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### Analysis of the Effect of CEO Change and Financial Distress on Earnings Management in Insurance Companies Listed on the IDX for the 2013-2022 Period

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#### Abstract

This research aims to provide a deeper understanding of the influence of CEO turnover and financial distress on earnings management practices in insurance companies. The study used insurance companies registered on the IDX for the 2013-2022 period as research objects, using a sample of 11 insurance companies that met the predetermined sample criteria and an observation period of 10 years. The observation data amounted to 110 data. The data collection method uses secondary data from the company's official

website and the Indonesian Stock Exchange (BEI). The analytical method used in this research is multiple linear regression analysis using the SPSS (Statistical Product Service Solutions) version 27 application tool. Based on the results of data analysis and hypothesis testing, it shows that the CEO change variable does not affect earnings management. Meanwhile, financial distress affects earnings management.

**Keywords:** CEO Change, Financial Distress, Earnings Management

#### 1. Introduction

The Covid-19 pandemic that hit the world has had a major impact on various corporate sectors in Indonesia. One industry that is directly affected by this pandemic is the insurance industry. Insurance is an agreement between the insurance company (insurer) and the policyholder (insured) where the insured pays a premium to obtain protection against the risk of damage, legal responsibility to third parties, as well as death or life benefits for the insured (OJK, 2018). The insurance industry has an important role in maintaining economic stability and growth in Indonesia because it can reduce the financial burden in major crises such as a pandemic. The crisis caused by the pandemic has caused several insurance companies to experience a significant decline in profits. This triggers companies to temporarily postpone or reduce claim payments to avoid recognizing large losses in the company's financial statements. The practice of deliberately manipulating financial reports by company management to obtain personal gain is called earnings management (Li *et al.* 2020).

Earnings management practices can be carried out through two methods, namely accrual earnings management and real earnings management. Companies that are experiencing financial pressure tend to use accrual earnings management more than real earnings management (Li *et al.* 2020). Accrual earnings management is carried out by changing the company's accounting method or estimation method when recording transactions to influence the income reported in the financial statements. The worse the company's condition is shown in the financial statements, the greater the practice of accrual earnings management that is carried out (Muljono and Suk, 2018)<sup>[1]</sup>. According to Healy and Wahlen (1999), the concept of accruals is divided into two, namely non-discretionary accruals and discretionary accruals. Non-discretionary accruals (NDA) are fair accrual values that follow applicable accounting principles, and when violated will have a significant impact on the quality of financial report information. Discretionary accruals (DAC) are free and unregulated recognition of accrued profits and are the policy of company management.

Accrual earnings management actions do not only refer to manipulating company data. Management will take advantage of opportunities in accounting methods that are permitted according to existing accounting standards, one example of which occurred in the case of Wanaartha Life in 2022, which experienced a payment default of IDR 15 trillion, which resulted in the revocation of the company's business license. Wanaartha Life's business license was revoked by the OJK because it was unable to meet the minimum solvency level, minimum investment adequacy ratio, and equity by statutory provisions. Based on the

results of audited financial reports, OJK found that there were policies that were not recorded in the liability report worth IDR 12.1 trillion. The company's liabilities initially looked normal with liabilities of IDR 3.7 trillion, assets of IDR 4.7 trillion, and equity of IDR 977 billion. According to Wanaartha Life's financial report, liabilities in 2020 increased to IDR 15.84 trillion, an increase of around IDR 12.1 trillion. The high difference between liabilities and assets is an accumulation of losses due to sales of products similar to savings plans.

Wanaartha Life sells savings plan products with definite returns that are not offset by the company's ability to obtain results from its investment management. Wanaartha Life is unable to cover the gap between liabilities and assets, either through capital contributions by controlling shareholders or getting investors. This condition made Wanaartha Life manipulate the financial reports submitted to the OJK and publish financial reports that did not match actual conditions (OJK, 2023). Apart from that, other insurance companies manipulate profits to make them look good to attract customers to buy insurance policies, even though the company's financial condition is not good, namely Jiwasraya Insurance, Kresna Life, and AJB Bumiputera 1912, Bakrie Life Insurance and Bumi Asih Insurance Jaya (CNBC, 2023). Top management in insurance companies tends not to think long about carrying out earnings management practices to maintain a better financial report appearance in the short term.

Earnings management practices are often associated with several factors, one of which is CEO change. At the beginning of his tenure, the CEO was proven to be more aggressive in carrying out accrual earnings management practices to demonstrate his performance and secure his position because there were concerns about his future career (Marjono and Wijaya 2022). The change of a new CEO encourages management to practice earnings management by taking a bath in the company's financial reports by minimizing income or even making a loss in the transition year. According to Scott (1997), newly appointed CEOs have the potential to take a bath to maximize high profits in the following period. The reason the new CEO took a bath was because he did not want to be responsible for the previous CEO's poor performance. Apart from that, taking a bath is carried out by the new CEO to gain the trust of the principal to manage the company owned by the principal because its performance has been successful. The following are four insurance companies listed on the IDX, which experienced a decline in profits at the beginning of the year when the CEO changed and gained quite significant profits in the following year:

**Table 1:** Table of fluctuations in insurance company profits/losses before and after the CEO change

S. No	Issuer Code	Change of CEO		
		Before	After	Second year
1	ABDA	67,558	37,248	170,780
2	AHAP	- 24,695	- 174,549	12,480
3	AMAG	130,263	- 27,704	124,789
4	ASBI	27,346	17,518	98,458
5	MRI	210,498	186,602	- 346,892
6	PNIN	5,607,319	2,363,475	2,142,771
7	ASJT	20,084	2,872	171

Source: Secondary Processed Data, 2023

Based on the table above, it can be seen that four of the seven insurance companies that experienced a CEO change experienced a significant increase in profits in the second year of the CEO change. This increase in profits is a characteristic of companies that carry out earnings management practices in the form of taking a bath. This is supported by research conducted Indriani and Priyadi (2022)<sup>[2]</sup>, CEO change provides an opportunity for the CEO to carry out earnings management practices by trying to reduce the profits earned by the company in a certain period and set aside profits to be included in the next period, thereby showing an increase in profits in the next period after the new CEO takes the lead.

According to Indriani and Priyadi (2022)<sup>[2]</sup> And Hanisah *et al.* (2021)<sup>[3]</sup>, CEO changes have a significant positive effect on earnings management because the more often a company changes CEOs in its company, the higher the practice of earnings management that occurs because each new CEO changes will show good performance by practicing earnings management in the form of taking a bath. Effendi *et al.* (2019)<sup>[4]</sup> And Gurusinga *et al.* (2023)<sup>[5]</sup> also stated that there was a positive influence between CEO change on earnings management, but it was not significant because CEO change gave a signal that there would be changes in company management by establishing new policies or regulations to improve company performance so that earnings management practices could be minimized. However, this is different from the research conducted by Prawestri *et al.* (2022)<sup>[6]</sup> found that CEO turnover does not affect earnings management. This is because changing CEOs in a company is a natural thing to happen for various reasons, such as the end of their term of office, entering retirement, or passing away while in office.

Apart from changing the CEO, other factors influence companies to carry out earnings management, namely the financial difficulties experienced by the company or what is called financial distress. According to Putri (2021), financial distress is indicated by initial symptoms such as a continuous and significant decrease in income which, if it continues, can lead to liquidation or bankruptcy. In October 2013, PT Asuransi Jiwa Bumi Asih Jaya went bankrupt. The company's license was revoked by the OJK and it was prohibited from carrying out business activities in the life insurance sector and was required to remove the nameplate, as well as settle debts and obligations. Furthermore, on July 4, 2022, the Financial Services Authority (OJK) revealed five bankruptcy cases that began with signs of financial distress before liquidation occurred in insurance companies, namely Jiwasraya Insurance, Kresna Life, Wanaartha Life, and AJB Bumiputera1912 and Bakrie Life Insurance. This condition shows the importance of good financial monitoring and management in preventing financial distress in insurance companies. Financial distress refers to a condition where a company faces serious financial problems and is unable to meet its financial obligations. When a company experiences financial distress, management tends to face pressure so it takes action to cover up the company's financial problems. The possibility that companies will carry out earnings management practices also increases<sup>[7]</sup>.

Several previous researchers have researched the effect of financial distress on earnings management. According to Chairunnisa *et al.* (2021)<sup>[8]</sup>, based on the results of the data analysis, it was found that financial distress had a positive

effect on earnings management. However, this is different from research conducted by Effendi (2019)<sup>[4]</sup> which found that financial distress hurt earnings management. According to Mustika *et al.* (2020)<sup>[9]</sup> And Damayanti and Kawedar (2018)<sup>[10]</sup> states that financial distress has a significant effect on earnings management. Meanwhile, according to researchers Irawan and Apriwenni (2021)<sup>[11]</sup> states that financial distress does not have a significant effect on earnings management. Based on this description, inspired the author to conduct research with the title: "Analysis of the Effect of CEO Change and Financial Distress on Earnings Management in Insurance Companies Listed on the IDX for the 2013-2022 Period."

## 2. Literature review

### 2.1 Agency Theory

In 1976, Jensen and Meckling first coined agency theory or agency theory. This theory explains agency relationships in agency theory that a company is a collection of contracts (nexus of contracts) between the owner of economic resources (principal) and management (agent) who manage the use and control of these resources. This agency relationship results in problems such as information asymmetry, where management generally has more information about the actual financial position and operating position of the entity than the principal. Agency theory states that earnings management practices are influenced by conflicts of interest between management (agent) and the owner (principal) which arise when each party tries to achieve and maintain the desired level of prosperity. The existence of differences in interests between management and owners can be influenced by policies decided by management. Information asymmetry and conflicts of interest that occur between the principal and the agent encourage the agent to present false information to the principal, especially if the information is related to measuring the agent's performance. This spurs agents to think about how these accounting numbers can be used as a means to maximize their interests. One form of agent action is what is called earnings management (Richardson, 1998).

### 2.2 Positive Accounting Theory

Positive accounting theory is a theory put forward by Watts and Zimmerman (1986) that explains accounting policies and practices in companies and predicts what policies managers will choose in future conditions. Determining appropriate accounting policies and practices is important for companies in terms of preparing financial reports and their implementation cannot be separated from the parties who are authorized and have an interest in the preparation of financial reports.

### 2.3 Earnings Management

Schipper (1989) defines Earnings Management as a deliberate effort by management to obtain personal gain or advantage for the organization in financial reporting. However, this practice has the potential to be detrimental to external parties because it can cause errors in decision-making based on financial reports. Views on earnings management practices can be divided into two, namely actions that are unethical (negative/illegal) and actions that are considered reasonable by management (positive/legal). Positive earnings management is carried out by management by following applicable accounting standards and

accounting principles. For example, management carries out positive earnings management to increase earnings before the company conducts an IPO by changing the fixed asset depreciation method. This is done to increase the company's share price and influence investors' investment decisions. Meanwhile, negative or illegal earnings management involves data manipulation, calculations, and reporting in violation of applicable accounting standards and Generally Accepted Accounting Principles (PABU). This practice may constitute an act of fraud because it is carried out for personal gain or violates the law, such as presenting false information that can affect the value of funds or securities.

### 2.4 Profit Management Patterns

There are many patterns available that managers can choose from in carrying out earnings management. This pattern depends on the policies of managers in the company concerned, whether managers want to increase profits to get more bonuses from the company or reduce profits to avoid high taxes. Earnings management actions are carried out in various forms. Several patterns that managers use in earnings management according to Scott (1997):

#### 1. Taking Bath

This pattern usually occurs when a new CEO is appointed and reports large losses. This management action is expected to increase profits in the future.

#### 2. Income minimization

This is done when the company experiences quite high profitability. This aims to anticipate that if profits in the coming year decline drastically, this can be overcome by taking the profits from the previous period.

#### 3. Income maximization

This is done when profits decrease. Income maximization aims to report high net income for bigger bonuses. This pattern is carried out by companies that violate debt agreements.

#### 4. Income smoothing

This is done by smoothing reported profits to reduce excessively large profit fluctuations because investors generally prefer relatively stable profits.

### 2.5 Change of CEO

The Chief Executive Officer (CEO) is seen as the most powerful person in a company. The CEO as the leader of the company gets managerial freedom in increasing salaries to keep them in place. Apart from that, the CEO is also responsible for the company's performance in exercising authority over company decisions<sup>[12]</sup>. Regulations regarding directors or Chief Executive Officers (CEOs) in Indonesia are contained in Law No. 40 of 2007 concerning Limited Liability Companies which regulates the functions, authority, and responsibilities of directors. CEO in Indonesia is often referred to as the main director or president director. Director is a general term for the highest leader in a Limited Company (PT). Changing CEO is the best strategy for a company that is experiencing declining profits to determine its new fate in the future. When selecting a new CEO some provisions apply by company regulations, usually prioritizing the experience of someone competent, someone who can keep up with current developments, someone who is experienced in the economic field, someone who is not careless, trustworthy, wise, tenacious, and hard working. However, a company is also said to be unstable if it experiences too many CEO changes every year. CEO

changes also have other reasons apart from not achieving the company's goals, namely there is a change of CEO because his term of office has expired and a change of CEO because he has been inactive at work or is called retired and this change is called normal.

## 2.6 Financial Distress

According to Platt and Platt (2002), financial distress is a condition where a company experiences a financial crisis and fails to fulfill the company's obligations. Financial difficulties are a serious liquidity problem, if the company's financial performance experiences a continuous decline, this indicates the characteristics of the company before experiencing bankruptcy (Sutra and Mais, (2019) <sup>[13]</sup>). This research uses a modified Altman (Z-Score) model because in the Altman Model (Z-Score) there are more ratios than in other models so that it can represent the company's overall financial condition (Susanto *et al.*, 2021). Similar research was also carried out by Widenda and Wulandari who stated that the prediction model from Altman Z-Score achieved an accuracy rate of 87.5%. Apart from that, it was also supported by 10 other researchers who also used Altman z score measurements and used similar research objects, namely insurance companies. The Altman (Z-Score) model is an indicator of a company's financial health by monitoring changes in the Altman score (Z-Score) over time. Company management can identify potential financial problems and take preventive action before they reach serious levels of financial distress. In addition, companies can use the Altman score (Z-Score) as a factor in evaluating credit or investment risk for other companies.

## 2.7 Hypothesis Development

### 2.7.1 The Effect of CEO Change on Earnings Management

Agency theory describes the asymmetry of information received by shareholders as principals and CEOs as agents who are responsible for carrying out the wishes of shareholders. This information asymmetry causes conflicts of interest such as the CEO being unable to obtain company profits by the principal's wishes. This encourages the CEO to carry out earnings management to maintain his position. Usually, CEOs will carry out earnings management in the form of taking a bath, namely by shifting costs to the future so that profits look bigger during their leadership. That way the CEO can create a positive impression in the eyes of shareholders. The results of research by Indriani and Priyadi (2022) <sup>[2]</sup> show that changing CEOs has a positive and significant influence on earnings management practices. This indicates that CEO change can trigger an increase in earnings management practices. New CEOs tend to use the practice of taking a bath to demonstrate better performance

and gain investor support. However, research by Prawestri *et al.*, (2022) <sup>[6]</sup> shows that a change in CEO has no effect on earnings management practices in the company. CEO changes are not always motivated by negative things, but can also be caused by various non-economic reasons such as death, end of term of office, or retirement. In addition, CEOs from countries with low incentives also have low earnings management experience. Therefore, this research will re-examine the influence between CEO turnover and earnings management, with the following hypothesis formulation:

**H1: CEO change has a positive effect on earnings management**

### 2.7.2 The Effect of Financial Distress on Earnings Management

Agency theory predicts that the company's severe financial difficulties encourage management to carry out earnings management which increases profits to hide poor performance. Agency theory assumes that managers will act opportunistically to achieve certain goals. If a manager's performance is poor, the manager tends to cover up his bad performance by carrying out earnings management which increases profits. On the other hand, if the manager's performance is good, the manager tends to delay his good performance by carrying out earnings management which reduces profits. According to, Mustika *et al.*, (2020) <sup>[9]</sup> and Damayanti and Kawedar (2018) <sup>[10]</sup> based on the results of data analysis found that financial distress has a significant positive effect on earnings management. However, in contrast to research conducted by Effendi (2019) <sup>[4]</sup>, Irawan and Apriwenni (2021) <sup>[11]</sup> stated that financial distress does not have a significant effect on earnings management. Thus, the hypothesis proposed:

**H2: Financial distress has a positive effect on earnings management**

## 3. Research methods

This research uses a quantitative type of research using secondary data originating from annual reports obtained from the Indonesia Stock Exchange website (www.idx.co.id) and the official websites of each company. The population in this study are insurance companies listed on the Indonesia Stock Exchange for the 2020-2022 period. The research sample was taken using a purposive sampling technique. The data analysis method in this research uses descriptive statistical analysis and multiple linear regression tests. To ensure that the regression equation has accurate estimates is free from bias, and is consistent, classical assumptions are also tested in the form of normality, multicollinearity, heteroscedasticity, and autocorrelation tests.

**Table 2: Operational Definition of Variables**

Variable	Measurement
Earnings Management	<p>Earnings Management calculations are measured using discretionary accruals using the Modified Jones Model formula, namely as follows:</p> <p>1. Calculating Total Accrual  <math>TA_{it} = Nit - CFO_{it}</math>  <math>TA_{it} = \text{Total Accruals}</math>  <math>Nit = \text{Net profit (net income) company } i \text{ in period } t</math>  <math>CFO_{it} = \text{operating cash flow (cash flow of operations) of company } i \text{ in period } t</math></p> <p>2. Total Accrual is estimated to be OLS (Ordinary Least Square)  <math>TA_{it}/A_{it-1} = \beta_1 (1/A_{it-1}) + \beta_2 (\Delta REV/A_{it-1}) + \beta_3 (PPE_{it}/A_{it-1}) + e</math>  <math>TA_{it} = \text{Total Accruals}</math>  <math>A_{it-1} = \text{Total assets of company } i \text{ in year } t - 1</math>  <math>\Delta REV = \text{Change in company income}</math>  <math>PPE_{it} = \text{Fixed assets of company } i \text{ in year } t \text{ (property, plant, and equipment)}</math>  <math>\beta_1, \beta_2, \beta_3 = \text{Regression coefficient}</math>  <math>e = \text{Error}</math></p> <p>3. Calculate non-discretionary accruals  <math>NDA_{it} = \beta_1 (1/A_{it-1}) + \beta_2 ((\Delta REV_{it} - \Delta REC_{it})/A_{it-1}) + \beta_3 (PPE_{it}/A_{it-1})</math>  <math>NDA_{it} = \text{Non-Discretionary Accruals of the company } i \text{ in the } t\text{-th period}</math>  <math>\Delta REV_{it} = \text{Change in company's income in year } t</math>  <math>\Delta REC_{it} = \text{Change in company } i\text{'s receivables in year } t</math></p> <p>4. Calculating discretionary accruals  <math>DA_{it} = TA_{it}/A_{it} - NDA_{it}</math>  <math>DA_{it} = \text{Discretionary Accrual of the company } i \text{ in the } t\text{-th period}</math></p>
Change of CEO	<p>This variable is measured using a dummy variable which is based on a comparison between the CEO of the previous period and the CEO of the current period. The following are the measurement criteria for the CEO turnover variable:</p> <ul style="list-style-type: none"> <li>- <math>n = 1</math>, if there is a CEO change</li> <li>- <math>n = 0</math>, if there is no CEO change</li> </ul>
Financial Distress	<p>Financial Distress is measured using the following formulation:</p> $Z_i = 6.56 X_1 + 3.26 X_2 + 6.72 X_3 + 1.05$ $X_1 = \text{Working capital to total assets}$ $X_2 = \text{Retained earnings to total assets}$ $X_3 = \text{Earnings before interest and tax to total assets}$ $X_4 = \text{Book value of equity to book value of total liabilities}$ $Z_i = \text{Z-Score}$

**Table 3: Descriptive Statistics Results**

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Change of CEO	110	0.00	1.00	0.0636	0.24522
Financial Distress	110	0.98	14.29	5.4001	2.60184
Earnings Management	110	-0.21	0.20	0.0334	0.06694
Valid N (listwise)	110				

**4. Result and Discussion**

**Descriptive Statistical Analysis**

The descriptive statistical results presented in Table 3 show that the number of observation data (N) in this study was 42. The following is the interpretation of each variable, namely:

- a. Earnings management has a minimum value of -0.21; maximum value of 0.20; mean value of 0.0334; and a standard deviation value is 0.06694.
- b. CEO turnover has a minimum value of 0; a maximum

value of 1; a mean value of 0.0636; and a standard deviation value is 0.24522.

- c. Financial distress has a minimum value of 0.98; a maximum value of 14.29; a mean value of 5.4001; and a standard deviation value is 2.60184.

**Classic assumption test  
Normality test**

**Table 4: Normality Test Results**

One-Sample Kolmogorov-Smirnov Test		
N		Unstandardized Residuals
		110
Normal Parameters, b	Mean	0.0000000
	Std. Deviation	0.05775306
Most Extreme Differences	Absolute	0.084
	Positive	0.084
	Negative	-0.073
Statistical Tests		0.084
Asymp. Sig. (2-tailed) c		0.053d

Based on the results of the One-Sample Kolmogorov-Smirnov Test, the Asymp Sig value. (2-tailed) is 0.053 where the value is above 0.05 which indicates that the data used is normally distributed. Therefore, the research model meets the normality assumption.

**Multicollinearity Test**

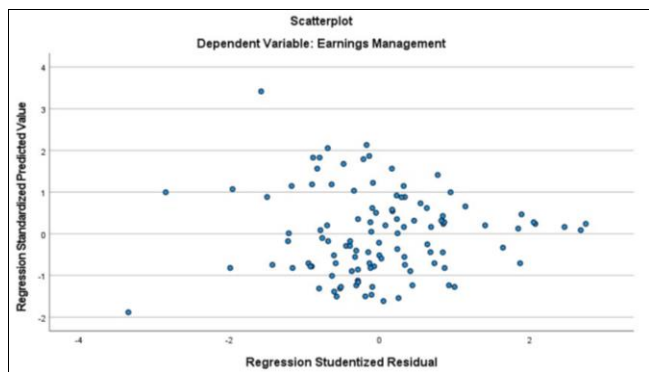
**Table 5:** Multicollinearity Test Results

Coefficients <sup>a</sup>			
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Change of CEO	0.999	1,001
	Financial Distress	0.999	1,001

a. Dependent Variable: Earnings Management

Table 5 shows that each variable has a tolerance value > 0.10 and a variance inflation factor (VIF) value < 10 so that the regression model in this study is free from multicollinearity problems.

**Heteroscedasticity Test**



**Fig 1:** Heteroscedasticity Test Results

Based on Fig 1, there are points scattered randomly above and below number 0 on the y-axis. There was no significant heteroscedasticity in this study.

**Autocorrelation Test**

**Table 6:** Durbin Watson Test Results

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.506a	0.256	0.242	0.05829	0.845

a. Predictors: (Constant), Financial Distress, CEO Change  
b. Dependent Variable: Earnings Management

According to Sunyoto (2016), if the Durbin Watson value <- 2 means there is positive autocorrelation, if -2 < DW < +2 it means there is no autocorrelation, and DW > +2 or a DW value > -2 means there is negative autocorrelation. Because the DW value is 0.845, so -2 < 1.450 < 2 or there is no autocorrelation.

**Hypothesis testing**

**Model Feasibility Test (F Test)**

**Table 7:** Model Feasibility Test Results (F Test)

ANOVA <sup>a</sup>						
Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	0.125	2	0.062	18,380	<.001b
	Residual	0.364	107	0.003		
	Total	0.488	109			

a. Dependent Variable: Earnings Management  
b. Predictors: (Constant), Financial Distress, CEO Change

Based on Table 7, the F test results show the calculated F value is 13.403 with a significance level of 0.001. The calculated F value is greater than the F table, namely 18.380 > 3.08, and the significance value is smaller than the  $\alpha$  value, namely 0.001 < 0.05. In this way, the regression model is suitable for use in predicting earnings management or it can be said that CEO change and financial distress together affect earnings management.

**Partial Test (t-Test)**

**Table 8:** Partial Test Results (t-test)

Coefficients <sup>a</sup>						
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	-0.034	0.013		-2,640	0.010
	Change of CEO	-0.027	0.023	-0.150	-1,187	0.238
	Financial Distress	0.013	0.002	0.426	5,976	0.001

a. Dependent Variable: Earnings Management

Based on Table 8, it can be seen that the level of significance of the influence of the independent variable on the dependent variable individually is as follows:

1. The CEO change variable has a significance value of 0.238 > 0.05 so independent commissioners do not affect earnings management. Therefore, H1 which states that CEO change has a significant positive effect on earnings management is declared not supported.
2. The financial distress variable has a significance value of 0.001 > 0.05 so financial distress affects earnings management. Therefore, H2 which states that financial distress has a positive effect on earnings management is declared supported.

**5. Conclusion**

This research aims to examine the influence between CEO Change and Financial Distress on Earnings Management. The sampling process in this research used a purposive sampling technique with a total sample of 11 insurance companies listed on the Indonesia Stock Exchange with an observation period of 10 years from 2010-2022. This research uses multiple regression analysis as a tool for testing hypotheses that can be concluded that the CEO change variable does not affect earnings management, while

financial distress affects earnings management.

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