

ABSTRACT

Financial statements represent a company's performance over a period of time. Accounting profit is a major component of these statements. Ideally, reported earnings should reflect the financial position and performance of the company as a whole. Nevertheless, management still has the opportunity to present earnings that are not in accordance with actual conditions. Differences in earnings information reported by management for personal gain can raise shareholder concerns regarding indications of financial statement manipulation.

This study aims to determine the effect of financial distress, information asymmetry, CEO power, and CEO narcissism on earnings management with internal control as a moderating variable between financial distress and earnings management in infrastructure, transportation and logistics sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2018-2022.

The sampling technique used purposive sampling and obtained 59 companies in 5 years, so that the total observation data was 295. The analysis method used is panel data regression analysis and moderate regression analysis using EViews 12 software.

The results show that financial distress, information asymmetry, CEO power, and CEO narcissism simultaneously affect earnings management. Partially, financial distress has a positive effect on earnings management, while information asymmetry, CEO power, and CEO narcissism have no significant effect. This study also demonstrates that internal control can moderate the relationship between financial distress and earnings management.

Future researchers are expected to use other independent variables not examined by researchers, such as market power. The results of this study are also expected to be used by infrastructure, transportation and logistics sector companies listed on the Indonesia Stock Exchange (IDX) as a consideration for presenting transparent and accurate financial reports, which reflect the actual financial status. For investors, it is hoped that it can be a material consideration to pay special attention to financial indicators that lead to possible manipulation or financial problems.

Keywords: *financial distress, information asymmetry, CEO power, CEO narcissism, internal control, earnings management*