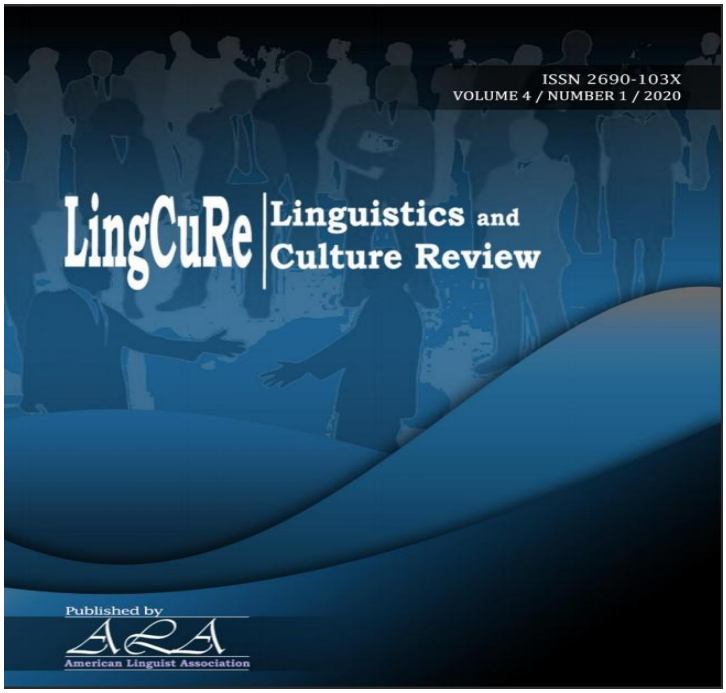

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Selection of Profit Management Strategy: Testing at the Company Life Cycle Stage

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***Abstract*---**The purpose of this study is to empirically prove that companies in the growth, mature, and stagnant stages use accrual earnings management, real earnings management, and classification shifting. The data used is secondary data obtained from the annual reports of manufacturing companies listed on the Indonesia Stock Exchange in the 2016-2020 period. The data analysis technique used multiple linear regression analysis. The sampling technique used was the purposive sampling technique and obtained a sample of 53 manufacturing companies or the same as 265 observational data. Based on the results of the analysis, it was found that the company is in the growth mature and stagnant stage using the accrual earnings management strategy. The growth stage of the company does not use a real earnings management strategy, the mature and stagnant stage, the company uses a real earnings management strategy. Companies in the growth and mature stages do not use the classification shifting strategy.

***Keywords*---**accrual, classification shifting, company life, earnings management, growth companies.

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Introduction

Susanto (2017), identified two earnings management strategies, namely accrual earnings management and real earnings management, but these two earnings management tools have been widely known by users of financial statements and have been widely discussed in the research. In addition to using the selection of accounting policies and real activities, earnings management is also carried out by changing the classification of items in the income statement (classification shifting or misclassification) (McVay, 2006).

McVay (2006), explains the difference between classification shifting and two other earnings management tools, namely accrual earnings management and real earnings management. First, classification shifting does not change Generally Accepted Accounting Principles (GAAP) earnings, only changes its classification but overstates core earnings, in contrast to the other two management tools that change GAAP earnings. Second, GAAP net income (GAAP net income) has not changed. The three earnings management methods increase expectations of future performance, accrual earnings management, and real earnings management also reduce future or past earnings, classification shifting does not reduce future or past earnings so that the next period's earnings are equal to actual earnings (Debbianita et al., 2016; Fan et al., 2010; Kustina et al., 2019).

Table 1
Earnings management in manufacturing companies

Code	Year	Accrual earnings management	Real earnings management	Classification shifting
TCID	2016	-0.02186	0.14284	1,261,474,907,788
	2017	-0.05250	0.14037	-845,796,869,279
	2018	-0.00755	0.10259	-705,687,443,844
	2019	1.11776	0.12692	3,506,580,330,340
	2020	-0.18147	-0.00371	2,597,665,134,988
BRAND	2016	-0.02855	0.17578	-430,354,593,003
	2017	-0.05157	0.19107	-537,917,721.001
	2018	1.07223	-0.08974	1,105,111,289,004
	2019	0.24019	0.08376	1,373,626,376,001
	2020	0.04506	0.04636	-212,637,916,000
SMSM	2016	-0.03725	0.14293	639,253,456,999
	2017	0.06425	0.20265	687,284,621,999
	2018	0.36169	0.22399	832,314,141,999
	2019	0.25010	0.14305	813,211,579,999
	2020	-0.18321	0.05091	691,411,137,997

Secondary Data, 2021

Based on Table 1 shows earnings management in manufacturing companies from year to year PT Mandom Indonesia Tbk (TCID), PT Merck Tbk (MERK), PT Selamat Sempurna Tbk (SMSM) using different earnings management strategies each year. In 2016-2020, earnings management is carried out with a different pattern of earnings management, namely by income decreasing and income increasing. TCID in 2020 and MERK in 2018 are indicated to carry out real management

because they have negative abnormal operating cash flow values. In table 1, it can be seen that the core earnings value of SMSM in 2016-2020 increased and was positive indicating that the earnings management strategy adopted by SMSM in 2016-2020 was classification shifting by reducing core earnings.

Based on this phenomenon, earnings management can be carried out when the company is in the growth, mature, and stagnant stages. Research on earnings management generally only discusses the factors that cause earnings management and the relationship between earnings management and information asymmetry and company performance. This study will see how a company uses earnings management methods based on the company's life cycle it experiences. Companies have a life cycle, just like with products (Schori & Garee, 1998). The four stages of the corporate life cycle are introduction, growth, maturity, and decline. A company's life cycle can be very long, but it can also be very short. The company's life cycle is very dependent on the company's environment, therefore companies must be able to adapt to changes that occur in their environment if they want to continue to survive in business competition. Various problems often arise in each company's life cycle, including liquidity difficulties, lack of funds for investment needs, and difficulties in paying obligations to creditors and shareholders, and others.

According to Hastuti (2011), At the growth stage, the company is described as an immature teenager. Rapid growth due to market needs that can be met and the business spirit of the founders of the company. Cash flow from operations and revenues will gradually be positive as the company stays in its early stages and continues to grow. The expected profit from investment opportunities is increasing and the need for financing will be felt. Despite decreasing uncertainty, borrowing costs are still high and shareholders prefer to reinvest their earnings (Aharony et al., 2006). Companies that are in the growth stage report increasing profits to meet analysts' earnings forecasts. In various ways, managers influence analyst forecasts to manage earnings to match forecasts (Degeorge et al., 1999).

Shank et al. (1993), argues that companies that are in the introduction and growth stages apply a less stringent control system, but when they have reached the maturity or harvest phase (in this case categorized into the mature stage) and decline, they will apply a strict control system. The tighter the control system, the lower the earnings management is expected. At the mature stage, the company is described as an adult. At this stage, the manager starts to become professional. Companies that are in the mature stage, experience peak sales levels but experience a decline in profits due to price competition. At this stage, the business unit is expected to be able to generate a high return on capital. Companies in this stage are expected to experience peak sales levels but experience declining profits due to price competition. Companies in this stage are expected to be able to maintain their market share (Antawirya & Aryanto, 2016).

At the stage after mature, some companies do not enter the decline stage but remain in a stable position (stagnant). The company did not experience a drastic increase in sales and a decrease in profit. The sales growth rate is low, the company does not make large capital expenditures, and the profits earned by the company are no longer held for the company's development (Anthony Joseph &

Ramesh, 1992). In the saturation stage (stagnant) sales or demand for the company's products is very low. In this stage the company will experience a very significant decrease in sales so that it suffers losses and the dividend payment stops. In this stage, the business unit no longer requires a large investment, the investment made in this stage is for equipment and capacity maintenance (Antawirya & Aryanto, 2016). The age of the company is not long and then leads to the final stage of the life cycle. However, some companies are able to survive in the long term and some later went bankrupt.

Basically, the company life cycle is dynamic like a wave. The company's life cycle is never straight like a line because if the company's life cycle is just straight, the company will never advance and be left behind by companies that are more highly innovative. Each company goes through this stage differently, according to the characteristics of the company and not all companies can experience all stages. These differences lead to differences in the information needs and strategies required from each stage of the company's life (Antawirya & Aryanto, 2016). According to Fritz Heider, the originator of attribution theory, attribution theory explains the understanding of a person's reaction to events around them, by knowing their reasons for the events they experience. Attribution theory explains that there is a behavior related to individual attitudes and characteristics, so it can be said that just looking at the behavior will be able to know the attitude or characteristics of the person and can also predict a person's behavior in dealing with certain situations.

This theory refers to how a person explains the causes of the behavior of others or himself which will be determined whether from internal such as traits, character, and attitudes. The existence of bonuses based on the achievement of profit targets can make management's opportunistic nature appear to maximize the achievement of bonuses by conducting earnings management. The existence of pressure from certain situations or circumstances that will influence individual behavior. If the company's performance is bad, managers do not carry out earnings management by increasing profits to hide poor performance. Managers do not want to be judged as incompetent by investors (Wulandari & Kusuma, 2011; Demirtas & Cornaggia, 2013; Lo, 2008).

Literature review and hypotheses development

When the company has reached the growth stage, the company's cash flow is already high. Companies in the growth stage still make large investment expenditures so that they require large funding activities which are generally obtained from outside parties. Companies need large funds from investors for the development and progress of the company. This large need for funds makes companies tend to report optimistic and high profits in order to attract investors. Shank et al. (1993), argues that companies that are in the introduction and growth stages apply a less stringent control system, but when they have reached the maturity or harvest phase (in this case categorized into the mature stage) and decline, they will apply a strict control system. The tighter the control system, the lower the earnings management is expected. The more the company is managed well and has a strict internal control system, the managers will be more careful and the level of earnings management will be reduced.

Companies in the mature stage will experience peak sales because of the wider market share. In the mature stage, the company will experience peak sales because of the stronger market share and generate positive profits. Generally, companies carry out earnings management in order to maintain the confidence of investors and creditors or to achieve profit targets in order to get compensation. In the mature stage, the company experiences peak sales levels, and high levels of liquidity. The market share at this stage is getting stronger, therefore at this stage, the positive net income generated by the company tends to be larger.

Companies that are in the stagnant stage carry out lower earnings management than those at the mature stage. Smaller earnings management is carried out in companies that are at a stagnant stage compared to companies that are in a mature stage, which is also supported by research Teoh et al. (1998), which states that after the IPO, earnings management (represented by discretionary accruals) decreases and is smaller than at the time of the offering. Though according to Duggan (2000), the company conducting the IPO is in the mature stage while the stagnant stage is the stage after the IPO (post IPO).

Based on research Hastuti (2011); Hastuti & Hutama (2010); Lisnawati & Sebrina (2019), show results that there is earnings management in companies that are in the growth, mature, and stagnant stages. Research conducted by Hastuti (2011), shows result that companies that are at a critical point of growth-mature and mature-stagnant choose discretionary accruals that increase profits. Based on the description above, the hypothesis in this study is as follows:

H1: Companies that are in the growth stage carry out an accrual earnings management strategy
H2: Companies that are in the mature stage carry out accrual earnings management strategy
H3: Companies that are in a stagnant stage carry out an accrual earnings management strategy

Earnings management can be carried out in small companies to large companies, namely companies that are in the growth stage, mature stage, up to the stagnant stage (stable). Therefore earnings management can be carried out by all companies at any stage. Companies at this growth stage generally require large funds from investors for the development and progress of the company, this will motivate managers to display good profits. Cohen & Zarowin (2010), found empirical evidence that companies reduce discretionary spending during the year of seasoned equity offerings (SEO).

At the mature stage, the company has the possibility to carry out earnings management to maintain the confidence of investors and creditors to achieve profit targets or get compensation or bonuses. In this mature stage, the company no longer incurs large research and development costs as in the growth stage, so management can choose real earnings management through manipulation by reducing discretionary costs. In addition, Graham et al. (2005), stated that real earnings management is difficult to distinguish from optimal business decisions and more difficult to detect even though the costs used in these activities are economically significant for the company.

Then, at the stagnant stage, the company carries out earnings management to maintain profits when sales begin to decline steadily due to a large number of competitors. Managers do real earnings management because of the pressure to generate short-term profits. Therefore, managers carry out earnings management to report short-term earnings so that there will be no decline in stock prices and management restructuring. Meanwhile, Cohen et al. (2008), stated that after the Sarbanes-Oxley (SOX) event, accrual earnings management is riskier because it is only done by choosing accounting methods and is easier to detect.

Roychowdhury (2006), provides empirical evidence that firms perform real earnings management to avoid reporting losses. Thus, it can be assumed that companies tend to carry out real earnings management at the growth, mature and stagnant stages. Based on the description above, there are hypotheses in this study:

H4: Companies that are in the growth stage use a real earnings management strategy
H5: Companies that are in the mature stage carry out a real earnings management strategy
H6: Companies that are in a stagnant stage carry out a real earnings management strategy

At the growth stage, the company experienced an increase in sales, good profits, as well as a fairly good level of liquidity. The company's net income at this stage is better than the previous stage. Although it does not rule out the possibility of negative net income, usually losses decrease when compared to the start-up stage. This is because companies at this stage tend to have gained market share for their products and are able to generate increased or positive operating cash flows. At this stage the company's possibility to pay dividends already exists, although it is low because the company's cash is still focused on funding purposes (Zalata & Abdelfattah, 2021; Anagnostopoulou et al., 2021).

In the mature stage, the company experiences peak sales levels, and high levels of liquidity. At this stage, the positive net income generated by the company tends to be larger, as well as dividend payments. Finally, at the decline stage, the growth opportunities owned by the company in this phase are limited because they face increasingly fierce competition and saturation of demand for goods. Net income at this stage will experience a decline, and if this decline continues into the following periods, the company will immediately take steps to revitalize the current flow so that it can enter the growth phase again.

At the stagnant stage, the company performs earnings management to maintain profits when sales begin to decline steadily due to a large number of competitors. In the saturation stage (stagnant) sales or demand for the company's products is very low. In this stage, the company will experience a very significant decrease in sales so that it suffers losses and the dividend payment stops. Earnings management can be done through Other Comprehensive Income (OCI). according to Chiorean et al. (2017), opportunistic managers classify earnings as OCI and OCI as earnings to secure their position. The same was said by Malikov et al. (2018), that companies do a lot of classification shifting when the company

experiences a loss or very low growth. Based on the description above, there are hypotheses in this study:

H7: Companies that are in the growth stage carry out a classification shifting strategy
H8: Companies that are in the mature stage carry out a classification shifting strategy
H9: Companies that are in a stagnant stage carry out a classification shifting strategy

Research Methods

The location of the research was carried out on Indonesia Stock Exchange (IDX) through the official website of the Indonesia Stock Exchange (IDX), namely www.idx.co.id. The population in this study are manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2016-2020 period. The process of determining the sample using nonprobability sampling method with purposive sampling technique. In this study, observations were sourced from the Indonesia Stock Exchange, namely through the website www.idx.co.idas well as the websites of each non-financial company, the results of previous research, and various accounting journals both national and international related to this research. The data used is secondary data.

The data analysis technique used in this study is multiple linear regression analysis using the Stastical Product and Service Solution (SPSS) program. The regression equation model used in this study is assumed to be linear and tested with a significance level of = 5%. The following is the research model used:

$$Y1 = + {}_1X1 + {}_2X2 + {}_3X3 + e \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \quad (1)$$
$$Y2 = + {}_1X1 + {}_2X2 + {}_3X3 + e \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \quad (2)$$
$$Y3 = + {}_1X1 + {}_2X2 + {}_3X3 + e \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \quad (3)$$

Description:
Y1 : Accrual Earnings Management
Y2 : Real Earnings Management
Y3 : Classification Shift
X1 : Growth
X2 : Mature
X3 : Stagnant

Based on the results of the analysis carried out, it can be observed that the coefficient of determination (Adjusted R Square), model feasibility test (F test), and hypothesis test (t-test).

Results and Discussion

Multiple linear regression analysis

Table 2 shows the results of multiple linear regression testing with a significance of 0.05.

Table 2
Test results of multiple linear regression analysis 1

Model	Unstandardized Coefficient		Standardized Coefficient	T	Sig
	B	*Std. Error*	Beta		
(Constant)	-0.235	0.021		-11,196	0.000
Growth (X1)	0.198	0.095	0.257	2,079	0.039
Mature (X2)	0.202	0.100	0.263	2.021	0.044
Stagnant (X3)	0.193	0.095	0.251	2.035	0.043
R Square			0.566		
Adjusted R Square			0.561		
F			113,330		
Significance of F			0.000		

Secondary Data, 2021

Based on Table 1, the following regression equation is obtained.

$$Y1 = -0.235 + 0.198X1 + 0.202X2 + 0.193X3$$

The equation above shows that the constant value is -0.235. This value means that if the growth, mature, and stagnant stages are 0 or equal to constant, then the accrual earnings management value is -0.235. The growth coefficient value of 0.198 indicates that if the growth stage increases by one percent, the accrual earnings management will increase by 0.198 assuming other factors are constant. The mature coefficient value of 0.202 indicates that if the mature stage increases by one percent, accrual earnings management will increase by 0.202 assuming other factors are constant. The coefficient at the stagnant stage is 0.193, indicating that if at the stagnant stage it increases by one percent, the accrual earnings management increases by 0.193 with the assumption that other factors are constant (Allolinggi et al., 2021; Ehiedu & Toria, 2021; Jackman, 2020).

Coefficient of determination

Based on Table 1, the coefficient of determination (Adjusted R Square) is 0.561. It means that 56.1 percent (56.1%) of the variance of accrual earnings management is responded to changes in the company's life cycle from growth, mature, and stagnant stages, while 43.9 percent (43.9%) is influenced by other factors outside Research Model.

Model feasibility test (F Test)

The result of the F test calculation shows a significantly less than 0.05 (0.000 0.05). This means that the model is said to be able to predict observations because it is in accordance with the data used.

Hypothesis testing regression model 1

The company is in the growth stage using the accrual earnings management strategy

Hypothesis 1 (H1) states that companies that are in the growth stage use the strategy accrual earnings management. The results of the analysis show that companies that are in the growth stage use the accrual earnings management strategy, so H1 is accepted. The results of the analysis also show a positive effect, meaning that the higher the profit generated at the growth stage, the higher the value of accrual earnings management proxied by discretionary accruals is higher. The lower the profit generated at the growth stage, the lower the value of accrual earnings management proxied by discretionary accruals. In the distribution of data, the results of statistical tests in this study showed an average of accrual earnings management positive value. This shows that the average manufacturing company uses earnings management by increasing income (income increasing) on the profits generated. Managers doing income increasing aims to avoid losses, avoid reporting declining profits and avoid failures in beat analyst forecasts.

At this stage, the company obtains large funding from investors for the development and progress of the company. This causes managers to produce the best possible financial statements to attract investors, but the company still lacks experience. This situation usually causes managers to do earnings management on a large scale at this stage. Earnings management carried out by managers will be difficult to detect because the company's control system is not yet strict because the company is still in the growing stage and has not become the center of attention for investors (Shank et al., 1993).

The results of this study are supported by previous research conducted by Lisnawati & Sebrina (2019), which shows that the value of earnings management fluctuates at each stage of the company's life cycle. Study Hastuti (2011), shows that there is earnings management in companies in the growth, mature, and stagnant stages, but there is no difference in earnings management behavior based on the company's life cycle. The results of this study support the attribution theory which explains the understanding of a person's reaction to events around them, by knowing their reasons for the events they experience. The existence of bonuses based on the achievement of profit targets can make management's opportunistic nature appear to maximize the achievement of bonuses by conducting earnings management. There is pressure from certain situations or circumstances that will influence individual behavior. If the company's performance is poor, managers do not carry out earnings management by increasing profits to hide poor performance.

The company is in the mature stage using the accrual earnings management strategy

Hypothesis 2 (H2) states that companies that are in the mature stage use a strategy accrual earnings management. The results of the analysis show that companies that are in the mature stage use the accrual earnings management

strategy, so H2 is accepted. The results of the analysis also show a positive effect, meaning that the higher the profit generated at the mature stage, the higher the accrual earnings management value proxied by discretionary accruals. The lower the profit generated at the mature stage, the lower the value of accrual earnings management proxied by discretionary accruals.

In the distribution of data, the results of statistical tests in this study showed an average of accrual earnings management positive value. This shows that the average manufacturing company uses earnings management by increasing income (income increasing) on the profits generated. Managers doing income increasing aims to avoid losses, avoid reporting declining profits and avoid failures in beat analyst forecasts. The mature stage is the next stage after the growth stage, which is characterized by a stable level of sales, a declining level of innovation, and a more bureaucratic and formal organizational structure. The company is already large, the shareholders are many and dispersed, and the environment is more heterogeneous and competitive. The organizational structure of the company has been moderately differentiated and decentralized, and the development of information processes and decision-making is different from the growth stage. Companies in the mature stage will experience peak sales but a decline in profits due to price competence and wider market share. The level of liquidity is high and the company becomes cash flow and the company pays high dividends (Atmini, 2002).

The results of this study are supported by previous research conducted by Lisnawati & Sebrina (2019), which shows that the value of earnings management fluctuates at each stage of the company's life cycle. Study Hastuti (2011), which shows that there is earnings management in companies in the growth, mature, and stagnant stages, but there is no difference in earnings management behavior based on the company's life cycle. The results of this study support the attribution theory which explains the existence of certain pressure situations or circumstances that will influence individual behavior. If the company's performance is poor, managers do not carry out earnings management by increasing profits to hide poor performance.

The company is in the mature stage using the accrual earnings management strategy

Hypothesis 3 (H3) states that companies that are at a stagnant stage use a strategy accrual earnings management. The results of the analysis show that companies that are at a stagnant stage use the accrual earnings management strategy, so H3 is accepted. The results of the analysis also show a positive effect, which means that the higher the profit generated at the stagnant stage, the higher the accrual earnings management which is proxied by discretionary accruals. The lower the profit generated at the mature stage, the lower the value of accrual earnings management proxied by discretionary accruals. In the distribution of data, the results of statistical tests in this study indicate that the average accrual earnings management is positive. This shows that the average manufacturing company uses earnings management by increasing income (income increasing) on the profits generated.

Companies that are in the stagnant stage carry out smaller earnings management than those at maturity Shank et al. (1993). Companies that are in a declining phase (in this case indicated by a low sales growth rate) have a tight control system so that the management is less free to carry out earnings management. The more the company is managed well and has a strict internal control system, the managers will be more careful and the level of earnings management will be reduced. This research is in line with research Teoh et al. (1998), which states that after the IPO, earnings management (represented by discretionary accruals) decreases and is smaller than during the offering. Though according to Duggan (2000), the company conducting the IPO is in the mature stage while the stagnant stage is the stage after the IPO (post IPO).

The results of this study are also in line with Hastuti's (2011), research which shows that earnings management at the stagnant stage is lower than the mature stage. This is because the company at the stagnant stage does not really need external funding so the earnings management carried out is smaller. The results of this study are supported by previous research conducted by Lisnawati & Sebrina (2019), which shows that the value of earnings management fluctuates at each stage of the company's life cycle. Study Hastuti (2011), shows that there is earnings management in companies in the growth, mature, and stagnant stages, but there is no difference in earnings management behavior based on the company's life cycle.

Table 3
Test results of multiple linear regression analysis 2

Model	Unstandardized Coefficient		Standardized Coefficient	T	Sig
	B	*Std. Error*	Beta		
(Constant)	-0.019	0.10		-1,896	0.059
Growth (X1)	0.044	0.044	0.132	0.989	0.324
Mature (X2)	0.103	0.047	0.312	2,210	0.028
Stagnant (X3)	0.90	0.044	0.272	2.034	0.043
R Square			0.490		
Adjusted R Square			0.484		
F			83.511		
Significance of F			0.000		

Secondary Data, 2021

Based on Table 3, the following regression equation is obtained.

$$Y2 = -0.019 + 0.044X1 + 0.103X2 + 0.090X3$$

The equation above shows that the constant value is -0.019. This value means that if the growth, mature, and stagnant stages are 0 or equal to constant, then the real earnings management value is -0.019.

The growth coefficient value of 0.044 indicates that if the growth stage increases by one percent, real earnings management will increase by 0.044 with the assumption that other factors are constant. Based on the results, it is shown that

the significance value at the growth stage is greater than 0.05 (0.324 <0.05), so an increase in the growth stage does not result in an increase or decrease in real earnings management. The mature coefficient value of 0.103 indicates that if the mature stage increases by one percent, real earnings management will increase by 0.103 assuming other factors are constant. The coefficient at the stagnant stage is 0.090, indicating that if at the stagnant stage it increases by one percent, the real earnings management increases by 0.090 with the assumption that other factors are constant (Enomoto et al., 2015; Maloka et al., 2021; Santri et al., 2022).

Coefficient of determination

Based on Table 2, the coefficient of determination (Adjusted R Square) is 0.484. It means that 48.4 percent (48.4%) of the variance of real earnings management is responded to changes in the company's life cycle from growth, mature, and stagnant stages, while 51.6 percent (51.6%) is influenced by other factors outside Research Model.

Model feasibility test (F Test)

The model feasibility test (F test) aims to test whether the model used in this study is feasible or not to be used as an analytical tool in testing the effect of the independent variable on the dependent variable. If the significance value is 0.05, the independent variable can be used to predict the dependent variable. The result of the F test calculation shows a significance less than 0.05 (0.000 0.05). This means that the model is said to be able to predict observations because it is in accordance with the data used.

Regression model hypothesis testing 2

The company is in the growth stage using a real earnings management strategy

Hypothesis 4 (H4) states that companies that are in the growth stage use the strategy real earnings management. The results of the analysis show that companies that are in the growth stage do not use a real earnings management strategy by determining abnormal operating cash flows (abnormal CFO)., so H4 is rejected. That is, if the profit growth stage increases, the company does not choose to use a real earnings management strategy.

In the distribution of data on the results of statistical tests in this study, although the average value of the stage growth of 0.43 which indicates that the average manufacturing sector company that is in the growth stage does not use a real earnings management strategy through cash flow from operating activities. This is because management does not want the value of the company's cash flow operations (CFO) to continue to decline to be smaller than it should be. The value of the CFO that continues to deteriorate can threaten the continuity of the company's operations in the future due to the lack of sufficient cash to run a company.

The results of this study are in line with the research of Hastuti (2011),which shows that companies at critical points of growth-mature and mature-stagnant do not perform real earnings management. Research conducted by Restuti & Widyaningrum (2015), which concludes that companies at the growth stage tend to use accrual earnings management rather than real earnings management. The results of this study support the theory of planned behavior. The theory relates to the results of this study, companies at the growth stage tend to use real earnings management through cashflow manipulation. The management already has maturity in terms of work professionalism Hastuti (2011). This makes it difficult for the management to increase profit margins to meet the increasing expectations of mutual investment from shareholders.

The company is in a mature stage using a real earnings management strategy

Hypothesis 5 (H5) states that companies that are in the mature stage use a strategy real earnings management. The results of the analysis show that companies that are in the mature stage use real earnings management strategies, so H5 is accepted. The results of the analysis also show a positive effect, meaning that the higher the profit generated at the mature stage, the higher the use of real earnings management strategy. The lower the profit generated at the mature stage, the lower the use of real earnings management strategy by determining abnormal operating cash flow (abnormal CFO).

Roychowdhury (2006), provides empirical evidence that companies perform real earnings management to avoid reporting losses. Real earnings management actions are carried out before accrual-based earnings management (Zang, 2012). Companies in the mature stage will experience peak sales because of the wider market share. Generally, companies carry out earnings management in order to maintain the confidence of investors and creditors or to achieve profit targets in order to get compensation. However, a company in the mature stage has its own advantages because it is known as a "glamorous" company with a good reputation.

Research conducted by Lisnawati & Sebrina (2019), shows that in the mature stage, manufacturing companies tend to do real earnings management. Carolin (2019), found that companies in the mature stage perform real earnings management through a reduction in discretionary costs. This research is also supported by research by Restuti & Widyaningrum (2015), which shows that companies tend to do real earnings management even though the company is not proven to manipulate sales, manipulate discretionary costs and manipulate production costs which is due to the difficulty of distinguishing manipulation from real activities compared to business decisions. optimal. The results of this study support the attribution theory which explains the understanding of a person's reaction to events around them, by knowing their reasons for the events they experience.

The company is in a stagnant stage using a real earnings management strategy

Hypothesis 6 (H6) states that companies that are at a stagnant stage use a strategy real earnings management. The results of the analysis show that companies that are at a stagnant stage use a real earnings management strategy, so H6 is accepted. The results of the analysis also show a positive effect, meaning that the higher the profit generated at the stagnant stage, the higher the use of real earnings management strategy. The lower the profit generated at the stagnant stage, the lower the use of real earnings management strategy by determining abnormal operating cash flow (abnormal CFO).

Then, at the stagnant, The company carries out earnings management to maintain profits when sales begin to decline steadily due to a large number of competitors. Managers do real earnings management because of the pressure to generate short-term profits. Therefore, managers carry out earnings management to report short-term earnings so that there will be no decline in stock prices and management restructuring.

This research is supported by research conducted by Prasetyo et al. (2021), which shows that at the stagnant stage the company is detected to carry out real earnings management through sales manipulation and discretionary expenses even though the average value is lower than accruals. The results of this study support the attribution theory which explains the understanding of a person's reaction to events around them, by knowing their reasons for the events they experience.

Table 4
Test results of multiple linear regression analysis 3

Model	Unstandardized Coefficient		Standardized Coefficient	T	Sig
	B	*Std. Error*	Beta		
(Constant)	-1306,788	50.094		-26.087	0.000
Growth (X1)	164.204	204,022	0.111	0.805	0.422
Mature (X2)	289,169	203.668	0.196	1,420	0.157
Stagnant (X3)	417.285	203.668	0.282	2,049	0.041
R Square			0.326		
Adjusted R Square			0.319		
F			42.155		
Significance of F			0.000		

Secondary Data, 2021

Based on Table 4, the following regression equation is obtained.

$$Y3 = -1306,788+164,204D1 + 289,169D2 +417,285D3$$

The equation above shows that the constant value is -1306,788. This value means that if the growth, mature, and stagnant stages are 0 or equal to constant, then the real earnings management value is -1306,788.

The growth coefficient value of 164.204 indicates that if the growth stage increases by one percent, the classification shiting will increase by 164.204 assuming other factors are constant. Based on the results, it is shown that the significance value at the growth stage is greater than 0.05 (0.422 <0.05), so an increase in the growth stage does not result in an increase or decrease in classification shifting. The mature coefficient value is 289.169, indicating that if the mature stage increases by one percent, the classification shifting will increase by 289.169 assuming other factors are constant. Based on the results, it is shown that the significant value in the mature stage is greater than 0.05 (0.157 <0.05), so an increase in the mature stage does not result in an increase or decrease in classification shifting.

Coefficient of determination

Based on Table 3, the coefficient of determination (Adjusted R Square) is 0.484. It means that 31.9 percent (31.9%) of the variance of classification shifting is responded to changes in the company's life cycle from growth, mature, and stagnant stages, while 68.1 percent (68.1%) is influenced by other factors outside the model. study.

Model feasibility test (F Test)

The model feasibility test (F test) aims to test whether the model used in this study is feasible or not to be used as an analytical tool in testing the effect of the independent variable on the dependent variable. If the significance value is 0.05, the independent variable can be used to predict the dependent variable. The result of the F test calculation shows a significantly less than 0.05 (0.000 0.05). This means that the model is said to be able to predict observations because it is in accordance with the data used.

Regression model hypothesis testing 3

The company is in the growth stage using a classification shifting strategy

Hypothesis 7 (H7) states that companies that are in the growth stage use a classification shifting strategy. The results showed that companies in the growth stage did not use classification shifting, so H7 was rejected. This means, if at the profit growth stage the company does not choose to use the classification shifting strategy to reduce core earnings by lowering operating profit and shifting it to the bottom of the income statement. In the distribution of data, the results of statistical tests in this study indicate that although the average growth stage is 0.43, the company does not use the classification shifting strategy at the growth stage. The firm may have found the optimal level of output and therefore not make any changes.

Classification shifting used to manipulate continuing or core earnings. Lapa core is the company's operating profit which is calculated as revenue (sales) less cost of goods sold and other operating costs. The profit is related to the normal operating activities of the company which occur every year. Classification shifting the components of profit and loss is also likely to no longer have a significant

impact at this stage. Companies at this stage may not pay too much attention to the trend of core earnings but more to bottom-line earnings.

Based on research conducted by Taniadji & Shanti (2014), which shows that the managers of companies in Indonesia are not proven to carry out earnings management using classification shifting through discounted operations, because other methods can be used by managers to perform earnings management, such as real earnings management and accrual earnings management. Research conducted by Barua et al. (2010), which proves that classification shifting occurs when companies report losses from discontinued operations. The results of this study support the theory of planned behavior. In relation to the theory with the results of this study, companies at the stagnant stage tend to use the classification shifting strategy.

The company is in a mature stage using a classification shifting strategy

Hypothesis 8 (H8) states that companies that are in the mature stage use a classification shifting strategy. The results showed that companies in the mature stage did not use classification shifting, so H8 was rejected. That is, if at the mature stage the profit increases, the company does not choose to use the classification shifting strategy to reduce core earnings by lowering operating profit and shifting it to the bottom of the income statement.

In the distribution of data, the results of statistical tests in this study show that although the average at the mature stage is 0.44, it turns out that at the mature stage the company does not use a classification shifting strategy. It can be seen that in the mature stage, the company no longer reduces production and classification shifts. The company may have found the optimal level of output so that it does not make any further changes. It is also possible that the classification shifting of profit and loss components will no longer have a significant impact at this stage, in addition to the limited options for that. Companies at this stage may also pay less attention to core earnings trends but more to bottom-line earnings.

This is in accordance with research conducted by Dickinson (2011), namely the similarity in terms of revenue generation for companies in the growth and mature stages. The amount of income earned in these two stages is the largest compared to other stages because the value of the company's operational cash flow is only positive at the growth and mature stages (Dickinson, 2011). The optimal condition of the company has also contributed to the increase in the value of the return on investment expected by the shareholders). In other words, the shareholders (principals) demand that the management (agents) be able to show the company's performance that remains or even improves (Hartono et al., 2020).

The company is at a stagnant stage using a classification shifting strategy

Hypothesis 9 (H9) states that companies that are at a stagnant stage use a classification shifting strategy. The results showed that the company was at a stagnant stage using classification shifting, so H9 was accepted. The results of the analysis also show a positive effect, meaning that the higher the profit

generated at the stagnant stage, the higher the use of classification shifting strategy. The lower the profit generated at the stagnant stage, the lower the use of the classification shifting strategy.

In stages stagnant Manufacturing companies tend to perform classification shifting, namely reducing core earnings by lowering operating profit and shifting it to the bottom of the income statement. The occurrence of classification shifting by reducing core earnings can be caused by a decrease in production. In the early stages of a decline in production, a decrease in output cannot be immediately followed by a decrease in production capacity so that the fixed costs of production have not been reduced. This resulted in a relatively high cost of sales compared to before the decline in production. The second cause is the possibility of management opportunistic behavior that takes advantage of declining sales conditions by carrying out a big bath strategy.

The decrease in core earnings can also be done by reclassifying non-operating expenses into operating expenses. This opportunistic behavior is in line with attribution theory which explains about understanding a person's reaction to events around them, by knowing their reasons for the events they experience. The existence of bonuses based on the achievement of profit targets can make management's opportunistic nature appear to maximize the achievement of bonuses by conducting earnings management. There is pressure from certain situations or circumstances that will influence individual behavior.

At the stagnant stage, the company carries out earnings management to maintain profits when sales begin to decline steadily due to a large number of competitors. In the saturation stage (stagnant) sales or demand for the company's products is very low. In this stage, the company will experience a very significant decrease in sales so that it suffers losses and the dividend payment stops. The same was said by Malikov et al. (2018), that companies do a lot of classification shifting when the company experiences a loss or very low growth.

Managerial implications

The findings of this study provide empirical support for the attribution theory of the theory of planned behavior. In the perspective of attribution theory, the pressure of certain situations or circumstances will influence individual behavior. Based on the perspective of the theory of planned behavior, one of the constructs built by this theory which explains attitude towards behavior refers to the degree to which a person evaluates favorable or unfavorable behavior in decisions. This research provides practical implications for investors as parties directly related to financial statements. The results of this study can assist investors in making investment decisions by considering the company's life cycle factors to determine the earnings management strategy that will be carried out.

Conclusion

Companies that are in the stagnant stage using the classification shifting strategy, companies in the growth, mature, and stagnant stages using the accrual earnings management strategy. companies in the growth stage do not use real

earnings management strategies. The company is in a mature and stagnant stage using a real earnings strategy. In the growth and mature stages, the company does not use a classification shifting strategy. At the stagnant stage using the classification shifting strategy. Further research is recommended to be able to examine the same thing but in non-manufacturing companies so that this research can be generalized. Further research is recommended to use a grand theory that is different from this research, namely the theory of planned behavior.

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