings management trends as predictors of profit increases. The findings reveal significant fluctuations in earnings management practices among food and beverage manufacturing companies listed on the Indonesia Stock Exchange during the period from 2019 to 2023.

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## 1. INTRODUCTION

Accounting policies establishing management strategies to achieve certain goals or management efforts to manipulate the financial information presented in accordance with wishes are called earnings management. Earnings management includes efforts to plan, hide, change financial reports by manipulating the policies and procedures used by the company. Management at the company strives to increase company profits. Stable profit is income that reflects future profits determined by accrual and cash

components so that it is able to reflect the company's actual financial performance. There are several factors that can influence earnings management, in this research there are 3 factors chosen by researchers, namely tax planning, income tax burden and profitability. of the factors that can influence earnings management. Management's desire to reduce and minimize the tax burden means management tends to try to minimize tax payments.

One thing that happened to companies in the food and beverage sub-

sector, the Wilmar Cahaya Indonesia Company, managed to experience profit growth from 2012 to 2016 of 7.09%. even though there was a decline in profits of 00.415 in 2013. This phenomenon shows that the number of sales and total assets has increased, which is balanced by an increase in operating profits, thereby increasing the level of profitability company to be as small as possible. Profit management also occurs in PT Tiga Pilar Sejahtera Food which has now changed its name to FKS Food Sejahtera. In the case that occurred at this company, it was suspected that there had been an inflated amount of IDR 4 trillion by earnings management in the company's 2017 financial report. The profitability ratio occurred at PT. In 2015 Indofood's profits experienced a decline of 37.25 from 2014. The President Director of PT Indofood conveyed the very slow economic movement and the impact of the weakening United States dollar exchange rate affecting the company's performance, PT. Indofood was able to generate profits of IDR 870.08 billion. Conceptually, the role of tax planning in earnings management practices is explained by agency theory. In agency theory, the government (fiscus) as the principal and management as the agent each have different interests in terms of paying taxes. The company always tries to pay as little tax as possible. Companies think that paying taxes can reduce the company's economics. This research aims to examine earnings management trends in food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange from 2019 to 2023. Profit management is the way companies manage their financial figures to make them look better, often by postponing costs or adjusting income. In the context of the food and beverage subsector, these practices may vary depending on economic conditions, market competition and regulations. Based on the existing problems, it was found that there were differences in research regarding these factors. Where are the results of research from (K. Bidin et al., 2019) entitled "Analysis of Profit Growth in the Food and Beverage Industry on the Indonesian Stock Exchange".

The amount of profit earned by the company during 2017-2022 fluctuated from year to year, which generally appears to have a positive growth trend. From another perspective, the food and beverage company chosen in this research is because it is one of the industrial sectors that has high fluctuations in profit or loss. The phenomenon related to earnings management in food and beverage sub-sector companies that practice earnings management is the company PT. Garudafood Putri Jaya Tbk. After conducting an investigation into the financial reports listed on the Indonesia Stock Exchange (BEI) in 2020, it was found that the total profit was 435 billion, then in 2021 it experienced a drastic decline after the Covid-19 pandemic, amounting to 245 billion and in 2021 it increased again by 492 billion. billion. The profits generated by the company depend on consumer tastes which are easily changing so it is expected to represent a company that fluctuates in generating profits. Food and beverage companies have profits that are considered quite good compared to other companies. This reason is the reason why researchers chose food and beverage companies because they have more fans than other companies.

Based on the issues outlined, the author is interested in conducting a study titled "Earnings Management Trends in Manufacturing Companies in the Food and Beverage Subsector Listed on the Indonesia Stock Exchange from 2019 to 2023."

## 2. LITERATURE REVIEW

### 2.1 Agency Theory

Agency theory is a term that is often used to explain the concept of earnings management. Earnings management activities can be influenced by conflicts of interest between the principal and the agent. (management). Agency theory is a theory that supports tax planning in earnings management. This theory has a direct relationship between shareholders as principals and management as agents [1]. Agency theory assumes that each individual

is only motivated by their own interests. Principals have an incentive to enter into contracts to increase their welfare through dividend distribution or an increase in the company's share price. Agents are motivated to improve their welfare by increasing compensation. Conflicts of interest increase when the principal does not have enough information about the agent's activities because the principal is unable to monitor the agent's activities within the company. Agents are motivated to improve their welfare by increasing compensation. Conflicts of interest increase when the principal does not have enough information about the agent's activities because the principal is unable to monitor the agent's activities within the company.

## 2.2 Earnings management

Earnings management is an accounting policy or actions chosen by managers to achieve several specific goals in reporting earnings [2]. Earnings management is a manager's effort to change accounting information for a specific purpose. The large sales development results in encouragement and motivation for managers to carry out earnings management actions by maintaining the profit trend achieved by the company. Sales growth is related to increased profits, thereby encouraging managers to improve more optimal performance so that companies carry out earnings management to achieve profit stability. Measuring earnings management can be done by: The first step for old management is to remove the cash component from the accounting model in order to calculate and determine the amount of the accrual component received by the company in a certain period. Therefore, accounting profit must be reduced by the cash flows generated by the company's operations during this period. Meanwhile, cash flow components such as investment cash flow and financing cash flow are not deducted from accounting profit, for the reason that these two cash flows are not the result of operational changes during the period, but are the result of the company's non-operational activities. The second step in

earnings management is to separate the accrual component into two components, namely discretionary accruals (DA) and non-discretionary accruals (NDA) in order to determine the size of managerial activities. Discretionary accruals (DA) are accrual components resulting from managerial engineering using various methods, such as the freedom to choose depreciation estimates and the freedom to estimate and apply accounting standards.

$$\text{Earnings management} = \frac{\text{working capital accruals}}{\text{sales}}$$

## 2.3 Tax Planning

According to [3], tax planning is the first step in tax management. In general, the emphasis of tax planning is to minimize tax liabilities. In relation to tax planning, there is the possibility of earnings management practices. Tax Planning allows companies to manage their income to report lower tax profits. The aim of this is to achieve tax savings so that the business world can pay the lowest possible tax burden in the future. The role of tax planning in earnings management practices can be explained conceptually through agency theory. According to agency theory, in this case both the government (fiscus) and agents have different interests in paying taxes. Because paying taxes means a decrease in the company's economic performance, companies try to pay as little tax as possible.

## 2.4 Income tax expense

Income tax expense is the last expense reported after profit before tax. PSAK 46 (Revised 2010) states that the definition of income tax expense is the combined amount of current tax and deferred tax which is taken into account in determining a company's profit or loss for a period. Income tax is an expense for companies that want the company's tax burden to be low. If the value of the previous year's income tax burden is greater, the company tends not to choose accounting policies that can increase company profits.

### 2.4.1 Current Income Tax Expense

Current income tax expense is the amount payable as income tax on earnings [4].

It is calculated by the taxpayer based on taxable income multiplied by the tax rate and must be paid and reported through a Tax Return (SPT) in accordance with prevailing tax regulations. Taxable income, also known as fiscal profit, results from fiscal adjustments to net profit before tax as stated in the financial accounting statements. These adjustments are necessary due to differences in treatment of income or expenses between accounting standards and tax rules. Although taxpayers may use general accounting standards for internal purposes and others, tax calculations and payments must comply with regulations stipulated in tax laws.

#### 2.4.2 Deferred Tax Expense

According to [5], deferred tax expense arises from differences between accounting profit (recorded in financial statements based on Financial Accounting Standards) and fiscal profit (determined based on tax laws). These differences can make it challenging to determine the actual profit amount, which can affect the final balance of financial statements. Therefore, adjustments are made between the balance of accounting profit and fiscal profit, which can result in deferred tax expense.

$$BBPPh = \frac{\text{Tax burden}}{\text{Total assets}}$$

#### 2.5 Profitability

Profitability is the company's ability to earn profits related to sales, total assets and own capital [6]. Investors usually use profitability itself to measure the level of achievement and the company's ability to generate profits. If a company's profits are too high, management will reduce its profits. Meanwhile, if the company's profits are low, management wants the company's profits to look good by increasing its profits. This shows that when company profits are low, management will carry out earnings management.

$$\text{Return On Asset} = \frac{\text{profit after tax}}{\text{total assets}} \times 100\%$$

#### 2.6 Trend Analysis

Trend analysis is a statistical technique used to predict or predict future events [7]. To make accurate predictions, data is required that is quite complete and analyzed over a time span that covers a fairly

long period. In this way, analysis can identify the magnitude of the fluctuations that occur and what factors contribute to these changes. Theoretically, the quality or accuracy of time series analysis is largely determined by the quality and amount of data available, as well as the time period in which it was collected. The more data collected, the resulting estimates or forecasts tend to be better. On the other hand, if the data collected is limited or little, estimates or forecasts can be less accurate.

### 3. METHODS

This research uses descriptive qualitative research with a quantitative approach with the type of data used is secondary data. This research was conducted on food and beverage sub-sector manufacturing companies for the period 2019 - 2023. The data source in this research is the annual financial report data source obtained from the IDX website ([www.idx.co.id](http://www.idx.co.id)) which is the official website of the Indonesian Stock Exchange.

The population used in this research is food and beverage companies listed on the Indonesian Stock Exchange, numbering 45 companies. From this population, samples were then taken using sampling using the purposive sampling method. The sampling used is as follows:

- a. Food and beverage companies that publish audited annual financial reports on the IDX for 2019 – 2023.
- b. Food and beverage companies that experience profits during 2019 - 2023.
- c. Companies that carry out earnings management practices during 2019 – 2023.

Based on the criteria that have been determined, 9 food and beverage companies were obtained that were listed on the Indonesian Stock Exchange in 2019 – 2023. The data collection techniques used were observation, literature study and documentation. The technique used in this research is descriptive analysis, namely by analyzing financial report data regarding

trend analysis as a prediction of increasing profits.

#### 4. RESULTS AND DISCUSSION

##### 4.1 Data Description

Descriptive statistical analysis aims to provide a comprehensive description of the data from all variables that will be included in the research model. This information regarding descriptive statistics includes average values (mean) and standard deviation calculated using Microsoft Excel software.

Table 1. Descriptive Statistics

	ROA	TRR	BBBPh	ML
Mean	0,05	0,78	0,00	0,12
St. Deviasi	0,04	0,06	0,02	0,02

The results of the descriptive statistical analysis in Table 4.2 indicate that the Profitability variable (ROA) in this study has an average of 0.05 with a standard deviation of 0.04. Tax Planning (TRR) in this study has an average of 0.78 with a standard deviation of 0.06. Income Tax Expense (BPPH) in this study has an average of 0.00 and a standard deviation of 0.02. The Earnings Management variable in this study has an average of 0.12 and a standard deviation of 0.09. The average for the Profitability variable (ROA) is 0.05. The average for the Tax Planning variable is 0.78, indicating that companies may manage their earnings to report lower taxable income. Income Tax Expense has an average of 0.00, meaning the total income tax paid by the company is relatively low over a specific period of time.

##### 4.2 Description of Research Variables

###### 4.2.1 Calculation of earnings management variables

Tabel 2. Calculation of earnings management variables

	2019		2020		2021		2022		2023		Rata-Rata
	1	2	1	2	1	2	1	2	1	2	
ARFA	0,1	0,06	0,1	0,1	0,01	0,04	0,1	0,1	0,1	0,06	0,07
ICBP	0,08	0,08	0,08	0,08	0,08	0,08	0,08	0,08	0,08	0,08	0,08
INDOFOOD	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1
NISSAN	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1
PTPP	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1
ROTI	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1
SEKAR	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1
WALMART	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1
YAPSA	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1
Rata-Rata	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1

Based on Table 2, the net profit obtained from sample companies during the period from 2019 to 2023 shows significant fluctuations from year to year. Although there is a general trend of positive profit growth, fluctuations still occur. Profit growth is measured by comparing the net profit in year t with the net profit in the previous year (t-1). Profit growth is considered positive if the profit in year t is higher than that in year t-1. Conversely, profit growth is considered negative if the profit in year t is lower than that in year t-1. During the period from 2021 to 2023, Wilmar Cahaya Indonesia (CEKA) experienced negative profit growth with figures of -0.8 in 2021, -0.02 in 2022, and -0.04 in 2023. Its financial report indicates that this negative profit was caused by fluctuations in raw material prices, particularly commodity prices used in the company's operations.

###### 4.2.2 Calculation of Tax Planning Variables

Tabel 3. Calculation of Tax Planning

	2019		2020		2021		2022		2023		Rata-Rata
	1	2	1	2	1	2	1	2	1	2	
ARFA	0,78	0,78	0,78	0,78	0,78	0,78	0,78	0,78	0,78	0,78	0,78
ICBP	0,77	0,78	0,77	0,77	0,78	0,78	0,80	0,78	0,80	0,78	0,78
INDOFOOD	0,77	0,78	0,77	0,78	0,78	0,78	0,78	0,78	0,78	0,78	0,78
NISSAN	0,77	0,78	0,77	0,78	0,78	0,78	0,80	0,78	0,78	0,78	0,78
PTPP	0,78	0,78	0,78	0,78	0,78	0,78	0,78	0,78	0,78	0,78	0,78
ROTI	0,77	0,78	0,77	0,78	0,78	0,78	0,78	0,78	0,78	0,78	0,78
SEKAR	0,78	0,78	0,78	0,78	0,78	0,78	0,78	0,78	0,78	0,78	0,78
WALMART	0,78	0,78	0,78	0,78	0,78	0,78	0,78	0,78	0,78	0,78	0,78
YAPSA	0,78	0,78	0,78	0,78	0,78	0,78	0,78	0,78	0,78	0,78	0,78
Rata-Rata	0,78	0,78	0,78	0,78	0,78	0,78	0,78	0,78	0,78	0,78	0,78

Based on Table 3, the calculation of tax planning variables reveals that over the 5-year period from 2019 to 2023, companies in the food and beverage sector listed on the Indonesia Stock Exchange (IDX) had a tax planning ratio of 0.78. The lowest tax planning ratio was observed in Indofood CBP Sukses Makmur Tbk (ICBP) and Nippon Indosari Corpindo Tbk (ROTI) at 0.76, while Sekar

Laut Tbk (SKLT) had a higher tax planning ratio of 0.83. This indicates that companies in the food and beverage sector on the Indonesia Stock Exchange tend to engage in tax planning to achieve better ratios. This reflects their strategy in effectively managing tax obligations over the studied period.

**4.2.3 Calculation of Income Tax Expense Variables**

Table 4. Calculation of Income Tax Expense

	2019			2020			2021			2022			2023			Rata-rata
	TW 1	TW 2	TW 3	TW 1	TW 2	TW 3	TW 1	TW 2	TW 3	TW 1	TW 2	TW 3	TW 1	TW 2	TW 3	
ADES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BUDI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CEKA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ICBP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INDF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SKLT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
STTP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
WILC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rata-rata	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

based on table 4, the calculation of income tax expense variables shows that over the 5-year period from 2019 to 2023, companies in the food and beverage sector listed on the Indonesia Stock Exchange (IDX) had an income tax expense ratio of 0.00 or -0.03, indicating these companies had relatively low average values. Budi Starch & Sweetener Tbk (BUDI) also exhibited similarly low average income tax expense values.

**4.2.4 Calculation of Profitability**

Table 5. Calculation of Profitability

	2019			2020			2021			2022			2023			Rata-rata
	TW 1	TW 2	TW 3	TW 1	TW 2	TW 3	TW 1	TW 2	TW 3	TW 1	TW 2	TW 3	TW 1	TW 2	TW 3	
ADES	0.02	0.04	0.05	0.07	0.07	0.09	0.05	0.08	0.11	0.09	0.11	0.10	0.07	0.11	0.11	0.08
BUDI	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06
CEKA	0.07	0.08	0.11	0.07	0.07	0.08	0.07	0.08	0.07	0.08	0.08	0.08	0.08	0.08	0.08	0.08
ICBP	0.04	0.07	0.11	0.07	0.09	0.09	0.11	0.04	0.08	0.07	0.07	0.09	0.04	0.07	0.07	0.07
INDF	0.02	0.02	0.04	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
SKLT	0.01	0.02	0.04	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
STTP	0.02	0.12	0.14	0.08	0.08	0.14	0.08	0.11	0.08	0.08	0.10	0.07	0.08	0.11	0.11	0.08
WILC	0.02	0.08	0.11	0.06	0.06	0.10	0.04	0.07	0.04	0.06	0.10	0.10	0.07	0.08	0.11	0.08
Rata-rata	0.03	0.05	0.07	0.05	0.06	0.07	0.05	0.07	0.05	0.06	0.07	0.05	0.06	0.07	0.06	0.06

Based on Table 4.6 above, it is explained that during the period from 2019 to 2023, there were 4 out of 9 sampled companies that had a Return on Assets (ROA) ratio lower than the industry average ROA for the same period. On the other hand, companies with ROA averages higher than the industry average include PT. Akasha Wira Internasional Tbk, PT. Wilmar Cahaya Indonesia Tbk, PT. Indofood CBP Sukses

Makmur Tbk, PT. Siantar Top Tbk, and PT. Ultra Jaya Milk Tbk. PT. Siantar Top Tbk and PT. Ultra Jaya Milk Tbk are among the companies that have been most successful in achieving profitability with their average ROA over the past 5 years.

**4.3 Analysis Trend**

**4.3.1 Chart analysis of earnings management trends**

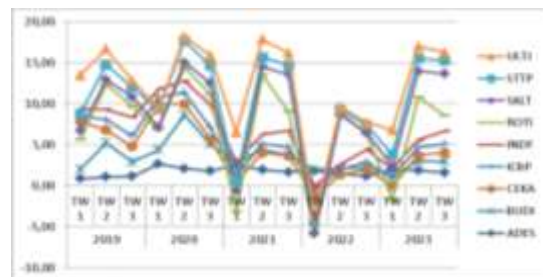


Figure 1. earnings management trend graph  
Based on the graph resulting from the analysis of earnings management trends over the span of 5 years from 2019 to 2023, companies have shown fluctuations particularly noticeable from 2019 to 2020. One example is Akasha Wira Internasional (ADES), where initially there was an increase in profits in 2019 up until the first quarter of 2020. However, the company subsequently experienced a decline, initially dropping by 263% and later stabilizing at 180%. This downturn was attributed to the impact of the Covid-19 pandemic, resulting in a decrease in ADES's profit percentage. Subsequently, from 2021 to 2023, profits in those years can be described as stable.

**4.3.2 Chart analysis of tax planning trend**

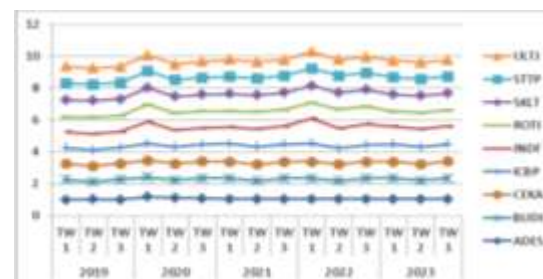


Figure 2. tax planning trend graph  
Based on the above graph, it can be observed that companies like ADES, BUDI, CEKA, and ICBP experienced similar growth trends as seen in the graph. From 2019 to 2023,

ADES showed stability with a performance of 101% in each quarter of 2019. In 2020, ADES saw an increase in Q1 by 117%, followed by decreases in Q2 by 112% and Q3 by 107%. In 2021, there was also stability with 105% in each quarter. Some companies experienced increases, stabilizations, or declines in specific quarters from year to year. The graph reflects that the profits of these companies over the last 5 years, whether in increase, decrease, or stabilization, could be influenced by external and internal factors including market conditions and the impact of events such as the Covid-19 pandemic.

#### 4.3.3 Chart analysis income tax expense

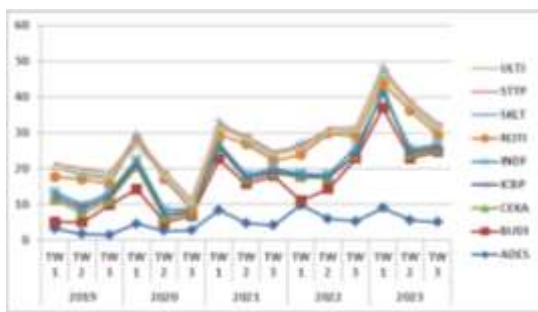


Figure 3. income tax expense trend graph

Based on the graph in Figure 4.3 above, it shows the percentage change in income tax expenses from several companies during the period from 2019 to 2023, divided into quarters (Q) 1, 2, and 3. Data from Akasha Wira Internasional (ADES) in 2019 shows significant increases in income tax expenses in some quarters, with Q1 showing a 320% increase, followed by decreases in Q2 by 173% and Q3 by 147%. In 2020, there was a drastic increase in some quarters, for instance, Q1 by 463% and Q2 by 262%, followed by stabilization in 2021. In 2021, there was another increase in some quarters, for example, Q1 by 837% and Q2 by 480%, with slight decreases in 2022 and 2023. On the other hand, companies with codes CEKA, ICBP, INDF, ROTI, SKLT, STTP, and ULTJ show varying patterns of changes in income tax expenses from year to year, with some periods showing significant increases and others showing decreases or poorer performance.

#### 4.3.4 Chart analysis Profitability

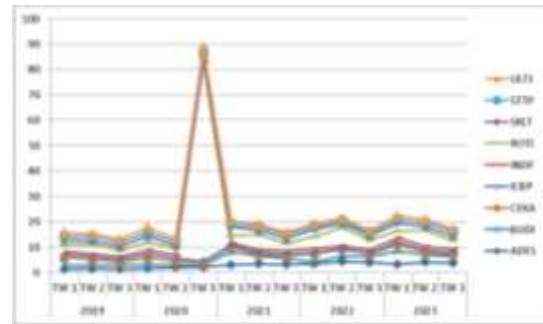


Figure 5. profitability trend graph

Based on the percentage change in profitability from several companies during the period 2019 to 2023, divided into quarters (Q) 1, 2, and 3, ADES in 2019 showed profitability of 126% in Q1, 141% in Q2, and 131% in Q3. ADES experienced significant increases in 2020 and 2021, with 206% in Q3 2020 and 306% in Q3 2021. In 2022 and 2023, ADES demonstrated consistent high profitability, with slight fluctuations in 2022 (Q1: 343%, Q2: 426%, Q3: 385%) and 2023 (Q1: 317%, Q2: 401%, Q3: 371%). Other companies like CEKA, ICBP, INDF, ROTI, SKLT, STTP, and ULTJ each exhibited different patterns in profitability changes over the past 5 years.

#### DISCUSSION

Based on the findings of this study, it is evident that there is variation in earnings management practices among the companies under investigation. Earnings management refers to the practice used by companies to manipulate financial statements to demonstrate better performance or to achieve specific goals such as meeting profit targets or avoiding reporting losses. Based on the available data, several companies showed an increasing trend in earnings management over the five-year period from 2019 to 2023. This phenomenon is driven by pressure to meet financial targets and attract investor interest. Based on the trend line graph of earnings management, it is evident that some companies experienced significant fluctuations in earnings management practices from year to year. These fluctuations may reflect changes in market conditions, management policies, and other external factors such as competitive pressures and product innovation. The competition to

innovate and develop new products, technologies, and e-commerce innovations involving online sales growth can alter distribution and sales strategies affecting company profits.

However, some companies demonstrated stabilization in their earnings management practices, which may reflect consistent financial reporting practices. The analysis of earnings management trends shows significant fluctuations from year to year, with significant increases in 2020 and 2023, and declines in 2022, reaching 113% at ADES. BUDI also recorded extreme fluctuations with a sharp increase in 2020 by 327%, followed by a sharp decline in 2022 TW 1 14%, TW 2 65%, and TW 3 106%, and recovery in 2023. CEKA also experienced fluctuations with negative values in some years indicating unstable variations in earnings management practices. ICBP, INDF, ROTI, SKLT, STTP, and ULTJ generally showed different variations from year to year but not as strong as the fluctuations observed in ADES and BUDI. ROTI registered significant fluctuations, especially with prominent negative figures in certain years such as -378% in 2019, -494% in 2020, and -375% in 2023. This is due to regulatory changes that can influence the company's profit management strategy and competitive pressures in the industry that can drive companies to optimize their financial statements through earnings management practices.

The results of this study [8] are relevant to the context of fluctuations in earnings management practices, providing empirical grounds, and factors such as regulations, economic conditions, and

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industry competition influencing company decisions in conducting earnings management practices. From the explanations above, it can be concluded that the analysis of earnings management trends depicts significant fluctuations among the companies studied, with some experiencing increases and declines. Due to the fluctuations experienced by companies, efforts can be made such as. optimizing profitability, focusing on increasing profitability by managing operational costs, improving efficiency in asset utilization, and optimizing sales and marketing strategies. Good profitability can reduce pressure to engage in unhealthy earnings management practices.

## 5. CONCLUSION

Based on the research findings and data analysis conducted, the following conclusions can be drawn: The trend of earnings management in the manufacturing companies of the food and beverage sub-sector has experienced significant fluctuations, with some companies showing increases and others experiencing declines due to the sluggish economic turnover during the pandemic. This is evident from the decrease in production and revenue of the companies.

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