

ABSTRACT

Earnings management is a management action in engineering a financial report by arranging the numbers using accounting methods and procedures. Companies that take earnings management actions have the aim of tricking stakeholders who want to know the performance and condition of the company.

This study aims to determine the effect of information asymmetry, political connections and corporate social responsibility on earnings management in basic and chemical industrial companies listed on the Indonesia Stock Exchange (IDX) for the 2017-2019 period.

The population in this study is the Basic and Chemical Industry Sector Companies. The research population consisted of 75 companies from 3 time series and the research sample was 43 companies with purposive sampling technique, so as to get a sample of 129 observations. The data analysis method in this study is panel data regression using Eviews 10 software.

The results show that information asymmetry and political connections have no significant effect on earnings management, and corporate social responsibility has a negative effect on earnings management. As for information asymmetry, political connections and corporate social responsibility have a contribution of 4.5% influence on earnings management and the rest is influenced by other factors outside the study.

For further researchers to add or replace independent variables and increase the research period that can affect and relate to earnings management in order to get more accurate results. In addition, further research can replace research objects from other sectors to find out which company performance is better and has a relationship with earnings management. For companies to compile and report financial statements with results that are in accordance with the company's conditions by avoiding earnings management actions or accounting policies that can harm investors and the management itself.

Keywords: Corporate Social Responsibility, Earnings Management, Information Asymmetry, Political Connection