ABSTRACT

Earnings management is an accounting practice that can affect the credibility of financial statements and is a major concern for stakeholders, especially in the context of state-owned enterprises that play an important role in the national economy. This practice can impact the quality of financial information and pose risks in economic decision-making. Therefore, it is important to understand the factors that influence earnings management, particularly in the governance of state-owned enterprises.

This study aims to determine the simultaneous and partial effects of political connections, whistleblowing systems, and board gender diversity on earnings management in SOEs listed on the Indonesia Stock Exchange (IDX) during the period 2019–2023.

The research subjects are SOEs with data obtained through purposive sampling, resulting in 135 observations from 27 companies over five years. This study uses secondary data sourced from annual reports. The analysis was conducted using a descriptive statistical approach and panel data regression using EViews software version 12.

The results of the study indicate that political connections, whistleblowing systems, and board gender diversity simultaneously influence earnings management. However, partially, these three variables do not significantly influence earnings management.

This study contributes to the development of literature on earnings management in the context of state-owned enterprises in Indonesia, and can serve as a reference for academics, companies, and regulators in evaluating the effectiveness of governance mechanisms. This study is limited to a small sample of state-owned enterprises, without control variables, based on secondary data, and with a short observation period; therefore, further research is recommended to add research variables, expand the sample across sectors, combine primary and secondary data, and extend the observation period.

Keywords*: Political Connections, Whistleblowing System, Board Gender Diversity, Earnings Management*