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DO CEO CHARACTERISTICS AND MANAGEMENT REAL INFLUENCE PROFITS COMPANY PERFORMANCE? EVIDENCE FROM INDONESIA

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Rika Henda Safitri ✉[1], Ferencia Maria Wijaya[2], Emylia Yuniartie[3], Umi Kalsum[4]
[1,2,3,4]Accounting Study Program, Faculty of Economics,
Universitas Sriwijaya, Indonesia
Corresponding Author: rikahenda@unsri.ac.id ✉[1]
Jl. Masjid Al Gazali, Bukit Lama, Palembang, South Sumatera, Indonesia

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Abstract
This study addresses a significant research gap in the transportation and logistics sector, focusing on the impact of CEO characteristics and Real Earnings Management (REM) on firm performance. Given the sector's critical role in the global economy and its substantial changes pre- and post-COVID-19, this research is particularly relevant. Using multiple regression analysis (MRA), the study examines CEO Narcissism, Education Level, Gender, and Tenure in IDX-listed firms from 2018 to 2022. Results indicate that CEO Narcissism and Education Level do not significantly affect performance, while Gender has a positive impact, and Tenure negatively influences performance. Additionally, there is no significant link between Narcissism/Education and REM practices, but REM moderates the relationships between Gender, Tenure, and firm performance. These findings provide valuable insights for stakeholders, highlighting the importance of managing earnings effectively to boost financial performance, investor confidence, and sustainable growth in the transportation and logistics sector.

INTRODUCTION

Indonesia, like many other countries, is facing significant economic challenges due to the Covid-19 pandemic. However, since 2021, there has been a significant economic recovery. In this context, it is very important for companies to maintain a strong competitive advantage amidst intense competition. Effective management is critical to maintaining financial health and improving performance to achieve goals in a competitive landscape. Current concerns regarding company performance, including increased market volatility, are a major focus for investors who monitor financial indicators closely (OJK, 2019). CEO leadership is emerging as an important factor influencing financial performance, as top executives play a critical role in decision making and ensuring business sustainability.

A company's performance is greatly influenced by the characteristics of its CEO, such as narcissism. CEOs who exhibit narcissistic tendencies often shape company decisions to improve personal performance and overall company value (Marjono & Wijaya, 2022). Additionally, there is an increasing focus on gender-

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related aspects in the business world, as differences in leadership styles between male and female CEOs can impact company performance (Bouaziz et al., 2020). Additionally, the CEO's educational background is an important factor, where a higher level of education, including advanced degrees, can contribute to improved analytical and strategic decision-making abilities (Ghardallou et al., 2020). In addition to these factors, the CEO's tenure also plays an important role in determining the responsibilities and impact of their decisions. CEOs who are nearing the end of their tenure may be inclined to take opportunistic actions for personal gain (Bouaziz et al., 2020).

Scott (2015) defines earnings management as the involvement of management in the preparation of financial reports for external stakeholders, aiming to adjust reported profits either up or down. According to Arisa & Gede (2022), real earnings management (REM) involves manipulating profits through actual business operations, which can be detected through indicators such as abnormal production costs, cash flows, and discretionary expenditures. Auditors face greater challenges in detecting REM compared to accrual-based earnings management. Managers might take advantage of situations to establish policies that enable them to gain personal advantages, which can include manipulating financial reports (Firmansyah et al., 2024). In Indonesia, numerous institutions engage in earnings management practices. For instance, Garuda Indonesia reported a net profit of IDR 11.5 billion in 2018, a substantial increase from the previous year's loss of IDR 3.7 trillion (Sutianto, 2019). This financial report sparked controversy as Garuda Indonesia classified income from agreements with Mahata as royalty income, contradicting PSAK 23. PT This scenario increases the risk of bankruptcy for companies like PT Garuda Indonesia Tbk due to significant interest expenses, exacerbated by their inability to fully deduct these expenses from taxable income under Indonesian Tax Law (PMK-169/PMK.010/2015). This regulation aims to prevent thin capitalization. Such circumstances can severely strain a company's cash flow due to escalating interest obligations to creditors and higher tax liabilities to the government. While not all companies may encounter both challenges simultaneously, it underscores the importance of prudent debt management by managers (Firmansyah et al., 2024).

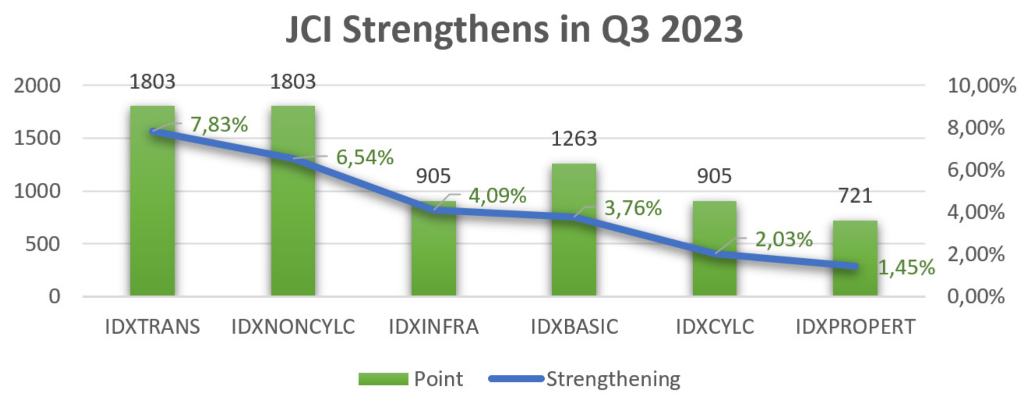

Figure 1. Sources of Stock Index Earnings for the 3rd quarter of 2023
Source: Indo Premier (2023)

The transportation and logistics sector has a very important role in driving the Company's market performance, so that it has a significant influence on the value of the Composite Stock Price Index (Subekti, 2023). Research emphasizes the important role of leader personality and authentic earnings management practices in improving performance in this sector. CEOs operating in this competitive field face enormous pressure to maintain their position in the market, potentially leading to behaviors such as excessive risk-taking and prioritizing personal gain over the long-term success of the Company (Rusydi, 2021). Therefore, gender diversity in executive roles in the transport and logistics sector is relatively stable, reflecting a growing commitment to promoting gender inclusivity in the workplace (IBCWE, 2022). In addition, the level of education and tenure of the CEO are important factors that influence the success of the Company, considering the large contribution of this sector to the value of the Stock Index. A skilled CEO in this context must be adept at aligning the business plan with the company's goals. Continuous updating and adapting of the business plan to accommodate market dynamics and customer needs is essential during the CEO's tenure, to ensure the Company maintains its market position and achieves long-term success.

The current literature reveals a notable research gap regarding the impact of CEO characteristics on firm performance, with findings on CEO narcissism being particularly inconsistent. Bassyouny et al. (2020) and Shan et al. (2023) report a positive influence on performance, whereas Rianty & Rani (2021) and Rusydi

(2021) find a significant negative impact. Conversely, Maduwu & Richard (2023) and Muttiarni et al. (2022) observe no real impact. CEO gender studies also show conflicting results, which Altarawneh et al. (2020) highlight a positive impact, while Bassyouny et al. (2020) and Kaur & Singh (2019) report negative impacts. The influence of CEO education level is more consistent, with Bassyouny et al. (2020) and Ghardallou et al. (2020) indicating a positive effect. CEO tenure shows variability, with Altarawneh et al. (2020) and Ghardallou et al. (2020) finding a positive impact, while Kaur & Singh (2019) identify a negative one. Research on CEO gender's impact on Real Earnings Management (REM) is mixed, whereas Arisa & Gede (2022) find a positive effect, Evander & Dewi (2018) a negative one, and Edi & Cristi (2022) no impact. Studies on CEO education level's effect on REM also vary, with Arisa & Gede (2022) and Zwageri (2020) reporting negative influences, while Edi & Cristi (2022) suggest a conflicting negative relationship. CEO tenure's impact on REM is similarly inconsistent: Edi & Cristi (2022) and Marjono & Wijaya (2022) report a positive impact, but Zwageri (2020) reveals a negative effect. These contradictory findings underscore the need for a comprehensive and differentiated investigation of the complex interactions between CEO characteristics and their implications for REM and firm performance, addressing the gaps and gaps that exist in the current research landscape.

Amidst the economic impacts of the Covid-19 pandemic, Indonesia has experienced a positive recovery since 2021. However, maintaining competitiveness in the transportation and logistics sector remains crucial. With market volatility, companies need effective financial management and improved performance to withstand intense competition. CEOs play a pivotal role, and their traits—such as narcissism, gender, education, and tenure—can significantly influence company outcomes. Additionally, practices like real earnings management (REM), which manipulate financial reports, present challenges. Understanding the interplay between CEO traits and these practices is essential for long-term success in this sector. The researchers chose to investigate these variables due to the limited research available, providing an intriguing area for further exploration. Company performance in this sector is particularly interesting because better performance correlates with increased investor interest, and the leadership model is crucial. This study aims for impartial and verifiable results, especially regarding leadership characteristics and earnings management practices, given the sector's fundamental role in the global economy. The research enhances scholarly discussions by examining the relationship between upper echelon theory and agency theory within the Indonesian transportation and logistics sector. While prior studies have separately explored CEO characteristics and firm performance, this study integrates these theories to provide a comprehensive understanding of their combined effects on organizational outcomes. By analyzing upper echelon and agency theories' developmental trajectories and their complementary roles in shaping corporate behavior and performance, this research aims to advance management theory and practice. Incorporating REM as a moderating variable, the study offers a fresh perspective on how strategic financial management interacts with CEO characteristics to impact firm performance. Through a synthesis of theoretical perspectives and empirical findings, this research seeks to provide a nuanced understanding of the factors driving organizational success in the transportation and logistics sector, significantly contributing to existing literature. This study examines the extent to which factors such as leader personality and REM practices influence company performance.

Numerous metrics reflect corporate performance from financial perspectives, including indicators such as sales growth, market value added (MVA), and Tobin's Q score. Tobin's Q ratio assesses how well a company utilizes its asset resources, providing insight into its investment potential. A higher Tobin's Q ratio suggests effective asset management and signifies strong growth prospects, boosting investor confidence and enhancing the liquidity of the company's shares (Widiatami et al., 2024).

CEO characteristics encompass various personal traits that influence leadership style, decision-making, and organizational performance. Narcissistic individuals tend to have an exaggerated view of their abilities and achievements, potentially leading to authoritarian and high-risk decision-making, which may result in losses for the company (Cragun et al., 2020). Additionally, CEO narcissism can increase the likelihood of unethical behavior within the corporate environment (Chatterjee & Hambrick, 2007).

Gender differences between men and women can be observed from various perspectives, including cognitive, emotional, and social aspects. Female CEOs are inclined to apply transformational leadership styles, focusing on empowerment, teamwork, and long-term goal achievement (Carter et al., 2003). This approach may enhance employee morale and engagement, potentially positively impacting company performance. Female CEOs are also more oriented towards considering various stakeholders, guiding balanced and sustainable decision-making.

Education plays a crucial role in shaping a CEO's cognitive foundation, reflecting insights, basic skills, values, and cognitive preferences (Shan et al., 2023). Higher education levels can develop a CEO's critical thinking, innovation, and formulation of long-term strategic plans, potentially positively impacting company competitiveness and performance (R. Kaur & Singh, 2019).

CEO tenure has the potential to influence company performance. Some views support a positive correlation between CEO tenure and company performance, citing the deeper understanding experienced CEOs have of corporate culture and strategy (Finkelstein & Hambrick, 1990). However, arguments also suggest that CEOs with long tenures may become too independent, hindering adaptation to business environment changes and potentially decreasing company performance.

Real earnings management (REM) refers to unconventional business practices aimed at achieving profit targets (Roychowdhury, 2006). Although REM practices may temporarily improve company performance, they can potentially damage company value in the long run. Some studies, such as those conducted by (Evander & Dewi, 2018), indicate a significant decrease in company value due to REM practices. Therefore, strict oversight is necessary to prevent misuse of these practices. Hence, the formulated hypotheses are as follows:

Hypothesis 1: CEO Narcissism negatively influences Firm Performance.
Hypothesis 2: CEO Gender positively influences Firm Performance.
Hypothesis 3: CEO Education Level positively influence Firm Performance.
Hypothesis 4: CEO Tenure negatively influence Firm Performance.
Hypothesis 5: Real Earnings Management moderates the influence of Narcissism on Firm Performance.
Hypothesis 6: Real Earnings Management moderates the influence of CEO Gender on Firm Performance.
Hypothesis 7: Real Earnings Management moderates the influence of CEO Education on Firm Performance.
Hypothesis 8: Real Earnings Management moderates the influence of CEO Tenure on Firm Performance.
Hypothesis 9: Real Earnings Management negatively influences Firm Performance.

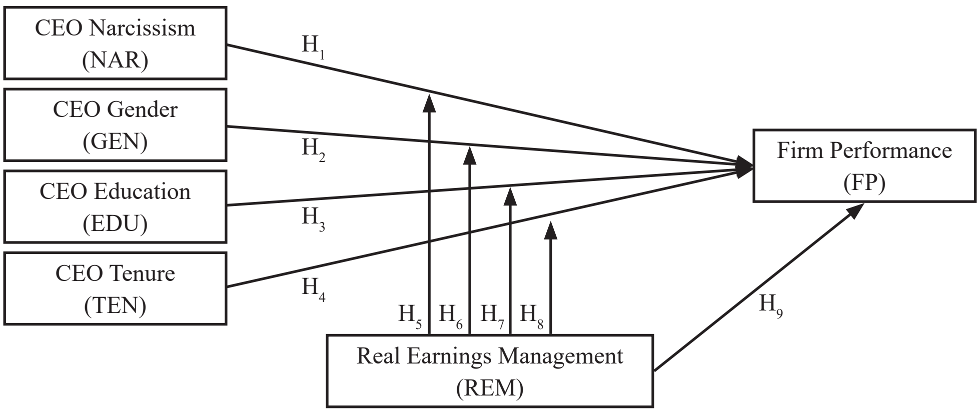

Figure 2. Research Framework

METHODS

This research aims to examine the influence of independent variables, namely CEO narcissism, CEO gender, CEO education, and CEO tenure with Real Earnings Management as the moderator on company performance as the dependent variable. The population in this study are transportation and logistics sector companies listed on the Indonesia Stock Exchange in 2018-2022. This period is used because there are significant differences in the performance of companies in this sector, especially before, during and after the Covid-19 pandemic. In addition, it is hoped that the use of the latest data can describe current conditions so that it is more relevant to the year of research. This research uses a quantitative approach by processing secondary data in the form of the Company's financial reports for 2018 to 2022 on the official IDX website (www.idx.co.id). Samples were taken purposively according to specified criteria so that the data results were more accurate. The criteria in this research are as follows:

Table 1. Sample Selection

No	Information	Total
1	Transport and Logistics sector companies registered and listed on the IDX	36
2	Transportation and Logistics sector companies that do not publish complete annual reports for the 2018-2022 period	(13)
3	Transportation and Logistics sector companies that were delisted in the 2018-2022 period	(6)
4	Transportation and Logistics sector companies that publish financial reports in currencies other than Rupiah	(3)
	Number of Samples	14
	Number of observations in the 5 year observation period (2018-2022)	70

Source: Data processed by researchers from the site www.idx.co.id., 2023

The measurements used for the variables in this research include the following:

Table 2. Operational Definition of Variables

No	Variable	Definition	Measurement	Scale
1	Firm Performance (FP)	The result of various individual decisions taken on an ongoing basis by management (Helfert, 1999).	$\text{Tobin's Q} = \dfrac{\text{MVE} + \text{Total Liabilities}}{\text{Total Assets}}$	Ratio
2	CEO Narcissism (Nar)	Overconfident behavior can be seen from the size of the photo on the financial report (Rusydi, 2021).	1: does not show photos 2: displays photos with other people 3: display your own photo less than half the page 4: display your own photo on more than half of the page 5: display your own photo one full page	Ordinal
3	CEO Gender (Gen)	Female CEOs understand more and provide a competitive advantage to the company. Men's ability to manage a business is based on their nature of being willing to take risks. (Kaur and Singh, 2019).	1: Female 0: Male	Nominal
4	CEO Education (Edu)	Education is one of the assets for a CEO's competitive advantage (Kaur and Singh, 2019).	1: high school graduate 2 : D1-D3 graduates 3: bachelor's degree 4: master's degree 5: doctoral degree	Ordinal
5	CEO Tenure (Ten)	The length of time a CEO has served in his position leading the company (Marjono and Wijaya, 2022).	The number of years the CEO has served in their position.	Ordinal
6	Real Earnings Management (REM)	Practice with the aim of achieving profit targets (Roychowdhury, 2006).	$\dfrac{CFO_{it}}{ASSETS_{it-1}} = \beta_0 + \beta_1 \dfrac{1}{ASSETS_{it-1}} + \beta_2 \dfrac{Sales_{it}}{ASSETS_{it-1}} + \beta_3 \dfrac{\Delta Sales_{it}}{ASSETS_{it-1}} + \varepsilon_{it}$	Ratio

The data analysis technique in this research uses Moderated Regression Analysis (MRA). Next, the data is processed using a data processing analysis tool in the form of IBM SPSS version 25. The regression equation in this research is as follows:

$$FP = \alpha + \beta_1 Nar + \beta_2 Gen + \beta_3 Edu + \beta_4 Ten + \beta_5 (Nar*REM) + \beta_6 (Gen*REM) + \beta_7 (Edu*REM) + \beta_8 (Ten*REM) + \beta_9 REM \ldots(1)$$

Where α is a constant and β is the estimated parameter for the regression coefficient on the independent variable. FP represents Company Performance. Narare CEO Narcissism, Genfor CEO Gender, Edufor CEO Education Level, and Tenfor CEO Tenure. Real Earnings Management (REM) as a moderator is symbolized by REM. In addition, (Nar*REM)it is an interaction variable between REM and CEO Narcissism. (Gen*REM) for the interaction variable REM and CEO Gender, (Edu*REM)for the interaction variable REM and CEO Education. Finally, (Ten*REM)it represents the interaction variable REM and CEO Tenure.

RESULTS

Descriptive statistical analysis aims to provide an overview or description of the data. This analysis was carried out using the average value (mean), standard deviation, maximum value and minimum value of the data obtained.

Table 3. Results of Descriptive Statistical Analysis

	N	Minimum	Maximum	Means	Std. Deviation
Company Performance	70	.2610	4.5753	1.4594	.9070
CEO Narcissism	70	1	5	3.24	1,173
CEO Gender	70	0	1	.29	,455
CEO Education Level	70	2	5	3.29	,640
CEO Term of Office	70	1	43	9.36	10,151
Real Income Management	70	-1.8856	.1304	-.1778	.3414
Valid N (list)	70				

Source: SPSS 25 output, processed data

Based on Table 3, it is known that there were 70 research samples used representing 5 research periods, for 2018-2022 in the transportation and logistics sector. Based on table 3, the dependent variable, namely Company Performance with Tobin's Q proxy, has a minimum value of 0.2610 by PT Eka Sari Lorena Transport Tbk (LRNA) in 2018 and a maximum value of 4.5753 by Satria Antaran Prima Tbk (SAPX) in 2018. 2018. 2022. The mean value of company performance is 1.4594 with a median of 1.1534 and a standard deviation of 0.9070. The mean value is greater than the standard deviation, which means the data distribution is close to the average.

The data presented in the table provides a detailed snapshot of several key independent variables related to CEOs and their impact within the studied sector. Beginning with CEO Narcissism, which ranges from 1 to 5, the average score of 3.24 and a median of 3 indicate a moderate tendency towards narcissistic traits among CEOs. The narrow standard deviation of 1.173 suggests that these traits are fairly evenly spread across the sample, reflecting a sector where CEOs generally exhibit moderately high levels of narcissism. Moving to CEO Gender, where the average is 0.29 and the median is 0, with a standard deviation of 0.455, there is noticeable variability in gender representation among CEOs. Of the 70 financial statements analyzed, those led by female CEOs and CFOs totaled 20, highlighting a minority representation compared to their male counterparts. In terms of CEO Education, the average score of 3.29 and median of 3, coupled with a standard deviation of 0.640, suggest a relatively consistent educational background among CEOs, typically at the bachelor's degree level or higher. This indicates that CEOs in this sector generally possess a solid educational foundation. Examining CEO Tenure, the average tenure of 9.36 years, a median of 6.5, and a wide standard deviation of 10.151 reveal significant variation in CEO longevity within the sector. This diversity suggests a mix of shorter and longer tenures, although the average tenure exceeds 6.5 years, indicating a tendency towards longer leadership spans among CEOs. Finally, analyzing Real Earnings Management (REM) using the Abnormal Operating Cash Flow proxy, values range from -1.885 by PT Satria Antaran Prima Tbk. (SAPX) in 2018 to 0.1304 by PT. Indomobil Multi Jasa Tbk (IMJS) in 2020. The mean performance of -0.1778, a median of -0.0515, and a standard deviation of 0.3414 indicate a diverse distribution of REM practices across the companies studied. The generally low levels of real earnings management observed suggest a sector where practices tend towards transparency and less manipulation of earnings.

In this study, the method employed involves describing company activities based on factual data. The collected data will then be processed and analyzed to draw conclusions. Classic assumption tests are conducted to verify that the existing regression model can be a good estimator (Ghozali, 2018). The normality test using One Kolmogorov-Smirnov with a Monte Carlo approach is chosen due to the imbalance of the data compared to others, yielding more accurate results.

Table 4. Results of Normality test

	Unstandardized Residual
N	70
Test Statistics	.115
Asymp. Sig. (2-tailed)	.022
Monte Carlo Sig.	.288
Lower Bound	.276
Upper Bound	.300

Source: SPSS 25 output, processed data

The Kolmogorov-Smirnov test result obtains a Monte Carlo significance value (2-tailed) of 0.288, which is greater than 0.05, indicating that the data in the regression model follows a normal distribution.

Table 5. Results of Multicollinearity test

	Tolerance	VIF
(Constant)		
CEO Narcissism	.797	1.254
CEO Gender	.897	1.115
CEO Education Level	.707	1.414
CEO Tenure	.783	1.277
REM	.752	1.329

Source: SPSS 25 output, processed data

Multicollinearity tests aim to examine the linear relationship between independent variables to determine if there is high correlation in the regression model (Ghozali, 2018). Indicators like Variance Inflation Factor (VIF) > 10 and tolerance values < 0.10 indicate multicollinearity, while VIF < 10 and tolerance > 0.10 indicate no multicollinearity. The multicollinearity test results show tolerance values exceeding 0.10 for all variables, indicating no multicollinearity in the regression model, supported by VIF values less than 10.

Table 6. Results of Autocorrelation test

	Unstandardized Residual
Test Value	-.03919
Cases < Test Value	35
Cases >= Test Value	35
Total Cases	70
Number of Runs	27
Z	-2.167
Asymp. Sig. (2-tailed)	.302

Source: SPSS 25 output, processed data

Autocorrelation tests are conducted to detect disturbances in the previous regression model (Ghozali, 2018). The Runs Test, a non-parametric statistical test, is used to examine high correlations among residuals. The Asymp Sig (2-tailed) value for the Runs test in this study is 0.302, indicating that the regression model is free from autocorrelation.

Table 7. Results of Heteroskedasticity test

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	sig
(Constant)	-.075	.093		-.808	.422
CEO Narcissism	.018	.011	.199	1.599	.115
CEO Gender	.021	.028	.089	.760	.450
CEO Education Level	.036	.022	.217	1.640	.106
CEO Tenure	.002	.001	.145	1.154	.253
REM	-.158	.040	-.504	-3.941	.204

Source: SPSS 25 output, processed data

Heteroskedasticity tests examine if there are differences in residual variances among regression models. The Glejser test is used to detect heteroskedasticity (Ghozali, 2018). The significance values for each variable are greater than 0.05, indicating no heteroskedasticity in the regression model.

This research uses the simultaneous F test to determine the simultaneous influence of independent variables on the dependent (Ghozali, 2018). The following are the results of the simultaneous F test in this study.

Table 8. Simultaneous Test Results (F Test)

	F	signature.
Regression	6,162	,000

Source: SPSS 25 output, processed data.

The significance value shown in table 8 is 0.000, less than 0.05. This indicates that collective CEO characteristics have a significant effect on company performance. Furthermore, it can be said that the model used in this study is suitable for prediction purposes. In addition, hypothesis testing is carried out to answer temporary assumptions in the research. This research uses Moderated Regression Analysis (MRA) testing, which involves testing moderating variables to determine their ability to strengthen or reduce the relationship between the independent variable and the dependent variable (Ghozali, 2018). Table 9 presents the MRA test results.

Table 9. Moderated Regression Analysis (MRA) test results

	Unstandardized Coefficient (B)	Q	Sig
(Constant)	,049	,256	,799
CEO Narcissism	-.012	-.525	,601
CEO Gender	,257	4,619	,000
CEO Education Level	,057	1,236	,221
CEO Tenure	-.012	-2,866	,006
CEO Nar*REM	-.074	-.779	,439
CEO Gen*REM	,341	2,091	.041
CEO Edu*REM	-.590	-1,242	,219
CEO Ten*REM	-.037	-2,084	.041
Real Earnings Management	1,809	1,266	,210

Source: SPSS 25 output, processed data

Based on the results of the regression model, the influence of each independent variable on the dependent variable can be analyzed with the following equation:

$$FP = 0.049 - 0.012Nar + 0.257Gen + 0.057Edu - 0.012Ten - 0.074(Nar*REM) + 0.341(Gen*REM) - 0.59(Edu*REM) - 0.037(Ten*REM) + 1.809REM \quad (2)$$

The table above presents the results of hypothesis testing in this research. The analysis indicates that the CEO Narcissism variable has a significance value of 0.601, which is above the 0.05 threshold, suggesting no significant impact on company performance. In contrast, the CEO Gender variable has a significance value of 0.000, well below 0.05, indicating a positive and significant effect on company performance. The CEO Education Level variable, with a significance value of 0.221, shows no effect on company performance. The CEO Tenure variable has a significance value of 0.006, below 0.05, indicating a negative and significant impact on company performance. The interaction coefficient for CEO Narcissism and Real Earnings Management (REM) is -0.012 with a significance of 0.601, showing that REM does not moderate the effect of CEO Narcissism on company performance. The interaction coefficient for CEO Gender and REM is 0.341 with a significance of 0.041, suggesting that REM strengthens the positive impact of CEO Gender on firm performance. For CEO Education Level and REM, the interaction coefficient is -0.590 with a significance of 0.219, indicating that REM does not moderate this relationship. The interaction coefficient for CEO Tenure and REM is -0.037 with a significance of 0.041, demonstrating that REM influences the relationship between CEO Tenure and company performance. Finally, the REM coefficient is 1.809 with a significance of 0.210, indicating that REM alone does not affect company performance.

This research carries out a coefficient of determination test (R^2) to find out how much the independent variables contribute to the dependent variable together (Ghozali, 2018). Table 10 below presents the results of the R^2 test before moderation and Table 11 presents the results of the R^2 test after moderation.

Table 10. Coefficient of Determination Test Results Before Moderation

	Adjusted R Square
Coefficient of Determination	,230

Source: SPSS 25 output, processed data

The results in the table above show an Adjusted R Square value of 0.230, which means that 23 percent of company performance can be explained by the variables CEO Narcissism, CEO Gender, CEO Education, and CEO Tenure. The remaining 76 percent was influenced by other factors outside this research.

Table 11. Coefficient of Determination Test Results After Moderation

	Adjusted R Square
Coefficient of Determination	,470

Source: SPSS 25 output, processed data

The table above shows the Adjusted R Square value of 0.470. This means that the variables CEO Narcissism, CEO Gender, CEO Education, and CEO Tenure can explain Firm Performance by 47 percent after the presence of the interaction variable from Real Earnings Management as a moderator. The remaining 53 percent is influenced by other factors.

DISCUSSION

The research results show that CEO narcissism has no effect on company performance. The high or low level of CEO narcissism is unable to influence company performance according to (Maduwu & Richard, 2023). This is because good company performance will reflect the company's good prospects, so it is hoped that it can increase stakeholder confidence in investing in the company. According to upper echelon theory, CEO narcissism does not always have a negative impact, especially when combined with other contextual factors that support company performance (Chatterjee & Hambrick, 2007). The results of this study, in addition to the above, also support previous research by Muttiarni et al. (2022) which shows that the impact of CEO narcissism on company performance will depend on other factors, including the extent to which narcissism is directed in a constructive or destructive direction, management. system support, and the relevant business environment. CEO narcissism basically cannot be used as an indicator to measure company performance. To achieve successful company performance, appropriate business strategies are needed and focus on improving company performance. In addition, based on the research results above, it is revealed that the transportation and logistics sector tends to have CEOs with medium to high levels of narcissism, but this is not accompanied by a significant increase in performance. Therefore, this is one of the factors that explains why this research concludes that there is no influence of CEO narcissism on company performance. These results support research, Haneul et al. (2023), where CEO narcissism has no effect on company performance.

The research results show that CEO gender has a significant effect on company performance, with a directly proportional relationship, where increasing female gender will improve company performance. This means that there are fundamental differences and decision-making strategies that are influenced by psychological and cognitive factors between men and women. Women tend to be more thorough and detailed in processing any information they receive. According to agency theory, female CEOs tend to focus more on stakeholder interests and are more collaborative in innovation (Bouaziz et al., 2020). The good performance of female CEOs also has a positive impact on overall company performance. The upper echelon theory also supports this, stating that the presence of women in board of director positions can contribute to the sustainability of the company. The findings of this research are in line with previous research conducted by Carter et al. (2003) and Altarawneh et al. (2020). They stated that the presence of women in board of directors positions have a positive influence on company performance and can strengthen the company's own values. Previous literature on gender-based differences and corporate governance suggests that female executives have superior leadership skills, as they have been shown to have better communication skills. This supports the results of this research.

The research results show that CEO education has no effect on company performance. The varying levels of CEO education influence a leader's understanding and expertise in understanding the situation and conditions of the company he leads. Agency theory suggests that CEO education does not always have a direct impact on company performance, but can influence strategic decisions within the company. Upper echelon theory supports this, followed by agency theory which states that CEO education does not always have a direct impact on company performance, but can influence strategic decisions within the company (Hambrick & Mason, 1984). In line with Bhagat et al. (2010) and Haneul et al. (2023), the CEO's education level is not able to significantly influence company performance. According to them, the difference between intellectual intelligence and practical experience is very large, so that a person's formal education is not always enough to provide a strong basis for making decisions and actions that can improve company performance. In addition, the ineffectiveness of this variable on company performance in the transportation and logistics sector may be due to the fact that most CEOs in the transportation and logistics sector have educational backgrounds outside of finance, business, and accounting. This may have the effect of limiting the CEO's expertise in finance.

The research results show that CEO tenure has a significant effect on company performance, with an inverse relationship, where increasing CEO tenure will reduce company performance. Upper echelon theory states that CEOs with high tenure have the potential to have a deep understanding of company culture and strategy, but can have an unfavorable impact on company performance (Finkelstein & Hambrick, 1990). Agency theory states that a long CEO tenure can increase workload thereby reducing the efficiency and effectiveness of the CEO's work in improving company performance. Kaur & Singh (2019) in his research produced similar findings, where long tenures can reduce the ability to adapt to changes in the business environment and have the potential to influence risk assessment, which in the end can have a negative impact on company performance. In this case, the increased workload can make it difficult for the CEO to make organizational changes and override the principles of Good Corporate Leadership.

Agency theory focuses on the relationship between shareholders as principals and management as agents, with a focus on improving company performance and value. Meanwhile, upper echelon theory highlights that leaders' personal characteristics, values, and experiences, including narcissistic attitudes, gender variations, education, and tenure, can influence their decisions as upper echelon. The MRA test shows that the interaction between CEO narcissism and REM has no effect on company performance. Other studies, such as those conducted by Rianty & Rani (2021) show that CEO narcissism is not significantly related to company earnings management. This suggests that high levels of CEO narcissism do not always have an impact on REM practices. In contrast, the influence of CEO narcissism on company performance is greater through strategic decisions than through real earnings management actions, as explained by (Olsen & Stekelberg, 2016).

Furthermore, the results of multiple linear regression analysis for the interaction between CEO Gender and REM on Firm Performance show that REM plays a moderating role in the relationship between CEO gender and Firm Performance. A positive unstandardized coefficient value indicates that real earnings management moderates by strengthening the influence of CEO gender on firm performance. This finding is in line with Evander & Dewi (2018) which shows that female leadership has the potential to carry out controversial real earnings management practices, although within reasonable limits and in accordance with corporate governance principles. general. Merchant & Rockness (1994) also suggests that earnings management is considered an ethical and acceptable action in the context of corporate management. Then, the interaction variable between CEO Education and REM on Company Performance does not show a significant effect. Companies led by CEOs with financial experience tend to report high levels of accruals when using the accrual estimation error proxy (Ghardallou et al., 2020). The agency concept states that shareholders contract management to manage the company, and potential conflicts of interest between the two may occur. CEO education is considered an individual attribute of concern to stakeholders. This is in line with findings by Zwageri (2020) and Arisa & Gede (2022), that the CEO's education level has no influence on real earnings management practices. REM as a moderator influences the influence of CEO Tenure on Company Performance and slightly weakening the influence. Arisa & Gede (2022) confirms that CEO work experience and tenure can significantly influence real earnings management practices. CEOs with experience and long tenure tend to report high-quality accruals and justify any actions, supporting the predictions of upper echelon theory as outlined by Nurmayanti (2020). This finding is in line with (Ali & Zhang, 2015), which states that CEOs at the beginning and end of their tenure are more likely to implement REM practices. The implication is that there is a non-linear relationship between CEO tenure and earnings management practices, in accordance with Marjono & Wijaya, (2022) which shows that variations in earnings management practices depend on the tenure of a CEO.

Finally, the MRA results show that real earnings management practices do not have a significant influence on company performance, especially in companies in the Transportation and Logistics sector. A high REM reflects high manipulation of real activities in the company (Roychowdhury, 2006). Based on descriptive statistical tests, transportation and logistics sector companies tend to have low levels of REM practices as evidenced by the average value being below the standard deviation. These findings support research results which state that there is no relationship between REM and company performance. In addition, the REM value based on the abnormal operating cash flow proxy in this sector tends to be negative, indicating an indication of the company's tendency to reduce profits rather than increase profits. Apart from that, the average REM value is also close to zero, which indicates that REM practices can be said to be not carried out or not detected.

CONCLUSIONS

Based on the findings, four variables are validated: CEO Gender positively impacts firm performance, CEO Tenure negatively impacts performance, and both the interactions between CEO Gender and Real Earnings Management (REM) and CEO Tenure and REM are significant. Conversely, five variables are not validated: CEO Narcissism, CEO Education, REM alone, and the interactions between CEO Narcissism and REM and CEO Education Level and REM. Recommendations include enhancing gender diversity on boards to foster innovation and increase company value and aligning CEO appointments with relevant educational qualifications for better strategic decision-making. Companies should also ensure accurate financial reporting to prevent errors, reduce information asymmetry, and avoid unethical earnings management. Future research should explore other sectors and incorporate additional variables to examine financial and non-financial factors influencing firm performance. Alternative proxies for research variables are also recommended to diversify findings.

The research contributes significantly to theoretical frameworks. It supports upper echelon theory by showing how CEO traits such as narcissism, gender, education, and tenure influence firm performance in the transportation and logistics sector. It also adds to agency theory by examining how REM practices affect financial reporting and firm performance. Highlighting factors like gender diversity, education, and tenure underscores the importance of diverse leadership qualities. However, the study is limited by its focus on transportation and logistics companies listed on the IDX within a specific timeframe, which may affect the generalizability of the results. It also does not consider other factors that may impact performance, such as organizational culture or market conditions. Future research could address these limitations by including a broader range of industries and additional variables like corporate governance practices or technological innovation. Longitudinal studies and qualitative research methods could further explore how CEO characteristics and management practices evolve over time and their long-term effects on firm performance.

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