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Determinants of Earnings Management in Family Companies Listed on the Indonesia Stock Exchange

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ABSTRACT : This study aims to analyze and determine the effect of financial distress, tax planning and female commissioners on earnings management with family ownership as a moderating variable. This type of research is quantitative research. The population in this study are family companies listed on the Indonesia Stock Exchange in 2019-2023. Sampling was carried out using purposive sampling method. The number of samples used in this study were 42 companies. The type of data used is quantitative data with the documentation method. The data used in this study are secondary data sourced from financial reports. The analytical tool used for data processing is the IBM SPSS version 25 program with multiple linear regression analysis models and Moderate Regreson Analysis (MRA). The results in this study indicate that financial distress and tax planning have a positive and significant effect on earnings management and the female board of commissioners has an insignificant effect on earnings management. Family ownership weakens the effect of financial distress, tax planning, and female commissioners on earnings management.

KEYWORDS : *Financial Distress, Tax Planning, Women's board of commissioners, family ownership, earning management.*

I. INTRODUCTION

Financial statements are indispensable information in the company's efforts to convey the company's accounting information relating to the company's performance so far and as one of the tools used by the company's stakeholders in order to make decisions appropriately and relevantly in accordance with the company's current condition. This illustrates that the information describes the economic and financial conditions affecting the company presented in the financial statements where management has the prerogative to disclose data in the financial statements, while for the manager's proficiency and knowledge in business serves to inform if the financial statements presented by the company are reliable and can help users of financial statements to make decisions (Mahariana & Ramantha, 2014).

Earnings management is one of the actions taken by company managers or by financial report makers in terms of collecting information related to profits generated by companies that are personal in nature for the benefit of the company (Susanto, 2017). Earnings management carried out by company management arises because of the relationship between the principal and the agent. This agency relationship is known as agency theory. According to Jansen and Meckling (1976), Agency theory explains the agency relationship in which the principal hires an agent in order to manage the company. Agency conflicts arise because the agent has an obligation to maximise in meeting the needs and improving the welfare of the principal, but on the other hand the agent also has an obligation to maximise in meeting the needs and improving the welfare of their own party. This often leads to agency conflicts.

Examples of cases in Indonesia related to earnings management practices occur in the company PT Lippo Karawaci Tbk. which is located in the millennium village area, Tanggerang, Banten. From the statement of Reza Priyambada, senior analyst of CSA Research Institute, explained that the financial statements of PT Lippo Karawaci Tbk. reflect the occurrence of earnings management practices carried out by Lippo Group officials in the condition of financial statements in the first half of 2018. This means that the alleged earnings management case involving Lippo Group officials has not been reflected there. However, the drastic increase in net profit was due to the gain on the deconsolidation of PT Mahkota Sentosa Utama or the developer of Meikarta, an indirect subsidiary of the listed company PT Lippo Karawaci Tbk. with a net profit of Rp. 1.3 trillion (Caesairo, 2018).

Managers take earning management actions because they are driven by many factors. One of the factors that influence earning management and can help stakeholders to identify earnings management is financial distress. Financial distress is a condition where the company's financial condition is deteriorating because the company fails to fulfill its obligations and the company's inability to generate cash flow used to make payments required in accordance with the contract and can cause bankruptcy because of this condition, making managers motivated to carry out earnings management (Fatonah & Permatasari, 2024).

Apart from financial distress, tax planning can also affect earnings management. In general, tax planning refers to the business process and taxpayer transactions so that the tax debt is as minimal as possible, but still within the framework of tax regulations (Bunyamin et al., 2023). Tax planning of a company also has risks such as tax sanctions or administrative sanctions in the future due to miscalculation of income tax, especially those related to tax collection regulations that expire in Indonesia for 5 years.

In recent years, one of the most important issues that has emerged is gender-based board diversity. Diversity can be said to be different things to different people. The presence of battle on the board has a good impact on improving the behavior and effectiveness of the board because women on corporate boards are considered more active in managerial activities (Enofe et al., 2017). In general, women can provide better motivation and can display higher moral values and tend to be more conservative so that they can prevent earning management (Alqatan, 2019).

Family ownership is also one of the factors that influence earnings management in addition to financial distress, tax planning and female board of commissioners. Family ownership is the involvement of intervening company owners who have a very large influence on the company and one of the factors that influence earnings management in the company. The wealth of family members is highly dependent on the value of the company, this causes the family to have a large incentive to supervise employees and create long-term employee loyalty (Dewi & Rego, 2018).

This study has a difference with previous research, namely it lies in the family ownership variable which is used as a moderating variable because there are several studies which state that family ownership has an insignificant effect on earnings management so that in this study it is used as a moderating variable with the aim that family ownership can moderate its influence on earnings management. In this study, the hypothesis is applied based on the research objectives , namely to test and analyze the effect of *financial distress, tax planning* and female commissioners on earnings management in family companies listed on the Indonesia Stock Exchange. In addition, this study also tests and analyzes whether family ownership can moderate the effect of *financial distress, tax planning* and female commissioners on earnings management in family companies listed on the Indonesia Stock Exchange.

II. LITERATURE REVIEW

2.1 Agency Theory

Agency relationship is one of the bases used to understand the relationship between shareholders and managers. According to Jensen and Meckiling (1976), the agency relationship is a contract between shareholders (principal) and managers (agent). The agency relationship can cause conflicts between shareholders and managers. This conflict occurs because humans are social creatures who have a basic nature to prioritize their needs first. In this case, managers and shareholders have different goals and each of them has a desire to fulfill their goals, because of this, the consequences that occur can lead to conflicts between interests.

2.2 Nature Theory

The nature theory explains that the differences between men and women are natures that must be accepted. Biological differences between the two have an impact in the form of differences in roles and duties. Men and women have different natures according to their respective roles. Some of these roles and duties are interchangeable and some are not interchangeable because they are naturally different (Mau, 2016).

2.3 Positive Accounting Theory

Positive Accounting Theory as the grand theory of this research was introduced by Watts and Zimmerman in 1986. Positive accounting theory describes the behavior of company management in the preparation of financial statements. Positive accounting theory explains the actual accounting practices seen through the point of view of management who voluntarily use accounting procedures and the way accounting regulatory standards change from time to time. This theory is based on stakeholders, shareholders, fiscus are rational, and seek to maximize their functions which will be directly related to the compensation received, and the welfare received. The use of accounting policies depends on the relative costs and benefits of the procedures chosen to maximize their functions.

As a result of positive accounting thinking there are three hypotheses, namely:

1. Bonus plan hypothesis.
2. Debt equity hypothesis.
3. Political Cost Hypothesis.

2.4 *Hypothesis and Research Model*

The following is the research hypothesis:

H1: Financial distress has a positive and significant effect on earning management.

H2: Tax planning has a positive and significant effect on earning management.

H3: The female board of commissioners has a negative and significant effect on earning management.

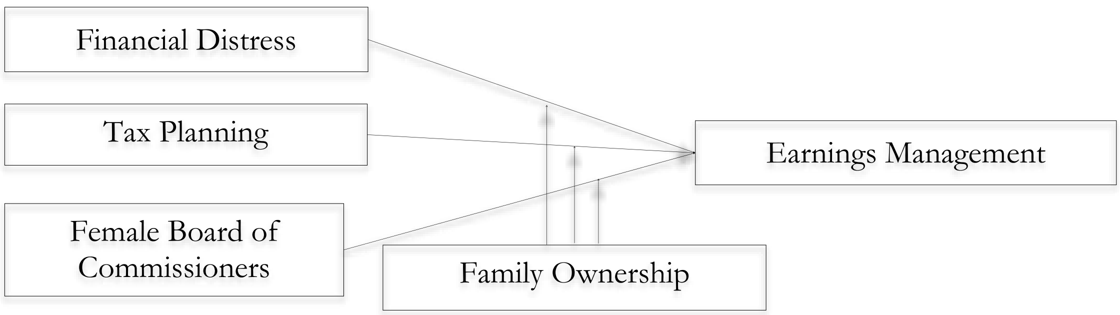
H4: Family ownership can weaken the effect of financial distress on earning management.

H5: Family ownership can weaken the effect of tax planning on earning management.

H6: Family ownership can weaken the effect of the female board of commissioners on earning management.

Based on the hypothesis testing above, the research model that can be presented is as follows:

Picture 2.2 Research Model



III. METHODOLOGY

The research method used in this research is a descriptive method with a quantitative approach. The research data was obtained by downloading data from the official website of the Indonesia Stock Exchange (IDX), namely www.idx.co.id. The data collection method used is documentation. This study uses secondary data obtained from the official website of the Indonesia Stock Exchange (IDX), namely www.idx.co.id. To analyze the results of this study using multiple linear regression methods with SPSS version 25. The testing steps taken are descriptive statistical analysis, classical assumption test, model feasibility test (F test and coefficient of determination test), multiple linear regression analysis, hypothesis testing (t test) and Moderated Regression Analysis. In addition, this research also uses literature study to find the theoretical basis relevant to this research.

Table 1 Screening of research samples based on purposive sampling technique

No	Description	Total
1	All companies listed on the Indonesia Stock Exchange during the period 2019-2023 research	235
2	Companies that do not publish regular financial reports per year during the year research period 2019-2023	(65)
3	Companies that are not family-owned	(27)
4	Companies that do not have a female board of commissioners	(96)
5	Companies that do not present complete data that will be used in this study	(5)
	Sample Quantity	42
	Data before outliers	210
	Outlier data	(48)
	Data after outliers	162

Earnings Management (Y)

Earnings management is a condition where management does not succeed in achieving the profit target desired by shareholders and management will take advantage of the discretion allowed to change the accounting standards used by the company in preparing financial statements to modify these financial statements in order to get the desired profit. In this study, earnings management using the modified Jones model (Permatasari & Wulandari, 2021), the steps are as follows:

Actual total accruals
TAC = Niit - Cit
Description:
TAC = Total accruals
NIit = Net income of company I in period t
CFit = Cash flow of operation of company I in period t

Total accruals estimated with the OLS (Ordinary Least Square) regression equation.
TACt/Tat-1 = (β)1(1/TAt-1) + (β)2(ΔREVt/TAt-1) + (β)3(PPEt/TAt-1)
Description:
TACt = Total accruals in period t
TAt-1 = Total assets of period t-1 (Δ)
REVt = Change in revenue in period t
PPEt = Property, plan, and equipment in period t
(β)1,(β)2,(β)3 = regression coefficients

Non accrual discreationary
NDTACt = (β)1(1/TAt-1) + (β)2[(Δ REVt-Δ RECt) / TAt-1] + (β)3(PPEt/TAt1)
Description:
NDTACt = Non discretionary accruals in year t
TAt-1 = Total assets period t-1
ΔREVt = Change in revenue in period t
ΔRECt = Change in accounts receivable in period t
PPEt= Property, plan, and quipment in period t
(β)1,(β)2,(β)3 = Fitted coefficients obtained from the regression results on the calculation of total accruals

Discreatinare Total Accrual
DTACt= TACt/TAt-1–NDTACt
Description:
DTACt = Discretionary total accruals year t
TACt = Total accruals year t
TAt-1 = Total assets of period t-1
NDTACt = Non discretionary accruals in year t

Financial Distress (X1)
Financial Distress is a situation where the company is experiencing financial difficulties and is unable to fulfill its obligation payments which if left unchecked can cause the company to experience bankruptcy. In this study using the Altman Z-score model. So it can be formulated financial distress using the Altman Z-Score model according to (Anggraini, 2020) is as follows:
Z = 1,2 X1 + 1,4 X2 + 3,3 X3 + 0,6 X4 + 1,0 X5
Description:
X1 : (Current Assets - Current Debt) / Total Assets
X2 : Retained Earnings / Total Assets
X3 : Earnings Before Interest and Taxes / Total Assets
X4 : Book Value of Common and Preferred Stock / Book Value of Total Debt
X5 : Sales / Total Assets

Tax Planning (X2)
Tax planning is a step taken by taxpayers so that the tax burden paid is in the minimum amount possible during the current tax year and for the coming year, so that the tax burden paid can be reduced as efficiently as possible in various ways in accordance with the provisions of the applicable tax regulations. So it can be formulated tax planning according to (Suheri et al., 2020) is as follows:

$$TRR = \frac{NET\ INCOME_{IT}}{PRETAX\ INCOME\ (EBIT)_{IT}}$$

Description:
TRRit = Tax Retention Rate of company in year t.
Net Income IT = Net profit after tax of company in year t.
Pretax Income (EBIT) IT = Profit before tax of company in year t.

Female Board of Commissioners (X3)

The Board of Women Commissioners is gender in the structure of the board of commissioners which can be seen from gender diversification in board members. The female board of commissioners referred to in this study is the proportion of female commissioners on the company's board of commissioners. So it can be formulated that the female board of commissioners according to (Manurung & Syafruddin, 2020) is as follows:

$$\text{Proportion of female commissioners} = \frac{\textit{Number of Female Commissioners}}{\textit{Total of All Board of Commissioners}}$$

Family Ownership (Z)

Family ownership is a company whose shares are owned by the family where the company is run by family members as "spouses, parents, children, including adopted children and stepchildren, brothers, sisters and spouses of children, brothers or sisters of directors". Information relating to family members is available in the company's annual report in the director profile section. Measurement of family ownership according to (Lestari & Agung, 2017) as follows:

$$\text{Family Ownership} = \frac{\textit{Number of Shares Owned by Family}}{\textit{Number of Shares Outstanding}}$$

IV. RESULT AND DISCUSSION

4.1 RESULT

4.1.1 Descriptive Statistical Analysis

Descriptive statistical analysis is used to explain the minimum value, maximum value, average value and standard deviation value of data. Then in this study outliers were carried out to overcome abnormal data. An outlier is data that has a significantly different value or an extreme value that deviates from other data. In this study there were 210 observed data which were then outliers and 48 outlier data were found so that the final result of observed power was 162 data. The results of descriptive statistical analysis can be seen as follows:

Table 1 Descriptive Analysis Results

	N	Minimum	Maximum	Mean	Std. Deviation
Financial Distress	210	-1.2538	31.5060	3.803038	4.5742198
Tax Planning	210	-.0755	10.6850	.924600	.8772071
Female Board of Commissioners	210	.1000	.7500	.322424	.1507879
Family Ownership	210	.0001	4.8115	.500786	.3852120
Earnings Management	210	-2.5340	4.5070	.102633	.6779818
Valid N (listwise)	210				

4.1.2 Classical Assumption Test

4.1.2.1 Normality Test

Table 2 Normality Test

		Unstandardized Residual
N		162
Normal Parameters[a,b]	Mean	.0037973
	Std. Deviation	6.25994470
Most Extreme Differences	Absolute	.069
	Positive	.069
	Negative	-.044
Test Statistic		.069
Asymp. Sig. (2-tailed)[c]		.060

Based on the table above, it can be seen that the Asymp. Sig. (2-tailed) in table 2 is 0.060. Thus the significance value is greater than 0.05 or 0.060 > 0.05, it can be concluded that the data used in this study is normally distributed.

4.1.2.2 Multicollinearity Test

Table 3 Multicollinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Financial Distress	.133	7.496
	Tax Planning	.101	9.942
	Female Board of Commissioners	.204	4.892

Based on the results of table 3 above, the multicollinearity test of financial distress, tax planning, female commissioners and family ownership variables if they have a tolerance value > 0.10 and a VIF value < 10, it can be concluded that the data does not have multicollinearity.

4.1.2.3 Autocorrelation Test

Table 4 Autocorrelation Test

Model	Durbin-Watson
1	1.939

Based on the results of table 4 above, the results of the autocorrelation test can be seen that the Durbin-Watson value is 1.939. This value will be compared using a significance value of 0.05 with a sample size of 162 (n) and the number of independent variables 3 (K). It can be seen that the value of dl = 1.7055 and du = 1.7809. The Durbin-Watson value in this study is 1.939. Because the value of 1.7809 < 1.939 < 2.27191, there is no autocorrelation in this study.

4.1.2.4 Heteroscedasticity Test

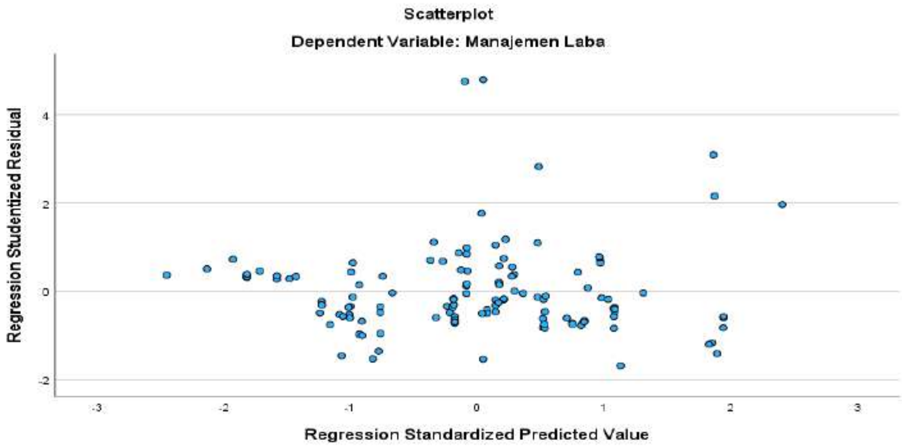


Figure 2 Heteroscedasticity Test

Based on Figure 2 above the results of the heteroscedasticity test, it can be seen that the points spread and do not form a pattern and are above and below the number 0 on the axis, it can be concluded that there is no heteroscedasticity.

4.1.3 Model Feasibility Test (F Test)

Table 5 F Test

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	53.343	3	17.781	38.035	.000[b]
	Residual	73.863	158	.467		
	Total	127.205	161			

Based on the results in table 5 above, it is known that the f table in this study is 38.035 with a significance level of 0.000 < 0.05, which means that the results in this study can be concluded that the model in this study is suitable for use.

4.1.4 Multiple Linear Regression Analysis

Table 6 Multiple Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.778	1.484		2.546	.012
	Financial Distress	1.283	.517	.412	2.484	.014
	Tax Planning	1.918	.891	.411	2.153	.033
	Female Board of Commissioners	.422	.299	.189	1.410	.161

Based on the results of multiple regression analysis, the regression equation is obtained as follows:
Earnings Management (Y) = 3,778 + 1,283X1 + 1,918X2 + 0,422X3 + e

4.1.5 *Moderated Regression Analysis* (MRA)

Table 7 MRA

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-4.294	1.488		-2.886	.004
	Financial Distress	.741	.558	.238	1.327	.186
	Tax Planning	2.463	.903	.529	2.727	.007
	Female Board of Commissioners	.388	.303	.174	1.281	.202
	Family Ownership	-.051	.040	-.087	-1.269	.206
	Financial Distress*Family Ownership	.571	.244	.159	2.337	.021
	Tax Planning*Family Ownership	.313	.155	.152	2.019	.038
	Female Board of Commissioners*Family Ownership	.390	.167	.039	2.335	.023

Based on the results of moderated regression analysis, the regression equation is obtained as follows:
Earnings Management (Y) = -4,294 + 0,741X1 + 2,463X2 + 0,388 X3 – 0,051X4 + 0,571(X1*Z) + 0,313 (X2*Z) + 0,390(X3*Z) + e

4.1.6 Hypothesis Test (t Test)

Based on table 6 above, it can be seen that the t value and significance of each variable are as follows:

The significance value of the financial distress variable is 0.014 < 0.05 and the value of t count > t table 2.484 > 1.97472 with beta value of 1.283 with positive direction. So it can be concluded that the first hypothesis H1, namely financial distress has a positive and significant effect on earnings management, is accepted.

The significance value of the tax planning variable is 0.035 < 0.05 and the value of t count > t table 2.153 < 1.97472 with beta value of 1.918 with positive direction. So it can be concluded that the first hypothesis H2, namely tax planning has a positive and significant effect on earnings management, is accepted.

The significance value of the female board of commissioners is 0.161> 0.05 and the value of t count < t table 1.410 < 1.97472 with beta value of 0.422 with positive direction. So it can be concluded that the first hypothesis H3, namely the female board of commissioners has a negative and significant effect on earnings management, is rejected.

4.1.7 Coefficient of Determination ($R2$) Regression

Table 8 Coefficient of Determination (R^2) Regression

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.648[a]	.419	.408	.68373

According to the results of the table above, the coefficient of determination by looking at the R Square value is 0.419 or 41.9%, which means that the earnings management variable can be explained by the variables of financial distress, tax planning and female commissioners by 41.9%. While the remaining 58.1% can be explained by other variables outside the regression model.

4.1.8 Coefficient of Determination (R^2) MRA

Table 9 Coefficient of Determination (R^2) MRA

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.645[a]	.416	.412	.67052

According to the results of the table above, the coefficient of determination by looking at the R Square value is 0.416 or 41.6%, which means that the earnings management variable can be explained by the financial distress and family ownership variables by 41.6%. Meanwhile, the remaining 58.4% can be explained by other variables outside the regression model, so that Family ownership can weakens the relationship between financial distress, tax planning, and female commissioners on earnings management.

4.2 DISCUSSION

Based on the hypothesis testing, the researcher will be explained is as follows:

4.2.1 The effect of financial distress on earnings management

From the results of the first hypothesis analysis test above, it can be obtained that financial distress has a significant effect on earnings management. This is in accordance with the results obtained, namely the beta value of 1.283 and a significance value of 0.014. This value indicates a positive and significant direction between financial distress and earnings management.

When the company is experiencing financial distress, investors will reconsider investing in the company so that it will make the manager try to present financial reports in accordance with the desired profit, this is done to attract the attention of investors to continue investing in the company. Companies that are experiencing financial distress often experience great pressure to improve their financial performance to make them look better in the eyes of investors, so that managers will take earnings management actions to cover the actual state of the company.

This is supported by agency theory which states that competing interests, managers carry out earnings management on the pretext of saving the company but in addition to saving their position and interests. So that in order to save the company, management carries out earnings management in conditions where the company is experiencing financial difficulties in order to continue to get funds from third parties to fulfill obligations and other operations.

The results of this study are the same as research conducted by (Rahmatillah et al., 2024), (Putri & Setiawati, 2023) and (Mellennia & Khomsiyah, 2023) which state that financial distress has a positive and significant effect on earnings management.

4.2.2 The effect of tax planning on earnings management

From the results of the second hypothesis analysis test above, it can be obtained that tax planning has a significant effect on earnings management. This is in accordance with the results obtained, namely the beta value of 1.918 and a significance value of 0.033. This value shows a positive and significant direction between tax planning and earnings management.

The results above show that tax planning has a significant effect on earnings management. This shows that the better a company does tax planning, the more likely the company is to carry out earnings management. Tax planning is the first step in tax management. Tax management is a means to fulfill tax obligations correctly but the amount of tax paid can be minimized to obtain the desired profit in accordance with applicable tax regulations. So the profit earned by the company is getting smaller and the company pays will pay less tax. Through tax planning, corporate tax payments can be postponed. That is why many companies use tax planning for corporate earnings management.

The results of this study are in line with agency theory where there is a conflict of interest between the company and the government. The government wants the tax it collects to be as large as possible because the government needs funds from tax revenues to finance government spending while the company tries to reduce the tax to be paid to a minimum by doing tax planning. The higher the tax planning, the greater the level of earnings management. Then management does tax planning so that profit performance increases so that management performance as an agent is considered good by the principal, namely investors. This research is also in line with positive accounting theory which states with one of its hypotheses, namely the political cost hypothesis which explains that the Company conducts tax planning as effectively as possible, not only does the company benefit from a fiscal perspective, but it also benefits from obtaining additional capital from investors through the sale of the company's shares.

The results of this study are the same as research conducted by (Baraja et al., 2019), (Nurfadila & Muslim, 2021) and (Suheri et al., 2020) which state that tax planning has a positive and significant effect on earnings management.

4.2.3 The effect of female board of commissioners on earnings management

From the results of the third hypothesis analysis test above, it can be obtained that the female board of commissioners has an insignificant effect on earnings management. This is in accordance with the results obtained, namely the beta value of 0.422 and a significance value of 0.161. This value shows a positive and insignificant direction between the female board of commissioners on earnings management.

These results indicate that the female board of commissioners in this study has no effect on earnings management. This happens because even though the presence of a female board of commissioners in the board of commissioners of a company cannot have a significant effect on earnings management because the presence of women in the board of commissioners of the company cannot provide optimal supervision of earnings management practices. The existence of women in the board of commissioners is considered inferior, so the company carries out earnings management practices independent of the presence or absence of women as company leaders in the board of commissioners. Therefore, companies with a large number of women or men will not have an influence on reducing earnings management activities.

This research is also not in line with agency theory which states that where a relationship can occur due to a contract between the principal and the agent. The principal is the capital provider who gives the task and authority to the agent to manage and make the best solution for the company, so that earnings management practices can be reduced. This research is also not in line with nature theory because nature theory does not fully support this research on gender. This is because nature theory grew and developed in western countries while the conditions of women in eastern countries are different from the conditions of women in western countries. This theory recognizes the differences between men and women both biologically and socially, but this theory has not provided clear boundaries.

The results of this study are different from research conducted by (Suciani & Purnama, 2019), (Putri & Erinos, 2019) and (Joshua & Kawedar, 2024) which state that the female board of commissioners has a negative and significant effect on earnings management. However, the results of this study are the same as research conducted by (Razak & Helmy, 2020), (Rakrismawati & Butar, 2023) and (Anabella & Wijaya, 2022) which states that the female board of commissioners has an insignificant effect on earnings management.

4.2.4 The Moderating Effect of Family Ownership on the Effect of financial distress on Earnings Management

From the results of the fourth Moderate Regression Analysis test above, it can be obtained that family ownership is able to moderate the relationship between financial distress and earnings management. This is in accordance with the results obtained, namely the coefficient of determination of 0.065 which is smaller than the coefficient of determination before moderation, namely 0.084. This value states that family ownership weakens the relationship between financial distress and earnings management.

These results indicate that family ownership weakens the relationship between financial distress and earnings management. This happens because companies owned by families will always try to avoid earnings management actions within the company caused by financial distress. Companies experiencing financial distress, company management will try to focus more on overcoming the financial problems experienced by the company and choose to take certain actions that can overcome the financial difficulties experienced by the company can be overcome so that the company will not experience bankruptcy by being directly supervised by the company owner. Being directly supervised by the company owner will make it difficult for management to take earnings management actions.

The results of this study are not in accordance with the type 2 agency theory problem which states that the conflict between majority and minority owners in the company which of course will cause a decrease in supervision of the company, on the contrary, the existence of family ownership causes the level of supervision to increase so that the positive influence between financial distress and earnings management can be weakened by the existence of family ownership.

The results of research conducted by (Cantika & Mutmainah, 2023) state that family ownership can weaken the effect of financial distress on earnings management.

4.2.5 The Moderating Effect of Family Ownership on the Effect of tax planning on Earnings Management

From the results of the fifth Moderate regression analysis test above, it can be obtained that family ownership can moderate the relationship between tax planning and earnings management. This is in accordance with the results obtained, namely the coefficient of determination after moderation of 0.416 which is smaller than the coefficient of determination before moderation, namely 0.419. This value states that family ownership weakens the relationship between tax planning and earnings management.

These results indicate that family ownership weakens the relationship between tax planning and earnings management. The lower the tax planning carried out by the company, the smaller the opportunity for the company to carry out earnings management. Companies do tax planning without engineering in an effort to minimize their taxes. Therefore, with the supervision of family ownership, management cannot carry out earnings management. This happens because family companies try to reduce corporate tax expenses to minimize their tax burden so that the company can pay the lowest possible tax so that it is not proven that there is tax planning to take earnings management actions because companies take advantage of tax savings to increase profits which makes managers faced with situations that force them to do this.

This is in accordance with agency theory which says that each individual is solely motivated by his own interests, resulting in a conflict of interest. The conflict between majority shareholders and minority shareholders in this case occurs when management wants to increase company profits or net income for personal gain, using many methods, one of which is tax planning. Meanwhile, minority shareholders do not want the company to suffer fatal consequences when doing tax planning in order to maintain the company's image and reputation.

4.2.6 The Moderating Effect of Family Ownership on the Effect of Female Board of Commissioners on Earnings Management

From the results of the sixth Moderate regression analysis test above, it can be obtained that family ownership can moderate the relationship between the female board of commissioners and earnings management. This is in accordance with the results obtained, namely the coefficient of determination after moderation of 0.346 which is greater than the coefficient of determination before moderation, namely 0.419. This value states that family ownership weakens the relationship between the female board of commissioners and earnings management.

These results indicate that family ownership weakens the relationship between the female board of commissioners and earnings management. This happens because A female board of commissioners can improve the supervision of managers against earnings management, as women tend to be more cautious and have high standards. However, this effect can be affected by family ownership, which can strengthen or weaken the effect of gender diversity depending on the extent to which family owners are open to different views from board members. Family ownership also reduces incentives for earnings management that focus on short-term profits. In addition, supervision becomes easier because family owners want to maintain the company's image.

The results of this study contradict type 2 agency theory which says that conflicts between majority and minority owners reduce supervision. Instead, family ownership increases supervision, so the positive effect of female commissioners on earnings management becomes weaker.

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V. CONCLUSION

Based on the analysis and discussion above, it can be concluded that financial distress and tax planning have a positive and significant effect on earnings management and the female board of commissioners has an insignificant effect on earnings management. Family ownership weakens the relationship between financial distress, tax planning and the board of female commissioners has a significant effect on earnings management. For future researchers, it is hoped that they can expand the research object by not focusing on family companies alone, but can also use other sectors listed on the Indonesia Stock Exchange so as to provide a broader picture and research results on earnings management and add other independent variables outside of this study in order to find out the factors that can affect earnings management.

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