Economic Performance Of Manufacturing Companies In Indonesia: Long Term Debt, Pre-Tax Foreign Income And Earning Management

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Abstract.
This study aims to examine the effect of Long-Term Debt, Pre-Tax Foreign Income and Earnings Management on Economic Performance. The data used are manufacturing companies listed on the Indonesia Stock Exchange in 2015-2018. The sample of this study was selected by using purposive sampling criteria and selected 12 manufacturing companies. This study uses a panel regression model with EViews ver. 10. This study found that the variable of Long-Term Debt (LTD) has a positive effect, Pre-Tax Foreign Income (PRTX) and Earnings Management (MJ) have no effect on Economic Performance (EP).

Keywords: *Long Term Debt (LTD), Pre-Tax Foreign Income (PRTX) and Earnings Management (MJ), Economic Performance (EP)*

I. INTRODUCTION

In the current era of trade progress, Indonesia is one of the densely populated countries with the country's economies of scale that have been so developed and its involvement in global trade and investment is still limited. The potential that arises is that Indonesia can be included in the middle income country and what is a hindrance factor in the future is the external side in the form of export performance of commodities owned (INDEF, 2017).A company is considered an organization capable of providing great benefits to the parties involved and the social community.This makes the company have the power to move freely in running its business. In economic terms the main goal of the enterprise is to obtain the maximum possible profit. Therefore, a good planning system is needed to be able to predict the economic performance of the company (Fernando, 2017).In general, the investor community (investors) who will start investing, first make observations and assessments of the company to be selected by continuing to monitor the financial statements of companies that have become public. Based on the results of these financial statements, it can be seen the company's performance in carrying out a business activity and the company's ability to utilize its business activities efficiently and effectively (Arista, 2012). The company's relative economic performance will change over time and occur in a similar or non-similar industrial group and is characterized by the onset of annual returns.Economic performance or economic performance of a company is a picture of the condition of an enterprise that is analyzed with financial analysis tools, so that it can be known whether the economic situation of an enterprise is good and bad which reflects the company's economic performance in a certain period (Tristianasari, 2014).

The capital market is a useful place for investors to invest. The current era of globalization is demanded by investors to be more rational in making investments. Rational investors will conduct various analysis of investment decisions in a company. This analysis is carried out through fundamental analysis as well as technical analysis. Fundamental analysis uses information derived from the expected interest rate, profit movements and dividend prospects that determine the price (return) of stocks (Dewi, Putu, & Sukartha, 2015).One of the factors that can affect economic performance is long term debt which is one way to measure and describe the extent to which the company is able to manage long-term debt and can be covered by the company's total assets. The lower the debt owned, the higher the company's ability to pay long-term company obligations (Wibowo, 2016). The company in developing a business in order to achieve optimal profits and maintain business survival certainly cannot be separated from the role of management in managing company assets. Each company in carrying out its operations is always directed to achieve several goals that have been set before, including achieving good economic performance from the company's ability to manage long-term debt and the amount of asset value that is able to cover long-term debt if the company goes bankrupt. Several previous studies on related variables still showed mixed results, including long-term debt, which is a long-term debt that can be covered by company assets. The lower the ratio, the higher the company's ability to meet its long-term obligations. This affects the company's economic performance in carrying out company activities and the company's ability to generate sources of funds to reduce long-term liabilities that arise from past activities (Wibowo, 2016).

The next factor that is suspected to have an influence on economic performance is pre-tax foreign income or also known as foreign income which is the result of sales activities carried out by a company that has not been subject to tax rates on its reporting. This sales activity can take various forms, one of which is export activities. Export activities have their own contribution in state revenue in other words, being a source for state activities in the form of taxes from national and international sales. Meanwhile, for foreign income obtained from overseas sales activities, the results are only intended for companies that carry out international sales activities. If, foreign income decreases, the company cannot provide maximum stock returns for investors which results in the company's performance also declining. Foreign income is very influential for companies that rely on overseas sales as the company's main income. Low foreign income has an impact on the low level of certainty in generating foreign receipts to the company. That way, investors will doubt the ability of the company's performance in carrying out economic activities including in exports (Dewata & Swara, 2013). Pre-Tax Foreign Income is a decision in carrying out tax aggressiveness is an action that aims to engineer taxable profits through tax planning either using legal (tax avoidance) or illegal (tax evasion) methods. Foreign income is part of tax aggressiveness where income has not been deducted by obligations to the state, namely taxes. If the reporting is not appropriate and tends to carry out tax aggressiveness then this foreign income before tax becomes irrelevant in the final reporting later.

The relevance and validity of financial statements determine the level of performance of the company in a given period (Danielle Higgins, Thomas C. Omer, John D. Phillips, 2011).The next factor that is suspected to have an influence on economic performance is profit management. Earning management arises when managers use certain decisions in financial reporting and change transactions in order to change financial statements in misleading stakeholders who want to know the economic performance obtained by the company or to influence the results of contracts that use accounting figures to report. The freedom of managers to choose and use accounting standards and the lack of stakeholder ignorance of the information disclosed in preparing financial statements can encourage the opportunistic behavior of a manager. This is due to the information gap between managers and stakeholders. Earning management adds bias in financial statements and can interfere with users of financial statements who trust the engineered profit figures (Mada, Setiawati, & Na'im, 2000). Earning management is very difficult to detect. Earning management can disrupt the efficiency of fund flows between economic parties. Earning management not only harms investors but also, can turn to the detriment of management. If investors find out that the company's performance is declining with the explanation that the information is invalid then the overvalued stock price can become undervalued. A share price lower than the actual price will be detrimental to management because, it increases the cost of management to obtain additional capital from the capital market (Lilis and Na'im, 2000).

Stewardship Theory

Stewardship Theory explains that the situation of managers is not motivated by individual goals but rather shown in their main outcome goals for the benefit of the organization (Donaldson & Davis, 1991). The relationship that arises in this case is the existence of a relationship between each other. In stewardship theory which has a relationship with pre-tax foreign income or foreign income before tax where on the basis of the theory presented that managers are not motivated by individual goals but are more indicated on the main target for the benefit of the organization so that in its reporting foreign income before tax will still be reported in accordance with existing policies without reducing the level of investor confidence regarding the return on shares to be obtained.

Positive Accounting Theory

The development of positive theory cannot be explained from dissatisfaction with normative theory (Watt and Zimmerman, 1986). It is further stated that the rationale for analyzing accounting theory in a normative approach is too simple and does not provide a solid theoretical basis. There are three fundamental reasons for the shift in normative to positive approaches, namely (Watt and Zimmerman, 1986).Another relationship is in the theory of positive accounting with long-term debt, and economic performance which lies in management's efforts to show the company's ability to source funds and company performance shown to stakeholders. This is emphasized in order to provide good results and increase the credibility of the company even though some sources of funds obtained must be from debt with a certain period of time. In this theory, it is explained that the existence of activities to forecast and give answers to any accounting practice is the main goal of an enterprise and management in it in the policies that will be made and set.

Agency Theory

Healy (1985), states that there are two approaches that can be used to detect earning management behavior. First, controlling the type of accrual, where accrual is broadly defined as the portion of revenue and expenses on the income statement that is not represented by cash flows; and second, changes in accounting policies. Furthermore, (Healy, 1985) states that discretionary accruals are used as a total proxy for accruals. The assumption used is that non-discretionary accruals are small relative to discretionary accruals, so the total high accruals contain high discretionary accruals. The total accrual can be calculated in two ways. First, it calculates the changes in each balance sheet account that is the subject of accruals; and second, calculate the difference between net income and cash flow. This theoretical relationship refers to earning management where the company's activities do not present the accuracy of the actual financial statements. Basically, the company's financial statements are required to be presented relevantly in each period so that the results presented can be accounted for to provide an original picture of the state of a company as a basis for decision making for internal and external parties.

Economic Performance

Economic Performance (Economic Performance) of a company is an overview of the condition of an enterprise that is analyzed with financial analysis tools, so that it can be known the good and bad economic situation of an enterprise that reflects economic performance in a certain period (Tristianasari, 2014). This is very important so that resources can be used optimally in the face of environmental changes. Economic performance will then be disclosed in the form of the company's financial statements. In a market economy accompanied by the realization of good economic performance conditions, it not only demands the creation of an economic performance that is economically efficient and generates large profits for the company but also needs to be accompanied by quality economic performance behavior. The economic performance of a company is basically needed as a tool to measure the health (financial health) of a company.

Long Term Debt

Long-term debt is the debt of the present company arising from past events, the settlement of which is expected to result in an outflow of the company's resources containing economic benefits. Just as long-term debt consists of the sacrifice of economic benefits that are very likely in the future due to current liabilities that are not paid in one year or one cycle of the company's operation. The lower the debt it has, the higher the company's ability to pay long-term corporate obligations (Wibowo, 2016). Bond debt, long-term money orders, mortgage debt, pension obligations and lease obligations are examples of long-term obligations.

Pre-Tax Foreign Income

In this report, the foreign income obtained has not been taken into account with obligations to the state, namely in the form of taxes that must be paid. At this stage, the company's performance will experience a decrease in potential economic performance due to the company's low ability to obtain income, especially receipts from overseas sales activities generated in the form of foreign income. The other side of this, is the changing perspective of investors to be able to invest in the future. This is also related to the burden that will later become a burden for the company, namely taxes. The tax that should be paid will be a deduction for profits for the company so that, some companies will carry out several strategies in the form of reducing taxes. This action is called the tax aggressiveness strategy (Higgins, Omer, & Phillips, 2011).

Earning Management

Earning management is management's intervention in the process of external financial reporting with the aim of benefiting itself. Earning management is one of the factors that can reduce the credibility of financial statements. Earning management adds bias in financial statements and can interfere with users of financial statements and can interfere with users of financial statements who believe the engineering profit figure as a profit figure without engineering (Lilis and Ainun, 2000).

Hypothesis

A hypothesis can be interpreted as an approximation of a logical relationship that connects two or more variables and is always formulated in the form of a statement that can be tested for truth (Sekaran, 2003). Based on the formulation of the problem, theoretical foundations, and previous research, the hypotheses in this study include:

Effect of Long Term Debt (LTD) on Economic Performance

Long-term debt is an overview and benchmark of the extent to which the company is able to manage long-term debt and can be covered by the company's total assets. The lower the debt owned, the higher the company's ability to pay long-term company obligations. Long term debt is also a measuring ratio of how much long-term loan funds are used by companies (Wibowo, 2016). Long-term debt is needed by a company to fund the company's operational activities. The main goal of the company itself is to obtain the optimal profit possible in order to provide welfare for the interests of shareholders in the form of maximizing the value of stock returns (Tristianasari, 2014). Thus H_1 in this study is as follows:

H_1: Long Term Debt (LTD) has a positive effect on Economic Performance

Effect of Pre-Tax Foreign Income (PRTX) on Economic Performance

Pre-tax foreign income or also known as foreign income before tax is the result of sales activities carried out by a company that is subject to tax rates on its reporting. Foreign income before tax is categorized as gross income because it has not been deducted from the company's obligations, especially to the state, namely taxes. This foreign income is obtained from several activities, one of which is buying and selling to other countries or commonly referred to as exports (Dewata & Swara, 2013). Foreign income is obtained if domestic products can be present in excellent quality and accompanied by a high value. Exports have their own contribution in the company's performance activities, especially in building the company's image in the eyes of investors as well as introducing domestic products out. Nowadays, this, companies abroad are perched with their super abilities. Therefore, it is hoped that this export activity will be a trigger to be able to generate higher foreign income (Shopia & Sulasmiyati, 2018). Thus H_2 in this study is as follows:

H_2: Pre-Tax Foreign Income (PRTX) positively affects Economic Performance

Effect of Earning Management (MJ) on Economic Performance

Earning management arises when managers use certain decisions in financial reporting and change transactions in order to change financial statements in misleading stakeholders who want to know the economic performance that the company has obtained or to report. Earning management is one of the factors that can reduce the credibility of financial statements. Accounting information is useful for investors and creditors (as well as other parties interested in the company) to assess the company and to make investment decisions. Invalid accounting information can cause investors to make wrong decisions and misplace funds (Mada, Setiawati, & Na'im, 2000). Thus H_3 in this study is as follows:

H_3: Earning Management (MJ) has a positive effect on Economic Performance.

II. METHODS

Population and Sample

The population in this study is all manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2015-2018 period. The sampling method used in this study is purposive sampling, which is a technique where the sample will be used as an object in the study that only meets the predetermined criteria (Eksandy, 2018). The samples obtained were 12 sample companies with a period of 4 years so that the number of data used in this study was 48 observational data.

Dependent Variables

Dependent variables are variables that are of primary concern to researchers (Sekaran, 2003). This variable will be affected by other variables. In this study, the dependent variable used was Economic Performance (EP). Economic Performance can be measured by the calculation of Almilia & Wijayanto (2007), as follows.

$$E_C P = \frac{(P_1 - p_0) + Div}{\rho_0} - MeRI$$

Information:

EcP = Economic Performance

P_1 = Year-End Share Price

P_0 = Previous Year's Share Price

Div = Dividend distribution

MeRi = Median Industrial Return (Industrial Return or stock return calculated from the closing price of the current year's shares taken the closing price of the previous year's shares divided by the closing price of the previous year's shares).

Independent Variables

Independent variables are variables that affect dependent variables (Eksandy, 2018). The independent variables in this study are as follows:

Long Term Debt (LTD)

Long-term debt is the debt of the present company arising from past events, the settlement of which is expected to result in an outflow of the company's resources containing economic benefits. Long-term debt consists of the sacrifice of economic benefits that are very likely in the future due to current liabilities that are not paid in one year or one cycle of the company's operation. The lower the debt owned by the company, the higher the company's ability to pay long-term company obligations (Wibowo, 2016). In this study, it was shown by the formula of Wibowo (2016), as follows:

$$LTD = \frac{\text{Long Term Debt}}{\text{Total Assets}}$$

Information:

Long term debt : Long-term debt

Total Assets : Total assets

Pre-Tax Foreign Income (PRTX)

Pre-tax foreign income or also known as foreign income is the result of sales activities carried out by a company that has not been subject to tax rates on its reporting. A company's balance of payments can be said to be good if there is an excess of trade and investment surpluses obtained from export activities compared to the obligations that must be paid to the state. In this study it was shown by the formula Higgins et al. (2011), as follows:

$$\textit{Pre-Tax Foreign Income} = \frac{\text{Pendapatan luar negeri sebelum pajak}}{\text{Pendapatan sebelum pajak}}$$

Earning Management (MJ)

Pada (Stubben, 2010) explained that the discretionary revenue model is better able to overcome biases in earning management measurements compared to discretionary accruals. This is because the discretionary accrual model receives a lot of criticism due to the bias of interference with errors in estimating the discretion of managers. In this study, it is shown by the following formula:

$$\Delta ARit = \alpha + \beta 1\, \Delta Rit + \beta 2\, \Delta Rit \times SIZEit + \beta 3\, \Delta rit \times AGEit + \beta 4\, \Delta rit \times AGE\_Sqit + \beta 5\, \Delta rit \times GRR\_Pit + \beta 6\, \Delta rit \times GRR\_Nit + \beta 7\, \Delta rit \times GRMit + \beta 8\, \Delta Rit \times GRM\_SQit + \varepsilon it$$

Information:

AR	:	Year-end receivables
R	:	Annual revenue
SIZE	:	Natural log of total assets at the end of the year
GRR_P	:	Natural log age of the company
GRR_N	:	Industry median adjusted revenue growth (= 0 if negative)
_SQ	:	Industry median adjusted gross margin at end of fiscal year b
Δ	:	Annual Change

III. RESULT AND DISCUSSION

In determining the best model to be used to analyze the results of panel data processing, it is necessary to carry out three Chow Tests, Hausman Test, and Lagrange Multiplier Test as follows:

Table 1. Chow Test

Redundant Fixed Effects Tests
Equation: EQ02
Test cross-section fixed effects

Effects Test	Statistics	d.f.	Prob.
Cross-section F	7.615636	(11,33)	0.0000
Cross-section Chi-square	60.658354	11	0.0000

Based on table 1 above, it can be seen that the p-value cross section F and the p-value cross section chi-square (0.0000) and (0.0000) < α (0.05). Then H_0 is rejected, which means that fixed effect model (FEM) is better used in estimating panel data regression than common effect model (CEM).

Table 2. Hausman Test

Correlated Random Effects - Hausman Test
Equation: EQ03
Test cross-section random effects

Test Summary	Chi-Sq. Statistics	Chi-Sq. d.f.	Prob.
Cross-section random	4.180790	3	2426

Based on table 2 above, it can be seen that the probability value of the random cross section (0.2426) > α (0.05). Then H_0 is accepted, which means that the Random Effect Model (REM) is better used in estimating the regression of panel data than the Fixed Effect Model (FEM).

Table 3. Lagrange Multiplier Test

Lagrange Multiplier Tests for Random Effects
Null hypotheses: No effects
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	14.35844	0.002490	14.36094
	(0.0002)	(0.9602)	(0.0002)

Based on table 3 above, it can be seen that the probability value of the Breusch-pagan cross section (0.0002) < α (0.05). Then H_0 is rejected which means that the Random Effect Model (REM) is better used in estimating the regression of panel data than the Common Effect Model (CEM).

Table 4. Panel Data Regression Model Conclusion

No.	Method	Testing	Result
1	Chow Test	CEM vs FEM	FEM
2	Hausman Test	REM vs FEM	BRAKE
3	Lagrange Multiplier Test	CEM vs REM	BRAKE

Based on the results of the three tests that have been carried out, it can be concluded that the panel data regression model that will be used in hypothesis testing and panel data regression equations is the Random Effect Model (REM) model.

Table 5. Test f (Model Feasibility)

R-squared	0.236860	Mean dependent var	6.199408
Adjusted R-squared	0.184827	S.D. dependent var	0.974288
S.E. of regression	0.879655	Sum squared resid	34.04688
F-statistics	4.552164	Durbin-Watson stat	1.420103
Prob(F-statistics)	0.007299		

Based on table 5 above, it shows that the value of F-statistic is 4.522164, while F Table with the rate of α = 5%, df1 (k-1) = 3 and df2 (n-k) = 44 gets the value of F Table of 2.82. Thus F-statistics (4.522164) > F Table (2.82) and Prob value (F-statistic) 0.007299 < 0.05 it can be concluded that Ha is accepted, which means that the independent variables in this study consisting of long-term debt, pre-tax foreign income and earning management together have an influence on economic performance.

Table 6. Adjusted R-squared

R-squared	0.236860	Mean dependent var	6.199408
Adjusted R-squared	0.184827	S.D. dependent var	0.974288
S.E. of regression	0.879655	Sum squared resid	34.04688
F-statistics	4.552164	Durbin-Watson stat	1.420103
Prob(F-statistics)	0.007299		

Based on table 6 above, it shows that the Adjusted R-squared value is 0.184827, meaning that the variation in changes in the rise and fall of profit quality can be explained by long-term debt, pre-tax foreign income and earning management of 18% while the remaining 82% is explained by other variables that were not studied in this study.

Table 7. T test

Variables	Coefficient	Std. Error	t-Statistics	Prob.
C	17.16693	0.481961	35.61894	0.0000
LTD.	11.03388	3.150661	3.502086	0.0011
PRTX	-0.149244	0.778810	-0.191630	0.8489
MJ	-2.942281	2.421855	-1.214887	0.2309

Based on the table above shows that:

1. The t-statistical value of long term debt (LTD) is 3.502086, while t Table with a rate of α = 5%, df (n-k) = 44 is obtained table t value of 2.01537. Thus the t-statistic long term debt (LTD) (3.502086) < t Table (2.01537) and the Prob value. 0.0011 < 0.05, it can be concluded that the long-term debt variable in this study affects economic performance. Thus, H_1 in the study was accepted.
2. The t-statistical value of pre-tax foreign income (PRTX) is –0.191630, while t Table with a rate of α = 5%, df (n-k) = 44 is obtained the value of t Table of 2.01537. Thus the t-statistic quality of internal auditors (PRTX) (–0.191630) > t Table (2.01537) and the value of Prob. 0.8489 > 0.05, it can be concluded that

the pre-tax foreign income variable in this study does not have a negative effect on economic performance. Thus, H_2 in the study was rejected.

3. The value of earning management (MJ) t-statistics is -1.214887, while t Table with a rate of α = 5%, df (n-k) = 44 is obtained table t value of 2.01537. Thus t- earning management (MJ) (-1.214887) < t Table (2.01537) and Prob values. 0.2309 > 0.05, it was concluded that the earning management variables in this study had no effect on economic performance. Thus, H_3 in the study was rejected.

Effect of Long-Term Debt (LTD) on Economic Performance

The variable long-term debt is proxied by calculating the total amount of long-term debt and the total assets of the manufacturing company that has a Prob value. (0.0011) > the significance level (0.05) and t-statistic (-0.131425) < t Table (2.01537), thus H1 is accepted which means that long term debt affects economic performance. With this result it can be stated that the high - low long term debt has an influence on the performance of the company in a certain period. Long-term debt is a company's way of measuring the company's ability to manage long-term debt and can be covered by the company's total assets. This, in line with the theory of positive accounting. Because the lower the debt owned, the higher the company's ability to pay long-term company obligations. This result is in accordance with the hypothesis proposed that long-term debt has a relationship between agency, management with owners and management with creditors. The high and low value of long-term debt also reflects the company's performance in one period. Companies that have multiple large amounts of long-term debt issue often only report one amount on the balance sheet and back it up with some information and a guarantee schedule for the debt. Long-term debt maturing in one year should be reported as a current obligation, unless the withdrawal is met with assets other than current assets. Disclosure of future payments for the need for repayment funds and the amount of maturity of long-term debt for the next 5 years. In addition, companies that make a profit from long-term debt will increase the company's debt. If the company's performance ability is good to be able to return its long-term obligations, creditors will be interested in providing loans because they see a high level of profit.

Effect of Pre-Tax Foreign Income (PRTX) on Economic Performance

The variable of pre-tax foreign income which is proxied by the calculation of the amount of foreign income before tax with pre-tax income obtained in a company in the annual report, pre-tax foreign income has a Prob value. 0.8489 > the significance (0.05) and t-statistic (-0.191630) < t Table (2.03693), thus H2 is rejected which means that pre-tax foreign income has no effect on economic performance. Pre-tax foreign income is income generated from export activities carried out by the company. Companies that consistently carry out export activities are special criteria for finding the value of pre-tax foreign income. Export activities are the door to national trade with international countries that generate foreign income. This result is inconsistent with the hypothesis proposed that pre-tax foreign income has a relationship to the stewardship theory which states that the theoretical basis presented is that managers are not motivated towards individual goals but are more demonstrated on the main target for the benefit of the organization so that in its reporting foreign income before tax will still be reported in accordance with existing policies without reducing the level of investor confidence regarding the return that will be Retrieved.

Effect of Earning Management (MJ) on Economic Performance

Earning management variables are proxied with several calculation items such as changes in opinion, changes in receivables, company age, company size, growth in revenue and gross margin. Data for the calculation of some of these items are obtained from the annual report of the sample company. Earning management has a Prob value. 0.2309 > the significance level (0.05) and t-statistic (-1.214887) < t Table (2.03693), thus H3 is rejected which means that earning management has no effect on economic performance. The financial statements prepared by the company cannot be avoided that there is still an opportunity for management to carry out earning management practices within the limits of the provisions regulated in the Financial Accounting Standards (SAK). The absence of earning managements possible because many managers' goals are to carry out earning management for the purposes of tax savings and getting bonuses. This is the main purpose of managers to carry out earning management in fact the goal of improving the quality of profits. This is in line with the theory of the agency which is based on three assumptions, one of which is the assumption of human nature which sometimes prioritizes self-interest. That all individuals act in their own interests, but the makers of financial statements have a responsibility to maximize the profits obtained from the company, but on the other hand managers have the right to prosper themselves. This encourages irregularities in the financial statements presented to the owner of the company so that managers are judged to be performing well and get bonuses to meet their interests.

IV. CONCLUSION

The purpose of this study was to test the influence long term debt, pre-tax foreign income and earning management towards economic performance. This study used 12 samples of manufacturing companies listed on the Indonesia Stock Exchange from the year 2015 until 2018. Based on the results of the analysis and discussion that has been carried out using panel data regression, the following conclusions were obtained:

1. The results of the Panel Data Regression test showed that H_1 was proven to be accepted that the Long Term Debt variable had a positive influence on Economic Performance. This is evidenced by the results of the t hypothesis test from t-statistics 3.502086 > t-Table 2.01537 and the Prob value. 0.0011 > 0.05 so that H1 is proven and answers the formulation of the existing problem that when the company has a high Long Term Debt value, the company's obligations will be higher and will affect the movement of Economic Performance.
2. The results of the Panel Data Regression test showed that H_2 proved acceptable that the Pre-Tax Foreign Income variable had a significant positive influence on Economic Performance. This is evidenced by the results of the t hypothesis test from t-statistics -0.191630 < t-Table 2.01537 and the Prob value. 0.8489 > 0.05 so that H2 is not proven and answers the formulation of the existing problem that when the company applies pre-tax foreign income it will not change a certain value in the financial statements, especially in the income section because it does not affect economic performance activities.
3. The results of the Panel Data Regression test showed that H_3 was proven to be accepted that the Earning management variable had a significant positive influence on Economic Performance. This is evidenced by the results of the t hypothesis test from t-statistics -1.213887 < t-Table 2.01537 and prob values. 0.2309 > 0.05 so that H3 is not proven and answers the formulation of the existing problem that when the company discloses that earning management measurement does not have an influence on economic performance because earning managements an attitude carried out internally by the company so the impact felt is not directly visible on economic performance.

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