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Information Asymmetry and Profitability on Profit Management in Companies in The Goods and Consumer Industry Sector

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Abstract. *The purpose of this research is to investigate the impact that information asymmetry and profitability have on profit management for companies that are listed on the Indonesia Stock Exchange between the years 2016 and 2020. Previous research on the subject of profit management has produced contradictory findings. As a result, the idea about profit management requires more investigation so that it may be retested. Within the consumer products industry sub-sector, this research focused on 53 different businesses as its population. The type of sampling that was used was known as purposive sampling, and as a result, 22 sample firms were acquired for a period of observation spanning five years (2016-2020) and included 86 observations. The information used in the study was collected by downloading sample company files from the website of the Indonesia Stock Exchange. The methods of descriptive statistical analysis and multiple regression analysis are used in the process of analysing the data. The initial step in the process of analysing the data is doing descriptive statistics. Next comes the testing of classical assumptions, followed by multiple regression analysis, and finally hypothesis testing. The findings of this research indicate, even if only in part, that Profitability is the sole factor that significantly influences profit management. There is no impact on the management of profits caused by information asymmetry. The findings of this research demonstrate that there is a correlation between information asymmetry and profitability, both of which have a substantial impact on profit management.*

Keywords: *information asymmetry, profitability, profit management*

Abstrak. Tujuan dari penelitian ini adalah untuk mengetahui pengaruh asimetri informasi dan profitabilitas terhadap manajemen laba pada perusahaan yang terdaftar di Bursa Efek Indonesia antara tahun 2016 dan 2020. Penelitian sebelumnya tentang manajemen laba menghasilkan temuan yang bertentangan. Akibatnya, gagasan tentang manajemen laba memerlukan penyelidikan lebih lanjut agar dapat diuji ulang. Dalam subsektor industri produk konsumen, penelitian ini difokuskan pada 53 bisnis yang berbeda sebagai populasinya. Jenis pengambilan sampel yang digunakan dikenal dengan purposive sampling, sehingga diperoleh 22 perusahaan sampel untuk periode pengamatan selama lima tahun (2016-2020) dan mencakup 86 pengamatan. Informasi yang digunakan dalam penelitian ini dikumpulkan dengan mengunduh file sampel perusahaan dari situs web Bursa Efek Indonesia. Metode analisis statistik deskriptif dan analisis regresi berganda digunakan dalam proses analisis data. Langkah awal dalam proses analisis data adalah melakukan statistik deskriptif. Selanjutnya dilakukan pengujian asumsi klasik, dilanjutkan dengan analisis regresi berganda, dan terakhir pengujian hipotesis. Temuan penelitian ini menunjukkan, meskipun hanya sebagian, bahwa Profitabilitas merupakan satu-satunya faktor yang secara signifikan mempengaruhi manajemen laba. Tidak ada dampak terhadap pengelolaan laba yang disebabkan oleh asimetri informasi. Temuan dari penelitian ini menunjukkan bahwa terdapat korelasi antara asimetri informasi dan profitabilitas, yang keduanya memiliki dampak yang besar terhadap manajemen laba.

Kata kunci: asimetri informasi, profitabilitas, manajemen keuntungan

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INTRODUCTION

The financial accounts of the company represent a final recording procedure that takes place within a certain time period and might indicate the status of the company (Rabuisa et al., 2018; Satria &; Fatmawati, 2021; Murphy, 2023). The parties who are interested in the company may also get the information they want from the financial statements (Bestari, 2016; Gusherinsya & Samukri, 2020). In addition, financial statements are used as the primary indication to determine how well the management of the company has accounted for the effects of their actions on the resources owned by the company (Kasmir, 2015; Roslita &; David, 2019; Ayem & Purwanto, 2021). The performance of a company can be assessed through the Company's ability to maximize profit achievement (Husaeri Priatna, 2016; Faisal et al., 2018; Hani Krisnawati, 2020). One way to evaluate a company's success is by looking at the extent to which it is able to maximise the amount of money it makes.

As a result of the fact that management plays a significant part in the process of producing financial statements for a firm, one may draw the logical conclusion that financial statements can be used to evaluate management performance (Nurjanah et al., 2021). By examining the information included in the financial statements with regard to profits, both internal and external parties of the company are able to utilise a financial statement as a tool for conducting an evaluation (Putri, 2021). In addition to this, information on a company's profitability may assist owners and other parties interested in evaluating the potential for future profits (Nasrullah et al., 2014). Management of the company has unrestricted access to the company's financial statements, while other parties with no affiliation with the company are only allowed limited access to information about the company. The difference in the ability to access information is referred to as an information imbalance. In addition, modifications to firm information may have a significant effect on nett income; hence, management often uses financial statements as engineering objectives in order to improve the appearance of the outcomes of financial statements relative to the reality of the situation (Marentek et al., 2022). This activity is a kind of practised profit management (Supardi et al., 2022).(Supardi et al., 2022) In the process of generating financial accounts, profit management refers to the efforts that are made by the management of the company to intentionally and purposefully raise or reduce profits (Apriadi et al., 2022).

According to what is said in R.w. Scott's book, there are four distinct strategies for profit management. These strategies are referred to as "Taking a bath," "Income minimisation," "Income maximisation," and "Income smoothing." (Scott, 2015). A state characterised by knowledge gaps between internal parties and external parties of a company is referred to as

information asymmetry. In this particular scenario, firm managers have access to additional information in the form of financial statements, which enables managers to behave as they see fit (Hatnawati &; Irwansyah, 2022). The quantity of information that a manager has in relation to the information that is possessed by shareholders is directly proportional to the chance that a manager may perform profit management. According to the results of a research that was carried out by Fitriani and Rahmawati, there is evidence that knowledge asymmetry has an effect on the management of profits. According to the results, information asymmetry also has a favourable and meaningful influence on profit management, but to a smaller level than before (Fitriani &; Rahmawati, 2019). The findings of one research, conducted by Hidayat and his colleagues, came to the conclusion that information asymmetry does not significantly affect the management of a company's profits. However, other investigations came to other results (Hidayat et al., 2019). The capacity of a business to turn a profit over a certain time frame is referred to as its profitability (Windari &; Tutik, 2022). According to the findings of Fitriana's study, profit management is favourably impacted when profitability is high (Fitriana, 2018). In contrary to the findings of study that was carried out by Astuti, partial Profitability does not have a substantial impact on profit management (Astuti, 2017).

There have been many occurrences in Indonesia that are associated with profit management. One of these events took place in 2017 and included businesses in the products and consuming sector that were listed on the IDX. The event was carried out by PT Tiga Pilar Sejahtera Food Tbk (AISA). This occurred as a result of disparities in the information held by PT Tiga Pilar Sejahtera Food Tbk (AISA) and PT Indo Beras Unggul, which is the parent company of both companies. Because of this, it has been shown that PT Indo Beras Unggul takes advantage of the rice industry that it handles. Because of this, PT Tiga Pilar Sejahtera Food Tbk (AISA) ran into a number of financial problems, the first of which was an inability to make interest and principal payments on bonds, which ultimately resulted in default. In addition to this, it is believed that PT Tiga Pilar Sejahtera Food Tbk (AISA) inflated their funds by a total of Rp 4 trillion in their financial statements for the year 2017. This information was disclosed in the Fact-Based Investigation Report on AISA's new management that was prepared by PT Ernst & Young Indonesia (EY) and dated March 12, 2019. The accounts receivable, inventories, and fixed assets of the AISA Group are all areas in which there is a strong possibility that bubbles may form. In addition to the bubbles of 4 trillion IDR, there were also finds of claimed revenue bubbles totalling 662 billion IDR and additional bubbles worth 329 billion IDR in the EBITDA (earnings before interest, taxes, depreciation, and amortisation) items of the food business unit of the issuer. Both of these figures are in addition

to the bubbles worth 4 trillion IDR. The transfer of about 1.78 quadrillion IDR in money by the AISA Group, using a variety of financial techniques, to companies that are allegedly associated with the previous management. This includes, but is not limited to, the use of AISA Group loan disbursements from multiple banks, the use of AISA Group disbursement of time deposits, money transfers in bank accounts, and the financing of the costs of associated parties by the AISA Group. In addition, it was discovered that some interactions and transactions with connected parties did not make use of proper disclosure methods to the relevant stakeholders. This was another finding that was made. In addition to these findings, the most important item that can be gleaned from the conclusions of the EY research is the presence of different financial records in the internal data compared to the records that were utilised by financial auditors in auditing the 2017 financial statements.

Therefore, investors need to be educated so that they have a better understanding of what profit management is and the numerous factors that may effect profit management. This will ensure that investors do not carry out their investing activities on the stock market in a way that is detrimental to their financial well-being. The food and beverage business, the medicine and pharmaceutical industry, the cosmetic and home goods industry, the tobacco industry, and the domestic appliances industry are all sub-sectors of the products and consumer companies industry. The decision to select firms from the goods and consumption industry sector was made by the researchers because this industry sector is one that satisfies the fundamental and fundamental requirements of the community. As a result, the buying power of the population as a whole for goods and consumption is proportional to the population. The rise in the world's population has a significant impact on the amount of money available for spending on products and services. Because of this, the level of competition in the sector of the economy that deals with products and consumption has increased. The researcher is interested in performing a study with the working title, "The Effect of Information Asymmetry and Profitability on Profit Management in Companies in the Goods and Consumer Industry Sector." This interest is based on the description that was provided above. The purpose of this research is to ascertain whether or not there is a connection and an impact between information asymmetry and profitability on profit management in the Company that is the subject of this investigation.

RESEARCH METHODS

Quantitative information taken from the annual reports of Indonesia Stock Exchange (IDX)-listed businesses operating in the products and consumer industry sector was gathered for the purpose of this research. This research makes use of data that spans the years 2016-2020 for its primary data period. The researcher came to the conclusion that the population that would be utilised in this study would consist of all 53 firms that are listed on the Indonesia Stock Exchange (IDX) within the consumer products sector. This conclusion was based on the data presented above. The sample for this study was chosen based on the following criteria: 1) Companies in the Consumer goods industry sector that were listed on the Indonesia Stock Exchange during the research period of 2016-2020; 2) Companies that publish an annual report that has been audited by an independent auditor during the research period of 2016-2020; and 3) Companies that report their financials using rupiah as the reporting currency. 3) The company does not incur any losses throughout the time period covered by the study (2016-2020), and 4) The company makes the data and information that was used to conduct the analysis of each variable proxy in the study available to the public during the time period covered by the study (2016-2020).

There were as many as 23 different businesses operating in the consumer products industry that served as study samples. This information comes from the Indonesia Stock Exchange. Methods of data analysis include searching for and assembling data that has been gathered into a format that is simpler to understand. The frequency distribution of study variables, as well as their maximum, minimum, mean, and standard deviation values, are all covered in detail by descriptive statistics. Multiple linear analysis is used in the testing method, and then traditional assumption testing is performed. This is done in order to create regression equations that have the characteristics of the Best Linear Unbiased Estimator (BLUE). The normality test, the multicollinearity test (for multiple linear regression), the heteroscedasticity test, and the autocorrelation test are only some of the assumptions that need to be satisfied for the test's results to be free from bias. In this work, multiple linear regression analysis methods, often known as the Multiple Regression Analysis Model, were used. The following is one possible formulation for it:

$$\mathbf{Y = \alpha + \beta 1X1 + \beta 2X2 + \epsilon}$$

Information:

Y= Profit Management α = constant

b1, b2 = koefisien regresi

X1 = Information Asymmetry

X2 = Profitability

e = standart error

After that, the aforementioned equation will go through an SPSS analysis at a significance level of 5% (= 0.05). The testing of hypotheses is predicated on the empirical facts that are acquired via data collection, the process of testing the coefficient of determination (R2), the process of testing a partial hypothesis (the statistical test t), and the process of testing a simultaneous hypothesis (the statistical test F).

RESULTS AND DISCUSSION

Result

The following is an example of the image that may be produced by descriptive statistical analysis:

Table 1. Descriptive Statistics

	N	Minimum	Maximum		Mean	Std. Deviation
X1_Asimetri Information	110	.00	22.10		3.3014	3.80744
X2_Profitabilitas	110	.00	.92		.1249	.13475
Y_ Management Laba	110	-.99	5.39		.5800	1.05748
Valid N (listwise)	110					

Source: SPSS Management Results 26(2022)

1. According to the information provided in Table 1, the greatest value of profit management is 5.39, while the lowest value of profit management is -0.99. In contrast, the standard deviation value sits at 1.05748, while the average value is at 0.5800.
2. The value of the information asymmetry ranges from 0 to a maximum of 22.10, with 0 being the least value. While the figure 3.3014 is considered to be the average, the standard deviation is found to be 3.80744.
3. The lowest possible number for Profitability is 0, and the highest possible value is 0.92. While 0.1249 is the number that is considered to be the average, 0.13475 is the value that is considered to be the standard deviation.

Classical Assumption Test

Normality Test Results

In this investigation, tests of normality were carried out using the Kolmogorov-Smirnov method, the normal probability plot, and the histogram in the following ways:

Table 2. Kolmogorov Smirnov

One-Sample Kolmogorov-Smirnov Test

		Unstandardized ed Residual
N		110
Normal Parametersa,b	Mean	.0000000
	Std. Deviation	1.18012956
Most Extreme Differences	Absolute	.180
	Positive	.180
	Negative	-.147
Test Statistic		.180
Asymp. Sig. (2-tailed)		.000c

a. The distribution of the test data is normal.

b. It is determined based on the data.

c. The Lilliefors Significance Correction is the third option.

Source: SPSS Management Results 26 (2022)

The evaluation outcomes of one sample Kolmogorov-Smirnov sig value are shown in Table 2, which may be seen here. (2-tailed) The fact that 0.000 is less than 0.05 is an indication that the data do not follow a normal distribution. The author modifies outliers on extreme data in order to get data that may be represented in Table 3 below. This allows the author to adjust the residual value such that it has a normal distribution.

Table 3. One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		86
Normal Parametersa,b	Mean	.0000000
	Std. Deviation	.50539644
Most Extreme Differences	Absolute	.071
	Positive	.047
	Negative	-.071
Test Statistic		.071
Asymp. Sig. (2-tailed)		.200c,d

a. The distribution of the test data is normal.

b. It is determined based on the data.

c. correction made using the Lilliefors significance.

d. This is a lower limit of the importance of the real issue.

The fact that the sig value of 0.200 is higher than 0.05 in the Kolmogorv-Smirnov table indicates that the data have been regularly distributed following the removal of outliers on extreme data, and that this line of investigation need to be continued. The following is also connected to the histogram graph and plot data that has been regularly distributed as follows for further information on the subject:

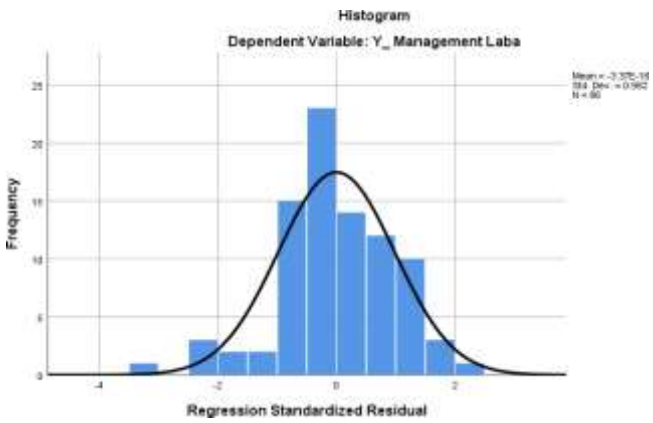


Figure 2. Histogram Graph (after data is transformed)

Source: SPSS Management Results 26(2022)

In addition to consulting the histogram graph, which may help one determine more

accurately if the data are normally distributed or not, one can also consult the plot graph shown in Figure 3, which can be enhanced in the following ways:

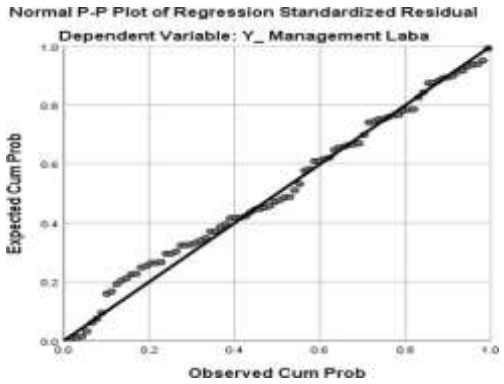


Figure 3. Normal P-Plot Graph (after data is transformed)

As a result, one might get the conclusion that the values of the observation data have been distributed regularly and that one can go on to do other types of traditional testing.

Multicollinearity Test

Table 4. Coefficients Multicollinearity Test Results

Model		Collinearity Statistics: Tolerance	Collinearity Statistics: BRIGHT
1	X1_Asimetri Information	.962	1.039
	X2_Profitabilitas	.899	1.113

a. Dependent Variable: Y_ Management Laba

Source: SPSS Management Results 26(2022)

According to Table 4, the VIF value of each variable is less than 10, and the tolerance value of each variable is more than 0.1; as a result, there is neither a connection nor a correlation between any two of the independent variables. According to what is shown in the table above, there is no evidence of multicollinearity in the study data; hence, it is viable to utilise the current regression model in order to make predictions about profit management and the following explanation: The value of tolerance for informational asymmetry is 0.962, which is more than 0.10. The value of the VIF was determined to be 1.039 on a scale of 10, and the information asymmetry variable was found to be free of multicolonicity. If the value of the Profitability variable's Tolerance parameter is more than or equal to 0.10 and the VIF parameter is less than

or equal to 10, then the Profitability variable may be declared free from multicolonicity.

Autocorrelation Test

The Durbin-Watson test was used for the purpose of determining the autocorrelation in this investigation. The following is a listing of the outcomes based on the Durbin-Watson test.

Table 5. Autocorrelation Test

Model Summary	
Type	Durbin-Watson
1	1.909

a. Predictors: (Constant),

b. X1_Asimetri Information

c. X2_Profitabilitas

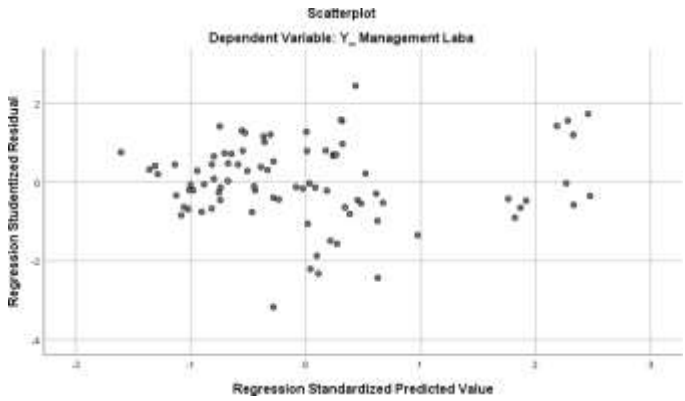
d. Dependent Variable: Y_ Management Laba

Source: SPSS Management Results 26(2022

When this value is compared with the significance table value of 5%, the number of observation data (n) = 86, and the number of independent variables (k = 3) = 3, the du value that is produced is Du = 1.7221 and the DW value is 1.909. This can be observed by looking at Table 5 which can be seen above. Because the DW value is more than the upper limit (du), which is 1.7221, but lower than the lower limit (4-du), which is 4 minus 1.7221 equal to 2.2779, there is no autocorrelation.

Heteroscedasticity Test

The Glejser test is another option for determining whether or not there is heteroscedasticity present in the data. There is evidence of heterocadicity if the independent variable has a statistically significant impact on the variable that is being examined (the dependent variable). The following are the findings that may be noticed on the scatterplot graph as a result of the heteroscedasticity test:



According to the above-mentioned Figure 4, the scatterplot graph demonstrates that the pattern points are distributed randomly, both above and below the number 0 on the Y axis, indicating that heteroscedasticity does not take place.

Multiple Linear Regression Analysis

The results of multiple linear regression tests are in the Table below.

Table 6. Multiple Linear Regression Test Results

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	-1.629	1.117	
	X1_Asimetri Information	1.141	2.393	.050
	X2_Profitabilitas	1.587	.552	.314

a. Dependent Variable: Y_ Management Laba

Source: SPSS Management Results 26(2022)

From Table 6 above, the multiple linear regression analysis equation is obtained as follows:

Y = -1,629 + 1,141 (X1) + 1,587 (X2) + e

Konstant a = -1.629

Information Asymmetry = 1.141

Profitability = 1.587

With a constant value of -1.629, it can be deduced that the value of profit management is -1.629 when the independent variable is set to 0. Information asymmetry is represented by the

variable X1, which has a regression coefficient value of 1.141. If we assume that all other factors will stay the same, this indicates that a 1% rise in the information asymmetry variable will result in a 1.141 increase in profit management. A Profitability variable with a value of 1.587 for its regression coefficient, X2, is shown below. In light of this, we may deduce that a rise of 1% in the Profitability variable will result in an increase of 1.587, supposing that all other variables stay the same.

Hypothesis Testing

The use of statistical tests such as the coefficient of determination (R2), the t-test, and the F-test, among others, may be found to be useful in demonstrating a hypothesis in research about whether it effects the dependent variable as follows: The following are the findings of the coefficient of determination (R2) that were determined on the basis of the outcomes of the data management process:

Table 7. Coefficient of Determination

Model Summary			
Model	R	R Square	Adjusted R Square
1	.672a	.422	.451

a. Predictors: (Constant)

b. X2_Profitabilitas, X1_ Information Symmetry

c. Dependent Variable: Y_ Management Laba

Source: SPSS Management Results 26 (2022)

According to the data shown in the table that is located above, the value of the Adjusted R-Square is 0.451, which translates to 45%. This indicates that both information asymmetry and profitability have an impact on the quality of financial reporting concurrently by 45.1%. The remaining 54.9% were impacted by additional factors beyond the variables of this study that were not explored. These factors were not included in the research.

Partial Test (Statistical Test t)

The findings of the Partial Test, also known as the Statistical Test t, may be summarised as follows when based on the outcomes of the data management process:

Table 8. Partial Test Results (Test t)

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Itself.
		B	Std. Error	Beta		
1	(Constant)	-1.629	1.117		-1.457	.149
	X1_Asimetri Information	1.141	2.393	.050	.477	.635
	X2_Profitabili it	1.587	.552	.314	2.876	.005

a. Dependent Variable: Y_ Management Laba

Source: SPSS Management Results 26(2022)

The following is a conclusion that may be drawn based on the findings of the partial test (Test t) found in Table 8:

1. Given that the information asymmetry variable has a calculation Table where 0.447 1.663 and a significant level of 0.635 > 0.05, it is possible to claim that information asymmetry does not have an effect on profit management. This is because the significance level is more than 0.05.
2. Because the profitability variable has a calculation of > Table where 2,876 > 1.663 and a significance level of 0.005 0.05, it is possible to claim that Profitability substantially influences profit management. This conclusion may be reached because the significance level is less than 0.05.

Simultaneous Significance Test (Test f)

The findings of the Simultaneous Significance Test (Test f) may be broken down into the following categories after considering the outcomes of the data management process:

Table 9. Simultaneous Test Results (Test F)

ANOVAa						
Model		Sum of Squares	df	Mean Square	F	Itself.
1	Regression n	2.991	3	.997	3.766	.014b

	Residual	21.711	82	.265		
	Total	24.702	85			

1. Dependent Variable: Y_ Management Laba
2. Predictors: (Constant), X1_Asimetri Information, X2_Profitabilitas

Source: SPSS Management Results 26(2022)

In order to meet the requirements of the F test criteria, a significance threshold of 5% was applied to the F value for a table, which was calculated as (n-k-1) = 86-3-1 = 82; the final tally for the table was 2.716. In order to arrive at a conclusion, this serves as a criteria. According to the findings shown in the aforementioned Table, the value of the profit management variable from calculate is 3.766, but the value presented in the f table is 2.716. Because of this, the conclusion that Ha is accepted and Ho is tolah can be drawn from the computation of the > Table and the significance value of 0.014 > 0.05. This indicates that information asymmetry and profitability have a major impact on profit management.

Discussion

The Effect of Information Asymmetry on Profit Management

According to the findings of the partial test, the information asymmetry variable has 0.447 1.663, and the significance level is 0.635 more than 0.05; thus, it is possible to conclude that information asymmetry does not have an influence on profit management. Because of two different options, there is no impact between the imbalance of information and the management of profits. To begin, there is a high level of internal control, which means that managers do not have the ability to take any actions that would cover up information that already exists. Second, there is the possibility that the management is also an investment in the company. If anything like this does place, the knowledge gap that exists between the management and the owner will become less precise. The findings of this study are consistent with the findings of research carried out by Hidayat and Juanda (2019), who came to the conclusion that information asymmetry does not substantially alter the way in which companies manage their profits.

The effect of Profitability on profit management

As a consequence of the fact that the profitability variable has a t table where 2,876 > 1.663 and a significance level of 0.005 0.05, it is safe to say that profitability has a considerable impact on profit management. The partial test results may be seen here. The capacity of a business to generate a profit is referred to as its profitability. Profitability is the nett

consequence of diverse knowledge and skill, and it is used as a metric to quantify the ability of a corporation to earn a profit.

The ability of the company to turn a profit is the single most crucial aspect in determining whether or not the company will continue to exist. When the profitability ratio is high, it indicates that the company is doing a good job of maximising the amount of profit it can generate from each asset it owns. Profit, as understood by investors, is a gain in economic value that is paid out to shareholders in the form of dividends. The findings of this study are consistent with those found in research carried out by Budi Cahyono (2018), who found that profitability has a favourable influence on profit management.

The effect of Information Asymmetry and Profitability on profit management

With a significance threshold of 0.014 0.05, the results of simultaneous testing reveal that the value of F calculate > F table 3.766 > 2.716. This indicates that information asymmetry and profitability have a substantial impact on profit management.

CONCLUSION

The purpose of this research is to investigate the impact that information asymmetry and profitability have on the profit management practises of firms that are listed on the Indonesia Stock Exchange between the years 2016 and 2020. Different findings have been found in earlier research on the management of profits. As a result, the idea about profit management requires more investigation so that it may be retested. According to the agency theory, agency difficulties may be traced back to either opportunistic behaviour on the part of agents or firm management or a desire to pursue personal goals by maximising their welfare rather than that of principals or shareholders. Therefore, the need to formulate the topic that will be investigated in this research emerges; specifically, the question of whether or not information asymmetry and profitability have an effect on profit management. In light of the findings of the experiments designed to test hypotheses, as well as with reference to the overall plan and goals of this research project, the following conclusions may be drawn: 1) The results of some of the tests indicate that information asymmetry does not have an effect on profit management; 2) The results of some of the tests indicate that profitability has a significant effect on profit management; and 3) The results of some of the tests conducted simultaneously indicate that both information asymmetry and profitability have a significant effect on profit management.

The findings of the investigation that the researchers carried out support the first hypothesis, which states that information imbalance does not have a substantial impact on

profit management. Because managers do not have enough possibilities to take action to cover up existing facts, this has a beneficial influence on the Company. The reason for this is that the previous sentence. In order to prevent the existing knowledge gap between managers and shareholders from making it more likely that profit management would be subject to fraudulent activity. The findings from the study that the researcher carried out support the second hypothesis, which states that Profitability has an effect on Profit Management. Profitability is the nett consequence of diverse knowledge and skill, and it is used as a metric to quantify the ability of a corporation to earn a profit. The ability of the company to turn a profit is the single most crucial aspect in determining whether or not the company will continue to exist. When the profitability ratio is high, it indicates that the company is doing a good job of maximising the amount of profit it can generate from each asset it owns. The findings of the study and analysis support the fourth hypothesis, which links information asymmetry and profitability to profit management. This demonstrates that a manager may still manage a company's profits in a way that benefits themselves, even if they are doing so. Because of this, it is important for every manufacturing company, and particularly those in the goods and consumption industry sector, to continue to monitor the results of financial statements and to perform periodic checks on the internal information owned by the company. This will allow the company to avoid engaging in profit management activities that will be harmful to shareholder party.

The fact that the coefficient of determination generated in this study using two variables, namely information asymmetry and Profitability to profit management, had a predictive capacity of 45.1% is the source of the challenge that was encountered over the course of this research. On the other hand, the remaining 54.9% is influenced by a variety of different circumstances. This demonstrates that the factors employed in this research are not the only ones that may impact profit management; other variables can also have an effect. In this particular research, there were just three factors that were considered to be independent: information asymmetry, profitability, and both. Only five years' worth of study were really done by the researchers.

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