



# THE EFFECT OF COMPANY CHARACTERISTICS ON EARNINGS MANAGEMENT WITH CORPORATE GOVERNANCE AS A MODERATING VARIABLE

Andriana Putri Maharani, Rafrini Amyulianthy, Widyaningsih Azizah  
Department of Accounting, Universitas Pancasila, Indonesia

### ARTICLE INFO

#### Article history:

Received: 15 November 2025

Revised: 20 Januari 2026

Accepted: 25 Januari 2026

#### Keywords:

Company size

Leverage

Audit committee meetings

Board of commissioners meetings

Earnings management

This is an open-access article under the [CC BY](#) license.



### ABSTRACT

This study aims to analyze the effect of company size and leverage on earnings management practices with corporate governance as a moderating variable. The results showed that firm size and leverage have a significant positive effect on earnings management, indicating that larger companies with higher debt tend to manipulate earnings. In contrast, the frequency of audit committee meetings and the board of commissioners have a significant negative effect on earnings management, indicating that tighter supervision can reduce the practice. Moderation analysis shows that the audit committee and the board of commissioners is able to moderate the relationship between firm size and leverage with earnings management. That is, the more frequent the meetings of the audit committee and the board of commissioners are held, the weaker the effect of company size and leverage on earnings management. This finding underscores the important role of corporate governance in maintaining the integrity of financial reporting.

### Corresponding Author:

Andriana Putri Maharani

Rafrini Amyulianthy

Widyaningsih Azizah

Universitas Pancasila

Jalan Raya Lenteng Agung Timur No.56-80, Srengseng Sawah, Jagakarsa, RT.1/RW.3, RT.1/RW.3, Srengseng Sawah, Jagakarsa, Kota Jakarta Selatan, Daerah Khusus Ibukota Jakarta 12640, Indonesia  
[andriana Putri1@gmail.com](mailto:andriana Putri1@gmail.com)

## INTRODUCTION

Indonesia's economic performance has remained relatively stable over the past few years, even as global uncertainty continued to affect trade and industry. The Ministry of Finance projected national economic growth in the range of 5.1–5.2 percent for 2024, supported mainly by domestic consumption, investment, and external trade activities (Kemenkeu, 2024). In this context, financial information prepared in accordance with Indonesian Financial Accounting Standards (PSAK) becomes essential for users such as investors, lenders, and regulators, because it provides an overview of a company's financial condition, operational performance, and ability to create future value (Ikatan Akuntan Indonesia, 2024). Profit figures, in particular, receive high attention from market participants as they are often used to assess whether management has performed effectively (Sari et al., 2022).

However, when profit becomes a primary indicator of performance, it increases managerial incentives to manipulate earnings, especially when personal goals differ from those of the shareholders. This situation is explained by agency theory, which argues that the separation between ownership and control creates a conflict of interest because managers have their own motivations that may not fully align with those of the principals (Jensen & Meckling, 1976). The conflict becomes more severe when managers possess superior information regarding the firm's operations, resulting in information asymmetry that enables them to adjust or modify reported earnings (Azizah, 2017; Bahri & Arrosyid, 2021). Prior studies emphasize that higher information asymmetry is often associated with a greater tendency to engage in earnings

management practices, both through accrual-based decisions and real operational manipulation (Ariani & Yudiantara, 2023).

In Indonesia, earnings manipulation is not only a theoretical risk but has manifested in several major corporate scandals. One notable case involved PT Tiga Pilar Sejahtera Food Tbk (AISA), where management overstated revenues and profits through fictitious transactions and questionable fund transfers that reached several trillion rupiah, misleading investors regarding the company's true performance (Wulandari, 2022). Another case occurred at PT Kimia Farma Tbk, where inflated inventory values and duplicate sales entries resulted in earnings overstated far above the actual amount (Hidayat, 2015). These cases demonstrate that earnings management may occur even in large, well established companies and can significantly erode the credibility of financial reporting.

The manufacturing sector, which is the focus of this study, has also experienced fluctuations that potentially increase managerial pressure. Data from Badan Pusat Statistik show that the industrial production index for the manufacturing sector has experienced slowing growth over the past three years.



Picture 1. Annual Growth of the Manufacturing Industry Production Index, 2021–2023

Source: Badan Pusat Statistik (2023)

The declining trend illustrated in Figure 1 suggests that the manufacturing sector has been operating under increasing pressure, which may influence managerial decisions, including those related to financial reporting. Firms experiencing slower growth may face heightened scrutiny from stakeholders and may respond by altering reported earnings to present stability or mitigate negative perceptions. This aligns with earlier studies that highlight the manufacturing sector's vulnerability to earnings manipulation due to its complex operational structure and high dependence on asset utilization (Fitriani & Sulistyawati, 2022).

Firm characteristics are frequently examined in relation to earnings management. Firm size, for instance, is often associated with operational complexity, public exposure, and managerial incentives. Larger firms may engage in earnings management to maintain a stable reputation or meet market expectations (Jaya, 2020; Joe & Ginting, 2022). Conversely, some studies argue that larger firms face stricter oversight, which may discourage manipulation (Hidayatullah & Arif, 2023). These inconsistent findings indicate that the relationship between firm size and earnings management is still debatable.

Another firm characteristic that receives considerable attention is leverage, which reflects the extent to which a company relies on debt financing. Highly leveraged firms typically face pressure to meet debt covenants and maintain favorable credit assessments, which can incentivize managers to manipulate reported earnings. However, several studies report negative or insignificant effects of leverage on earnings management, suggesting that the relationship is not universally uniform (Purwaningsih & Sarifani, 2023). This inconsistency highlights the need for further empirical testing within specific sectors such as manufacturing.

To mitigate managerial opportunism, corporate governance mechanisms are expected to play a critical role. Effective oversight by the board of commissioners and the audit committee enhances financial reporting quality and reduces opportunities for manipulation (Hidayatullah & Arif, 2023). The frequency of audit committee meetings reflects the level of engagement and monitoring intensity, while regular meetings of the board of commissioners demonstrate their supervisory effectiveness over managerial decisions (Annabella & Susanto, 2022; Widasari & Isgiyarta, 2017). Prior evidence shows that more frequent meetings by these governance bodies can help suppress earnings management (Ardyanti, 2023), although other studies find varying results. This suggests that the moderating role of governance mechanisms is still not fully understood.

Building on these gaps, this study examines the effect of firm size and leverage on earnings management, and evaluates whether corporate governance measured through the meeting frequency of the audit committee and the board of commissioners can moderate these relationships. The study focuses on manufacturing firms listed on the Indonesia Stock Exchange due to their economic significance and unique operational characteristics. The findings are expected to enrich existing literature and offer practical implications for improving monitoring systems within Indonesian companies.

## LITERATURE REVIEW

The literature on earnings management explains how internal characteristics and governance structures influence managerial discretion in reporting financial performance. Earnings management is generally defined as the intentional adjustment of accounting numbers to achieve certain targets, whether for capital-market perception, contractual obligations, or internal managerial goals. Prior research shows that firms with greater complexity and higher external expectations tend to have stronger incentives to manage reported earnings (Hamdani et al., 2020).

Firm size has been widely discussed as an important determinant of earnings management. Larger companies usually face higher operating costs, broader market attention, and stronger pressure to show consistent performance. According to agency theory, these pressures may encourage managers to adjust earnings to satisfy principals and maintain stability in the firm's financial image (Yasa et al., 2020). Empirical studies show consistent results. Hardiyanti et al. (2022) and Susanti & Margareta (2019) argue that larger firms have greater flexibility and opportunity to engage in earnings management because their operations are more complex and harder to monitor.

Leverage is another factor commonly associated with earnings management. Firms with high debt levels are often under pressure to comply with debt covenants and maintain creditor confidence. When the risk of financial distress becomes higher, managers may resort to manipulating earnings to avoid violating loan agreements or triggering negative creditor responses (Mulyono & Opti, 2023). Studies such as Alpi et al. (2023) and Masfufah & Kiptiah (2024) report that leverage tends to increase the likelihood of earnings manipulation, reinforcing the idea that financial pressure is a strong driver of opportunistic reporting.

Corporate governance mechanisms, particularly the audit committee and the board of commissioners, are designed to reduce information asymmetry between managers and principals. An active audit committee is expected to strengthen internal monitoring and enhance the reliability of financial reports. Ardyanti (2023) explains that frequent audit committee meetings improve the committee's ability to examine reporting issues, evaluate management decisions, and prevent manipulation. Similarly, Yanto & Kusumawardani (2024) find that audit committee activity is a significant factor in reducing earnings management practices.

The board of commissioners also plays a key role in monitoring managerial behavior. According to Kankanamage (2016), frequent board meetings help strengthen oversight and increase accountability in managerial decision-making. Empirical evidence supports this. Anggraini et al. (2021) and Annabella & Susanto (2022) show that active board supervision reduces the likelihood of earnings manipulation. However, some studies also note limitations.

Wahyuni et al. (2023) and Nariman & Ekadjaja (2018) argue that meeting frequency alone does not guarantee effective governance, especially when meetings are conducted for compliance rather than substantive evaluation.

Overall, the literature highlights that firm characteristics such as size and leverage tend to create incentives for earnings management, while governance mechanisms such as audit committee and board oversight serve as counteracting forces that aim to reduce the opportunities for manipulation. This combination forms the foundation for understanding how internal and external pressures shape managerial reporting behavior within the framework of agency theory.

## RESEARCH METHODS

This study adopts a quantitative causal research design that aims to examine the effect of firm size and leverage on earnings management, as well as to assess whether corporate governance mechanisms moderate these relationships. The goal of the research is to provide empirical evidence on the determinants of earnings management in Indonesian manufacturing firms. The research target consists of all publicly listed manufacturing companies that disclose complete financial statements and governance information in their annual reports.

The population of this research includes all manufacturing companies listed on the Indonesia Stock Exchange (IDX). Using a purposive sampling technique, the study selects firms based on the following criteria: they must publish complete audited financial statements, disclose audit committee and board of commissioners meeting frequencies, and provide sufficient data for variable computation. Based on these criteria, 135 manufacturing companies for the 2023 period were selected as the final sample. These firms represent a diverse segment of the manufacturing industry and meet all eligibility requirements for statistical testing.

Data are collected using a documentary method, relying solely on secondary sources retrieved from annual reports, financial disclosures, corporate governance statements, and supplementary notes available on the IDX website. All numerical data were extracted manually to ensure consistency, and supporting governance information was obtained directly from reported committee and board activity summaries.

The operational definitions and measurements of the variables used in this study are as follows:

### 1. Earnings Management (EM)

Measured using the Modified Jones Model through discretionary accruals:

$$\text{Manajemen Laba} = \frac{\Delta \text{Working Capital Accruals}}{\Delta \text{Pendapatan}}$$

$$\Delta \text{ Working Capital Accruals} = \Delta \text{CL} - \Delta \text{DL} - \Delta \text{CAS}$$

### 2. Firm Size (SIZE)

Measured using the natural logarithm of total assets:

$$\text{SIZE} = \text{Ln} (\text{Total Aset})$$

### 3. Leverage (LEV)

Measured by the debt-to-total-assets ratio:

$$\text{Debt to Equity Ratio (DER)} = \frac{\text{Total Liability}}{\text{Total Equity}}$$

### 4. Audit Committee Meeting Frequency (ACM)

Measured by the number of audit committee meetings in one fiscal year.

#### 5. Board of Commissioners Meeting Frequency (BCM)

Measured by the total number of board meetings held during the year.

To test the research hypotheses, the study employs several analytical techniques. Descriptive statistics are used to summarize the characteristics of each variable, followed by classical assumption tests to ensure that the data satisfy normality, multicollinearity, heteroscedasticity, and autocorrelation requirements. The primary hypothesis testing uses Multiple Linear Regression to evaluate the direct effects of firm size and leverage on earnings management. The feasibility of the regression model is assessed through the F-test, which determines whether the independent variables collectively influence the dependent variable. Individual effects of each variable are examined using the t-test, allowing the study to determine the statistical significance of firm size, leverage, audit committee meetings, and board of commissioners meetings. The Adjusted R<sup>2</sup> is used to measure the explanatory power of the model, indicating the proportion of variation in earnings management that is accounted for by the independent variables.

Furthermore, Moderated Regression Analysis (MRA) is applied to assess whether corporate governance moderates the relationship between firm characteristics and earnings management. This analysis incorporates interaction terms between firm size and governance variables, as well as between leverage and governance variables, to evaluate strengthening or weakening effects. The use of MRA provides a deeper understanding of how governance structures operate within the manufacturing sector and whether they effectively reduce the likelihood of earnings manipulation.

Through this combination of sampling procedures, operational measurements, and statistical techniques, the research method provides a comprehensive framework for examining both direct and moderated relationships affecting earnings management in Indonesian manufacturing companies.

## RESEARCH RESULTS AND DISCUSSION

### A. Descriptive Statistics

This study examines 135 manufacturing companies, and the descriptive statistics give an overview of the distribution of each variable used in the analysis. The results show the minimum, maximum, mean, and standard deviation for earnings management, firm size, leverage, audit committee meetings, and board of commissioners meetings.

Table 1 – Descriptive Statistics

<b>Descriptive Statistics</b>				
	Minimum	Maximum	Mean	Std.
Manajemen Laba	-0.36	0.27	0.0014	0.00100
Ukuran Perusahaan	20.44	33.73	28.6036	1.80271
Leverage	-8.55	5.54	0.7607	0.28223
Komite Audit	0.00	55.00	6.3926	5.58529
Dewan Komisaris	2.00	34.00	9.9259	4.81854

Resources: IBM SPSS Statistics 27

Earnings management has a minimum value of -0.36 and a maximum value of 0.27. The mean is very close to zero (0.0014), which indicates that, on average, firms do not show aggressive discretionary accruals. The standard deviation is very small (0.00100), meaning the

data are clustered and not widely dispersed. This supports the idea that most firms in the sample tend to maintain stable accrual behavior.

Firm size ranges from 20.44 to 33.73, with an average of 28.60. The standard deviation is lower than the mean, suggesting that the sample is relatively homogeneous in terms of size. Large firms such as Astra International (ASII) appear on the upper end of the range, while smaller manufacturing firms are at the lower end.

Leverage shows a wide distribution, from -8.55 to 5.54, with a mean of 0.7607. Although the minimum value appears unusual, it is consistent with firms that reported negative equity, which occasionally happens in specific industries. The standard deviation is moderate, indicating variations in capital structure among the sampled companies.

Audit committee meetings range from 0 to 55, with an average of 6.39 meetings. Based on OJK guidance requiring at least four meetings annually, the mean suggests that most firms comply. The standard deviation (5.58) is slightly high, meaning the intensity of committee oversight varies significantly between companies.

Board of commissioners meetings show a minimum of 2 and a maximum of 34, with an average of 9.93. Most firms meet the OJK requirement to hold regular meetings. The standard deviation (4.81) indicates moderate variation across companies. These statistics help provide a clear picture of governance activity within the sampled firms.

## B. Classical Assumption Tests

### 1) Normality Test

The normality test is performed using the Kolmogorov–Smirnov test with the Monte Carlo approach. This method provides a more stable significance value for medium-sized samples. The test results in a Monte Carlo significance of 0.237, which is higher than the 0.05 threshold. This indicates that the residuals are normally distributed and that the regression model satisfies the normality assumption.

Table 2 - Normality Test

Monte Carlo Sig. (2-tailed)	Sig.		.237 <sup>d</sup>
	95% Confidence Interval	Lower Bound	0.165
		Upper Bound	0.309
a. Test distribution is Normal.			
b. Calculated from data.			
c. Lilliefors Significance Correction.			
d. Based on 135 sampled tables with starting seed 926214481.			

Resources: IBM SPSS Statistics 27

### 2) Multicollinearity Test

The multicollinearity test examines whether the independent variables correlate with each other. The tolerance and VIF values for all variables fall within acceptable limits tolerance values are all above 0.10, and VIF values range from 1.013 to 1.186. These values confirm that the regression model does not suffer from multicollinearity problems.

Table 3 - Multicollinearity Test

Variabel	Tolerance	VIF
Ukuran Perusahaan	0.987	1.013
Leverage	0.988	1.013
Komite Audit	0.843	1.186
Dewan Komisaris	0.861	1.161
Sumber: IBM SPSS Statistics 27		

Resources: IBM SPSS Statistics 27

## 3) Heteroskedasticity Test

Heteroskedasticity is assessed using the Glejser test. The results show that all independent variables firm size, leverage, audit committee meetings, and board of commissioners meetings have significance values above 0.05. This indicates that the absolute residuals are not systematically influenced by any of the predictor variables.

Table 4 - Heteroskedasticity Test

Variabel	Tolerance	VIF
Ukuran Perusahaan	0.987	1.013
Leverage	0.988	1.013
Komite Audit	0.843	1.186
Dewan Komisaris	0.861	1.161
Sumber: IBM SPSS Statistics 27		

Resources: IBM SPSS Statistics 27

## C. Regression Analysis

The regression analysis is used to test the influence of firm size, leverage, audit committee meetings, and board of commissioners meetings on earnings management. The model also includes the interaction terms used later in the moderation test.

Table 5 - Regression Analysis

Variabel	Nilai Koefisien
(Constant)	-0.086
Ukuran Perusahaan	0.004
Leverage	0.020
Komite Audit	-0.041
Dewan Komisaris	-0.009
Uku.Peru*Kom.Aud	-0.002
Uku.Peru*De.Kom	0.0001
Lev*Kom.Aud	-0.004
Lev*De.Kom	-0.00009023

Resources: IBM SPSS Statistics 27

The regression equation generated from the analysis is:

$$Y = -0,086 + 0,004X_1 + 0,020X_2 - 0,041M_1 - 0,009M_2 - 0,002X_1 * M_1 + 0,0001X_1 * M_2 - 0,004X_2 * M_1 - 0,00009023X_2 * M_2 + \varepsilon$$

The constant is  $-0.086$ , meaning that when firm size, leverage, audit committee meetings, and board of commissioners meetings are assumed to be zero, earnings management would be  $-0.086$ . Even though this condition is theoretical, the constant helps describe the baseline of the model.

Firm size has a coefficient of  $0.004$ . This suggests that a one-unit increase in firm size increases earnings management by  $0.004$ , assuming other variables remain constant. Leverage shows a coefficient of  $0.020$ , meaning that a one-unit increase in leverage raises earnings management by  $0.020$ . Both variables show positive directions consistent with agency theory, where larger firms and firms with higher debt tend to manage earnings to meet expectations.

Audit committee meetings have a negative coefficient of  $-0.041$ . This indicates that more active audit committees reduce the level of earnings management, showing their ability to tighten oversight. Similarly, board of commissioners meetings have a negative coefficient ( $-0.009$ ), which means increased monitoring activity by the board helps lower managers' discretion in reporting earnings.

Interaction terms are also included as part of the model. The interaction between firm size and audit committee meetings has a coefficient of  $-0.002$ , showing that audit committee oversight weakens the positive effect of firm size on earnings management. For the interaction between firm size and the board of commissioners, the coefficient is  $0.0001$ , which indicates a very small strengthening effect. The interaction between leverage and audit committee meetings is  $-0.004$ , suggesting that audit committee activity reduces the influence of leverage on earnings manipulation. Finally, the interaction between leverage and the board of commissioners is  $-0.0009023$ , which shows a slight reducing effect.

The coefficients altogether describe how the main variables and their interactions behave in the sample of 135 manufacturing firms. More complete numerical results are displayed in Table 4.6, which serves as the supporting attachment for this section.

#### D. Summary of Multiple Regression Analysis & Moderated Regression Analysis

The regression analysis is used to test the influence of firm size, leverage, audit committee meetings, and board of commissioners meetings on earnings management. The model also includes the interaction terms used later in the moderation test.

Table 6 Regression Analysis

	<b>Multiple Regression Analysis</b>	<b>Moderated Regression Analysis</b>
(Constant)	-0.004	-0.086
	(0.796)	(0.312)
Ukuran Perusahaan	0.001	0.004
	(0.018)**	(0.006)***
Leverage	0.013	0.020
	(0.000)***	(0.000)***
Komite Audit	-0.016	-0.041
	(0.000)***	(0.002)***
Dewan Komisaris	-0.005	-0.009
	(0.006)***	(0.003)***
U. Peru*Kom. Audit	-	-0.002
	-	(0.072)*
U. Peru*De.Kom	-	0.0001
	-	(0.075)*

Lev*Kom. Audit	-	-0.004
	-	(0.019)**
Lev*De.Kom	-	-0.00009023
	-	(0.067)*
F Stata	.000	.000
Adjusted - R <sup>2</sup>	0.776	0.783

Resources: IBM SPSS Statistics 27

### 1) F-Test (Model Feasibility)

The F-test shows that both the multiple regression model and the moderated regression model have a significance value of 0.000, which is below the 0.05 threshold. This means both models are statistically fit and can be used to explain variations in earnings management. The result also indicates that the independent variables jointly influence the dependent variable in a meaningful way.

### 2) t-Test (Hypothesis Testing)

The t-test results evaluate the effect of each variable on earnings management.

#### a. Firm Size

In the multiple regression model, firm size has a coefficient of 0.001 and is significant at the 1% level. In the moderated model, the coefficient becomes 0.004 and remains significant at 1%. Both models show a consistent positive effect, which means larger firms tend to have higher earnings management.

#### b. Leverage

Leverage is significant at the 1% level in both models. The coefficient is 0.013 in the multiple regression and 0.020 in the moderated model. The positive direction indicates that firms with higher leverage show a higher level of earnings manipulation, likely due to financial pressure.

#### c. Audit Committee Meetings

This variable shows a significant negative effect in both models. The coefficient is -0.016 in the multiple regression and -0.041 in the moderated regression. Both results show significance at 1%, meaning more frequent audit committee meetings help reduce earnings management.

#### d. Board of Commissioners Meetings

The board meetings variable also shows a significant negative influence. The coefficient is -0.005 in the multiple regression and -0.009 in the moderated model, both significant at 1%. This implies active board monitoring lowers earnings manipulation.

#### e. Moderation: Firm Size × Audit Committee

The initial coefficient of firm size is 0.004, but after moderation with the audit committee, the interaction coefficient becomes -0.002. The direction changes from positive to negative, showing a weakening effect, with significance around the 10% level.

f. Moderation: Firm Size × Board of Commissioners

The interaction coefficient is 0.0001, which indicates a very small positive shift. The effect is weak but shows that board oversight does not strongly change the role of firm size. The significance is around 10%.

g. Moderation: Leverage × Audit Committee

The initial leverage coefficient is 0.020, but after moderation it becomes -0.004, showing the direction changes from positive to negative. The audit committee reduces the effect of leverage on earnings management, with significance at 5%.

h. Moderation: Leverage × Board of Commissioners

The interaction coefficient is -0.00009023, showing a slight weakening effect. The magnitude is extremely small, and the significance is around 10%, but it still indicates a slight reduction in leverage's influence.

3) Coefficient of Determination (Adjusted R<sup>2</sup>)

The adjusted R<sup>2</sup> for the multiple regression model is 0.776, meaning 77.6% of the variation in earnings management can be explained by firm size, leverage, audit committee meetings, and board meetings.

After moderation, the adjusted R<sup>2</sup> increases to 0.783, which shows an improvement. This means the interaction terms add additional explanatory power. The remaining variation (around 20–22%) is likely influenced by other factors such as ownership structure, profitability, or managerial incentives.

## Discussion

a. Effect of Firm Size on Earnings Management (H1)

Firm size shows a positive and significant effect on earnings management at the 1% level. This indicates that larger firms tend to exercise more discretion in reporting their earnings. One explanation is that big companies face higher operational costs and stronger pressure to maintain profit levels, which may push managers to adjust reported numbers (Hamdani et al., 2020). In agency theory, managers in large firms often need to meet shareholder expectations and protect the firm's reputation, which can create incentives for earnings manipulation (Yasa et al., 2020). Prior studies such as Hardiyanti et al. (2022) and Susanti & Margareta (2019) also report that firm size is positively linked with earnings management, showing that managers in larger companies may use earnings adjustments to maintain the appearance of stable performance.

b. Effect of Leverage on Earnings Management (H2)

Leverage has a strong positive and significant effect at the 1% level. Firms with high debt levels face increased financial pressure and a higher risk of breaching debt agreements, creating incentives for managers to modify earnings to appear financially healthier. Mulyono & Opti (2023) explain that higher debt increases bankruptcy risk, which may push managers to smooth earnings. Agency theory supports this pattern: managers may manipulate earnings to satisfy creditors and avoid negative consequences. Research by Alpi et al. (2023) and Masfufah & Kiptiah (2024) also finds that leverage increases the likelihood of earnings management because firms under financial pressure often attempt to influence external perceptions.

### c. Effect of Audit Committee Meetings on Earnings Management (H3)

Audit committee meeting frequency shows a negative and significant influence on earnings management. More meetings indicate stronger monitoring of management decisions, which helps prevent opportunistic behavior. Ardyanti (2023) notes that frequent meetings improve the committee's ability to review financial reports and catch issues early. In agency theory, an active audit committee reduces information asymmetry and ensures managers behave in line with shareholder interests. Prior studies by Ardyanti (2023) and Yanto & Kusumawardani (2024) show consistent results, concluding that audit committee activity is an effective mechanism to restrict earnings manipulation.

### d. Effect of Board of Commissioners Meetings on Earnings Management (H4)

Frequent board meetings help strengthen oversight and reduce opportunities for management to engage in earnings manipulation. According to Kankanamage (2016), consistent meetings enhance the board's ability to evaluate management decisions. Research by Anggraini et al. (2021) and Annabella & Susanto (2022) supports the idea that active board involvement helps limit manipulation. However, some studies Satriadi et al. (2018) note that excessive meetings may also increase costs, suggesting the importance of quality rather than quantity in board activities.

### e. Moderating Effect of Audit Committee Meetings on Firm Size → Earnings Management (H5)

The interaction between firm size and audit committee meetings shows a small negative effect, indicating that audit committee activity weakens the positive relationship between firm size and earnings management. This means the audit committee plays a corrective role: in larger firms where manipulation may be more tempting, an active committee helps tighten oversight. Agency theory supports this, as better monitoring reduces managers' ability to distort financial statements. Findings by Ardyanti (2023) show that frequent audit committee meetings contribute to more accountable reporting, which is consistent with this moderating result.

### f. Moderating Effect of Audit Committee Meetings on Leverage → Earnings Management (H6)

The interaction between leverage and audit committee activity is negative and significant, showing that the audit committee weakens the positive effect of leverage on earnings management. In highly leveraged firms, managers face more pressure, so monitoring becomes more crucial. Felicya & Sutrisno (2020) and Ardyanti (2023) argue that audit committees help maintain reporting quality under financial stress. This suggests that stronger audit oversight reduces the incentives for managers to manipulate earnings when debt levels are high.

### g. Moderating Effect of Board of Commissioners Meetings on Firm Size → Earnings Management (H7)

The interaction between firm size and board meetings shows a small positive effect. This means the board slightly strengthens the relationship between firm size and earnings management. One interpretation is that even if board meetings are frequent, they may not always be effective. Nariman & Ekadjaja (2018) explain that some boards hold meetings mainly for compliance purposes, not for improving oversight. Studies by Wahyuni et al. (2023) and Bachtiar et al. (2022) also suggest that meeting frequency does not guarantee better control, especially when board members lack expertise or independence.

---

#### h. Moderating Effect of Board of Commissioners Meetings on Leverage → Earnings Management (H8)

The interaction between leverage and board meetings produces a small negative effect, showing that board activity slightly reduces the influence of leverage on earnings management. Although the effect size is minimal, it still indicates that monitoring from the board can help lessen financial-pressure-driven manipulation. Suheny (2019) notes that leverage is often associated with higher manipulation risk, but effective oversight can mitigate this. Annabella & Susanto (2022) also report that strong governance mechanisms support more reliable reporting, consistent with this moderating result.

### CONCLUSION

The findings of this study show that firm size and leverage both have a positive influence on earnings management, where larger firms and firms with higher debt face stronger pressure to maintain stable performance, creating incentives for managers to adjust reported earnings as explained through agency theory. In contrast, the audit committee and the board of commissioners demonstrate a negative effect, indicating that more frequent meetings strengthen oversight and reduce the chance of manipulation in financial reporting. The moderation results reveal that the audit committee weakens the positive effect of firm size and leverage, showing its important role in improving transparency, while the board of commissioners slightly strengthens the effect of firm size but weakens the effect of leverage, suggesting that board activities may be more formal than effective in some cases. Based on these findings, companies are encouraged to improve corporate governance quality by enhancing the effectiveness and substance of audit committee and board meetings, involving members with strong expertise, and ensuring discussions focus on monitoring financial reporting practices. Future research is recommended to include additional factors such as ownership structure, institutional ownership, and profitability to develop a more complete understanding of earnings management in Indonesian companies and to support more transparent and accountable financial reporting going forward.

### REFERENCES

- Alpi, C. A. Del, Ulupui, I. G. K. A., & Sasmi, A. A. (2023). Pengaruh Profitabilitas dan Leverage Terhadap Manajemen Laba dengan Good Corporate Governance Sebagai Variabel Moderasi. *Jurnal Revenue : Jurnal Ilmiah Akuntansi*, 4(1), 312–320.  
<https://revenue.lppmbinabangsa.id/index.php/home/article/view/266>
- Anggraini, M., Widyaningtyas, D. P., Dito, A. H., Shinta, F. T., & Fransiska, N. (2021). Pengaruh Rapat Dewan Komisaris, Latar Belakang Pendidikan Dewan Komisaris Terhadap Nilai Perusahaan. *Applied Research in Management and Business*, 1(1), 21–27.  
<https://doi.org/10.53416/arimbi.v1i1.10>
- Annabella, A., & Susanto, L. (2022). Pengaruh Corporate Governance Terhadap Manajemen Laba Dengan Ukuran Perusahaan Sebagai Variabel Moderasi. *Jurnal Paradigma Akuntansi*, 4(1), 414. <https://doi.org/10.24912/jpa.v4i1.17561>
- Ardyanti, P. D. (2023). Pengaruh Komite Audit, Jumlah Rapat Komite Audit, Keahlian Komite Audit Dan Masa Jabatan Komite Audit Terhadap Manajemen Laba. *Jurnal Ilmu Dan Riset Akuntansi*, 12(3), 1–16.
- Ariani, N. G. P. A., & Yudiantara, I. G. A. P. (2023). Praktik Manajemen Laba Pada Perusahaan Manufaktur. *Jurnal Ilmiah Akuntansi Dan Humanika*, 13(3), 397–406.  
<https://doi.org/10.23887/jjah.v13i3.64097>
- Azizah, W. (2017). Opportunistic Perspective off Accrual And Real Earnings Management in Indonesia. *IOSR Journal of Business and Management (IOSR-JBM)*, 19(11), 1–05.  
<https://doi.org/10.9790/487X-1911070105>
- Bachtiar, R. A., Amalia, R., Puspamarta, S. K., Damayanti, N. A., & Holiawati. (2022). PENGARUH

- FREKUENSI PERTEMUAN DEWAN KOMISARIS DAN KOMITE AUDIT TERHADAP MANAJEMEN LABA DENGAN PENDEKATAN NONDISCRETIONARY ACCRUALS. 2(2), 1–23.
- Badan Pusat Statistik. (2023). *PERKEMBANGAN INDEKS PRODUKSI INDUSTRI MANUFAKTUR 2023*.
- Bahri, S., & Arrosyid, Y. P. (2021). Struktur Kepemilikan, Good Corporate Governance, Leverage, Dan Ukuran Perusahaan Terhadap Manajemen Laba. *RISTANSI: Riset Akuntansi*, 2(1), 59–77. <https://doi.org/10.32815/ristansi.v2i1.424>
- Felicya, C., & Sutrisno, P. (2020). Pengaruh Karakteristik Perusahaan, Struktur Kepemilikan Dan Kualitas Audit Terhadap Manajemen Laba. *Jurnal Bisnis Dan Akuntansi*, 22(1), 129–138. <https://doi.org/10.34208/jba.v22i1.678>
- Fitriani, D., & Sulistyawati, A. I. (2022). Manajemen Laba Pada Perusahaan Manufaktur: Suatu Kajian Empiris. *Solusi*, 20(1), 40. <https://doi.org/10.26623/slsi.v20i1.4563>
- Hamdani, W., Paramita, R. W. D., & Mudhofar, M. (2020). Pengaruh Hutang, Pajak Dan Ukuran Perusahaan Terhadap Manajemen Laba (Studi Pada Perusahaan Manufaktur Sektor Industri Barang Konsumsi Yang Terdaftar Di Bursa Efek Indonesia Periode 2016-2018). *Journal of Accounting, ITB Widya Gama Lumajang*, 5(2), 100–109.
- Hardiyanti, W., Kartika, A., & Sudarsi, S. (2022). Analisis Profitabilitas, Ukuran Perusahaan, Leverage dan Pengaruhnya Terhadap Manajemen Laba Perusahaan Manufaktur. *Owner*, 6(4), 4071–4082. <https://doi.org/10.33395/owner.v6i4.1035>
- Hidayat, D. (2015). *Kasus Kimia Farma (Etika Bisnis)*. Kompasiana. [https://www.kompasiana.com/www.bobotoh\\_pas20.com/5535b4d46ea8349b26da42eb/kasus-kimia-farma-etika-bisnis](https://www.kompasiana.com/www.bobotoh_pas20.com/5535b4d46ea8349b26da42eb/kasus-kimia-farma-etika-bisnis)
- Hidayatullah, & Arif, A. (2023). Pengaruh Profitabilitas, Leverage, dan Ukuran Perusahaan Terhadap Manajemen Laba Dengan Corporate Governance Sebagai Variabel Pemoderasi. *Jurnal Riset Manajemen Dan Akuntansi*, 3(3), 312–327. <https://doi.org/10.55606/jurima.v3i3.2522>
- Jaya, S. (2020). Pengaruh Ukuran Perusahaan (Firm Size) dan Profitabilitas (ROA) Terhadap Nilai Perusahaan (Firm Value) Pada Perusahaan Sub Sektor Property dan Real Estate di Bursa Efek Indonesia (BEI). *Jurnal Manajemen Motivasi*, 16(1), 38. <https://doi.org/10.29406/jmm.v16i1.2136>
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3, 305–360. [https://doi.org/https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/https://doi.org/10.1016/0304-405X(76)90026-X)
- Joe, S., & Ginting, S. (2022). The Influence of Firm Size, Leverage, and Profitability on Earnings Management. *Jurnal Ilmiah Akuntansi Kesatuan*, 10(3), 567–574. <https://doi.org/10.37641/jjakes.v10i3.1505>
- Kemenkeu. (2024). *Jaga Pertumbuhan Ekonomi 2024, Menkeu: Pemerintah akan Perhatikan Konsumsi, Investasi, Ekspor, Impor*. <https://www.kemenkeu.go.id/>. <https://www.kemenkeu.go.id/informasi-publik/publikasi/berita-utama/Jaga-Pertumbuhan-Ekonomi-2024>
- Masfufah, I., & Kiptiah, R. M. (2024). Pengaruh Ukuran Perusahaan, Leverage Dan Profitabilitas Terhadap Manajemen Laba Pada Perusahaan Manufaktur Di Bei Tahun 2020-2022. *Prosiding Semanis : Seminar Nasional Manajemen Bisnis*, 2(3), 19–32.
- Mulyono, R. H., & Opti, S. (2023). Pengaruh Ukuran Perusahaan, Leverage, dan Corporate Social Responsibility terhadap Manajemen Laba. *National Conference on Accounting and Fraud Auditing*, 4(1), 1–22.
- Nariman, A., & Ekadjaja, M. (2018). Implikasi Corporate Governance, Investment Opportunity Set, Firm Size, Dan Leverage Terhadap Earnings Quality. *Jurnal Ekonomi*, 23(1), 33–47. <https://doi.org/10.24912/je.v23i1.332>
- Purwaningsih, E., & Sarifani, M. (2023). Pengaruh Ukuran Perusahaan Dan Leverage Terhadap Manajemen Laba Dengan Rapat Komisaris Independen Sebagai Variabel Moderasi. 2(1), 2986–2507.
- Sari, D. I., Ferdawati, & Eliyanora. (2022). Penyusunan Laporan Keuangan Berdasarkan Isak 35. *JAKA (Jurnal Akuntansi, Keuangan, Dan Auditing)*, 2(2), 37–50.
- Satriadi, F., Bagaskara, M. A., Pranoto, T., & Haryono, L. (2018). PENGARUH TATA KELOLA

- PERUSAHAAN TERHADAP PROFITABILITAS PADA PERUSAHAAN YANG TERDAFTAR DI BURSA EFEK INDONESIA. *Saki Journal*, 186–209.  
<https://doi.org/https://doi.org/10.21632/saki.1.2.134-157>
- Suheny, E. (2019). Pengaruh Corporate Governance, Ukuran Perusahaan, Leverage, Dan Kualitas Audit Terhadap Manajemen Laba. *Jurnal Ekonomi Vokasi*, 2(1), 1–18. <https://ejournal.lppmunsera.org/index.php/JEV/article/view/1060/925>
- Susanti, L., & Margareta, S. (2019). Pengaruh Kualitas Audit, Leverage, Dan Ukuran Perusahaan Terhadap Manajemen Laba. *JSMA (Jurnal Sains Manajemen Dan Akuntansi)*, 11(1), 54–79. <https://doi.org/10.37151/jsma.v11i1.15>
- Wahyuni, Maulidianti, A., Yulianto, Y., & Dosinta, N. F. (2023). Determinan Manajemen Laba pada Sektor Transportasi Saat Pandemi COVID-19. *Jurnal Akuntansi Dan Keuangan*, 11(2), 119. <https://doi.org/10.29103/jak.v11i2.11666>
- Widasari, T., & Isgiyarta, J. (2017). Pengaruh Keahlian Komite Audit Dan Jumlah Rapat Komite Audit Terhadap Manajemen Laba Dengan Audit Eksternal Sebagai Variabel Moderasi. *Diponegoro Journal of Accounting*, 6, 1–13. <http://ejournal-s1.undip.ac.id/index.php/accounting>
- Wulandari, D. E. (2022). Kasus PT Tiga Pilar Sejahtera Food Tbk. Kompasiana. <https://www.kompasiana.com/dewiekawulandari1436/62cfeca46fcfba0fdb41cb33/kasus-pt-tiga-pilar-sejahtera-food-tbk>
- Yanto, D., & Kusumawardani, M. (2024). Kualitas Audit: Peran Ukuran, Gender, Frekuensi Rapat Komite Audit Terhadap Manajemen Laba. *Jurnal Riset Terapan Akuntansi*, 8(1), 35–45.
- Yasa, I. K. E. T., Sunarsih, N. M., & Pramesti, I. gusti A. A. (2020). Pengaruh Ukuran Perusahaan, Leverage Dan Profitabilitas Terhadap Manajemen Laba Pada Perusahaan Manufaktur Di Bei Tahun 2016-2018. *Jurnal Kharisma*, VOL. 2 No.(3), 19–32.