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Effect of Profit Management and Earning per Share on Company Value with Company Size as a Moderation Variable

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ABSTRACT

This study aims to determine the effect of earnings management and earning per share on firm value and to find out whether firm size is able to moderate the relationship between earnings management and earning per share on company value in food and beverage companies listed on the Indonesia Stock Exchange for the 2018-2022 period. The methodology used in this research is quantitative with a causal associative approach with a sample of food and beverage companies listed on the Indonesian Stock Exchange using a sampling technique. Purposive sampling from 84 populations obtained a sample of 15 companies. The analysis used in this study uses test Moderated Regression Analysis (MRA). The results in this study are that earnings management does not have a significant effect on firm value due to earnings management practices by selecting accounting policies by management which are subjective, then the quality of earnings in the financial statements presented will be low and inaccurate and this can lead to high levels of public trust will decrease so that potentially many investors will withdraw their shares that have been invested. Earnings per share significant effect on firm value due to the higher value earning per share then it will affect the amount of net loss given by the company to shareholders. The size of the company is not able to moderate the relationship between earnings management on firm value because the size of the company is getting bigger, the management will minimize fraud in carrying out earnings management practices because outside supervision is increasing strictly towards internal parties, so that internal parties will increase transparency and truth in information. Company size is able to moderate the relationship between earning per share large companies are supported by good resources and it is easy to meet capital needs, including through foreign capital.

Keywords: Earnings Management, Earning Per Share, Company Value, Company Size

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INTRODUCTION

Based on the results of Association of Certified Fraud Examiners (ACFE) Indonesia in 2019 through the website www.acfe-indonesia.or.id that in this country as many as 239 cases of fraud were identified with fraudulent financial statements of 6.7% or 16 cases. Regarding the results for the media, 93 respondents or 38.9% stated that the financial media made the largest contribution to disclosing fraud in Indonesia, thus exploring earnings management in Indonesia will always be an interesting issue. Companies that are able to manage finances effectively and efficiently and get profits from shares are the goals of the company and shareholders, with good earnings management able to increase the value of the company. Stable financial governance will improve earnings per share company and company value (Handoyo & Kusumaningrum, 2022). An act of fraud is an act that presents a fact that is materially wrong, leads to fraud, and can give itself an advantage but harms other parties such as decreasing the reputation of the organization, causing losses to the company, causing doubts to investors, and reducing state revenues which causes state financial losses (Mardianto & Tiono (2019). Manipulating profits is an act that violates the rules of company financial reports that deliberately generate irrelevant profits (Subadriyah et al (2020). However, fraudulent acts related to financial reports occur in almost all companies in the world, including Indonesia and no entity is immune to threats of fraud (Narsa et al (2023).

A monitoring and control system needs to be carried out by a company to realize transparency, fairness, responsibility and accountability in order to create a clean and responsible business (Paddyland (2021). Companies that are able to manage finances effectively and efficiently and get profits from shares are the goals of the company and shareholders (Al-Natsheh & Al-Okdeh, 2020). The ratio used in measuring how much net profit is contained in one share is called earning per share (Jia & Xue, 2022) If the value of earnings per share is high, the higher the net profit the company will offer to shareholders. This increases investor interest and the

stock price will increase which in turn will increase the value of the company. Firm value (Anton et al., 2023) is the level of success and performance of a company by looking at share prices in the perception of investors as potential buyers (Rahman et al., 2019). The higher the value of the company, the more success the owner of the company will achieve.

Previous studies have shown varying results regarding the relationship between earnings management and firm value. Saelandri et al (2023) in their research results it is known that earnings management has an influence on firm value. Among the literature studies it is known that two previous studies stated that the existence of firm value is significantly influenced by earnings management. Meanwhile, two other literature studies show that the value of a company does not only have a positive effect, but also has a negative effect on earnings management. Riswandi & Yuniarti (2020) in their research results show that earnings management has a significant positive effect on company value. This research is also in line with Putri's research (2019) that earnings management has a very positive effect and is relevant to the value of a company. Although earnings management can increase the value of the company significantly, over time the value of the company will decrease. The results of this research are supported by the research of Kusuma & Mertha (2021), that earnings management uses patterns income decreasing very negative effect on firm value. This is due to the existence of profit (Estu et al., 2023) depreciation information that has a behavior opportunistic and can also be detrimental to shareholders. Panjaitan et al (2022) note that earnings management also has a very negative influence on the value of a company. Thus, earnings management can be a number of factors that can reduce or increase the value of a company.

Previous research regarding influence earning per share (EPS) to firm value. Nuridah et al (2022) in their research results shows that earning per share no significant effect on firm value. These results are supported by Hutapea et al (2021) that earning per share no effect and significant to firm value. The results of the two previous literatures were not in line with several other researchers. The results of Widiantari & Irawati's research (2020) show that earning per share significant positive effect on firm value. Based on the research results of Rifai (2021) and Sitorus et al (2020), the results show that earnings per share significant positive effect on firm value.

The results from previous studies are varied and there is no consistency in the results between the relationship between the influence of earnings management and earning per share to company value. Thus, the authors are interested in conducting further research and by demonstrating firm size as a moderating variable. Firm size is chosen based on how firm size can moderate the influence of earnings management and earning per share to company value.

LITERATURE REVIEW

Agency Theory

Agency theory is a concept that explains the relationship or bond between the principal and the agent. The agency relationship perspective is the basis for understanding the relationship between managers and shareholders. Agency relationship sometimes creates conflict between managers and shareholders. Problems can arise due to the existence of selfish parties with different goals, so that each party tries to find a way to achieve their own desires, which results in a conflict of interest.

Agency theory according to Eisenhardt (1989) in Williianti (2020) explains that there are 3 (three) assumptions about human nature that are used, including the following:

a. Basically, humans have characteristics that prioritize personal needs (self-interest).

b. Humans have a limited mindset regarding understanding in the future (bounded rationality).

c. Humans always avoid risks (risk averse).

The relationship between the existence of agency theory underlies earnings management which states that each individual tends to maximize his profit. Williianti (2020), if a company wants to provide the expected performance, managers must defend shareholders, namely to increase the value of the company without prioritizing personal interests.

Earnings Management

Earnings management is an action taken to change, hide and delay financial information. The reason for doing earnings management is usually by increasing profits (Sayidah et al., 2020) in order to produce profit

targets and also by reducing profits in the current period so that you can increase income in the coming period. Yunengsih et al (2018) the tendency to pay attention to profit is realized by management, often the income statement does not include this information according to the actual situation to attract the attention of investors, creditors and shareholders.

Earnings per Share

Earnings per share is the ratio between net profit after tax in a financial year with the number of outstanding shares. Nuridah et al (2022) states that the components that must be considered first in investing or analyzing a company are earning per share. Kasmir (2019) earnings per share is the net profit that is included in the component of calculating the profitability ratio, namely the ratio that estimates the company's ability to generate profits and measures the level of effectiveness of the company's management.

Firm Value

Firm value is the opinion of investors on the level of success of managers in managing company resources entrusted to them which is often associated with stock prices. High corporate value can make the market believe not only in the company's current performance, but also in its prospects in the future. (Al-Natsheh & Al-Okdeh, 2020) to measure the value of the company can be done using market ratios or valuation ratios. Market ratio is a comprehensive measurement for a company consists of Price Earnings Ratio, Price to Book Value, and Tobin's Q.

The Effect of Earnings Management on Firm Value

R.A Supriyono (2018), earnings management are all activities that will be carried out by managers with the aim of influencing a profit according to all its objectives. In general, by carrying out earnings management in order to increase profits to meet certain profit targets and reduce profits in that period, namely to increase sales in the coming period. Silvia Indrarini (2019) defines company value as an investor's view or observation of the value of the success rate of managers for resource management, which is related to the company's stock price. The share price that is fulfilled in a request and also an offer in the capital market so that it can reflect the performance of a company. The higher the value of the company, the greater the welfare obtained by the owner of the company.

Saelandri et al (2023), earnings management can affect company value, because a certain period cannot develop company value over a very long period of time. This happens because earnings management is an activity that changes data in financial statements, for example, such as increasing and decreasing profits by determining accounting rules by management that are specific in accordance with the management's interests. Then the hypothesis proposed is:

H1: Earnings management has a significant effect on firm value

Influence Earning Per Share Against Company Value

Kasmir (2019), earning per share is the net profit that is included in the component of calculating the profitability ratio, namely the ratio that estimates the company's ability to generate profits and measures the level of effectiveness of the company's management. Earnings per share be one indicator that can show how the performance of the company, due to the size earning per share determined by the profit earned by the company. If value earning per share the higher the investor will get dividends and capital gain which is getting bigger. Thus, it will attract the interest of investors, causing stock prices to rise and increase in company value.

Widiantari & Irawati (2020) state that value earning per share A large share will affect the amount of net loss given by the company to shareholders. Based on this, the desire of investors will grow and also have an impact on the growth of share prices and this will affect the value of the company. Thus, the hypothesis proposed in the study is:

H2: Earning per share significant effect on firm value

Company Size in Moderating the Effect of Earnings Management on Firm Value

Indrayani et al (2021), company size is an illustration of the company's total assets, if the size of the company gets bigger, it will greatly affect the decisions taken by management in deciding what funding needs to be used by the company so that the results of the funding decision can get financial prospects the good one. If the size of the company is getting bigger, the resources owned by the company are getting bigger and the assets needed by the company to maintain its operational activities also increase to optimize the value of the company.

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Wulan Astriah et al (2021), company size is considered to have an influence on earnings management, arguing that the larger the size of the company, the more likely it is that earnings management will be carried out by the company. Thus, it will have an impact on the value of the company. Then the hypothesis proposed in this study is:

H3: Company size is able to moderate the effect of earnings management on firm value

Company Size in Moderating Influence Earning Per Share Against Company Value

Sustriana (2019), large companies are considered to be more able to access the capital market and attract investors because they have a strong reputation, operational stability, and lower growth rates. Riawan (2020), large companies are usually supported by adequate resources and it is easier to meet capital needs, including through foreign capital, which allows easier business expansion compared to small companies. This advantage should increase the chances of large companies to get bigger profits. So, the size of the company should affect the amount of profit through projected investment in the form earning per share.

Riawan's research (2020) shows the results that company size has a positive and significant effect on earnings per share meaning that the larger the size of the company describes the greater the company's assets so that the potential to increase company profits is very large, this can increase value earning per share in a company. Then the hypothesis proposed in this study is:

H4: Firm size is able to moderate the effect earning per share to company value.

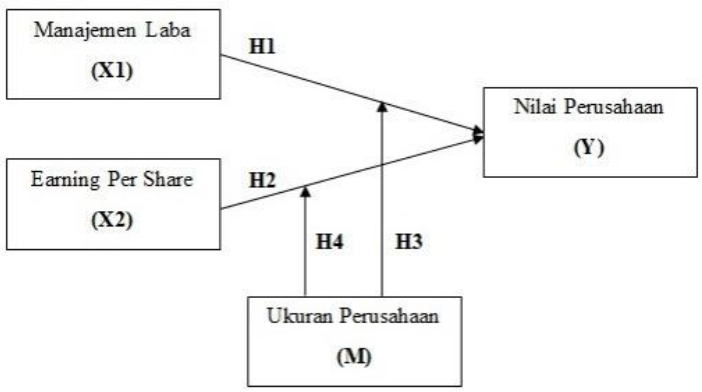

Figure 1. Thinking Framework

DATA ANALYSIS AND RESEARCH TECHNIQUES

Research Design

Quantitative research method used is the approach causal association (Sugiono, 2019). The population of this study is food and beverage companies listed on the Indonesia Stock Exchange for the 2018-2022 period. The total population is 84 companies as listed in the IDX Statistics 2023. The sampling technique used is Non-probability Sampling a sampling technique that does not provide equal opportunity/opportunity for each element or member of the population to be selected as a sample. Then the technique taken in this study namely purposive sampling.

Descriptive statistics

Descriptive statistics provide a clearer and easier to understand depiction of data information. Ghozali (2018), descriptive statistics can be seen from the average, median, mode, standard deviation, maximum and minimum values, range, curvature and skewness.

Classic assumption test

Before testing the regression data, the classical assumptions are tested first to find out whether the data used meets the requirements of the regression model. This test includes: Normality Test and Heteroscedasticity Test.

Selection of Panel Data Regression Model

Panel data regression analysis consists of three models namely Common Effect Model (CEM), Fixed Effect Model (FIVE) and Random Effect Model (REM) Septianingsih (2022). Next, the panel data regression model will be selected using chow test, Hausman test, and Lagrange multiplier test. Then the selected model will be tested on classical assumptions and hypothesis testing.

Moderated Regression Analysis (MRA) Test

The use of the MRA model is because in this study it uses a moderator variable, so the panel data regression model equation for the moderator variable is to use the MRA equation. The MRA equation can be formulated as follows:

$$\mathbf{Y = a+b_1ML +\beta_2EPS + \beta_3ML*SIZE + B_4EPS*SIZE+ \in}$$

Information:

Y = Firm Value

a = Constant

β1- β4 = Regression Coefficient

ML = Earnings Management

EPS = Earnings Per Share

SIZE = Company Size

e = error term (estimator error rate)

Correlation Coefficient Test

Correlation analysis is used to determine the effect or relationship of the independent and dependent variables where one of the independent variables is kept (constant). Correlation values range from 1 to -1, the closer the value is to 1 or -1, the stronger the relationship between variables (Hasna et al., 2023; Nurtamara et al., 2023; Tantular et al., 2023).

Determination Coefficient Test (R^2)

The coefficient of determination describes the proportion of variation in the dependent variable (Y) that is explained by only one independent variable (more than one independent variable: i = 1, 2, 3, 4, etc.) together. Meanwhile R is a multiple correlation coefficient that measures the level of relationship between the dependent variable (Y) with all the independent variables that explain together and the value is always positive (Putra et al., 2023).

RESULTS AND DISCUSSION

Descriptive analysis results

Calculations and then perform descriptive statistical analysis using software Eviews 12. To provide an overview of the descriptive statistical analysis presented in table 1 as follows:

Table 1. Results of Descriptive Statistical Analysis

	AND (PBV)	X1 (YES)	X2 (EPS)	M (SIZE)
Mean	3.201805	-0.231934	188.2384	29.00956
Median	2.656338	-0.080039	61.55748	28.69829
Maximum	14.57057	0.227148	1275.973	32.82638
Minimum	0.117461	-1.775806	0.185698	27.33972
Std. Dev.	3.059887	0.481310	273.8525	1.554335
Skewness	2.045830	-1.817592	1.936506	1.111574
Kurtosis	7.480810	5.451975	6.535200	3.253356
Jarque-Bera	115.0604	60.08357	85.93080	15.64556

	AND (PBV)	X1 (YES)	X2 (EPS)	M (SIZE)
Probability	0.000000	0.000000	0.000000	0.000401
Sum	240.1354	-17.39505	14117.88	2175.717
Sum Sq. Dev.	692.8554	17.14277	5549644.	178.7808
Observations	75	75	75	75

Source: Data Processed Using EViews 12, 2023

The results of descriptive statistical analysis of firm value (PBV) have a maximum value of 14.57057 at PT Multi Bintang Indonesia Tbk and a minimum value of 0.117461 at PT Wilmar Cahaya Indonesia Tbk. Then rate mean or an average of 3.201805 and a median value of 2.656338 and a standard deviation value of 3.059887. Earnings management (DA) has a maximum value of 0.227148 at PT Campina Ice Cream Industry Tbk, this shows that companies have a tendency to manage earnings by increasing profits. Meanwhile, the minimum value for PT Multi Bintang Indonesia Tbk is -1.775806, which means that the company has a tendency to manage earnings by reducing profits. Then the mean value is -0.231934 and the median value is -0.080039 and the standard deviation is 0.481310. Earnings per share (EPS) has a maximum value of 1275.973 at PT Indofood Sukses Makmur Tbk and a minimum value of 0.185698 at PT Buyung Poetra Sembada Tbk. Then the mean value is 188.2384 and the median value is 61.55748 and the standard deviation is 273.8525. Meanwhile, company size (SIZE) has a maximum value of 32.82638 for PT Indofood Sukses Makmur Tbk and a minimum value of 27.33972 for PT Sekar Laut Tbk. Then the mean value is 29.00956 and the median value is 28.69829 and the standard deviation is 1.554335.

Panel Data Regression Analysis Results

Estimation of the panel data regression model can be done using three approaches, namely Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM).

a. Common Effect Model (CEM)

Table 2. Panel Data Regression Results Common Effect Model (CEM)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.889096	6.281357	0.141545	0.8878
YES (X1)	-4.562713	0.544297	-8.382763	0.0000
EPS (X2)	-0.000879	0.001273	-0.690652	0.4920
SIZE (M)	0.048949	0.221225	0.221264	0.8255

Root MSE	2.146546	R-squared	0.501231
Mean dependent var	3.201805	Adjusted R-squared	0.480157
S.D. dependent var	3.059887	S.E. of regression	2.206184
Akaike info criterion	4.472264	Sum squared resid	345.5746
Schwarz criterion	4.595863	Log likelihood	-163.7099
Hannan-Quinn criterion.	4.521616	F-statistic	23.78352
Durbin-Watson stat	0.323596	Prob(F-statistic)	0.000000

Source: Data Processed Using EViews 12, 2023

Regression results on the model common effect shows that earnings management has a significant effect on firm value variables and earning per share no significant effect, so the result of the model equation common effect as follows:

Y = 0.889096 - 4.562713.DA - 0.000879.EPS + 0.048949.SIZE

Fixed Effect Model (FIVE)

Table 3. Panel Data Regression Results*Fixed Effect Model* (FIVE)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	114.1690	15.79671	7.227392	0.000
YES (X1)	3.169060	1.530893	2.070073	0.043
EPS (X2)	0.005693	0.001045	5.449675	0.000
SIZE (M)	-3.836803	0.543895	-7.054311	0.000

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Effects Specification				
Cross-section fixed (dummy variables)				
Root MSE	0.639409	R-squared		0.955744
Mean dependent var	3.201805	Adjusted R-squared		0.942544
S.D. dependent var	3.059887	S.E. of regression		0.733452
Akaike info criterion	2.423454	Sum squared resid		30.66326
Schwarz criterion	2.979651	Log likelihood		-72.87952
Hannan-Quinn criterion.	2.645537	F-statistic		72.40886
Durbin-Watson stat	1.818903	Prob(F-statistic)		0.000000

Source: Data Processed Using EViews 12, 2023

Regression results on the model fixed effect shows that earnings management and earning per share significant effect on firm value variables, so the result of the model equation fixed effect as follows:

Y = 114.1690 + 3.169060.DA + 0.005693.EPS - 3.836803.SIZE

Random Effect Model (REM)

Table 4. Panel Data Regression Results Random Effect Model (REM)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	43.38636	9.71922	4.463975	0.0000
YES (X1)	-2.233106	0.937454	-2.382096	0.0199
EPS (X2)	0.003421	0.000942	3.629775	0.0005
SIZE (M)	-1.425268	0.336483	-4.235776	0.0001

Effects Specification				
			S.D.	Rho
Cross-section random			2.220229	0.9016
Idiosyncratic random			0.733452	0.0984
Weighted Statistics				
Root MSE	0.866732	R-squared		0.221816
Mean dependent var	0.467946	Adjusted R-squared		0.188935
S.D. dependent var	0.989142	S.E. of regression		0.890813
Sum squared resid	56.34188	F-statistic		6.746020
Durbin-Watson stat	1.310736	Prob(F-statistic)		0.000455

Source: Data Processed Using EViews 12, 2023

Regression results on the model random effect shows that earnings management and earning per share significant effect on firm value variables, so the result of the model equation random effect as follows:

Y = 43.38636 – 2.233106.DA + 0.003421.EPS – 1.425268.SIZE

Panel Data Regression Model Selection

Panel data regression can be done by testing three analytical models, namely common, fixed, and random effect.

Uji Chow

Table 5. Chow Test Results

Redundant Fixed Effects Tests			
Test cross-section fixed effects			
Effects Test	**Statistic**	**d.f.**	**Prob.**
Cross-section F	41.81353	(14,57)	0.000
Cross-section Chi-square	181.6608	14	0.000

Source: Data Processed Using EViews 12, 2023

Based on Table 5 above shows the results of the probability value cross-section Chi-square of 0.0000 < 0.05 then the conclusion is H_0 rejected and H_a accepted. Thus, models Fixed Effect is the model that should be

used in this study. Then, Hausman test needs to be done to find out whether the model Fixed Effect or models Random Effect to be used in research.

Hausman test

The Hausman test is used to select the model that should be used Fixed Effect or models Random Effect. If the results of this specification test show probability results Cross-section random > 0.05 then the selected model is Random Effect. On the other hand, when the probability value Chi-square < 0.05 then the model that should be used is Fixed Effect. Hausman test results can be seen in the following table:

Table 6. Hausman Test Results

Correlated Random Effects - Hausman Test			
Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	36.73407	3	0.000

Source: Data Processed Using EViews 12, 2023

Based on table 6 shows the results that the probability value Chi-Square of 0.0000 <0.05 then H_0 rejected and H_a accepted. Therefore, Fixed Effect Model is a model that should be used for this study. So, it can be concluded that there is no need to re-test Lagrange Multiplier, because the results are consistent from the Chow Test and Hausman Test which choose Fixed Effect Model (FIVE).

Classic assumption test

Normality test

Seeing whether the residual model is normally distributed or not, a normality test is performed. Test *Jarque-Bera* (JB test) is one of the methods in the normality test. If value probability > 0.05, it is said that the residuals are normally distributed. Below are the results of the normality test in this study:

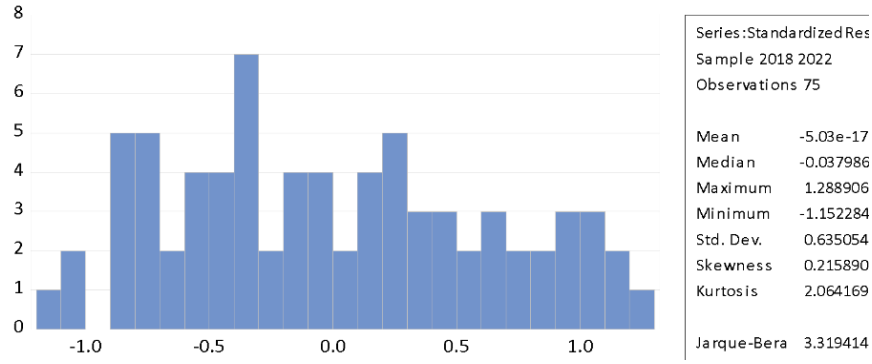

Figure 1. Normality Test Results

Source: Data Processed Using EViews 12, 2023

Based on the results in Figure 1 above, it can be seen the value Jarque-Bera obtained is equal to 2.381845 with a value probability 0.190196. Because of the resulting value probability 0.190196 > 0.05, it can be concluded that in this research model the residuals are normally distributed.

Multicollinearity Test

Multicollinearity test is used to determine whether there is a relationship between independent variables in a model by looking Variance Inflation Factor (VIF) and tolerances. If the VIF value is < 10 and the tolerance value is > 0.1, then the regression equation does not have multicollinearity. The table below shows the results of the multicollinearity test that was carried out in this study:

Table 7. Multicollinearity Test Results

Variance Inflation Factors			
Variable	**Coefficient Variance**	**Uncentered VIF**	**Centered VIF**
C	39.45545	607.9737	THAT
YES (X1)	0.296259	1.289016	1.043445

Variance Inflation Factors			
Variable	**Coefficient Variance**	**Uncentered VIF**	**Centered VIF**
EPS (X2)	1.62E-06	2.733609	1.848451
SIZE (M)	0.048940	636.4368	1.797645

Source: Data Processed Using EViews 12, 2023

Table 7 above shows that each of the independent variables used has a VIF value below <10 or a tolerance value > 0.1. So, it can be concluded that each independent variable used in the study is free from multicollinearity symptoms.

Heteroscedasticity Test

The heteroscedasticity test aims to determine the pattern of data distribution that supports each research variable. By using models Glazes done in heteroscedasticity testing. Inside models Glazes heteroscedasticity symptoms will not occur if it shows a value probability. The resulting chi-square in the test is > 0.05. Based on the heteroscedasticity test, the summary results are shown in the table below:

Table 8. Heteroscedasticity Test Results

Heteroskedasticity Test: Glejser			
F-statistic	2.483123	Prob. F(3,70)	0.0679
Obs*R-squared	7.117596	Prob. Chi-Square(3)	0.0682
Scaled explained SS	12.74755	Prob. Chi-Square(3)	0.0052

Source: Data Processed Using EViews 12, 2023

In Table 8 shows that the result value probability observation R-squared of 0.0682. The results obtained indicate value probability 0.0682 > 0.05, it can be concluded that there are no symptoms of heteroscedasticity in the regression model of all the research variables that will be formed.

Autocorrelation Test

The autocorrelation test is used to determine whether in the linear regression model there is a correlation between the confounding errors in the t period and the confounding errors in the t-1 period. Autocorrelation testing in this study was carried out by looking at the value *Durbin-Watson* (DW), Based on the results of the autocorrelation test that has been carried out, a summary of the results is obtained as shown in the table below:

Table 9. Autocorrelation Test Results Durbin-Watson

F-statistic	7.968697	Durbin-Watson stat	1.982874
Prob(F-statistic)	0.000024		

Source: Data Processed Using EViews 12, 2023

Based on Table 9 it can be seen that the results of the LM test obtained values Durbin-Watson in this study amounted to 1.982874. With the amount of data (n) = 75 and k = 2 (k is the number of independent variables) the dL value is 1.5709 and the dU value is 1.6802. Therefore, value Durbin-Watson less than 4 – dU and less than 4 – dL, which means that the results of the autocorrelation test are in areas where there is no autocorrelation. This can be interpreted that the regression model does not experience autocorrelation problems.

Test Moderated Regression Analysis (MRA)

Test Moderated Regression Analysis (MRA) is a special application of multiple linear regression in which the regression equation contains an element of interaction (multiplication of two or more independents).

Table 10. Test Results Moderated Regression Analysis (MRA)

Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	2.891814	0.602778	4.797480	0.0000
AND	-45.71180	42.77772	-1.068589	0.2898
EPS	0.055141	0.012029	4.584032	0.0000
DA*SIZE	1.596611	1.532934	1.041539	0.3021
EPS*SIZE	-0.001726	0.000385	-4.483199	0.0000

Source: Data Processed Using Eviews 12, 2023

Based on the selected estimation model, the panel data regression model equation is obtained as follows:

$$\mathbf{PBV = 2.891814 – 45.71180.DA + 0.055141.EPS + 1.596611.DA*SIZE – 0.001726.EPS*SIZE + \varepsilon}$$

Thus, the panel data regression results above can be interpreted as follows:

1) The constant value α is 2.891814 which means that if the earnings management variable, earning per share, DA*SIZE and EPS*SIZE are ignored / have a zero value, so the company value is constant, namely 2.891814.
2) The β1 coefficient value is -45.71180, which means that if the earnings management variable is increased by one unit with assumptions earning per share and DA*SIZE, EPS*SIZE is ignored or zero, then earnings management will increase by -45.71180.
3) The β2 coefficient value is 0.055141 which means if variable earning per share increased by one unit assuming earnings management and DA*SIZE, EPS*SIZE is ignored or zero then earning per share increased by 0.055141.
4) The β3 coefficient value is 1.596611 which means that if the DA*SIZE variable is increased by one unit assuming earnings management, earning per share and EPS*SIZE is ignored or zero, then DA*SIZE increases by 1.596611.
5) The coefficient value of β4 is -0.001726 which means that if the EPS*SIZE variable is increased by one unit assuming earnings management, earning per share and DA*SIZE is ignored or zero, then EPS*SIZE decreases by -0.001726.

Correlation Coefficient Test

Correlation coefficient analysis aims to determine the effect or relationship of the independent and dependent variables where one of the independent variables is kept (constant). Correlation values range from 1 to -1, the closer the value is to 1 or -1, the stronger the relationship between variables. Conversely, if the value is close to 0 then the relationship between variables is getting weaker. A positive value indicates the relationship between the independent and dependent variables increases, whereas if the value is negative, the relationship between the independent and dependent variables will decrease. The following is the result of calculating the correlation using EViews 12, that is:

Table 11. Correlation Coefficient Test Results

Correlation			
Probability	**X1**	**x2**	**AND**
X1	1		
	-----		
x2	-0.167289	1	
	0.1514	-----	
AND	-0.705097	0.057776	1
	0	0.6225	-----

Source: Data Processed Using EViews 12, 2023

1) X1 variable namely earnings management has a value P-Value of 0.0000 < 0.05, it is concluded that earnings management has a significant relationship to firm value. Mark Correlation which obtained a negative value of -0.705097, it can be interpreted that the direction of the relationship between the two variables is in the direction of a strong level of closeness.
2) X2 variable i.e., earning per share have value P-Value equal to 0.6225 > 0.05 then conclude earning per share has an insignificant relationship to firm value. Mark Correlation which obtained a positive value of 0.057776, it can be interpreted that the direction of the relationship between the two variables is in the same direction as the level of closeness which is very weak.

Determination Coefficient Test (R^2)

Test the coefficient of determination (R^2) aims to determine the percentage of independent variables together to explain the dependent variable.

Table 12. Test Results for the Coefficient of Determination (R^2)

Root MSE	0.749882 R-squared	0.939130
Mean dependent var	3.201805 Adjusted R-squared	0.919564

Source: Data Processed Using EViews 12, 2023

Based on Table 12 shows that the value of the coefficient of determination produced in the test Adjusted R-squared worth 0.919564. The results obtained indicate that earnings management (X1), earning per share (X2) using the moderating variable is able to contribute to influencing the value of the company (Y) by 91.95% while the remaining 8.05% is influenced by other variables.

Hypothesis test

Testing this hypothesis to determine the effect of earnings management and partially earning per share on firm value and is used to determine whether there is an effect of company size on moderating earnings management and earning per share to company value. This test is carried out by looking at the probability value as can be seen in Table 12 above. Based on the results of data processing and interpretation, it can be concluded that the researcher is able to answer the hypotheses formulated in the following problem formulation:

The Effect of Earnings Management on Firm Value

The first hypothesis in this study can be seen in Table 13, the coefficient value of the earnings management variable is -45.71180 with a value probability significant by 0.2898 > 0.05. This shows that earnings management variable has no significant negative effect on firm value. Then the first hypothesis (H_1) states that earnings management has a significant effect on firm value is rejected.

Earnings management does not have a significant effect on firm value due to earnings management practices by selecting accounting policies by management which are subjective in nature, then the quality of earnings in the financial statements presented will be low and inaccurate and this can cause the level of public trust to decrease so that potentially many investors will withdraw their shares that have been invested. Then earnings management actions will have an impact on decreasing the value of the company which is reflected in the share price and when the objectives of the manager and the owner of the capital are different, agency conflicts cannot be avoided (Pernamasari & Mu'minin, 2019). The results of this study are related to agency theory because of the opportunistic nature of management which will result in falsely reported earnings, then the quality of earnings will result in being low and will impact the company's value down. With low earnings quality, it will result in erroneous decisions made by users of financial reports, such as investors and creditors, so that the company's value will decrease (Rajab et al., 2022).

The results of this study are in line with the research of Janah et al (2022) which states that earnings management has no significant effect on firm value. In accordance with the statement from Saelandri et al (2023) which states that earnings management also has an element of very negative influence on the value of a company. This means explaining that earnings management practices and high transactions with related parties will result in lower/decreased company value.

However, the results of this study are not in line with the research of Panjaitan et al (2022), Riswandi and Yuniarti (2020) and Putri (2019) which state that earnings management has a significant effect on firm value. This reflects that if the company implements earnings management in its corporate activities by changing the data in the financial statements such as increasing and decreasing profits with a specific purpose, one of which is to increase the value of the company. Suprianto & Setiawan (2018), earnings management becomes a manager's tool to provide positive signals to shareholders regarding company income.

Influence Earning Per Share to Company Value

The second hypothesis in this study can be seen in Table 13, the variable coefficient values are obtained earning per share of 0.055141 with a significant probability of 0.000 <0.05. This shows that variable earning per share positive and significant effect on firm value. Then the second hypothesis (H_2) States that earning per share significant effect on accepted firm value.

Earnings per share significant effect on firm value due to the higher value earning per share it will affect the amount of net loss given by the company to shareholders. Based on this, the desire of investors will grow and also have an impact on the growth of stock prices which will then affect the value of the company (Widiantari & Irawati, 2020). If seen from the definition that company value is a certain condition that has been achieved by a company as an illustration of public trust in the company after several years of going through an activity process, that is, since the company was founded until now (Dasmaran, 2016).

The results of this study relate to agency theory, where earning per share is a profitability ratio that assesses the level of ability per share in generating profits for the company, so the shareholders, company management, and prospective shareholders are very concerned earning per share because it is an indicator of the success of the company.

The results of this study are supported by Rifai (2021), Widiantari and Irawati (2020) who state that earning per share significant effect on firm value. This is meaningful earning per share shows the value generated from each outstanding share in one period and shows information about dividends so that investors are interested in buying shares and taking profits which will then increase the value of the company. The results of this study are not in line with Hutapea et al (2021) and Alyani et al (2019) that earning per share no significant effect on firm value. Every time there is an increase in earnings per share does not always help maximize firm value. Because companies that have high net profit or earning per share high does not necessarily pay dividends to shareholders, it will have an impact on decreasing company value (Nuridah et al., 2022).

Firm Size Moderates the Effect of Earnings Management on Firm Value

The third hypothesis in this study can be seen in Table 13 showing the results that firm size is not significant as a moderating relationship between earnings management and firm value with a coefficient value of 1.596611 with probability significant by 0.3021 > 0.05. Then the third hypothesis (H_3) states that company size is able to moderate earnings management on firm value is rejected.

Company size does not have a significant effect as a moderator of the relationship of earnings management on firm value because the size of the company is getting bigger, management will minimize fraud in carrying out earnings management practices due to increasingly stringent outside supervision of internal parties, so that internal parties will increase transparency and truth in information that is published to the general public (Fitrianasari, 2019). With strict supervision from the government, analysts and investors who participate in running the company, managers do not dare to practice income smoothing, which is a technique in earnings management. This is because if managers carry out income smoothing practices, it is likely that the government, analysts and investors will find out so that this can damage the image and credibility of company managers (Astuti et al., 2018). Earnings management actions result in conflicts of interest between managers and owners as in agency theory, the larger the company size, the greater the agency conflict and the increased burden of a large company size (Aprilliani & Totok, 2018).

The research results are supported by Agustia and Suryani (2018) and Tsaqif & Agustiningsih (2021) stating that company size has no significant effect on earnings management. So, it can be said that if the size of the company increases or decreases, it will not affect earnings management actions. Dasmaran & Odeh (2020) large companies have less incentive to manage earnings than small companies because large companies are viewed as more critical by shareholders and outsiders.

However, the results of this study are not in line with Fitianasari (2019) that company size has a significant effect on company value. Because the larger the size of the company, the higher the company performs earnings management. Lubis & Suryani (2018), the larger the size of the company, the higher the possibility of practicing earnings management. This can be caused because companies with large company sizes tend to minimize the amount of published profits because large companies tend to want to produce good financial performance to the public.

Company Size Moderates Influence Earning Per Share Against Company Value

The fourth hypothesis in this study can be seen in Table 13 showing the results that firm size is significant as a moderating (weakening) the relationship between earning per share to firm value with a coefficient value of -0.001726 and value probability significant by 0.000 <0.05. Then the third hypothesis (H_3) states that the size of the company is able to moderate earning per share to accepted firm value.

Firm size has a significant (weakening) effect as a moderating relationship earning per share on company value because large companies are supported by good and easy resources to meet capital needs, including through foreign capital which will then allow for easier business expansion when compared to small companies (Riawan, 2020). So, with this advantage, the chances of large companies in earning profits will increase. Therefore, the size of the company will affect the amount of profit through investment projected in the for earning per share.

The research results are supported by Riawan (2020) and Dewi et al (2019) stating that company size has a positive and significant influence on earning per share. This means that the size of the company is getting

bigger earning per share will increase. Vice versa, if the size of the company is small then it will contribute earning per share small one.

However, the results of this study are not in line with Diaz & Jufrizen (2022) that company size does not affect earnings per share. Based on the results of Uma's statement (2022) that the magnitude earning per share not guaranteed by the size of the company, so it is not possible for large companies to submit that collateral earning per share what is produced will be large and vice versa. This is determined by large profits through the acquisition and number of outstanding shares in each company.

Table 13. Summary of Hypothesis Testing Results

Code	Hypothesis	Results
H_1	Earnings Management has a significant effect on Firm Value	Rejected
H_2	Earnings Per Share has a significant effect on Company Value	Accepted
H_3	Company size is able to moderate the influence of Earnings Management on Firm Value	Rejected
H_4	Company size is able to moderate the effect of Earning Per Share on Company Value	Accepted

CONCLUSION

Earnings management has no significant effect on company value in food and beverage companies listed on the Indonesia Stock Exchange for the period 2018 – 2022. With the resulting value probability of 0.2898 > 0.05 and the value of the regression coefficient is -45.71180 and the t-statistic is -1.068589.

Earnings per share has a significant effect on company value in food and beverage companies listed on the Indonesia Stock Exchange for the period 2018 – 2022. With the results probability of 0.0000 <0.05 and a regression coefficient of 0.055141 and a t-statistic of 4.584032.

Company size has no significant effect in moderating the relationship between earnings management and firm value in food and beverage companies listed on the Stock Exchange Indonesia period 2018 – 2022. With grades Probability = 0.3021 > 0.05 and the regression coefficient is 1.596611 and the t-statistic is 1.041539.

Firm size has a significant (weakening) effect in moderating the relationship between earning per share to company value in food and beverage companies listed on the Indonesia Stock Exchange for the period 2018 – 2022. With the results Probability = 0.000 <0.05 and the regression coefficient is -0.001726 and the t-statistic is -4.483199.

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