

ABSTRACT

Profit information is one of the most important information to consider in making investment decisions that will be made by investors. This information is used by company managers to commit financial statement fraud on profit levels for the benefit of the company, one of which is earnings management practices.

This study aims to determine the effect of business strategy, investment opportunity set, managerial entrenchment and company size on earnings management, either simultaneously or partially. The population in this study are companies in the transportation sector and those listed on the Indonesia Stock Exchange (IDX) in 2017 – 2021. The sampling method for this study used purposive sampling with 28 transportation and logistics sector companies listed on the Indonesia Stock Exchange (IDX) and obtained 14 samples in a 5 year period. The research data analysis method is panel data regression analysis using Eviews 12.

The results of the study show that business strategy, investment opportunity set, managerial entrenchment and firm size have a simultaneous effect on earnings management. Partially, business strategy, managerial entrenchment and company size have no effect on earnings management. Meanwhile, the investment opportunity set has a significant effect on earnings management.

Suggestions for future researchers, can add insight and knowledge about research and be used as a reference to enrich further research on earnings management

Keywords: *Business Strategy, Company Size, Earnings Management, investment opportunity set, Managerial Entrenchment*