Al-Kharaj: Journal of Islamic Economic and Business
Volume 8 (3), 2026: xxx - xxx
P-ISSN: 2686-262X; E-ISSN: 2685-9300

The Effect of ESG Performance, Tax Avoidance, and Good Corporate Governance on Earnings Management Practices in Mining Companies in Indonesia for the 2020-2024 Period

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Keywords: Earnings Management; ESG Performance; Tax Avoidance; Good Corporate Governance; Mining Sector.

Abstract
This study examines the effect of Environmental, Social, and Governance (ESG) performance, Tax Avoidance, and Good Corporate Governance (GCG) on earnings management in mining companies listed on the Indonesia Stock Exchange (IDX) during 2020–2024. The study aims to analyze both the simultaneous and partial effects of these variables on earnings management based on Agency Theory. This research employed a quantitative explanatory approach using secondary data obtained from annual reports and sustainability reports of mining companies. The sample consisted of 15 companies with 75 firm-year observations selected through purposive sampling. ESG performance was measured using the IDX ESG Reporting Index (Form E020), Tax Avoidance was proxied by the Effective Tax Rate (ETR), GCG was measured by institutional ownership, managerial ownership, and the proportion of independent commissioners, while earnings management was measured using discretionary accruals based on the Modified Jones Model. Panel data regression analysis was conducted using the Fixed Effect Model (FEM) with EViews 12. The results indicate that ESG performance, Tax Avoidance, and GCG simultaneously have a significant effect on earnings management. Partially, ESG performance and GCG have a significant negative effect on earnings management, whereas Tax Avoidance has no significant effect. These findings imply that strengthening ESG implementation and corporate governance can improve financial reporting quality and reduce earnings management practices in mining companies.

INTRODUCTION

Stakeholders in the mining industry relies heavily on reported earnings to inform economic decision-making, making the integrity of financial statements a crucial concern. This credibility is severely damaged by earnings management, which is when managers manipulate financial reports to suit their own or their company's agenda. Theoretically, this happens because of information asymmetry, according to Agency Theory (Jensen et al., 1976). This theory states that managers and shareholders have competing interests. In high-risk industries such as mining characterized by commodity price volatility, significant environmental risks, and regulatory complexity agency conflicts are intensified, creating conditions conducive to opportunistic managerial behavior, including earnings manipulation.

The Indonesian mining sector occupies a strategic position in the national economy, contributing substantially to state revenues, exports, and employment. Governed by UU No. 4 of 2009 dan UU No. 3 0f 2020, the sector relies on key commodities including coal, gold, nickel, tin, and bauxite. The mineral downstream policy has compelled companies to expand into processing activities such as smelter construction and electric vehicle battery manufacturing, thereby increasing operational complexity and financial reporting challenges. Despite its economic significance, the sector has been implicated in corporate governance controversies and financial reporting integrity failures. PT Timah Tbk was involved in a corruption case related to tin trade governance between 2015 and 2022, resulting in state losses of IDR 300 trillion, in which fictitious financial statements were used to conceal deteriorating financial conditions (Kejaksaan Agung RI, 2024). PT Bumi Resources Tbk, Indonesia's largest coal company, was found to exhibit indications of cash flow manipulation in its financial reporting. These cases illustrate the systemic risk of earnings management in this sector.

There has been a recent uptick in empirical research looking at what factors contribute to earnings management in Indonesia. Despite the fact that some research has linked ESG performance and earnings management negatively (Andriani & Arsjah, 2022; Putri and Dinata, 2025), Wulandari & Sebrina (2025) discovered that ESG performance had no substantial impact on earnings management. Regarding tax avoidance, Taufiq (2022) and Arianti (2022) reported a positive association with earnings management, whereas Hotang et al., (2022) identified a negative relationship, reflecting persistent inconsistency in the literature. On the GCG dimension, Ramdhanti and Indrati (2022) found that independent commissioners and institutional ownership negatively influence earnings management, while Tasya Tamara et al., (2022) found no significant effect for managerial ownership and independent commissioners. Shaila Mayang Azhara et al., (2025) further confirmed a negative influence of GCG on earnings management among coal companies listed on the IDX.

A number of researchers have also identified broader patterns of fraudulent financial reporting in the mining sector. Wahyudi et al. (2022) found that financial stability and industry characteristics significantly influence the likelihood of fraudulent financial reporting among Indonesian mining companies. Annisa et al. (2022) detected indications of cash flow manipulation in mining companies listed on the IDX from 2019 and 2023. These findings collectively underscore the vulnerability of the mining sector to manipulative financial reporting practices.

There are still major knowledge gaps, even if the amount of material is increasing. First, studies simultaneously examining ESG performance, tax avoidance, and GCG as determinants of earnings management particularly in the mining sector remain limited within the Indonesian context. Second, the majority of prior studies were conducted before 2020 and therefore do not capture the regulatory changes introduced by the Financial Services Authority (OJK) regarding mandatory ESG disclosure and the tightening of tax policy enforcement during the 2020–2024 period. Third, the inconsistency of findings across existing studies likely reflects differences in measurement approaches, sectoral contexts, and observation periods. These gaps underscore the need for more current empirical evidence integrating ESG performance, tax avoidance, and GCG within a single model specifically applied to the Indonesian mining sector.

Listed businesses in the mining sector on the IDX between 2020 and 2024 will be the focus of this study, which seeks to examine and offer evidence on the impact of ESG performance, tax avoidance, and good corporate governance on profits management methods. Here are the research questions: (1) What are the results of the descriptive statistical analysis of all variables? (2) Do ESG performance, tax avoidance, and GCG simultaneously influence earnings management? (3) Does ESG performance partially influence earnings management? (4) Does Tax Avoidance partially influence earnings management? (5) Does GCG partially influence earnings management? This study's unique selling point is its integrated three-variable model tested within the understudied context of the Indonesian mining sector during a period marked by significant regulatory shifts in ESG disclosure requirements and tax enforcement, thereby providing a more contextually relevant and current contribution to the earnings management literature.

METHODS

This study employs a quantitative descriptive-causal research design grounded in positivism and a hypothetico-deductive approach (Sekaran & Bougie, 2016). The study examines causal relationships between ESG performance (X1), Tax Avoidance (X2), and Good Corporate Governance (X3) as independent variables, and Earnings Management (Y) as the dependent variable. The research was conducted in a non-contrived setting using an archival research strategy, with the company as the unit of analysis and a longitudinal time-series design spanning the 2020-2024 period.

For the years 2020–2024, the population includes all mining industry businesses that were listed on the IDX. Companies that met both of these criteria, (1) being listed on the IDX continuously throughout the observation period and (2) publishing both yearly financial reports and sustainability reports consistently, were selected using a purposeful sample technique. Fifteen companies out of forty-eight were retained and seventy-five firm-year observations were made after these exclusions. The sampled companies include ADRO, ANTAM, BRMS, BUMI, DSSA, ELSA, ENRG, INCO, INDY, ITMG, MEDC, PTBA, PTRO, TINS, and TOBA. The sample companies are ADRO, ANTAM, BRMS, BUMI, DSSA, ELSA, ENRG, INCO, INDY, ITMG, MEDC, PTBA, PTRO, TINS, and TOBA. The financial statements, sustainability reports, and annual reports of the enterprises were consulted for secondary data. These sources were made available through the official websites of the companies and the IDX (idx.co.id).

In order to analyze the data, we used EViews 13, which includes a series of steps such as descriptive statistics (mean, minimum, maximum, and standard deviation values), model selection for panel data regression (Chow, Hausman, and Lagrange Multiplier tests), tests for classical assumptions (autocorrelation, normality, multicollinearity, and multicollinearity), and hypothesis testing (R^2, simultaneous F-test, and partial t-test at a significance level of 0.05). A specification of the panel regression model is given below:

$$EMit = \alpha + \beta 1ESGit + \beta 2TAit + \beta 3GCGit + \varepsilon it,$$

where EM denotes earnings management, ESG represents ESG performance, TA represents Tax Avoidance, and GCG represents Good Corporate Governance.

Variable Operationalization

Dependent Variable

In line with Fajriati et al., (2023), who cite Scott (2015), earnings management is characterized as a manager's intentional use of accounting rules to accomplish stated goals, such as increasing or decreasing reported earnings to suit managerial interests. Earnings management is quantified by discretionary accruals, which show how much management meddles in the financial reporting process (Fuad et al., 2022). By dividing total accruals by total assets from the prior period and then deducting non-discretionary accruals, the Modified Jones Model determines discretionary accruals. Determining discretionary accruals requires the following steps:

a. Calculating Total Accruals (TA)

$$TA_{it} = NI_{it} - CFO_{it}$$

Keterangan:

TA_{it} = Total accruals of company i in year t

NI_{it} = Net income of company i in year t
CFO_{it} = Cash flow from operating activities of company i in year

a. Estimating Non-Discretionary Accruals (NDA)

$$\frac{TA_{it}}{Asset_{it-1}} = \alpha\left(\frac{1}{Asset_{it-1}}\right) + \alpha 2\left(\frac{\Delta REV_{it}}{Asset_{it-1}}\right) + \alpha 3\left(\frac{PPE_{it}}{Asset_{it-1}}\right) + \varepsilon_{it}$$

Keterangan:
$Asset_{it-1}$ = Total assets of company i in year t-1
ΔREV_{it} = Change in company i's revenue in year t
PPE_{it} = Fixed assets of company i in year t
ε_{it} = Error term

b. Calculating Non-Discretionary Accruals (NDA)

$$NDA_{it} = \hat{\alpha}_1\left(\frac{1}{Asset_{it-1}}\right) + \hat{\alpha}_2 + \left(\frac{\Delta REV_{it} - \Delta REC_{it}}{Asset_{it-1}}\right) + \hat{\alpha}_3\left(\frac{PPE_{it}}{Asset_{it-1}}\right)$$

Keterangan:
NDA_{it} = Non-discretionary accruals of company i in year t
ΔREC_{it} = Change in accounts receivable of company i in year t
$\hat{\alpha}_1, \hat{\alpha}_2, \hat{\alpha}_3$ = Estimated parameters from the equation

c. Calculating Discretionary Accruals (DA)

$$DA_{it} = \frac{TA_{it}}{Asset_{it-1}} - NDA_{it}$$

Keterangan:
DA_{it} = Discretionary accruals of company i in year t as a proxy for earnings management

Independent Variables
ESG Performance

According to Putri and Dinata (2025) companies committed to ESG principles tend to exhibit greater transparency and lower earnings management risk, as ESG practices strengthen accountability and build confidence among the public and investors. ESG performance is measured as the proportion of disclosed ESG indicators relative to the total applicable indicators, based on the IDX ESG Reporting Index (Form E020), which is aligned with the Global Reporting Initiative (GRI) standards. The disclosure index is computed as:

$$ESGDI = \frac{\sum X_i}{n}$$

Keterangan:
$X_i = 1$ if the ESG item is disclosed, and $X_i = 0$ if not
n = denotes the total number of applicable ESG indicators.

Tax Avoidance

Arianti (2022) defines tax avoidance as a legal strategy employed by companies to reduce their tax liability by lowering reported profits. In this study, Tax Avoidance is proxied by the ETR. A lower ETR indicates more aggressive tax avoidance behavior. With the following calculations:

$$ETR = \frac{Income\ Tax\ Expense}{Profit\ Before\ Tax}$$

Good Corporate Governance

GCG is governed in Indonesia by POJK No. 21/POJK.04/2015, which mandates that all publicly listed companies implement sound corporate governance practices. In this study, GCG is operationalized through three indicators:

Institutional Ownership (KI)

$$KI = \frac{\text{Number of Shares Owned by Institutions}}{\text{Total Shares Outstandingar}}$$

Managerial Ownership (KM)

$$KM = \frac{\text{Number of Shares Owned by Management}}{\text{Total shares outstanding}}$$

Proportion of Independent Commissioners (DKI)

$$DKI = \frac{\text{Total of independent commissioners}}{\text{Total board members}}$$

Hypothesis Development

H_1: "The Influence of ESG Performance on Earnings Management"

Research shows that environmental, social, and governance (ESG) performance has a detrimental impact on earnings management. According to research by Yuniawati et al. (2025), earnings management is less common at organizations that do a good job of environmental, social, and governance (ESG) reporting. Putri and Dinata (2025) similarly reported that higher ESG performance suppresses earnings management practices by promoting transparency and corporate accountability.

H_2: "The Influence of Tax Avoidance on Earnings Management"

Hotang et al., (2022) demonstrated that tax avoidance, measured using the ETR, significantly influences earnings management; a lower ETR reflecting more aggressive tax avoidance—is associated with higher earnings management. Taufiq (2022) corroborated this finding, stating that there is a correlation between tax evasion and performance management, as both are driven by management's motivation to maximize self-interest through the manipulation of reported earnings and tax burdens.

H_3: "The Influence of Good Corporate Governance on Earnings Management"

GCG constitutes a monitoring and control mechanism designed to ensure that management acts in the interests of shareholders. Budiharjo, (2021) argues that effective GCG enhances the integrity of financial reporting through oversight functions that constrain opportunistic managerial behavior, thereby reducing the likelihood of earnings management practices. The board of independent commissioners (DKI), institutional ownership (KI), and management ownership (KM) are the proxies used for GCG in this study. Ramdhanti and Indrati (2022) explain that DKI strengthens managerial oversight, KI serves as an external monitoring mechanism promoting transparency, and KM aligns managerial incentives with shareholders' interests. Their findings confirm a negative relationship between GCG mechanisms and earnings management, supported by Shaila Mayang Azhara et al., (2025), who found that robust GCG implementation enhances financial reporting transparency and suppresses earnings manipulation.

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

This study examines the impact of ESG performance, Tax Avoidance, and Good Corporate Governance on earnings management among mining sector companies listed on the

IDX between 2020 and 2024. Fifteen companies were selected through purposive sampling, yielding 75 observations. Table 1 displays the descriptive statistics for all of the research variables.

Table 1.
Descriptive Statistical Analysis

Variable	Mean	Maximum	Minimum	Std. Deviation
Earnings Management	-1.063308	0.926594	-3.7899539	1.341516
ESG Performance	0.738312	1.000000	0.250000	0.212965
Tax Avoidance	0.102164	0.827204	-9.685344	1.360059
Good Corporate Governance	1.526666	4.000000	1.000000	0.639715

Source: Processed data (2026)

From the descriptive analysis, the earnings management has a mean value of −1.063308, a maximum of 0.926594, a minimum of −3.7899539, and a standard deviation of 1.341516, indicating considerable variation in earnings management practices among the sampled mining companies during the observation period. The ESG performance has a mean of 0.738312, a maximum of 1.000000, a minimum of 0.250000, and a standard deviation of 0.212965, suggesting that the sample companies generally exhibit reasonably high and relatively homogeneous ESG performance. The Tax Avoidance has a mean of 0.102164, a maximum of 0.827204, a minimum of −9.685344, and a standard deviation of 1.360059, reflecting substantial inter-firm variation in tax avoidance behavior. The GCG has a mean of 1.526666, a maximum of 4.000000, a minimum of 1.000000, and a standard deviation of 0.639715, indicating that the sampled companies have implemented corporate governance practices at a moderately adequate level.

Overall, the descriptive results suggest that mining companies during the 2020–2024 period maintained relatively sound ESG and GCG practices; however, notable variation persists in earnings management and tax avoidance behavior across individual companies.

Panel Data Regression Model Selection

Table 2.
Panel Data Regression Model Selection

Test	Probability Value	Selected Model
Chow Test	0.0000	FEM
Hausman Test	0.0419	FEM

Source: Processed data (2026)

Because the probability value of 0.0000 obtained by the Chow Test is lower than the 0.05 significance level, the null hypothesis is rejected in favor of the FEM over the CEM. A probability value of 0.0419, which is likewise below 0.05, was given by the Hausman Test, further demonstrating that FEM is chosen over the REM. In accordance with the panel data methodology outlined by Basuki (2021), the LM Test was deemed unnecessary, as its function is limited to discriminating between CEM and REM when neither the Chow nor Hausman Test has conclusively identified FEM as the optimal model. Given that both tests consistently indicated FEM as the most appropriate estimator, FEM was adopted as the final model for this study.

Classical assumption tests, such as those for normality, heteroscedasticity, autocorrelation, and multicollinearity, were conducted after FEM was identified as the optimal panel regression model. With a probability value of 0.105635, which is higher than the 0.05 standard, the results of the normality test demonstrated that the residuals follow a normal distribution. Multicollinearity was assessed using pairwise correlation coefficients; as none of the inter-variable correlations exceeded 0.85, the model is free from multicollinearity. Heteroscedasticity was similarly absent, as all variable probability values exceeded 0.05. Regarding autocorrelation, Basuki (2021) notes that autocorrelation testing is strictly applicable to pure time-series data; in panel data, the cross-sectional dimension is dominant and autocorrelation testing is not mandatory. Furthermore, the FEM in this study was estimated using the Generalized Least Squares (GLS) Weighted Statistics approach, which inherently corrects for both autocorrelation and hidden heteroscedasticity, thereby ensuring that the resulting t-statistics and F-statistics remain efficient, consistent, and valid for inference.

Panel Data Regression Results

Table 3.
F-Test and Coefficient of Determination

Description	Value
Adjusted R-squared	0.973970
Prob (F-statistic)	0.000000

Source: Processed data (2026)

Employing the GLS Weighted Statistics approach, the Prob(F-statistic) value of 0.000000 confirms that ESG performance, Tax Avoidance, and Good Corporate Governance simultaneously exert a significant influence on earnings management. Using a combination of independent variables and company-specific intercept components, the model shows a high goodness-of-fit with an Adjusted R-squared of 0.973970, which means that 97.39% of the variation in profits management is explained. This elevated coefficient of determination is a logical consequence of FEM's mathematical properties; as noted by Baltagi (2021), the inclusion of individual fixed-effect intercepts absorbs substantial between-firm heterogeneity, while the weighted covariance structure effectively corrects the error variance, improving model efficiency and predictive accuracy without introducing parameter bias.

Table 4.
Hypothesis Testing Results

Variable	Coefficient	t-statistic	Probability	Decision
ESG Performance (X1)	-0.200832	-4.030038	0.0157	H1 Accepted
Tax Avoidance (X2)	0.064929	1.853917	0.1374	H1 Rejected
Good Corporate Governance (X3)	-0.153471	-9.340134	0.0007	H1 Accepted

Source: Processed data (2026)

The estimated panel regression equation is as follows:

$$ML = -\,0.690125 - 0.200832\,X_1 + 0.064929\,X_2 - 0.153417\,X_3$$

The projected average level of earnings management when all independent variables are either held constant or equal to zero is represented by the constant value of -0.690125. The negative sign indicates an inherent tendency toward reduced earnings management under baseline company conditions. Within the FEM framework, this constant does not represent a single intercept; rather, it constitutes the overall mean of the individual company-specific intercepts after controlling for unobserved heterogeneity that is, time-invariant, firm-specific characteristics such as internal compliance culture or historical reporting reputation (Baltagi, 2021).

The inverse association between ESG performance and earnings management is statistically significant, as shown by the ESG performance coefficient of −0.200832. This means that, all else being equal, a one-unit increase in ESG performance is expected to decrease earnings management by 0.200832 units. According to Legitimacy Theory, which states that organizations with significant ESG commitments want to maintain their social legitimacy by providing honest and open financial disclosures, this conclusion aligns with that theory. As a moral restraint on management, a commitment to ESG characteristics lessens incentives for manipulating profitability in the short term.

The Tax Avoidance coefficient of +0.064929 indicates a directionally positive relationship between tax avoidance practices and earnings management, whereby increased tax avoidance aggressiveness is estimated to raise earnings management by 0.064929 units. However, since this variable did not attain statistical significance in the partial test, this influence cannot be reliably attributed to the population. Theoretically, this suggests that the tax planning strategies of the sampled companies are perceived as standalone legal cost-reduction measures rather than instruments integrated into an earnings manipulation scheme. As explained by Basuki (2021), in panel data structures with limited between-unit variation, the partial effect of a variable may be insufficient to independently shift the pattern of the dependent variable.

A one-unit strengthening of the GCG index is projected to decrease earnings management by 0.153417 units, as indicated by the limiting influence of corporate governance systems on earnings management practices, as indicated by the GCG coefficient of −0.153417. Opportunistic behavior in financial reporting is primarily driven by the knowledge asymmetry between owners as principals and managers as agents, according to Agency Theory (Jensen et al., 1976), which theoretically explains this negative relationship. A more robust Board of Independent Commissioners and active institutional ownership can help put GCG into practice, which will serve as an external oversight mechanism that limits earnings manipulation, aligns agent-principal interests, and disciplines managerial behavior.

DISCUSSION

Simultaneous Influence of ESG Performance, Tax Avoidance, and Good Corporate Governance on Earnings Management

Companies listed on the IDX in the mining sector from 2020 to 2024 had their earnings management practices significantly impacted by ESG performance, Tax Avoidance, and GCG all at once, according to the simultaneous F-test, which produced a Prob(F-statistic) value of 0.000000 < 0.05 significance threshold. This finding supports the hypothesis of simultaneous influence.

This outcome is in line with Agency Theory, which states that the fundamental dynamics of profits management are the conflict of interest between shareholders and management. In practice, management possesses informational advantages over shareholders, creating opportunities for opportunistic behavior such as earnings manipulation to achieve personal or target-driven objectives. Nevertheless, sound ESG implementation enhances corporate transparency and accountability, prudent tax management reduces incentives for earnings manipulation, and effective GCG mechanisms strengthen oversight of managerial conduct. Collectively, these three factors reduce information asymmetry and constrain opportunistic management behavior, thereby suppressing earnings management practices and improving the quality of financial reporting in mining companies.

The Influence of ESG Performance on Earnings Management

The ESG performance regression coefficient is -0.88323, the t-statistic is -4.000338, and the probability value is 0.0157. This value confirms that ESG performance has a considerable negative impact on earnings management, as it is below the 0.05 significance level. Previous studies have demonstrated a negative association between ESG performance and earnings management, which is consistent with our conclusion (Yuniawati et al., 2025; Putri and Dinata, 2025).

These results indicate that a stronger commitment to environmental, social, and governance dimensions directly contributes to a reduction in accounting manipulation. Companies with robust ESG practices tend to prioritize long-term transparency and information accountability in order to maintain their reputations among stakeholders. This sustainability-oriented focus inherently constrains opportunistic managerial behavior in financial reporting. The validity of this partial test is consistent with the foundational principles of weighted panel data analysis, as articulated by Baltagi (2021), wherein error variance adjustments enable the precise identification of the partial effects of non-financial variables such as ESG performance.

The Influence of Tax Avoidance on Earnings Management

The t-statistic for Tax Avoidance is 1.853917, and the probability value is 0.1374. The regression coefficient is +0.064929. In the mining sector, companies' earnings management is not significantly affected by tax avoidance from 2020 to 2024, since this number is higher than the 0.05 significance level. Contrary to what Hotang et al. (2022) and Taufiq (2022) found, which indicated a positive correlation between tax evasion and earnings management, our results show the opposite.

Although the regression coefficient is directionally positive, the effect is not sufficiently strong statistically to explain variation in earnings management practices. This suggests that a company's tax avoidance strategy does not necessarily accompany earnings manipulation. This outcome may be attributable to the mining sector's exposure to intensive scrutiny from regulators, auditors, investors, and government authorities, which limits management's capacity to simultaneously engage in tax avoidance and earnings manipulation. As Basuki (2021) explains, panel data structures sometimes exhibit uneven directional associations or heterogeneous variation across units; even when the overall model is robust, the individual contribution of Tax Avoidance may be insufficient to independently influence the pattern of earnings management.

These results suggest that tax avoidance strategies in mining companies are more directed at tax efficiency within regulatory boundaries and therefore not always accompanied by earnings management practices. This condition can be explained through Agency Theory, where strong oversight mechanisms can limit opportunistic management behavior even when companies engage in tax planning.

The Influence of Good Corporate Governance on Earnings Management

With a t-statistic of -9.340134 and a probability value of 0.0007, the regression coefficient for GCG is -0.153417). We can conclude that GCG has a substantial negative effect on earnings management because this number is less than the 0.05 significance level. The coefficient indicates that earnings management is negatively correlated with higher levels of corporate governance adoption. The results of this study are in agreement with those of (Ramdhanti & Indrati, 2022) and Shaila Mayang Azhara et al., (2025), who stated that GCG reduces earnings management by increasing transparency and the effectiveness of governance.

This research puts GCG into action by examining its operationalization via institutional ownership, managerial ownership, and an independent commissioners' board. Effective oversight mechanisms reduce information asymmetry and constrain opportunistic managerial behavior in financial reporting. These findings support Agency Theory's proposition that effective monitoring mechanisms mitigate agency conflicts between management and shareholders. In accordance with the econometric foundations established by Baltagi (2021) and Basuki (2021), when a model is estimated using weighted statistics to normalize the error structure, variables with substantive monitoring functions, such as GCG, are insulated from information concealment arising from hidden multicollinearity, enabling their true significance to be identified with clarity and precision.

CONCLUSION

This study examined the effect of ESG performance, Tax Avoidance, and Good Corporate Governance (GCG) on earnings management in mining companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. The empirical results indicate that ESG performance, Tax Avoidance, and GCG simultaneously have a significant effect on earnings management. Partially, ESG performance has a significant negative effect on earnings management, indicating that companies with stronger ESG implementation tend to exhibit lower levels of earnings manipulation. Tax Avoidance, however, does not have a significant effect on earnings management, suggesting that tax planning practices in the sampled firms are not directly associated with earnings manipulation. Furthermore, Good Corporate Governance has a significant negative effect on earnings management, demonstrating that effective governance mechanisms contribute to reducing opportunistic managerial behavior and improving the quality of financial reporting.

These findings support Agency Theory, which argues that effective monitoring mechanisms can reduce information asymmetry and agency conflicts between managers and shareholders. The implementation of ESG practices and strong corporate governance, particularly through institutional ownership and independent commissioners, can enhance corporate transparency and accountability, thereby limiting opportunities for earnings management. The study also contributes to the growing literature on sustainability and corporate governance by providing empirical evidence from Indonesia's mining sector, a sector characterized by high environmental and governance risks.

Based on these findings, mining companies are encouraged to strengthen ESG implementation and enhance the effectiveness of Good Corporate Governance mechanisms to improve financial reporting quality and maintain stakeholder trust. Investors are also advised to consider ESG performance and governance quality, in addition to financial indicators, when making investment decisions. Future studies are recommended to expand the observation period, include companies from other industrial sectors, and incorporate additional variables, such as profitability, leverage, audit quality, firm size, or macroeconomic factors, to provide a more comprehensive understanding of the determinants of earnings management.

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