

## **ABSTRACT**

### **THE EFFECT OF EARNING POWER, OPERATING PROFITS AND TAX PLANNING ON PROFIT MANAGEMENT**

(Empirical Study of Consumer Cyclical Sector Companies Listed on the Indonesia Stock Exchange In 2021 - 2023)

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This study aims to determine the effect of earning power, operating profit, and tax planning on earnings management in consumer cyclical sector companies listed on the Indonesia Stock Exchange (IDX) during the 2021-2023 period. This sector was chosen because of its characteristics which are very sensitive to economic changes, so companies have a tendency to carry out earnings management to maintain the image of financial performance. This study uses a quantitative approach with secondary data obtained from the company's annual financial statements. The sample was determined using purposive sampling technique, and 37 companies were obtained as research objects. Data analysis was carried out with the help of SPSS version 25 software using multiple linear regression tests, and through a series of classical assumption tests. The results showed that operating profit has a significant effect on earnings management, while earning power and tax planning have no significant effect. This finding indicates that the company's operational efficiency is a factor that encourages management to carry out earnings management, while earning power and tax strategy are not necessarily the main factors.

**Keywords:** Earning Power, Operating Profit, Tax Planning, Earnings Management, Consumer Cyclical

