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Comparison of Earnings Management Before and After PSAK 69 in Agricultural Companies: A Review Islamic Perspective

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ABSTRACT

The objective of this study is to compare the average earnings management of agricultural companies listed on the Indonesia Stock Exchange before and after the implementation of PSAK 69. This research employs a quantitative comparative approach, utilizing secondary data in the form of annual reports from 2014 to 2021. The sampling technique applied is purposive sampling, resulting in a sample of 13 agricultural companies. Hypothesis testing begins with a normality test (One Sample Kolmogorov-Smirnov), followed by the Wilcoxon Signed Rank Test, with data analyzed using IBM SPSS Statistics 25 software. The findings indicate that there is no significant difference in the average earnings management of agricultural companies listed on the Indonesia Stock Exchange before and after the adoption of PSAK 69. The implementation of PSAK 69 does not have a direct impact on earnings quality. However, it is important to note that sound accounting standards influence the quality of financial reports produced, ensuring that these reports meet essential quality criteria such as relevance, reliability, comparability, and consistency. This study contributes to the understanding of the effects of accounting standards on earnings management practices within the agricultural sector, highlighting the need for continuous evaluation of accounting regulations to enhance financial reporting quality. Limitations of this research include the restricted sample size and the focus on a specific sector, suggesting avenues for future research to explore broader implications across different industries.

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Introduction

Agricultural companies have assets that differ from those of other businesses ((DOMO, 2022) These assets include activities related to the management and biological transformation of plants to produce products that can be processed or consumed. This can make agricultural companies more vulnerable to presenting biased information in their financial reports. (Rosiana & Tianna Solovida, 2012).

Agricultural activities involving livestock, farming, and plantations are all governed by Financial Accounting Standards (SAK) Number 41. IAS 41 is an international accounting standard specifically designed for companies in the agricultural sector. Since its initial publication, IAS 41 has served as an important guideline for agricultural entities in reporting their business activities, including the management of biological assets such as crops and livestock. However, like other standards within the International Financial Reporting Standards (IFRS) framework, IAS 41 continually undergoes adjustments to keep pace with developments and harmonization with global accounting standards.

Nevertheless, the application of IAS 41 is not entirely compatible with local practices in Indonesia, which has unique characteristics in agriculture and agribusiness. Therefore, the Financial Accounting Standards Board of the Indonesian Institute of Accountants (DSAK-IAI) introduced PSAK 69 on Agriculture to replace IAS 41. PSAK 69 carefully regulates accounting procedures for agricultural entities while taking into account the existing traditions in Indonesia (Muchlis et al., 2021).

In 2018, Indonesia officially replaced IAS 41 with PSAK 69. This change had a significant impact, particularly in the measurement of biological assets. Under IAS 41, the measurement of biological assets was based on historical cost, which often did not reflect current economic conditions. In line with the IFRS approach, the use of fair value was implemented in PSAK 69 to address issues related to cost estimation and the analysis of biological asset transformations.

However, there are differing opinions on how to apply the fair value methodology in utilizing biological assets. Conducting fair value assessments can be considered less productive due to its potential to increase earnings volatility. This situation arises from the discrepancy between changes in fair value and unrealized costs, which have already been recognized in the income statement. Such discrepancies can significantly impact financial performance, potentially leading to fraudulent financial reporting practices (W. Pratiwi, 2018c).

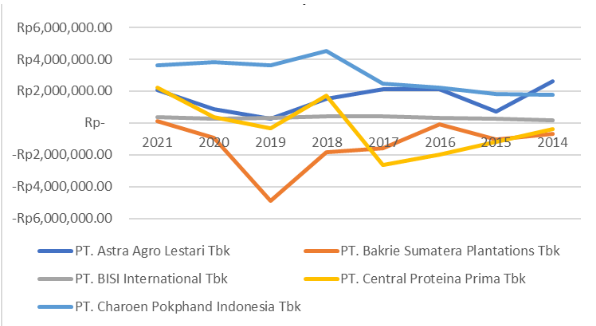

Figure 1.
Net Profit of Agricultural Companies 2014-2021
Sumber: www.idx.co.id (Data Diolah 2022)

Figure 1 illustrates the fluctuations in net income experienced by agricultural companies throughout the analyzed period. It is evident that the net income of these companies tends to vary from year to year. Notably, the year 2018 stands out due to a significant change coinciding with the implementation of PSAK 69, which is based on fair value and alters the measurement method for biological assets. This change resulted in substantial adjustments in financial statements, potentially affecting the calculation of the companies' net income. The fluctuations in income during 2018 are particularly noteworthy, as they may reflect the impact of the newly implemented accounting policy, which could influence earnings management practices within agricultural firms.

Earnings management variables are incorporated into this study due to the controversial nature of fair value application in PSAK 69. In practice, fair value is perceived to create opportunities for management to manipulate earnings. Companies have the ability to optimize the reported values of biological assets in their financial statements, which affects earnings management techniques, especially considering that determining fair value can be complex if biological assets are not actively traded in the market.

Managers often strive to achieve specific goals for personal gain by manipulating financial reports to align with targets set by the company. From an Islamic perspective, such actions are considered prohibited as they fall under the category of manipulation (Arisandy, 2003) The prohibition is explained in the Qur'an, precisely in Q.S. An-Nisa verse 29:

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا أَمْوَالَكُمْ بَيْنَكُمْ بِالْبَاطِلِ إِلَّا أَنْ تَكُونَ تِجَارَةً عَنْ تَرَاضٍ مِنْكُمْ ۚ وَلَا
تَقْتُلُوا أَنْفُسَكُمْ ۚ إِنَّ اللَّهَ كَانَ بِكُمْ رَحِيمًا

Meaning:

"O you who have believed, do not consume one another's wealth unjustly or send it [in bribery] to the rulers in order that [they might aid] you [to] consume a portion of the wealth of the people in sin, while you know [it is unlawful]. And do not kill yourselves [or one another]. Indeed, Allah is ever Merciful to you."

Based on the findings of the research by (M. Pratiwi & Siswantoro, 2018), air value does not have a significant effect on earnings management overall. However, when fair value is analyzed according to its hierarchy, it is revealed that fair value categories 2 and 3 have significant implications for earnings management techniques.. (Febryanti et al., 2020) Conducting a similar study, it was found that after the implementation of PSAK 69, which empirically establishes fair value assessment for biological assets, management in the agro-industrial sector has increased earnings management in their operations.

(Fachmi et al., 2021) found different results from previous studies. The findings indicate that the methods of earnings management decreased with the implementation of PSAK 69. The research conducted by (W. Pratiwi, 2018b) strengthens this perspective. The research findings indicate that the fair value calculation for biological assets does not impact profit fluctuations. However, profit fluctuations can have a substantial effect on earnings management methods, as instability in profits may prompt management to take specific actions to enhance the company's performance. Therefore, even though the fair value of biological assets does not directly influence profit volatility, profit fluctuations can still be an important factor motivating management to implement certain strategies in an effort to improve company performance.

The differences obtained from the study results (Napitupulu, 2022) explains that fair value has a positive and significant impact on profit volatility, while historical value has a negative and significant impact on profit volatility in the agricultural business. The varied results from previous studies have prompted researchers to re-examine the impact of PSAK 69, which is based on fair value, on earnings management using a comparative analysis approach. This approach differs from earlier studies that generally employed regression analysis with a causal approach. This research not only compares the conditions before and after the implementation of PSAK 69 but also highlights earnings management variables that have rarely been analyzed in relation to PSAK 69. Furthermore, this study adds value by incorporating an Islamic perspective into the discussion of earnings management, making it distinct from previous studies. Thus, this research will examine the comparison of earnings management from 2014-2017 (before) to 2018-2021 (after) the implementation of PSAK 69 in agricultural companies.

Literature Revew and Hypotesis Development

Signalling Theory

This theory was first introduced by Spence in his research titled "Job Market Signaling" in 1973 (Spence, 1978), This theory explains how managers can signal to investors or shareholders about the condition of the company. Managers provide positive information, such as an increase in the company's value, to build a favorable perception in the eyes of investors.

In relation to earnings management, signaling theory explains how managers use financial reports to convey signals regarding the success or failure of the company. Managers often adopt conservative accounting policies to produce more realistic and not overstated earnings, thereby avoiding earnings manipulation that could undermine investor trust. This policy aims to ensure that reported earnings and assets are not overstated, providing a more accurate picture of the company's condition (Suganda, 2018).

The signals received by investors can include positive information (good news), such as an increase in earnings, or negative information (bad news) if the reported earnings decline. Therefore, the information in financial reports becomes crucial for investors and other stakeholders, as it provides a clear picture of the company's state, both in the past, present, and future prospects. Complete, relevant, accurate, and timely information is essential for investors in the capital market as a basis for making informed investment decisions (Rokhlinasari, 2016).

Agency Theory

The agency problem was first explored by Ross in 1973, and a more in-depth theoretical explanation of agency theory was provided by Jensen and Meckling in 1976. The agency relationship refers to the relationship between two parties, where the first party acts as the principal or the delegator, while the second party is the agent who acts as an intermediary representing the principal in transactions with a third party. The principal grants the agent the authority to conduct transactions on their behalf, with the expectation that the agent will make decisions that are beneficial to the principal. However, it is often the case that the agent diverts from this objective to fulfill their own personal interests (Jensen. M, 1976).

The difference in interests between the agent and the principal can lead to issues in information delivery known as information asymmetry. Information asymmetry occurs when there is an imbalance in the distribution of information between the agent and the principal. This conflict of interest often results in earnings management practices, which can be exploited by irresponsible parties. To address this issue, Jensen and Meckling, as cited in Wike Pratiwi's research, proposed monitoring mechanisms aimed at aligning the interests of the agent and the principal. These mechanisms incur costs known as agency costs, which consist of monitoring costs, bonding costs, and residual costs (W. Pratiwi, 2018a).

Historical Cost and Fair Value PSAK 69

(Suwardjono, 2008) Historical cost is defined as the agreed-upon or recorded price in the books, which was previously considered the most effective method for measuring biological assets and agricultural products. This approach adheres to the audit trail concept and facilitates the auditing process, thereby reducing the likelihood of fraud. However, due to the biological transformation that agricultural biological assets undergo, which is difficult to measure using acquisition costs, IAS 41 was issued as a new standard for agriculture.

The Indonesian Institute of Accountants adopted PSAK 69, which is based on IAS 41, to measure biological assets using fair value. According to FASB Concept Statement No. 7, fair value is defined as the price received for selling an asset or the amount paid to transfer a liability in an orderly transaction between market participants at the measurement date (MacCrate, 2002). Sayekti (Al, 2018) states that the constraints in applying PSAK 69 lie in the difficulties of measuring biological assets using fair value, particularly due to the lack of active markets, which can affect the reliability and relevance of financial reports. The application of fair value can also lead to unrealistic fluctuations in net income, despite the push for the implementation of fair value-based accounting standards, which continues to provoke controversy.

Earnings Management

Earnings management refers to the intervention of management in the external financial reporting process with the aim of benefiting their personal interests. This practice can undermine the credibility of financial statements, as it introduces bias into the information presented. It can confuse users of financial statements who perceive the reported earnings figures as accurate, when in fact they may have been subject to manipulation.

By engaging in earnings management, companies may present a more favorable financial position than what truly exists, which can mislead investors, creditors, and other stakeholders. This manipulation can take various forms, such as altering accounting policies, timing of revenue recognition, or deferring expenses. Ultimately, while earnings management may provide short-term benefits to management, it poses significant risks to the integrity of financial reporting and can lead to long-term consequences for the organization, including loss of trust and potential legal repercussions.(Setiawati & Na'im, 2000).

According to Sulistyanto in (W. Pratiwi, 2018b), There are several patterns of earnings management based on management objectives, including:

a. Taking a Bath
   This occurs when there is organizational pressure or a change in management, where losses are recognized in the current period to improve future earnings.
b. Income Minimization
   This is done to avoid political scrutiny by quickly writing off assets or expensing costs to lower reported earnings.
c. Income Maximization
   The goal here is to increase earnings to secure larger bonuses or avoid violating debt covenants.
d. Income Smoothing
   This strategy aims to reduce earnings volatility by either

inflating or deflating reported earnings.

e. Timing Revenue and Expenses Recognition
   This involves policies related to the recognition of revenue or expenses at specific times, such as recognizing revenue earlier than it should be.

Islamic teachings provide guidelines for applying principles of fairness in business transactions. From an Islamic perspective, earnings management can be viewed from various aspects. Earnings management conducted in an dishonest and unfair manner is considered prohibited in Islam, as explained in Q.S. An-Nisa verse 29. This verse emphasizes the importance of justice and integrity in all dealings, highlighting that any form of manipulation that misleads stakeholders is against Islamic principles. (Abbas et al., 2019).

In Q.S. An-Nisa verse 29, it is explained that business transactions should not be conducted in a fraudulent manner, but rather with mutual consent and goodwill. In the context of earnings management, financial managers may modify financial reporting to achieve certain benefits. For example, they might lower the amount of earnings reported even when the company has a high level of profitability, with the intention of avoiding political scrutiny or gaining favor. Such practices are not permissible, as they lack the element of honesty and integrity.

This perspective emphasizes that any manipulation of financial statements for personal or organizational gain undermines the principles of fairness and transparency that are essential in Islamic teachings. Engaging in such practices not only violates ethical standards but also erodes trust among stakeholders, which is contrary to the values promoted in Islam. Therefore, it is crucial for financial managers to adhere to ethical practices in financial reporting, ensuring that their actions align with the principles of justice and honesty as outlined in Islamic teachings.(Arisandy, 2003)

Earnings management can be detected through the analysis of discretionary accruals, and one of the most widely accepted models in accounting literature is the modified Jones model of discretionary accruals (MacCarthy, 2021).

Hypotesis Development

Comparison of Earnings Management Before and After the Implementation of PSAK 69 in Agricultural Companies

The signaling theory explains how management uses financial reports to convey information to investors regarding the company's condition and performance. Transparent and accurate reports send positive signals, which help investors make more informed investment decisions. Conversely, unclear or misleading information can undermine investor confidence (Suganda, 2018).

In an agency relationship, the principal (owner) delegates authority to the agent (manager) to act in their best interest. However, there are often conflicting objectives between the two, where the manager may act in their own interest. This can affect the quality of the information presented in the financial reports (Ardianingsih & Ardiyani, 2016).

PSAK 69, which changes the measurement of biological assets from historical cost to fair value, aims to enhance the transparency and relevance of financial statements. The use of fair value is expected to provide a more accurate representation of the company's condition and reduce ambiguities that could mislead investors. However, the application of fair value still generates debate, particularly concerning the potential inaccuracies in its measurement.

Research on PSAK 69 and earnings management is still limited, prompting the researcher to adopt a fair value measurement approach similar to that of PSAK 69. The study conducted by (M. Pratiwi & Siswantoro, 2018) shows that fair value does not have an impact on earnings management; however, fair values 2 and 3 have a significant effect. Similar research conducted by (Febryanti et al., 2020) found that the application of fair value for biological assets through PSAK 69 in the agro-industrial sector enhances earnings management.

Conversely, the research conducted by (Fachmi et al., 2021) shows a decrease in earnings management following the implementation of PSAK 69 in agricultural companies. (W. Pratiwi, 2018b) found that fair value-based measurement does not affect earnings volatility, but fluctuations in earnings can trigger earnings management. Meanwhile, the research conducted by (Napitupulu, 2022) shows that fair value has a positive effect on earnings volatility, while historical cost has a negative effect, The research hypotheses are as follows:

H1: There is a difference in the average earnings management before and after the implementation of PSAK 69 in agricultural companies listed on the Indonesia Stock Exchange.

Method

Research Location

This study focuses on agricultural companies listed on the Indonesia Stock Exchange during the period from 2014 to 2021. The research methodology is quantitative in nature. This type of research is classified as comparative, as the researcher aims to compare earnings management from 2014 to 2017 (before the implementation of PSAK 69) and from 2018 to 2021 (after the implementation of PSAK 69).

Research Population and Sample

The population is all incorporated into a group or object that researchers can use to generalize their research results. (Swarjana, 2022). In addition, the population also means everything used as an object in research, whether humans, animals, plants, objects, or maybe an event that can be used as a source of data with specific characteristics in research. (Purwanza dkk., 2022a). The sampling method used in this study is purposive sampling, resulting in a sample of 13 issuers for this research.

Data Analysis Technique

This study employs a comparative analysis method using the Paired Sample t-Test for normally distributed data and the Wilcoxon Signed Rank Test for non-normally distributed data, processed using IBM SPSS Statistics 25. Normality Test, he Kolmogorov-Smirnov test is conducted to ensure the data distribution. If the significance value (Asymp. Sig) is greater than 0.05, the data is considered normally distributed, and the analysis continues with the Paired Sample t-Test. If the significance value is less than 0.05, the data is not normally distributed, and the analysis proceeds with the Wilcoxon Signed Rank Test.

Hypothesis Testing

a. Paired sample t-test

   This test is used if the data is normally distributed. It compares the average earnings management before and after the implementation of PSAK 69. The hypotheses tested are:

   H0: There is no difference in the average.

   Ha: There is a difference in the average. If the significance value (sig. 2-tailed) < 0.05, H0 is rejected.

b. Wilcoxon Signed Rank Test

   This test is used if the data is not normally distributed. It compares the differences between two paired samples, considering the direction and magnitude of the differences. The hypotheses tested are:

   H0: There is no difference.

   Ha: There is a difference. If the significance value (Asymp. Sig. 2-tailed) < 0.05, H0 is rejected.

Result And Discussion

Data Normality Test

The following is presented the output of the normality test with 1 Sample-KS in this study:

Table 1.
Data Normality Test Results

		Unstandardized Residual
N		52
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.00556025
Most Extreme Differences	Absolute	.194
	Positive	.111
	Negative	-.194
Test Statistic		.194
Asymp. Sig. (2-tailed)		.000[c]

Source: IBM SPSS Statistic 25 (Data processed, 2022)

Based on this table, it can be observed that the significance value is 0.000, which means that the Asymp. Sig < α, which is 0.000 < 0.05, so it can be concluded that H0 is rejected and Ha is accepted, which means that the data is not normally distributed. This means that for further testing using the Wilcoxon Signed Rank Test.

Wilcoxon Signed Rank Test

The following is presented the output of the hypothesis test with the Wilcoxon Signed Rank Test in this study:

Table 2.
Wilcoxon Signed Rank Test

Ranks

		N	Mean Rank	Sum of Ranks
SESUDAH – SEBELUM	Negative Ranks	27[a]	24.00	648.00
	Positive Ranks	25[b]	29.20	730.00
	Ties	0[c]		
	Total	52		

Source: IBM SPSS Statistic 25 (Data processed, 2022)

Test Statistics[a]

	SESUDAH - SEBELUM
Z	-.373[b]
Asymp. Sig. (2-tailed)	.709

Source: IBM SPSS Statistic 25 (Data processed, 2022)

Based on the findings of the Wilcoxon Signed Rank Test shown above, the negative ranks or difference (negative) is 648.00, and the positive ranks or difference (positive) is 730.00. Ties in this study show 0, which means that there are no equal values between pre- and post-implementation of PSAK 69. The results of the Wilcoxon signed rank test statistics show that the Asymp. Sig (2-tailed) of 0.709> the significance value of 0.05. Based on these results, the hypothesis (Ha) is rejected and H0 is accepted, which means that there is no change in earnings management in agricultural companies before and after the adoption of PSAK 69.

Discussion

Comparison of Earnings Management Pre and Post Implementation of PSAK 69 in Agricultural Companies

The research findings indicate that there is no significant difference in earnings management before and after the implementation of PSAK 69. This may be attributed to the role of financial accounting standards as a guide to enhance the quality of data in the collection and publication of financial reports, which does not directly impact earnings management actions in agricultural companies (Ulupui et al., 2021). The use of Financial Accounting Standards does not have a direct impact on earnings quality. As revealed in the study by (Sari, 2019) IFRS only has a slight influence on earnings quality. Companies prepare financial statements using standards to present useful and reliable data regarding their finances (Martani, 2014).

The stability of earnings management before and after the implementation of PSAK 69 indicates that agricultural companies do not exploit the flexibility of fair value to enhance financial reporting manipulation practices. This sends a positive signal to investors that the financial reports produced still meet quality criteria such as relevance, reliability, comparability, and consistency, making them trustworthy as a basis for investment decision-making. In agency theory, this standard helps reduce information asymmetry between management and shareholders. However, the lack of significant change suggests that the effectiveness of PSAK 69 in reducing conflicts of interest and opportunistic behavior still requires further improvement.

The output of this research aligns with previous findings, such as those conducted by Noviari et al., (2021) which indicated no change in earnings quality before and after the adoption of PSAK 69. This suggests that earnings management was not practiced by management after the implementation of PSAK 69, as there was no decline in earnings quality. Lestari & Maharani, (2021) conducted additional research supporting this finding. The difference test results showed insufficient evidence to conclude that companies using fair value have a higher level of income smoothing than those using historical cost. Income smoothing is a type of earnings management that involves efforts to make accounting profits generally consistent (smooth or level) from one period to the next (Nur'aini & Raharja, 2012). Thus, it can be concluded that there is not enough evidence to support the statement that the use of fair value can lead to high earnings management. Furthermore, findings from the research by Rini Martini And Kurniawati Kurniawati, (2018) provide legitimacy to this finding by showing that the lack of effect from the implementation of fair value, which is part of IFRS, on earnings management is normal, considering that some researchers did not find a significant correlation between IFRS adoption and earnings management.

Earnings Management from an Islamic Perspective

Islamic teachings provide guidance to adhere to principles of justice in commercial transactions (Abbas et al., 2019). This concept is manifested by prohibiting any form of unjust accumulation of wealth. Earnings management is an activity carried out by a leader to achieve specific goals in obtaining personal gain by manipulating earnings in financial reporting to meet business targets. Among these actions are creating losses, reducing profits, maximizing profits, and income smoothing.

Earnings management can be viewed from various angles in Islam. Dishonest and unfair earnings management practices are behaviors that are prohibited in Islam. In the Quran, Allah SWT states, "O you who have believed, do not consume one another's wealth unjustly or send it [in bribery] to the rulers in order that [they might aid] you [to] consume a portion of the wealth of the people in sin, while you know [it is unlawful]" (QS. An-Nisa: 29). Dishonest and unfair earnings management, such as altering financial statements or concealing important information from shareholders, can be considered activities that contradict Islamic values in the business environment. Conversely, earnings management conducted through honest and fair means, such as efficiency in business management, legitimate profit enhancement, and providing clear and transparent information to shareholders, aligns with Islamic beliefs.

According to normative Islamic business ethics, earnings management behavior is not in line with Islamic business values, based on a critical study conducted by Indah Muliasari and Dalili Dianati. Regarding the motives for earnings management, according to Islamic business ethics, earnings management should not be carried out primarily to multiply personal management profits, nor should it be done solely to receive high bonuses, but rather to represent the economic reality of the company. Positive earnings management is conducted with the intention of benefiting all stakeholders and is applied without deviating from Islamic business norms, which require not only achieving maximum profits but also ensuring that business activities can bring blessings, and earnings management should not be carried out with the intention of deliberately lowering the quality of financial reports and reported earnings (Muliasari & Dianati, 2014).

Research by Moh Syaiful supports this notion, stating that Islamic earnings management should be conducted with Islamic spirituality through Islamic procedures, creating effects and consequences that benefit all stakeholders. Islamic spirituality in earnings management is manifested by prioritizing the objectives of earnings management towards utility that is not solely focused on material aspects of the economy but also encompasses non-material aspects of the universe. In this way, the pursuit of maximum profit as the sole objective of earnings management contradicts Islamic values. Earnings management should also focus on all stakeholders, not just on managers and investors. Creating a stakeholder orientation will ultimately shift the direction of earnings management techniques from corporate self-interest to efforts aimed at providing benefits to all parties (Syaiful, 2017).

The findings of the research indicate that there is no difference in earnings management among the entities in this study sample, both before and after the implementation of PSAK 69. The researchers suggest that agricultural companies listed on the Indonesia Stock Exchange did not increase their earnings management practices when PSAK 69 was implemented. From an Islamic perspective, these companies do not deviate from Islamic law, as there is no attempt to manipulate or engineer profits when presenting financial figures.

Conclusion

The following conclusions are drawn from the research conducted to assess the impact of the adoption of PSAK 69 on earnings management comparisons in agricultural companies listed on the Indonesia Stock Exchange (BEI) from 2014 to 2021, First, the results of the Wilcoxon signed-rank test indicate that there is no significant change in earnings management among agricultural companies before and after the adoption of PSAK 69. This suggests that although the accounting standards implemented enhance the quality of financial reports, they do not influence earnings management practices. PSAK 69 ensures that financial statements are more relevant, reliable, comparable, and consistent; however, the quality of earnings remains stable because the application of better standards does not directly alter managerial behavior in managing earnings. Second, the study found no evidence of companies attempting to enhance their earnings management practices. It can be concluded that these institutions do not violate Islamic law, as they are not engaged in manipulative efforts or fraudulent activities when presenting their financial statements. This indicates a commitment to ethical practices in financial reporting, aligning with Islamic principles of honesty and transparency.

Implications of the Research

The implications of this research indicate that although PSAK 69 enhances the quality of financial reports, there has not been a significant change in earnings management practices among agricultural companies. This suggests a need for further steps to strengthen transparency and reduce earnings manipulation. Future research is recommended to explore other factors that may influence earnings management, such as management's understanding of PSAK 69, ownership structure, and external oversight. Additionally, expanding the sample size and duration of observation would provide a better understanding of the long-term impacts of these accounting standards on earnings management practices. This comprehensive approach could lead to more effective strategies for improving financial reporting and governance in the agricultural sector.

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