

Research Article

The Influence of Corporate Governance, Profitability, and Leverage on Profit Management

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Abstract. In the current development, the company can manage the company's funding properly so that the company avoids losses. This research aims to empirically determine the influence of corporate governance, profitability, and leverage on management in food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange for the 2016-2020 period. This research uses a type of causal research to determine the causal relationship of two or more variables. The sample in this research is the food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange for the 2016-2020 period using the purposive sampling method. 13 companies meet the research sample criteria, so a sample of 65 financial statements data is obtained. The research results simultaneously show the influence of corporate governance, profitability, and leverage on earnings management. They partially show that the size of the board of directors and the expertise of the audit committee do not affect earnings management. Meanwhile, the board of commissioners meeting and profitability variables hurt earnings management, while the leverage variable has a positive effect on earnings management.

Keywords: *Corporate Governance, Board of Directors Size, Board of Commissioners Meeting, Audit Committee Expertise, Profitability, Leverage, Earnings Management.*

A. INTRODUCTION

The results of the accounting process as financial statements have an important role in assessing company performance. Financial reports distribute information to interested parties in the company and evidence of management's use of company resources (Widasari & Isgiyarta, 2017). Several types of financial statements must be submitted by the company, such as an income statement containing data as a benchmark to reflect the company's performance over a certain period. This motivates the management to manipulate the company's financial statements to increase the company's value from the investor's point of view; this practice is called earnings management (Tang & Suwarsini, 2021). Earnings management is a serious problem because this behavior can reduce the credibility of the financial statements, presenting the company's treacherous conditions for personal gain (Gozali et al., 2021).

There is a phenomenon of the application of earnings management by PT. Akasha Wira International, Tbk. (ADES) which reported an increase in net profit in the previous period of 38.48% to Rp. 52.96 B from Rp. 38.24 B. ADES obtained the increase in net profit despite the company's sales revision of 1.25% from the previous period of Rp.814.49 billion. Meanwhile, the company earns additional income from the interest earned. The increase in financial income was accompanied by a four-fold growth in the company's cash and cash equivalents compared to the previous period. Another phenomenon is PT. Three Pillars of Prosperous Food, Tbk. is discovering bubbles in accounting posts, income, and others (www.bareksa.com).

Many factors encourage managers to practice earnings management, for example, profitability (Lestari & Wulandari, 2019). Profitability is to measure how much the company's capability to benefit, and the efficiency of using company assets is one of the references for investors or owners for assessing company performance. Thus, the company's high profitability shows that the productivity of assets in obtaining company profits is improving (Rizki, 2021). Another factor that supports earnings management is leverage (Denovis, 2019). Leverage is a ratio that explains the relationship between the company's debt and the entity's capital. Entities with high leverage that have a large amount of debt compared to the company's wealth will be considered to be practicing earnings management because the company is on the verge of default, meaning that the obligation to pay debts on time cannot be fulfilled (Rizki, 2021).

Young et al. (2018) state that is implementing corporate governance effectively minimizes management practices, so good governance is needed within the company. Corporate governance is an important procedure that provides direction and control over the company's operations so that they are by the expected goals. Consistent corporate governance increases the company's value in the stock market, protection of information transparency, reduction of conflicts of interest, and increases auditor independence. Corporate governance includes arrangements for the formation of directors, boards of commissioners, and audit committees.

Asim & Ismail's research (2019) concludes that the level of leverage positively impacts earnings management. Then, Lestari & Wulandari's (2019) research concluded that the profitability level hurts earnings management. In previous research, Riadiani & Wahyudin (2015) revealed that the proportion of the board of directors hurts earnings management. However, they disagree with Kumari & Pattnayak (2017), who revealed that the proportion of the board of directors positively impacts earnings management. Marsha & Ghozali (2017) cannot provide empirical evidence between the frequency of board of commissioners meetings and earnings management variables and the research by Widasari & Isgiyarta (2017), which identifies the influence of audit committee expertise on earnings management. In several previous studies, there are inconsistencies in the results obtained.

Based on research references by Putri & Prasetyo (2020) regarding the relationship between aspects of good corporate governance and earnings management on LQ-45 entities, it is stated that the size of the board of directors does not have an impact on earnings management. However, the competence of the audit committee has an impact on earnings management. However, the gap between this research and the previous one is that researchers use manufacturing entities in the food and beverage sub-sector listed on the Indonesia Stock Exchange for the 2015-2020 period because this sub-sector is the primary need of the community so that the profit is quite large which allows earnings management practices to occur. The researcher also adds corporate governance component variables, including the size of the board of directors, board of commissioners meetings, and the expertise of the audit committee, along with other independent variables, namely profitability and leverage.

Research is carried out to show empirical evidence about the understanding of earnings management and more precise measurement to define earnings management. Thus, earnings management practices can be detected and prevented. In the end, the economic and investment environment can be enforced, especially the management of manufacturing entities in the food and beverage sub-sector in the Indonesia Stock Exchange.

B. LITERATURE REVIEW

1. Agency Theory

Jensen & Meckling (1976) first developed agency theory regarding relationships contract between shareholders (principals) and managers (agents). This contractual relationship always conflicts between shareholders and company management (Rizki, 2021). The shareholder contracts to prosper himself by expecting an increase, while managers are encouraged to maximize their economic needs and psychological satisfaction by obtaining bonuses (Budianti & Sulistyawati, 2019).

In agency theory, shareholders give some of their authority to company managers to implement company activities and decision-making authority. Company managers as agents are given the authority to make decisions and run the company by shareholders. Thus, the company's manager knows deeper information and the entity's future opportunities than shareholders. Separation of functions between shareholders and managers as company managers can lead to conflict. This conflict is known as the agency problem, for example, the practice of earnings management (Fatimah, 2019).

2. Profit Management

Irham (2014) reveals that earnings management is a behavior planned by certain parties or management in managing company profits. This definition shows that there is an element of subjectivity in the accounting process and how earnings management is carried out (Soyadi, 2020). There are two techniques in earnings management: accrual-based earnings management, which manipulates financial reporting procedures, and real earnings management as deviations in real transactions during normal business practices (Asim & Ismail, 2019).

3. Corporate Governance

Corporate governance plays a role in encouraging managers to be involved and responsible in social activities. Compliance with corporate governance procedures can help companies limit directors from effectively using company resources for personal purposes through committee and management monitoring (Ehsan et al., 2018). The existence of corporate governance has a broad impact on social welfare and economic development. Developing an effective supervision and control system requires certain parties, namely the audit committee and the board of commissioners (Wafiqoh & Nurul, 2018). This research uses components of corporate governance consisting of the size of the board of directors, board of commissioners meetings, and the expertise of the audit committee.

4. Board of Directors Size

The Board of Directors is part of the entity that has the authority and responsibility regarding the interests of the entity (Financial Services Authority, 2014). Directors have an important role in avoiding earnings management practices (Kapoor & Goel, 2019). The board of directors must set organizational goals and strategies and balance them with the interests of shareholders. Expanding the board size can result in better opportunities for developing a diversified company and broad views and ideas that help solve the company's problems.

5. Board of Commissioners Meeting

Based on the regulation of the Financial Services Authority (2014), the board of commissioners is part of the entity that oversees the budget and provides direction to the board of

directors—meeting as a means of coordination and communication between the board of commissioners. Generally, the board of commissioners and the audit committee meet at least three to four times a year. The more the intensity of the board of commissioners meeting, the board of commissioners is expected to properly supervise and evaluate the provisions of the board of directors so that no earnings management is carried out.

6. Audit Committee Expertise

One of the characteristics of corporate governance is the audit committee, where according to the Financial Services Authority (2015), the audit committee is the body responsible for carrying out the functions and on the board of commissioners. The audit committee provides opinions on fiscal policy, accounting, and internal control conditions. The audit committee was formed to ensure that the issuance of financial statements is correct and by standard provisions. The Financial Services Authority (2015) states that the audit committee has a minimum of three members, including an independent commissioner as its chairman and groups outside public companies and other provisions, namely the obligation to have at least one member with an accounting or finance background.

7. Profitability

According to Asim & Ismail (2019), that profitability is a comparison that explains the company's ability to earn profits, and this ratio describes how effective management is in the company. A high-profit company means that the company has a high level of profitability (Rizki, 2021). The application of profitability ratios by comparing several elements of financial statements, especially income statements and statements of financial position (Gantino & Muhammad, 2017). When the company's profitability in a certain year is small, it will encourage it to implement earnings management by increasing revenue to retain investors.

8. Leverage

Leverage is an explanation of the relationship between company debt and company capital (Asim & Ismail, 2019). The leverage ratio's magnitude indicates that the debt quantity exceeds capital. Thus, encouraging companies to manage earnings shows fair financial statement conditions that capital is greater than debt, making investors feel safe because the capital provided can help pay off their debts. Leverage has a relationship with earnings management. A high leverage ratio triggers companies to practice earnings management because the company cannot pay debts on time as a form of obligation (Rizki, 2021).

9. Relationship of Corporate Governance, Profitability, and Leverage to Earnings Management

Many driving factors for implementing earnings management include profitability (Lestari & Wulandari, 2019). High profitability indicates asset productivity for the company's profit has been well (Rizki, 2021). Furthermore, leverage can drive managers to implement earnings management (Denovis, 2019). Companies with large leverage ratios due to a large amount of debt rather than company assets are considered to be implementing earnings management because the company is on the verge of default that is unable to pay off debt on time as part of its obligations, so the company applies corporate governance to minimize earnings management activities and improve supervision. Management behavior in reporting company profits. From the explanation

above, the following hypothesis is proposed: H1: Corporate governance, profitability, and leverage have a simultaneous impact on earnings management

10. The Relationship of Board of Directors' Size to Earnings Management

The board of directors plays a role in avoiding earnings management practices. Kumari & Pattanayak (2017) revealed that the large proportion of the board of directors has advantages compared to the smaller proportion of the board of directors. A large number of members of the board of directors provides a better supervisory process. It plays a role in increasing the company's value to increase effectiveness and minimize earnings management. Rajeevan's research (2020) reveals that the proportion of the board of directors hurts earnings management. From the explanation above, the following hypothesis is proposed: H2: The size of the board of directors hurts earnings management.

11. The Relationship of the Number of Meetings of the Board of Commissioners to Earnings Management

Intensive meetings of the board of commissioners are interpreted to reduce fraud estimation because regular meetings make the board find and solve existing problems, mainly in financial reporting quality. Marsha & Ghozali (2017) stated that the number of meetings of the board of commissioners could minimize earnings management. Through the explanation above, the following hypothesis is proposed: H3: The number of board of commissioners meetings hurts earnings management.

12. Relationship of the Audit Committee's Expertise to Earnings Management

They are monitoring the process and integrity of financial statements as part of the audit committee's responsibilities so that its members need a certain level of expertise in finance (Mishra & Malhotra, 2016). Ayemere & Elijah (2015) argue that members of the audit committee with financial competence have an advantage in carrying out their duties to oversee the financial statements and operations of the company effectively. Having members with expertise in finance and accounting on the audit committee can minimize earnings management and perform better internal control. This condition is in line with the research of Kusumaningtyas, Metta & Farida (2015), which indicates that audit committee competence hurts earnings management. From this description, the following hypothesis is proposed: H4: Audit committee expertise hurts earnings management.

13. Profitability Relationship to Earnings Management

Profitability reflects the entity's capability related to profit in a certain period by managing the company's resources. The company's high profitability shows an increase in the company's capabilities and performance in earning profits (Rizki, 2021). When the profitability of a small company in a certain year can encourage managers to implement earnings management, this is by the study by Lestari & Wulandari (2019) revealed that profitability hurts earnings management. With the explanation above, the following hypothesis is proposed: H5: Profitability hurts earnings management.

14. Leverage Relationship to Earnings Management

Leverage is a ratio that represents the relationship between the company's debt and the company's capital (Rizki, 2021). The high leverage ratio indicates that the proportion of debt is

greater than the amount of capital. Thus, the company will manipulate earnings which aim to describe the condition of fair financial statements where the capital is greater than the debt so that investors feel safe because the capital provided can help repay debt. This condition is in line with the study of Asim & Ismail (2019), which states that leverage positively impacts earnings management. From that explanation, the following hypothesis can be proposed: H6: Leverage has a positive impact on earnings management.

C. METHOD

The research uses the causal type to determine the causal relationship of two or more variables. The use of quantitative methods requires measurement or proxies of each variable. In contrast, the independent variable consists of corporate governance, including the size of the board of directors, board of commissioners meetings, and audit committee expertise. The board of directors is measured by the number of members of the board of directors in the entity (Rinta, 2021). The measurement of the board of commissioners' meeting variables through the number of board meetings for company I and period t and the expertise of the audit committee is calculated through the proportion of audit committee members who are experts in finance or accounting (Rajeevan, 2020). The measurement of profitability variables uses a net profit margin (Lestari & Wulandari, 2019). The leverage variable is measured through the debt to total asset ratio (Rajeevan, 2020) and the dependent variable, earnings management, with the Kothari model (Kothari et al., 2005). The author chooses this model because the Kothari model seeks to improve the Jones model, with the addition of changes in return on assets to control performance. Kothari's model argues that including the return on assets component in the calculation of discretionary accruals minimizes specification errors so that the measurement of earnings management is more accurate (Suyono, 2017).

The research population, namely manufacturing entities in the food and beverage sub-sector, is listed on the Indonesia Stock Exchange from 2015-2020 and has published financial reports. The research population includes 18 companies for 5 years, totaling 90 data. Then, the use of non-probability sampling technique purposive sampling method. The use of purposive sampling is because of the entire population; not all of them can be sampled in research. The research uses data on manufacturing entities in the food and beverage sub-sector listed on the Indonesia Stock Exchange for 5 years (2015-2020). After processing the data, a research sample of 13 companies was obtained in 5 years, totaling 65 data. The sample criteria in the research are the food and beverage sub-sector manufacturing entities listed on the Indonesia Stock Exchange by successively publishing annual financial reports with positive net income in the 2015-2020 period and the company having financial reports with complete data on several variables used. Researched.

The research uses descriptive statistics; the classical assumption test includes normality, multicollinearity, autocorrelation, and heteroscedasticity (Ghozali, 2018). Hypothesis testing using the F test, t-test, and the coefficient of determination test. After that, the research test used multiple regression analysis with the multiple regression equation models (Ghozali, 2018) as follows:

$$EM = \alpha - \beta_1.UDD - \beta_2.RDK - \beta_3.KKA - \beta_4.NPM + \beta_5.DAR + \varepsilon$$

Information:

EM = Profit management (*Earnings Management*)

α = Constant

β = Regression Coefficient

UDD = Board of Directors Size

RDK = Board of Commissioners Meeting

KKA = Audit Committee Expertise
 NPM = Profitability (*Net Profit Margin*)
 DAR = *Leverage (Debt to Asset Ratio)*
 ε = *Error*

D. RESULT AND DISCUSSION

**Table 1. Descriptive Statistical Test
 Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
UDD	65	3,00000	10,00000	5,43077	1,97618
RDK	65	3,00000	12,00000	7,13846	3,03045
KKA	65	1,00000	3,00000	2,07692	,75638
NPM	65	,00045	,39002	,10182	,08927
DAR	65	,14056	,79753	,39086	,15998
DAC	65	-,20431	,34610	,08306	,14177
Valid N (listwise)	65				

From the descriptive statistical table, it can be seen that the size of the Board of Directors (UDD) produces a minimum score of 3,000, a maximum value of 10,000, and a mean value of 5,431 with a standard deviation of 1,976. The Board of Commissioners Meeting (RDK) variable produces a minimum score of 3,000, a maximum value of 12,000, and a mean value of 7,138 with a standard deviation of 3,030. The Audit Committee Expertise Variable (KKA) produces a minimum score of 1,000, a maximum value of 3,000, and a mean of 2,077 with a standard deviation of 0.756. The profitability variable (NPM) produces a minimum value of 0.00045, a maximum value of 0.39002, and a mean of 0.10182 with a standard deviation of 0.08927. The Leverage variable (DAR) produces a minimum value of 0.14056, a maximum value of 0.79753, and a mean of 0.39086 with a standard deviation of 0.15998. Meanwhile, Discretionary Accruals (DAC) produces a minimum score of -0,20431, a maximum value of 0.34610, and a mean value of 0.08306 with a standard deviation of 0.14177.

From the results of the normality test, it is known that the significance value is above 0.05, namely 0.971, meaning that the assumptions required for the regression test are met, which are normally distributed so that other classical assumption tests can be continued. The results of the multicollinearity test obtained that all independent variables had a VIF value < 10 and a tolerance value > 0.10. This condition proves that the five variables avoid multicollinearity.

The results of the heteroscedasticity test show that the spread of these points does not resemble a regular pattern and is spread around the number 0. This condition indicates that the research is free from heteroscedasticity constraints. Based on the results of the autocorrelation test with Durbin Watson, the D-W value of 1.801 was found in the du (1.767) dw 4-du (2.233) area. This situation indicates that this regression model avoids the autocorrelation test problem. Based on the test of multiple regression analysis, then the regression equation is obtained, which is arranged as follows: $EM = 0.190 - 0.002 UDD - 0.015 RDK - 0.018 KKA - 0.473NPM + 0.247.DAR + \varepsilon$

It can be seen from the regression equation above that this research has a constant value (α) of 0.190, meaning if the independent variables, namely the size of the board of directors, board of commissioners meeting, audit committee expertise, profitability, and leverage are assumed to be 0 or constant, there is an increase in earnings management variable that is equal to 0.190. The

beta (β) value in X1 (UDD) is -0.002, which means that if there is an increase of 1% in X1, there will be a decrease of -0.002 in earnings management. The beta (β) value in X2 (RDK) is -0.015, which means if there is an increase of 1% in X2, there is a decrease of -0.015 in earnings management. The beta (β) value in X3 (KKA) is -0.018, which means if there is an increase of 1% in X3, there will be a decrease of -0.018 in earnings management. The beta (β) value in X4 (NPM) is -0.473, which means if there is an increase of 1% in X4, then there is a decrease of -0.473 in earnings management. The beta (β) value in X5 (DAR) is 0.247, which means if there is an increase of 1% in X5, there is an increase of 0.247 in earnings management.

Table 2. t Test Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig	Result
	B	Std. Error	Beta			
(Constant)	.190	.090		2.109	.039	
ADD	-.002	.010	-.023	-.023	.872	Rejected
RDK	-.015	.007	-.327	-2.242	.029	Received
A	-.018	.023	-.095	-.772	.443	Rejected
NPM	-.473	.195	-.298	-2.423	.018	Received
DAR	.247	.107	.279	2.323	.024	Received

The results of the t statistical test indicate that the variable Size of the Board of Directors (UDD) has a t count < t table, namely $-0.023 < 1.998$ with a significance value of $0.872 > 0.05$. It can be concluded that the variable Size of the Board of Directors (UDD) does not affect earnings management. The variable of the Board of Commissioners' Meeting (RDK) has a t count < t table that is $-2.242 < 1.998$ with a significance value of $0.029 < 0.05$. It is concluded that the Board of Commissioners Meeting (RDK) variable hurts earnings management. The Audit Committee Competency Variable (KKA) has a t count < t table, which is $-0.772 < 1.998$ with a significance value of $0.443 > 0.05$, meaning that the Audit Committee Competency variable (KKA) does not affect earnings management. Meanwhile, the Net Profit Margin (NPM) variable has a t count < t table that is $-2.423 < 1.998$ with a significance value of $0.018 < 0.05$, which indicates that the Profitability variable (NPM) hurts earnings management. The Leverage variable (DAR) has a t count < t table, namely $2,323 > 1,998$ with a significance value of $0.024 < 0.05$, meaning that the Leverage variable (DAR) has a positive effect on earnings management.

Based on the simultaneous test (F test), it was found that the calculated F value was 3.393 (F table was 2.37) with a significant level of 0.009. Because the calculated F value is greater than the F table and the probability is much less than 0.05, it indicates that corporate governance, profitability, and leverage simultaneously affect earnings management.

According to the coefficient test (R), which is 0.473, it shows that there is a relationship between the size of the Board of Directors, Board of Commissioners Meeting, Audit Committee Competence, Profitability, and Leverage with Earnings Management, which is stated to have a weak relationship because it only has a correlation value of < 0.50 . Furthermore, Adjusted R Square (coefficient of determination) obtained a value of 0.158 which indicates the variation of the Earnings Management variable can be described by the variables Size of the Board of Directors, Board of Commissioners Meeting, Audit Committee Competence, Profitability, and Leverage which is 0.158 or 15.8% while, for the remaining 84.2% is explained by other factors outside of this research.

Relationship of Corporate Governance, Profitability, and Leverage to Earnings Management

Simultaneous testing (F test) states that UDD, RDK, KKA, NPM, and DAR simultaneously affect EM. Therefore, H1, i.e., corporate governance, profitability, and leverage influence earnings management received. The size of the Board of Directors (UDD), Board of Commissioners Meetings (RDK), and the Competence of the Audit Committee (KKA) are included in corporate governance, which is considered effective and has the power to intervene with management to minimize earnings management. The low level of profitability (NPM) of a company will motivate management to implement earnings management so that the level of profitability becomes high and the company is considered to have good finances. Leverage (DAR) has a relationship with earnings management practices. The high leverage ratio triggers companies to implement earnings management to show fair financial statement conditions that capital is greater than debt.

The Effect of Board of Directors Size on Earnings Management

The partial test (t test) results on the size of the Board of Directors (UDD), which does not show its Effect on earnings management, so H2 is rejected. This situation is in line with Rinta's (2021) study, which argues that the number of the board of directors is not considered when implementing earnings management. The research results reveal that there is no influence on earnings management because it is in line with agency theory that the board of directors only prioritizes its utility which acts as a manager. Therefore, the number of the board of directors is not a factor affecting earnings management.

The Influence of the Number of Meetings of the Board of Commissioners on Earnings Management

The partial test (t test) results on the variable Number of Board of Commissioners Meetings (RDK) show a significant effect on earnings management, so H3 is accepted. The high intensity of the board of commissioners' meetings makes them more active in carrying out their duties, roles, and responsibilities in their supervisory function and evaluating the provisions of the board of directors' decisions. This situation proves that the activeness of the board of commissioners will minimize earnings management. This result refutes the research by Marsha & Ghozali (2017), which reveals that there is no effect on the number of board of commissioners meeting with earnings management.

Effect of Audit Committee Expertise on Earnings Management

The partial test (t test) results on the Expertise of the Audit Committee (KKA), which does not affect earnings management, then H4 is rejected. Judging from the number of members, on average, each company only has one person with expertise in accounting among the three audit committee members. This situation is considered reasonable because the provisions of the Financial Services Authority are not yet regulated regarding members of the audit committee who must be accounting experts, as long as these members can understand financial statements. This research is in line with a study from Rajeevan (2020), which revealed that audit committee members with expertise in their fields had no impact on earnings management.

The Effect of Profitability on Earnings Management

The partial test (t-test) results reveal that the Profitability variable (NPM) hurts earnings management, so H5 is accepted. Low profitability tends to trigger companies to implement

earnings management so that the level of profitability becomes high. Thus, the company is considered to have good finances. This result is in line with Lestari & Wulandari's (2019) study, which revealed that profitability (NPM) hurts earnings management.

Effect of Leverage on Earnings Management

The partial test (t test) states that the leverage variable (DAR) positively affects earnings management, so H3 is accepted. The high leverage ratio indicates that the proportion of debt is greater than the amount of capital. Thus, the company will manipulate earnings which aim to describe the condition of fair financial statements where the capital is greater than the debt so that investors feel safe. This is in line with the study of Asim & Ismail (2019), which revealed that leverage positively affects earnings management.

E. CONCLUSION

The use of sample data in the research amounted to 65 originating from 13 companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange, with research results that corporate governance, profitability, and leverage have a simultaneous effect on earnings management. Furthermore, the variable size of the board of directors (UDD) and the expertise of the audit committee (KKA) do not affect earnings management. Meanwhile, the variable number of board of commissioners meetings (RDK), profitability (NPM), and leverage (DAR) influence earnings management.

The limitations of this research include using limited variables such as the size of the board of directors (UDD), board of commissioners meetings (RDK), audit committee expertise (KKA), profitability (NPM), and leverage (DAR). Thus, future researchers are expected to expand the year of observation, not only to companies in the food and beverage sub-sector, and to use other variables such as managerial ownership, sales growth, and company size.

The results of this research are used as recommendations for companies to pay more attention to the accounting policies used by the company to minimize fraud and opportunistic managers in earnings management as well as improve the performance and function of the company's equipment in monitoring financial reporting so that it does not only comply with applicable regulations but is correct. It-Actually used as a medium of communication and coordination.

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