

# A Sentiment Analysis on Profit Management

Irman Firmansyah<sup>1</sup>

<sup>1</sup>Siliwangi University Tasikmalaya, Indonesia

This study aims to evaluate sentiments related to profit management practices using secondary data obtained from articles that have been published on the Scopus database. A qualitative approach is applied in this research methodology, with the utilization of SentiStrength software to classify sentiments. The results of the analysis show that positive sentiment dominates at 40% towards profit management, followed by neutral sentiment at 37%, and negative sentiment at 23%. Some of the positive aspects include improving economic welfare, investment and development, human resource development, and company competitiveness. On the other hand, negative issues related to profit management include exploitation of employees and natural resources, emphasis on profits without considering sustainability, ethical business practices, and possible social impacts. This research aims to present a comprehensive picture of sentiments towards for-profit management, covering its positive aspects, advantages, potential and benefits, while identifying potential weaknesses and threats associated with negative perceptions of for-profit management practices.

**Keywords: Profit Management; Sentiment Analysis; SentiStrength**

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\*Correspondence:

Irman Firmansyah

[irmanfirmansyah@unsil.ac.id](mailto:irmanfirmansyah@unsil.ac.id)

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## INTRODUCTION

Herman & Purwanto (2015) sees earnings management as a deliberate intervention in the external reporting process with the intention of obtaining some personal benefits, which can be done through the selection of accounting methods in GAAP (General Accepted Accounting Principles) or by applying methods that have been determined in a certain way. (Yustisia & Andayani, 2006) (Yustisia & Andayani, 2006) state that earnings management occurs when managers use judgment in financial reporting and form transactions to change financial statements with the aim of manipulating the amount of profit to stakeholders about the company's underlying economic performance or to influence the outcome of agreements that depend on reported accounting numbers.

Along with the increasing complexity of the business world and changes in the economic environment, profit management has become the focus of increasing attention. (Achmad et al., 2006). Sentiment analysis in this context plays an important role to explore the ways in which the public, academics, and practitioners respond to and shape their views on profit management.

This background is reinforced by the growth in the number of publications and articles related to profit management in the Scopus database from 1972 to 2023. Through sentiment analysis, it is possible to identify the extent to which positive, negative or neutral sentiments dominate views on profit management. In addition, a deeper understanding of certain aspects of the sentiment, such as ethical issues, sustainability, or social impact, can provide valuable insights for researchers, practitioners, and decision-makers in management and finance.

With the adoption of qualitative research methods and the utilization of SentiStrength software, the sentiment analysis in this study provides a holistic approach to exploring the diversity of views towards profit management. In the context of sentiment analysis of profit management, it is important to know the extent to which the public and stakeholders have positive or negative perceptions of the practice, as well as identify key issues that might influence their views.

## RESEARCH METHODOLOGY

This study adopts a qualitative research method by applying sentiment analysis as a data analysis tool. Data collection was conducted using secondary data

obtained from the Scopus database during the 1972-2023 period, with a total of 83 sample articles. Sentiment analysis was conducted using SentiStrength software, a dictionary or lexicon-based opinion mining algorithm. According to Dalipi et al. (2021) Sentiment analysis is the process of identifying words or phrases that reflect emotions. In the context of this research, SentiStrength is used to evaluate the sentiment associated with the research topic. This algorithm works by detecting each word or phrase in the abstract text, identifying terms that contain sentiment, and generating the weight of the detected word or phrase. SentiStrength adopts a lexical dual-scale system, which allows humans to feel positive and negative emotions simultaneously to a certain extent independently. (Sianipar & Setiawan, 2015).

Sentiment classes are divided into positive, negative, and neutral, with each class having a different score interval, ordered from the most negative (-5) to the most positive (5) interval, with a score of 0 indicating neutral sentiment. (Jindal & Liu, 2006; Liu, 2012). The sentiment score is calculated by summing up the sentiment score of each sentence that the researcher submitted through the SentiStrength software. Positive sentiments reflect optimistic and positive opinions towards the research theme, while negative sentiments reflect critical opinions towards the theme. Other research using sentiment analysis can be seen at As-Salafiyah (2021), Zaidan et al., (2022), Rahayu (2022), Maulida (2022), and Maysyaroh et al., (2022).

## RESULT AND DISCUSSION

This research explores the sentiment analysis of profit management that occurred in articles indexed in the Scopus database from 1972 to November 10, 2023. The method used in this research involves the use of SentiStrength v2.3 software, a sentiment analysis tool that allows the identification and evaluation of positive, negative or neutral levels of text.

The sentiment analysis process involves extracting related articles, text processing, and sentiment scoring using algorithms integrated in SentiStrength v2.3. The resulting data can provide a deeper understanding of how profit management is viewed and interpreted by the authors of the articles as well as the audience reading the publications.

In addition, this research can provide insight into the development and changes in sentiment towards profit management over time, creating a more contextualized understanding of how the public or

academics view the topic. By deepening sentiment analysis, this research contributes to a deeper

understanding of perceptions and responses to the practice of profit management in the scholarly literature.

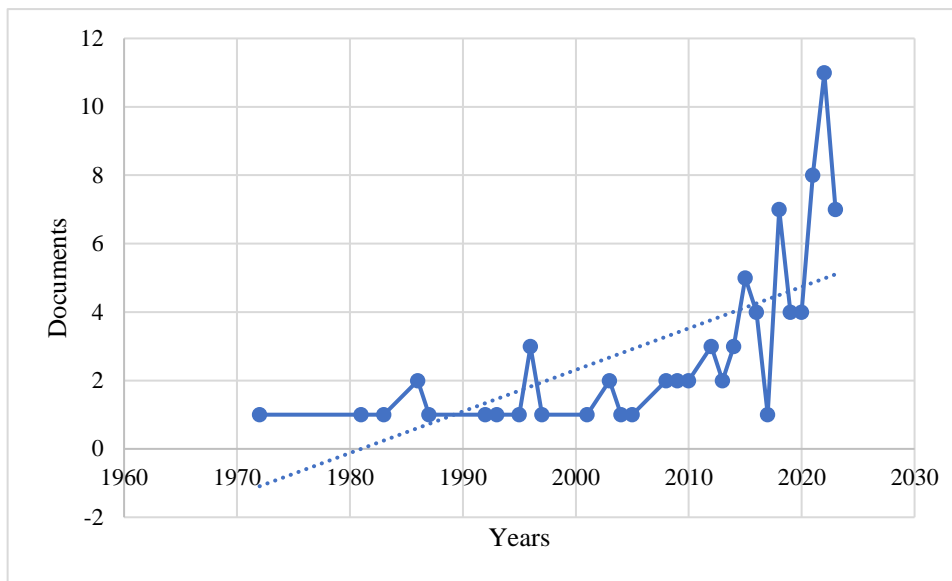


Figure 1. Number of Article Publications per Year

The figure above is a graph of the growth in the number of publications of articles related to profit management in the Scopus database. A total of 83 article publications have been published in the Scopus database during the period 1972-2023. The year 2022 recorded the highest number of publications, with 11 documents. The linear line across the graph reflects a consistent

increase from year to year, signaling a significant growth in the number of articles covering the topic of profit management. This increase can be interpreted as an indication of increased focus and attention from the academic or research community on aspects related to profit management.

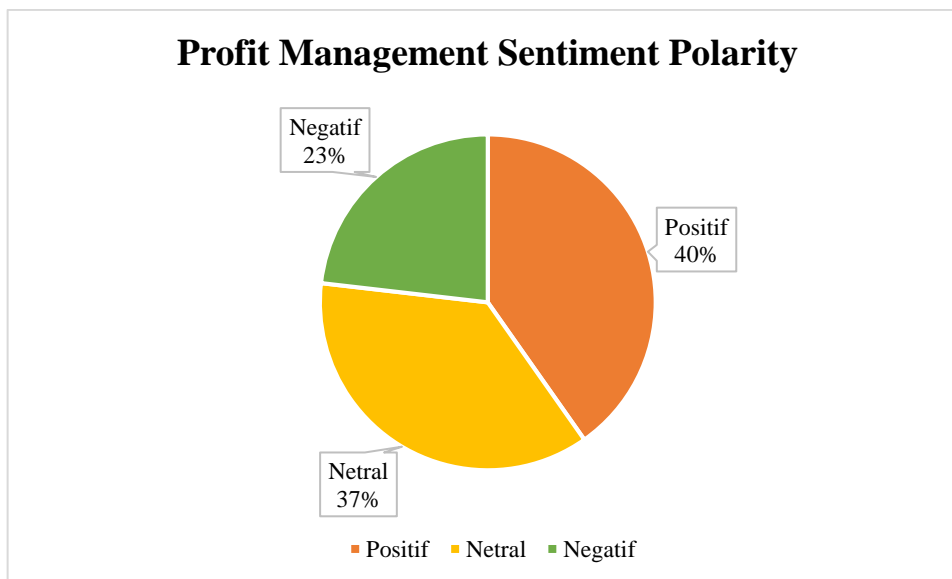


Figure 2. Polarity of Profit Management Sentiment

The pie chart above illustrates the polarity of sentiment on the topic of profit management. It is known that positive sentiment is the dominating sentiment with a percentage of 40%. This is followed by neutral sentiment at 37%, and negative sentiment at 23%. The dominance of positive sentiments shows that the

majority of opinions or views on profit management tend to be positive. This indicates support where profit management is considered an important or beneficial aspect in the context analyzed in each literature. Meanwhile, the percentage of neutral sentiments indicates that there is a large number of views that are

not particularly favorable to one particular side, reflecting the diversity of opinions or interpretations that can be found in the literature or discussions on profit management. The negative sentiment of 23% suggests that there are a small number of views or

opinions that are critical or skeptical of the topic. Overall, the polarity of sentiment provides a more comprehensive picture of how views on profit management are distributed in published articles.

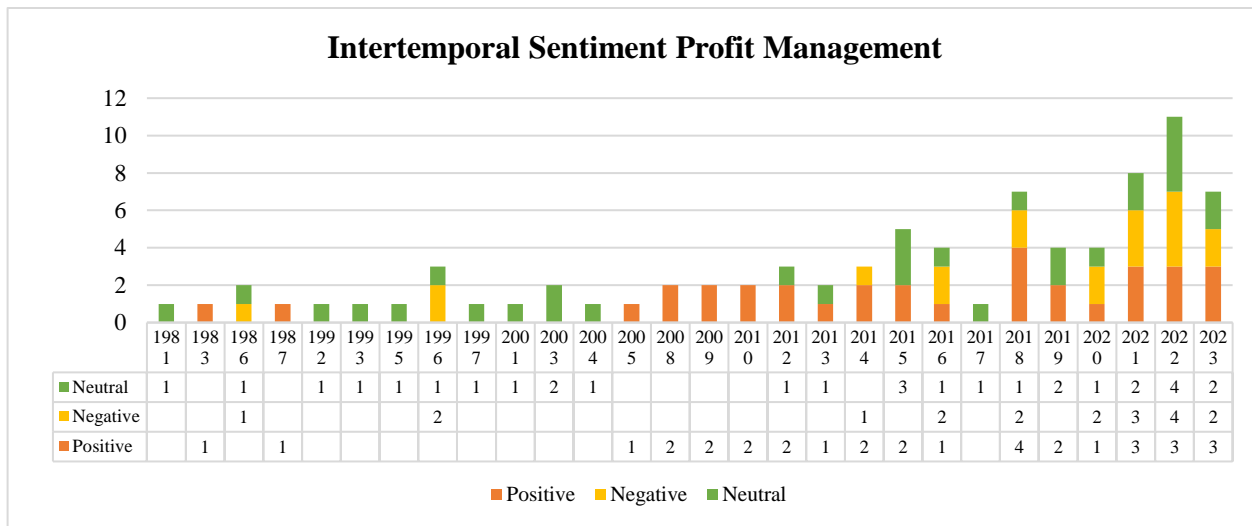


Figure 3. Intertemporal Sentiment towards Profit Management

The figure above is a graph of sentiment development on the topic of profit management. Based on the figure, it is known that the number of sentiments fluctuated during the period 1981-2023. With the number of sentiments experiencing variations, 2022 is the year with the highest number of sentiments, reaching 11 sentiments. Meanwhile, the highest number of positive sentiments occurred in 2018 with a total of 4 sentiments. Meanwhile, negative and neutral sentiments reached their highest peak in 2022, totaling 4 sentiments each.

From the sentiment analysis of 83 published articles related to profit management, there are pros and cons (positive and negative sides) in the literature. Some of the issues raised reflect the complexity and variety of views on profit management. A summary of these issues may provide a clearer picture of the diversity of opinions that readers or researchers interested in this topic may encounter. Below is a summary of the issues contained in the publications analyzed.

Table 1. Positive and Negative Issues of Profit Management

Positive	Negative
Improved economic welfare	Exploitation of employees and natural resources
Investment and development	Prioritization of profit over sustainability
Human resource development	Business ethics practices
Company competitiveness	Social impact

**Discussion**

Differences of opinion on profit management indicate that there is dynamism and diversity of views among the public on the topic. The dominant positive sentiment reflects the enthusiasm and broad understanding of the concept of profit management. Generally, companies are motivated to practice profit management to improve the economic welfare of their companies (Achmad et al., 2006). (Achmad et al., 2006). Profit management can be considered positive because

it is able to improve the economic welfare of the company, including revenue and profit growth. Furthermore, profit management practices can enable firms to invest more resources in product development, research, and innovation (Hendrati et al., 2006). (Hendrati et al., 2023; Iriani et al., 2021; Lobo & Zhou, 2001; Mariadi et al., 2013; Markarian et al., 2008; Prasetyo et al., 2023). Furthermore, earnings management has a correlation with the human resources owned by the company. By carrying out profit management efficiently,

companies can provide incentives and further development to employees, increasing morale and productivity. Likewise, earnings management, which is a signal of company performance, is strongly influenced by the capabilities of the company's human resources. (Wato, 2017).

Scott (2015) revealed that profit is accounting information that has a crucial role in investment decisions by investors. Profit is a very significant factor for investors, and therefore, managers often use profit as a target for engineering. This earnings engineering practice is known as earnings management or profit management. In the midst of the globalization era, companies that have gone public are faced with demands to have a competitive advantage and strong competitiveness in order to survive in a dynamic capital market. In addition to focusing on producing quality products, companies are also expected to build good corporate governance, which includes management policies that are able to ensure business sustainability.

In an effort to meet these demands, managers often use earnings as an engineering target. This is reinforced by the view of Chairunesia et al. (2018) which emphasizes that profit has an important role in the company's attractiveness to investors. Therefore, managers are faced with pressure to manage profits carefully in order to meet investor expectations and maintain the company's competitiveness in the global market. The practice of earnings management is a strategy used to achieve this goal by optimizing the company's financial presentation to attract investors. Furthermore, efficiency in profit management not only impacts investor perceptions, but can also improve a company's competitiveness in the market as a whole. By ensuring that profits are managed optimally, companies can enhance growth and achieve business continuity in a dynamic business environment. These efficiencies create a solid foundation for the company's competitiveness, assisting in meeting market challenges and ensuring long-term business viability.

On the other hand, negative issues on profit management practices are also growing. Negative issues related to profit management practices indicate that there are serious concerns about business ethics and sustainability in some cases. Financial statement manipulation, as an example of profit management practices that are considered unethical, can trigger criticism and harm the company's reputation (Achmad et al., 2006). (Achmad et al., 2006). Some cases of financial statement fraud scandals, as described by Iqbal et al. (2015) and (Herman & Purwanto, 2015) reflect the

reality that these practices can harm the integrity of financial markets and investor confidence. In Indonesia, for example, the Kimia Farma case where the company marked up its financial statements, namely inflating profits of Rp.32.6 M, then Lippo Bank which published three versions of financial statements whose contents differed from one another. (Chairunesia et al., 2018). Cases in Malaysia and Thailand, companies carried out earnings management during the Asian crisis in 1997-1998 with the aim of maintaining their performance in the capital market. (Selahudin et al., 2014).

In addition, criticisms of profit management practices include issues of wage inequality and the potential exploitation of human and natural resources to achieve profit targets. Excessive profit management also affects financial performance. As stated by Kusuma & Syafruddin (2014) and Sirait (2015), managers who involve themselves in accounting adjustments tend to overinvest in activities that improve the company's CSR image as part of a self-defense strategy. CSR activities undertaken in response to earnings management, especially when used as an entrenchment strategy, may cause firms to over-invest in such efforts. Engaging in CSR activities may be more a form of protection and distraction than a real commitment to social responsibility. Thus, the level of earnings management can be detrimental to the relationship between CSR and profitability, creating an imbalance in firms' efforts to achieve social responsibility and optimal financial outcomes. Profit management that is overly focused on short-term profits may neglect long-term sustainability considerations, such as environmental impact and corporate social responsibility. Some companies may integrate CSR into their strategy as part of their long-term goals, while profit management is often focused on achieving short-term financial goals. This can create tension between the two approaches. (Rahmawardani & Muslichah, 2020).

## CONCLUSION

The development of the number of documents on the topic of profit management shows an increasing trend in line with the increasing attention to issues related to profit management during the period 1972 to 2023. Positive sentiment polarity dominates with a percentage of 40%, followed by neutral sentiment at 37%, and negative sentiment at 23%. Variations in the number of sentiments occurred over the years, with the highest peak occurring in 2022 with a total of 11 sentiments. The year 2018 recorded the highest number

of positive sentiments, reaching 4 sentiments, while negative and neutral sentiments reached their highest peak in 2022, each with 4 sentiments. In terms of positive sentiments, some of the most prominent aspects include the improvement of economic welfare, investment and development, human resource development, and company competitiveness. Negative issues related to profit management, on the other hand, involve exploitation of employees and natural resources, emphasizing profits without considering sustainability, questionable business ethics practices, and possible social impacts. This analysis reflects the complex dynamics of society's views on for-profit management, highlighting both the positive and negative aspects associated with this topic over the past few decades.

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