

IS THE BOARD OF DIRECTORS ASSOCIATED WITH EARNINGS MANAGEMENT STRATEGY? THE ROLE OF THE AUDIT COMMITTEE

Dhini Suryandari ^{*}, Retnoningrum Hidayah ^{**}, Desti Ranihusna ^{***},
Ivan Aulia ^{*}, Sara R. Basher ^{****}, Ima Nur Kayati ^{*****},
Salma Ibtidaul Hasna ^{*}, Sifa Aura Amalia Nugraha ^{*},
Fian Tri Rohmah ^{*}

^{*} Department of Accounting, Faculty of Economics and Business, Universitas Negeri Semarang, Semarang, Indonesia

^{**} Corresponding author, Department of Accounting, Faculty of Economics and Business, Universitas Negeri Semarang, Semarang, Indonesia
Contact details: Universitas Negeri Semarang, Kampus Sekaran Gunung Pati, Semarang 50229, Indonesia

^{***} Department of Management, Faculty of Economics and Business, Universitas Negeri Semarang, Semarang, Indonesia

^{****} Department of Accounting, Omar Al-Mukhtar University, Al Bayda, Libya

^{*****} Unit of Internal Audit, Universitas Negeri Semarang, Semarang, Indonesia



Abstract

How to cite this paper: Suryandari, D., Hidayah, R., Ranihusna, D., Aulia, I., Basher, S. R., Kayati, I. N., Hasna, S. I., Nugraha, S. A. A., & Rohmah, F. T. (2024). Is the board of directors associated with earnings management strategy? The role of the audit committee. *Corporate Board: Role, Duties and Composition*, 20(2), 8-19. <https://doi.org/10.22495/cbv20i2art1>

Copyright © 2024 The Authors

This work is licensed under a Creative Commons Attribution 4.0 International License (CC BY 4.0).
<https://creativecommons.org/licenses/by/4.0/>

ISSN Online: 2312-2722
ISSN Print: 1810-8601

Received: 28.02.2024
Accepted: 27.06.2024

JEL Classification: M1, M4, M37
DOI: 10.22495/cbv20i2art1

Most management companies focus on their profitability in many kinds of ways. This research aims to examine the association between board of directors' meetings and the gender of the board of directors on earning management. In addition, this research has novelty by adding a moderating variable, namely the audit committee. The population is companies listed on the Indonesia Stock Exchange (IDX). The sampling technique uses a stratified random sampling technique. There were 87 companies as the total sample. The observation period was three years so the total analysis units were 261. Data analysis was carried out with the WarpPLS application. The results show board of directors' meetings and gender diversity do not affect earnings management. Meanwhile, the audit committee can moderate the influence of director gender diversity on earnings management. However, the audit committee is unable to moderate the influence of board of directors' meetings on earnings management. This research provides empirical evidence that earnings management does not depend on the number of board meetings or the gender of the directors. Therefore, this research contributes to company policy to improve the effectiveness of the audit committee in implementing good corporate governance. Good corporate governance can suppress earnings management.

Keywords: Earning Management, Board of Directors, Audit Committee

Authors' individual contribution: Conceptualization — D.S., R.H., and S.R.B.; Methodology — D.S. and I.N.K.; Software — D.R.; Validation — S.R.B.; Formal Analysis — D.S. and R.H.; Investigation — D.R. and I.A.; Resources — S.A.A.N. and F.T.R.; Writing — Original Draft — R.H. and I.A.; Writing — Review & Editing — S.R.B. and S.I.H.; Supervision — D.S. and R.H.; Project Administration — S.A.A.N.

Declaration of conflicting interests: The Authors declare that there is no conflict of interest.

Acknowledgments: The Authors appreciate the support from Research and Community Service, Universitas Negeri Semarang (253.26.2/UN37/PPK.10/2024).

1. INTRODUCTION

Company profit reports are important information as a tool for measuring company performance (Lestari & Murtanto, 2017). Financial reports are also used to estimate the company's future profits. The practice of earnings management can cause less reliable information regarding profit accounting, resulting in the company's performance not being reflected accurately (Le & Nguyen, 2023). Earnings management as profit processing is carried out by management to gain unilateral profits (Saftiana et al., 2017).

Profit is one of the assessments of company performance motivating management to always strive hard to maintain its reputation. Therefore, management always tries to show that the company's financial position is in prime condition (Aleqab & Ighnaim, 2021; Lestari & Murtanto, 2017). Management takes opportunistic actions by increasing their profits to achieve greater imbalance (Aleqab & Ighnaim, 2021). Another motivation that encourages company management to implement earnings management is to increase shareholder confidence, improve relationships with creditors, and attract investors to the business (Sulaksono, 2018).

Financial scandals in the world are dominated by companies reporting manipulated financial information. In 2020, there were 2,504 recorded incidents which caused a total loss of around \$3.6 billion. In 2019 in Indonesia, there were 239 recorded incidents with total losses reaching 873 billion Indonesian rupiah (IDR). Fraud, especially related to financial reports in Indonesia, was recorded to have increased from 22 cases in 2019 to 36 cases in 2020 (Association of Certified Fraud Examiners (ACFE) Indonesia Chapter, 2020).

Wirecard AG, which is a payment and financial technology company based in Germany, is reported to have embezzled €1.9 billion or \$2.14 billion from its balance sheet until finally filing for bankruptcy in June 2020. As a result of this case, Wirecard AG was declared bankrupt and two executives became suspects (Engelen, 2021, p. 9; Jo et al., 2021). A similar case occurred with Luckin Coffee, which is a fast food cafe company from China known to have overestimated its profits in 2019 by 2.12 billion renminbi (RMB) or \$310 million and overestimated its expenses by RMB 1.34 billion or \$190 million, causing Luckin Coffee was declared delisted from the stock exchange and was subject to sanctions in the form of fines of RMB 61 million by Chinese regulators and \$180 million by the United States (US) Securities and Exchange Commission (Peng et al., 2022). Apart from that, in Indonesia, it can be found that one state-owned company, namely PT Garuda Indonesia, in 2018 was found to have manipulated its revenues worth \$239.94 million (Suhadak et al., 2022, p. 17). This case resulted in PT Garuda Indonesia being fined IDR 250 million, a company directive of IDR 100 million each for presenting financial reports that were not appropriate, and a fine for all board members who signed the financial reports of IDR 100 million each (CNBC Indonesia, 2019).

Board of directors' meetings have a negative effect on earnings management (Binashour et al., 2021; Chouaibi et al., 2018; Sáenz González &

García-Meca, 2014). Furthermore, the gender diversity of directors has a negative effect on earnings management (Saona et al., 2019; Widagdo et al., 2022; Zubaidah et al., 2021). Based on the gap phenomenon and research gap, this research is interesting and still worth testing again. The originality of this research is the use of audit committee quality as a moderating variable. This research presents audit committee variables to test their role in moderating meeting variables and director gender. The presence of this variable is still something new in research related to the board of directors. Hence, this research focuses on finding empirical evidence regarding the role of the board of directors in earnings management. Furthermore, this research provides a new understanding regarding the role of the audit committee as a moderating variable in the relationship between the board of directors and earnings management.

The rest of the paper is structured as follows. Section 2 reviews the theoretical framework of earning management, the board of directors, and the audit committee along with the statement of hypothesis. Section 3 presents the research methodology including population, sample, and data analysis. Section 4 focuses on the results of data analysis encompassing descriptive, and hypothesis testing. Section 5 provides a thorough discussion of the results fully with empirical studies. Finally, Section 6 displays the conclusions of the study, research limitations, and recommendations for future research.

2. LITERATURE REVIEW AND HYPOTHESIS

2.1. The influence of board of directors' meetings on earnings management

A board of directors meeting is a meeting held either regularly or not by the directors to discuss company issues (Binashour et al., 2021). This is carried out as an implementation of corporate governance mechanisms in the duties of directors as a form of supervision of management. According to upper echelon theory, top managers' decisions, actions, and judgments are influenced by individual perceptions determined through their personal experiences (Hambrick & Mason, 1984). Company performance is the result of the collective choices of decision-makers. Strategic decisions are a typical example of complex decisions and have limited rationality from decision-makers with many and often conflicting goals and many alternatives (Abatecola & Cristofaro, 2020).

Some views state that holding intense meetings has implications for reducing the effectiveness of the directors' performance. Board meetings are not necessarily a factor in board effectiveness and much of the board of directors' time is wasted on routine tasks rather than controlling the management team (Jensen, 1993). Likewise, if there is an agency conflict then the director's activities behind closed doors and dedication to work are unknown (Ronen & Yaari, 2008). Frequent meetings take up a lot of time and increase meeting costs and travel costs (Aleqab & Ighnaim, 2021).

Another view states that the number of board of directors' meetings is a signal indicating the effectiveness of the board. That means more

meetings with board members leading to efficient control and monitoring of company management (Binashour et al., 2021). This view is based on the upper-echelon theory that “a company’s profitability is not related to the percentage of shares owned by top managers, but is positively related to the percentage of total income that top managers obtain from the company through salaries, bonuses, options, dividends, and so on” (Hambrick & Mason, 1984, p. 202). Therefore, directors must hold frequent meetings to prevent the emergence of facades that may arise between them. Some studies assume accounting methods are chosen for efficiency reasons (Watts & Zimmerman, 1986). Therefore, it can be understood that the board of directors determines the accounting methods or procedures that the company will use. Next, monitor its implementation through regular meetings they hold.

Reasonable control is useful for improving the quality of accounting numbers which reduces information asymmetry thereby increasing shareholder confidence in financial reporting and increasing market effectiveness (Watts & Zimmerman, 1986). The more frequent the board meetings, the more time the board has to spend on its responsibilities and activities such as monitoring, following up, and supervising the company’s business progress (Sáenz González & García-Meca, 2014). This ensures that shareholders and other stakeholders receive financial information with higher quality and free from manipulation. Therefore, the possibility of various problems, especially earnings management, will be minimized by the company holding board meetings more frequently (Karina, 2021). The fewer meetings held, the higher the likelihood that management will carry out a hypothetical bonus plan. Holding more frequent meetings can be a limiting procedure for individuals and groups who have the intention to act opportunistically (Watts & Zimmerman, 1990).

Therefore, the intensity of board of directors’ meetings will lead to a decrease in earnings management practices. The higher the board meeting, the lower the earnings management will be (Binashour et al., 2021). There is a negative relationship between the frequency of board meetings and earnings management (Chouaibi et al., 2018). The negative relationship between board activity and earnings management shows that the more meetings held by the board the more the use of earnings management decreases (Sáenz González & García-Meca, 2014).

H1: Board of directors’ meetings have a negative and significant effect on earnings management.

2.2. The influence of gender diversity of directors on earning management

Gender diversity has received increasing attention over the past few decades (Schumann et al., 2024). Furthermore, gender roles still influence our perceptions and form a stereotype of men as breadwinners and women as housekeepers (Nevid, 2021). This stereotype then spread to the world of work where men were seen as having a higher level than women in terms of personality traits. The gendered psychology literature shows that men and women differ in many aspects so their

characteristics can influence their behavior at work (Lakhal et al., 2015). The management and psychology literature recognizes that there are quite large gender-based inequalities in various fields (Triki Damak, 2018).

However, there are no differences between men and women in problem-solving, analytical skills, competitive drive, motivation, social skills, or learning abilities (Robbins & Judge, 2015). Experimental studies show that women are equal to men in terms of their managerial and leadership skills (Nevid, 2021). Widespread sexist views and effective leadership behavior may be evaluated more negatively because the behavior in question is carried out by women rather than by men. In addition, other research suggests that a set of socio-demographic characteristics is relevantly tied over time to the introduction of variables such as race, gender, and international belonging (Abatecola & Cristofaro, 2020).

Upper echelon theory states that the diversity of a company’s top management, such as experience, values, and personality, is always closely related to a company’s behavior (Augier & Teece, 2018; Hambrick, 2016). Women are considered to have more independent thinking and more efficient monitoring of executive activities than men when acting as directors (Le & Nguyen, 2023). This is because women’s behavior tends to show more friendliness, warmth, openness to feelings, and expression of emotions, those more risk-averse and conservative in making decisions (Riley & Chow, 1992; Zubaidah et al., 2021). Apart from that (Nevid, 2021) states that there are differences in leadership styles between women and men. Women will tend to be more democratic and will seek the opinions of subordinates more when making decisions, whereas men will tend to adopt a more autocratic or dominant leadership style that leads more through command than through consensus.

Gender diversity has a significant impact on reducing earnings management and is proven to increase innovation and creativity in business. This creates a good monitoring mechanism between the board and management through increased independence and a better monitoring system (Riyadh et al., 2019). The presence of women in the composition of the board can increase the role of the board as a tool for good corporate governance and improve manager monitoring. This condition leads to better detection of earnings management (Lakhal et al., 2015). Board diversity can be a substitute for corporate governance systems and result in higher board performance (Bin Khidmat et al., 2020). This refers to propositions 20 and 21 in the upper echelon theory initiated by Hambrick and Mason (1984) which read as follows:

“P20: In a stable environment, team homogeneity will be positively associated with profitability.

P21: In a volatile environment, especially a discontinuous one, team heterogeneity will be positively related to profitability” (p. 203).

Diversity prevents individuals or groups of people from dominating the decision-making process, thus gender diversity plays an important role in limiting opportunistic approaches to management (Kouaib & Almulhim, 2019). Women who are on the board of directors are more sensitive

to reputation damage and the risk of lawsuits so they will act decisively to improve accounting quality (Schumann et al., 2024). This forms an opinion that male directors will behave more aggressively than women. This includes maximizing utility to pursue higher bonuses (Watts & Zimmerman, 1986). According to gender socialization theory, women are conservative risk-takers and are more likely to comply with ethical standards (Zubaidah et al., 2021).

This description builds the basis for thinking that gender diversity in directors will lead to a decrease in earnings management practices. This is in line with other research that proves that the number of female directors has a significant effect on reducing earnings management (Widagdo et al., 2022). Therefore, companies that have more women on their boards are better at controlling earnings management. There is a negative and significant influence of the gender diversity of the board of directors on earnings management, which means that more women's presence on the board of directors leads to less earnings manipulation (Saona et al., 2019). Gender diversity has a negative effect on earnings management, which means that the more female directors there are, the fewer earnings management practices there will be (Zubaidah et al., 2021).

H2: Gender diversity of directors has a negative and significant effect on earnings management.

2.3. The audit committee can moderate the influence of board of directors' meetings on earnings management

Board of directors' meetings are proof of the board of directors' responsibility and its activities in monitoring, following up, and supervising the company's business progress (Sáenz González & García-Meca, 2014). Meetings are held to discuss company problems which are held both regularly and non-routinely (Binashour et al., 2021). This implies that more meetings of board members can lead to more efficient management control and monitoring. Hence, the possibility of problems such as earnings management will be minimized (Karina, 2021). It is also understandable that holding fewer meetings can provide space for individuals and groups to carry out bonus plan hypotheses. In other words, holding more frequent meetings can be a limiting procedure for individuals or groups who have the intention to act opportunistically (Watts & Zimmerman, 1990). The negative influence of board of directors meetings on earnings management, means that the higher the intensity of board meetings, the lower the pressure on earnings management will be (Binashour et al., 2021; Chouaibi et al., 2018). This means that board meetings can present an effective governance mechanism in the company and can reduce the behavior of managers to engage in real earnings management. The more frequently the board of directors holds meetings can have an impact on reducing earnings management. In other words, increasing the number of board of directors meetings will lead to a decrease in the possibility of earnings management occurring.

The existence of an audit committee as a mechanism for good corporate governance can improve control and monitoring of the performance

of the board of directors in a more ethical direction and suppress fraudulent acts committed by directors such as manipulation of financial reports (Solikhah et al., 2022). This is because, through its responsibilities and authority, the audit committee can monitor management's role in protecting the interests of shareholders (Alzoubi, 2019; Ikatan Akuntan Indonesia, 2015). Thus, the audit committee can monitor various management decisions and offer independent professional opinions to the board of commissioners on financial reports or other matters that may have an impact on interested parties (Lestari & Murtanto, 2017; Meiryani et al., 2022; Solikhah et al., 2022). In the end, this relationship will form double control in the form of internal control within the board of directors and external control carried out by the audit committee.

Based on the Decree of the Chairman of the Capital Markets and Financial Institutions Supervisory Agency No. KEP-643/BL/2012, it is explained that one of the duties and responsibilities of the audit committee is to ensure that the financial reports submitted by the company contain factual information. This aims to prevent stakeholders from making decisions based on inaccurate financial information. The regulation also authorizes the audit committee to access company documents, data, and information about employees, funds, assets, and company resources as needed. The audit committee can also communicate directly with the board of directors to seek accurate information related to fulfilling its responsibilities in reviewing the company's financial reports.

The description above illustrates that the presence of an audit committee can increase the effectiveness of the board of directors meetings in minimizing acts of opportunism carried out by individuals or groups who prioritize their interests. The presence of an audit committee can reduce earnings management actions (Alzoubi, 2019). Companies with audit committees that have better financial reporting quality tend to display lower earnings management activities. The audit committee provides the highest protection to shareholders in maintaining the credibility of financial reports.

H3: The audit committee can moderate the influence of board of directors meetings on earnings management.

2.4. The audit committee can moderate the influence of directors' gender diversity on earnings management

Women as leaders tend to be more democratic and will take subordinates' opinions more seriously when making decisions, while men tend to adopt a more autocratic or dominant leadership style that leads more through command than through consensus (Nevid, 2021). In addition, women are considered to have more independent thinking and more efficient monitoring of executive activities than men when acting as directors (Le & Nguyen, 2023). This forms an opinion that male directors will behave more aggressively than women, including maximizing their utility in pursuing higher bonuses when referring to the bonus plan hypothesis in positive accounting theory which was coined by

(Watts & Zimmerman, 1986). The presence of female directors on the board is said to be an alternative to limit earnings management behavior that may be carried out by individuals or groups to seek profit. The existence of gender diversity on the board of directors is thought to have an important role in limiting opportunistic approaches to management (Kouaib & Almulhim, 2019). This is because women who are on the board of directors are more sensitive to reputation damage and the risk of lawsuits so they will act decisively to improve accounting quality (Schumann et al., 2024). Therefore, the presence of women on the board of directors can increase the role of the board as a tool for good corporate governance and increase manager monitoring so that it can lead to better detection of earnings management (Lakhal et al., 2015).

The existence of an audit committee as an extension of the board of commissioners to carry out supervisory functions is responsible for monitoring the financial reporting process (Alzoubi, 2019; Solikhah et al., 2022). The existence of an audit committee is useful for ensuring transparency, openness of financial reports, fairness to stakeholders, and disclosure of information carried out by management (Meiryani et al., 2022). In addition, the audit committee is responsible for reviewing the company's compliance with applicable laws and regulations. Therefore, it is hoped that with the existence of an audit committee, decisions taken by the directors can be monitored and controlled so that they can bind all interested parties and suppress acts of manipulation of financial reports (Hidayah et al., 2019; Solikhah et al., 2022).

The audit committee is tasked with monitoring to increase effectiveness in creating quality financial reporting transparency, compliance with applicable laws and regulations, as well as adequate internal supervision (Meiryani et al., 2022). The audit

committee has the authority to fulfill its duties and responsibilities by communicating directly with the board of directors to seek accurate information. Therefore, the presence of an audit committee can increase the board's ability to fulfill its legal responsibilities and ensure that the credibility and objectivity of financial reports are achieved (Isa & Farouk, 2018).

The description above illustrates that the presence of an audit committee can strengthen the influence of the presence of female directors in minimizing opportunistic actions carried out by male directors who are allegedly more concerned with their interests. The audit committee limits unethical behavior that may be carried out by the board of directors through monitoring mechanisms so that the board of directors can be more effective in producing information that is accurate and free from manipulation. An effective audit committee has been proven to reduce earnings management practices in companies (Mohd Saleh et al., 2007).

H4: The audit committee can moderate the influence of director gender diversity on earnings management.

3. RESEARCH METHODOLOGY

This research is quantitative. The data used in this research is secondary data. Data comes from annual reports and company financial reports for 2019-2021 from each company's website. The sample in this study contained 261 analysis units which were data from 87 companies multiple by three years. Sampling used a stratified random sampling technique. Data analysis using WarpPLS. Detailed measurements of research variables can be seen in Table 1.

Table 1. Variable measurement

No.	Variable	Indicator	Measurement	Scale
1	Earning management (DA)	The quality of company profits, the size or size of earnings management behavior as measured by discretionary accruals.	1. Modified Jones model (Dechow et al., 1995). 2. Total accrual: $TA_{it} = NI_{it} - CFO_{it}$ 3. Total accrual value (TA), ordinary least squares (OLS) regression: $\frac{TA_{it}}{A_{it} - 1} = \alpha_1 \left(\frac{1}{A_{it} - 1} \right) + \alpha_2 \frac{\Delta REV_{it}}{A_{it} - 1} + \alpha_3 \frac{PPE_{it}}{A_{it} - 1} + \varepsilon$ 4. Non-discretionary accruals (NDA): $NDA_{it} = \alpha_1 \left(\frac{1}{A_{it} - 1} \right) + \alpha_2 \left(\frac{\Delta REV_{it}}{A_{it} - 1} - \frac{\Delta REC_{it}}{A_{it} - 1} \right) + \alpha_3 \frac{PPE_{it}}{A_{it} - 1}$ 5. Discretionary accrual (DA): $DA_{it} = \frac{TA_{it}}{A_{it} - 1} - NDA_{it}$	Ratio
2	Board of directors meeting (MEET)	The number of meetings held by the board of directors in one year.	The number of meetings held by the board of directors in one year (Aleqab & Ighnaim, 2021; Binashour et al., 2021; Chouaibi et al., 2018).	Ratio
3	Gender diversity of the board of directors (GENDER)	The ratio of the number of women on the board of directors to the total members of the board of directors.	Female board of directors / Total members of the board of directors (Binashour et al., 2021; Triki Damak, 2018; Widagdo et al., 2022).	Ratio
4	Audit committee (COMMA)	Audit committee activities and responsibilities.	Give good, fair, and poor ratings for each indicator component (Setiawan & Fitriany, 2011).	Interval

4. RESULTS

4.1. Descriptive analysis

The results of the descriptive analysis show the conditions in the research sample companies. The results of descriptive statistical analysis for

earnings management show that this variable has an average value of -0.0009 and a standard deviation value of 0.0147. This provides evidence that the *earnings management* variable has quite varied data with quite large data deviations because the average value is smaller than the standard deviation value. Apart from that, it can be seen that

there are indications of *earnings management* in the sample companies during the research period. This is characterized by discretionary accruals

having positive and negative values, which indicates management activities to increase or decrease profit figures by utilizing accruals.

Table 2. Results of descriptive statistical analysis

Variable	Obs.	Mean	Std. dev.	Min	Max
DA	261	-0.0009	0.0147	-0.1046	0.0645
MEET	261	20.9272	18.4013	4	139
GENDER	261	0.1629	0.1806	0	0.8
COMMA	261	26.2529	2.4786	16	29

The highest value of *earnings management* (DA) that occurred during the research period was 0.0645 which occurred at PT Dwi Guna Laksana Tbk in 2021. This shows that in 2021 PT Dwi Guna Laksana Tbk carried out earnings management by increasing the highest accrual profit figure compared to other companies. Meanwhile, the smallest value of earnings management that occurred during the research period was -0.1046 which occurred at PT Optima Prima Metal Sinergi Tbk in 2019. This shows that in 2019 PT Optima Prima Metal Sinergi Tbk carried out earnings management by reducing the highest accrual profit compared to other companies.

The results of descriptive statistical analysis for the *board of directors meetings* (MEET) show that this variable has an average value of 20.9272 and a standard deviation value of 18.4013. This provides evidence that the board of directors meeting variable has less varied data because the average value is greater than the standard deviation value. Apart from that, it can also be concluded that the board of directors of companies in Indonesia has complied with Financial Services Authority Regulation No. 33/POJK.04/2014 which states that the board of directors of a public company is required to hold meetings at least once every month. This is indicated by the average number of board of directors meetings in each company of 20.9272 or 21 meetings, which value meets the minimum number set by Financial Services Authority Regulation No. 33/POJK.04/2014.

The highest number of board of directors meetings that occurred during the research period was 139 board of directors meetings during one year which took place at PT Aneka Tambang Tbk in 2020. When referring to Financial Services Authority Regulation No. 33/POJK.04/2014, this means in 2020 PT Aneka Tambang Tbk is the company with the highest level of implementation of these regulations. Meanwhile, the smallest value of board of directors meetings that occurred during the research period was four board of directors meetings during one year which occurred at PT Suryamas Dutamakmur Tbk and PT Trimitra Propertindo Tbk in 2019 and 2020. This makes the two companies the same — operate in the property and housing industry sector as a company with the lowest implementation of Financial Services Authority Regulation No. 33/POJK.04/2014 among other companies.

The results of descriptive statistical analysis of the *gender diversity of the board of directors* (GENDER) show that this variable has an average value of 0.1629 and a standard deviation value of 0.1806. This provides evidence that the gender diversity of the board of directors variable has quite varied data with quite large data deviations because

the average value is smaller than the standard deviation value. Apart from that, it can also be concluded that the gender composition of the board of directors in companies in Indonesia is still very small, as evidenced by the average value of gender diversity of the board of directors which is only 0.1629 or 16%. This of course can be evidence that the companies in the sample of this research still believe in the stereotype that has developed in society throughout the world which states that men are seen as having a higher status than women, even in the world of work (Nevid, 2021).

The highest value of gender diversity of the board of directors that occurred during the research period was 0.8 or 80% of female directors who occupied directorships for one year which occurred at PT Prodia Widyahusada Tbk. This shows that PT Prodia Widyahusada Tbk has a board of directors composition with the highest female participation compared to other companies. Meanwhile, the smallest value of gender diversity of the board of directors that occurred during the research period was zero female directors who occupied director chairs for one year, which occurred in many companies. This shows that quite a few companies in Indonesia think that male directors are better at managing their companies than female directors.

The results of descriptive statistical analysis for the *audit committee* (COMMA) show an average value of 26.2529 and a standard deviation value of 2.4786. This provides evidence that the audit committee variable has less varied data because the average value is much greater than the standard deviation value. Apart from that, it can also be concluded that audit committees in companies in Indonesia are of sufficient quality, as evidenced by the average value of the audit committee quality assessment which is 26.2529 or 26 if rounded. This is close to the maximum assessment value of 29 or is included in the good category of the assessment components developed by (Setiawan & Fitriany, 2011).

The highest score from the audit committee that occurred during the research period was 29 or was included in the good category which occurred in many companies. This shows many companies in Indonesia have quality audit committees and their performance is under applicable regulations. Based on the Financial Services Authority Regulation No. 55/POJK.04/2014 state the audit committee must hold regular meetings at least once every three months or four times a year. Hence, all companies are obliged to comply with these regulations. Meanwhile, the smallest value of the audit committee that occurred during the research period was 16 at PT Optima Prima Metal Sinergi Tbk in 2019. It is still included in the fair category.

4.2. Hypothesis analysis

4.2.1. Convergent validity test and reliability test

Convergent validity is used as a form of testing the validity of the data for each indicator on its variables, which is then seen from the factor loading values. Correlation is said to be of high value and valid if the factor loading value is > 0.7 . However, if

the factor loading value is < 0.7 then the indicator is invalid for measuring the value of the construct. The results above show that all research indicators, including the *board of directors meetings*, *gender diversity of the board of directors*, *audit committee*, and *earnings management*, have an outer loading value of 1.000 and more than 0.7. Thus, it can be interpreted that the data is highly correlated and valid because the factor loading value is > 0.7 .

Table 3. Convergent validity test

Description	X1	X2	Z	Y	Z * X1	Z * X2
MEET	(1.0000)	0.000	0.000	0.000	0.000	0.000
GENDER	0.000	(1.0000)	0.000	0.000	0.000	0.000
COMMA	0.000	0.000	(1.0000)	0.000	0.000	0.000
DA	0.000	0.000	0.000	(1.0000)	0.000	0.000
Z * X1	0.000	0.000	0.000	0.000	(1.0000)	0.000
Z * X2	0.000	0.000	0.000	0.000	0.000	(1.0000)

A reliability test is a test aimed at testing indicators in research instruments to see whether they can be measured more than twice for accurate results. Carrying out a reliability test that has reflective indicators can be done in two ways, namely by looking at Cronbach's alpha and composite reliability values. The reliability test

criteria in this research are that the construct is declared reliable when Cronbach's alpha and composite reliability values are > 0.7 . Therefore, each research variable has a Cronbach's alpha and composite reliability value of > 0.7 , namely 1.000, therefore, all variables have met the reliability test criteria.

Table 4. Reliability test

Description	X1	X2	Z	Y	Z * X1	Z * X2
R-squared				0.049		
Adj. R-squared				0.034		
Composite reliability	1.000	1.000	1.000	1.000	1.000	1.000
Cronbach's alpha	1.000	1.000	1.000	1.000	1.000	1.000

4.2.2. Structural model analysis (inner model)

Based on the results of the coefficient of determination (R^2), it is known that the coefficient of determination (R^2) for the *earnings management* variable is 0.049, which means it is weak because the value is less than 0.25. If the R^2 value is then multiplied by 100%, it will show how much influence

the variable *board of directors meeting*, *gender diversity of the board of directors* and *audit committee* have on the *earnings management* variable. The results of this calculation obtained a value of 4.9%, which means 4.9% of earnings management can be explained by board of directors meeting, the gender diversity of the board of directors, and the audit committee.

Table 5. The coefficient of determination (R^2)

Description	X1	X2	Z	Y	Z * X1	Z * X2
R-squared				0.049		

Based on the results of effect size (F), it shows that the variables *board of directors meetings*, *gender diversity of the board of directors*, interaction between the *audit committee* and *board of directors meetings*, interaction between the *audit committee*

and *gender diversity of the board of directors* have an effect size that is classified as weak because it is between 0.02 and 0.15 (Latan & Ghazali, 2017). This condition shows that the research model is appropriate.

Table 6. The effect size (F)

Description	X1	X2	Z	Y	Z * X1	Z * X2
X1				0.049		
X2						
Z						
Y	0.000	0.002			0.011	0.040
Z * Y1						
Z * X2						

Based on the goodness of fit (GoF) test data, it shows that the research model has observations in the medium category with a value of 0.222 where

the t-value exceeds 0.1 but is less than 0.25. This condition shows that the research model is fit.

Goodness of fit: Model fit and quality indices
Average path coefficient (APC) = 0.077, p = 0.052
Average R-squared (ARS) = 0.049, p = 0.106
Average adjusted R-squared (AARS) = 0.034, p = 0.144
Average block VIF (AVIF) = 1.532, acceptable if ≤ 5 , ideally ≤ 3.3
Average full collinearity VIF (AFVIF) = 1.373, acceptable if ≤ 5 , ideally ≤ 3.3
Tenenhaus GoF (GoF) = 0.222, small ≥ 0.1 , medium ≥ 0.25 , large ≥ 0.36
Simpson's paradox ratio (SPR) = 0.500, acceptable if ≥ 0.7 , ideally = 1
R-squared contribution ratio (RSCR) = 0.963, acceptable if ≥ 0.9 , ideally = 1
Statistical suppression ratio (SSR) = 1.000, acceptable if ≥ 0.7
Nonlinear bivariate causality direction ratio (NLBCDR) = 0.250, acceptable if ≥ 0.7

Based on the Stone-Geisser's (Q-squared) test, it shows that the predictive relevance value for the earnings management variable is 0.061, which then means that the Q-squared value is greater than 0.02 but not greater than 0.15 so it is included in the small category.

Stone-Geisser's Q-squared	0.061
---------------------------	-------

Then it can be concluded that the research model has a small predictive relevance value and impact on the dependent variable. Hence, the research model is appropriate. Hypothesis analysis is carried out by testing the hypothesis, namely by looking at the path coefficient and p-value. The criterion for significance value in this research is a p-value of 0.05 or 5%. The following table presents the test results by looking at the path coefficient and p-value.

Table 7. Hypothesis analysis

Hypothesis	Path coefficient	p-values	Explanation
H1: Board of directors meetings have a negative and significant effect on earnings management.	0.000	0.497	Rejected
H2: Gender diversity of directors has a negative and significant effect on earnings management.	-0.036	0.227	Rejected
H3: The audit committee can moderate the influence of board of directors meetings on earnings management.	-0.084	0.085	Rejected
H4: The audit committee can moderate the influence of director gender diversity on earnings management.	0.187	< 0.001	Accepted

Based on the data above, the results of data processing and testing between variables through the path coefficient and p-value are explained as follows:

1. *H1 testing.* The first hypothesis in this research tests whether the board of directors meetings have a significant negative effect on earnings management. After processing and testing using WarpPLS version 8.0 software, the influence of board of directors meetings on earnings management has a positive path coefficient value of 0.000 with a p-value of 0.497 ($0.497 > 0.05$). Then it is interpreted that board of directors meetings have no influence on earnings management, so *H1* regarding board of directors meetings having a significant negative effect on earnings management is rejected.

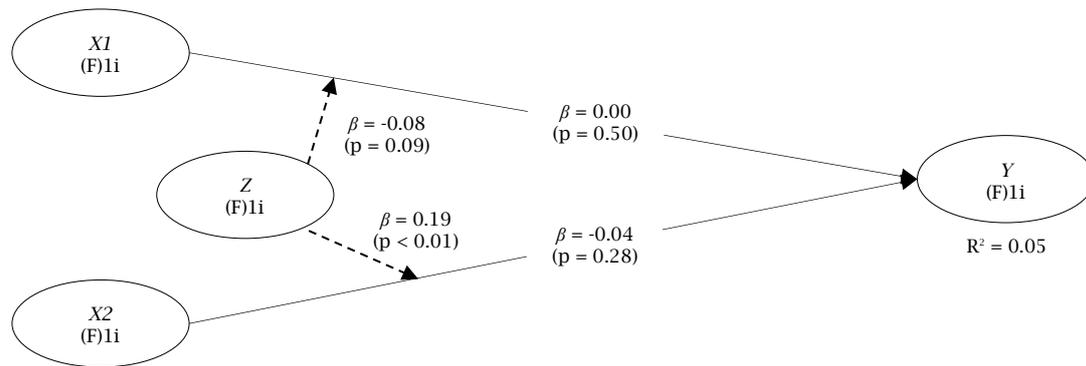
2. *H2 testing.* The second hypothesis in this study tests whether the gender diversity of the board of directors has a significant negative effect on earnings management. After processing and testing using WarpPLS version 8.0 software, the influence of gender diversity on the board of directors on earnings management has a negative path coefficient value of -0.036 with a p-value of 0.277 ($0.277 > 0.05$). Then it can be interpreted that the gender diversity of the board of directors has no influence on earnings management, so *H2* regarding the gender diversity of the board of directors has a significant negative effect on earnings management is rejected.

3. *H3 testing.* The third hypothesis in this research tests whether the audit committee can moderate the influence of board of directors meetings on earnings management. After processing

and testing using WarpPLS version 8.0 software, the influence of the audit committee in moderating the influence of board of directors meetings on earnings management has a negative path coefficient value of -0.084 with a p-value of 0.085 ($0.085 > 0.05$). The path coefficient value for this moderation effect has a value that tends to be lower than before the moderation effect, namely $0.000 > -0.084$. This then means that the audit committee is unable to moderate the influence of foreign ownership on earnings management, so *H3* that the audit committee moderates the influence of board of directors meetings on earnings management is rejected.

4. *H4 testing.* The fourth hypothesis in this study tests whether the audit committee can moderate the influence of the board of directors gender diversity on earnings management. After processing and testing using WarpPLS version 8.0 software, the influence of the audit committee in moderating the influence of gender diversity on the board of directors on earnings management has a positive path coefficient value of 0.187 with a p-value of 0.001 ($0.001 < 0.05$). The path coefficient value for this moderation effect has a value that tends to be higher than before the moderation effect, namely $0.187 > -0.036$. This then means that the audit committee can moderate by strengthening the influence of the gender diversity of the board of directors on earnings management so that *H4* that the audit committee moderates the influence of the gender diversity of the board of directors on earnings management is accepted.

Figure 1. The result of structural model analysis



5. DISCUSSION AND IMPLICATIONS

5.1. The influence of board of director meetings on earnings management

Board of director meetings do not have a significant effect on earnings management. This is because the *MEET* probability value is above 5% significance. This result does not follow the *H1* which states that board of director meetings have a significant effect on earnings management.

The research results contradict the upper echelon theory which states that the diversity of a company's top management will always be closely related to company behavior (Augier & Teece, 2018; Hambrick, 2016). Apart from that, these results also do not follow positive accounting theory which refers to the fewer meetings held, the higher the possibility of management implementing a bonus plan hypothesis, in other words holding more frequent meetings can be a limiting procedure for individuals or groups who have the intention to act opportunistically (Watts & Zimmerman, 1990). There is no empirical statistical evidence that states that board of director meetings have a significant effect on earnings management.

This research is in line with other research which found evidence that there is no influence between board size and earnings management behavior carried out (Aleqab & Ighnaim, 2021; Karina, 2021). Board of director meetings cannot provide a guarantee that earnings management can be minimized. This is in line with agency theory that the existence of a conflict of interest between the board of directors (agent) and the shareholders (principal) makes earnings management unavoidable.

5.2. The influence of gender diversity of directors on earning management

The results of hypothesis testing prove that gender diversity of directors does not have a significant effect on earnings management. This is because the *GENDER* probability value is above 5% significance. This result does not follow the *H2* which states that gender diversity of directors has a significant effect on earnings management.

This condition is because the gender composition of the board of directors in companies in Indonesia is still very small. This research is in

line with other research that finds gender diversity does not have a significant impact on reducing earnings management (Binashour et al., 2021). The presence of women on the board of directors does not play a role in minimizing earnings management. Many companies choose to have male rather than female board directors. There is a view that men are superior to women. This means that women are not considered good for positions on the board of directors. This is due to stereotypes that believe men are breadwinners and women are housewives (Nevid, 2021). Furthermore, this condition shows that companies lack awareness of the important role of women in corporate governance.

5.3. The influence of board of directors meetings on earning management moderated by the audit committee

The audit committee is unable to moderate the influence of board of directors meetings on earnings management. This is because the *MEET_COMMA* probability value is above 5% significance. This result does not follow the *H3* which states that the audit committee can moderate the influence of board of directors meetings on earnings management.

The results of this research contradict the upper-echelon theory which states that the diversity of a company's top management will always be closely related to company behavior (Augier & Teece, 2018; Hambrick, 2016). Apart from that, these results also do not follow positive accounting theory which refers to the fewer meetings held, the higher the possibility of management implementing a bonus plan hypothesis, in other words holding more frequent meetings can be a limiting procedure for individuals or groups who have the intention to act opportunistically (Watts & Zimmerman, 1990). This is because there is no statistical evidence that the audit committee plays a role in moderating the influence of board of directors meetings on earnings management. Moreover, the results of this research are supported by agency theory. The director is an agent whose job is to carry out the wishes of the principals (Jensen, 1993). The existence of this conflict of interest makes the board of directors focus on its interests to display its consistently good performance in various ways.

5.4. The influence of gender diversity of directors on earning management moderated by the audit committee

A summary of the results of hypothesis testing provides evidence that the audit committee can moderate the influence of director gender diversity on earnings management. This is because the *GENDER_COMMA* probability value is above 5% significance. These results follow the *H4* which states that the audit committee can moderate the influence of director gender diversity on earnings management. The *GENDER_COMMA* coefficient shows that this interaction has a positive effect on earnings management. This means that the presence of an audit committee can strengthen the influence of director gender diversity in reducing earnings management.

The results of this research are in line with the upper-echelon theory which states that the diversity of a company's top management will always be closely related to company behavior (Augier & Teece, 2018; Hambrick, 2016). Apart from that, these results also follow the positive accounting theory in the bonus plan hypothesis which refers to the characteristics of male directors who behave more aggressively than women, including maximizing their utility in pursuing higher bonuses. A quality audit committee can carry out its supervisory role efficiently, to ensure transparency, openness of financial reports, fairness to stakeholders, and disclosure of information carried out by management. The existence of an audit committee can monitor decisions taken by the board of directors so that they can bind all interested

parties. This can suppress acts of manipulation of financial reports. Good corporate governance has been implemented in companies optimally, able to increase company value (Hidayah, 2022). The presence of an audit committee can moderate the gender diversity of directors in earnings management (Isa & Farouk, 2018). The audit committee plays a role in increasing the effectiveness of female directors in reducing earnings management practices. In addition, this shows that the company has implemented good corporate governance. Therefore, companies can minimize earnings management.

6. CONCLUSION

This study's findings demonstrate board of directors meetings and gender diversity of directors are not influencing earning management. Then, the audit committee can moderate the relationship between director gender diversity and earnings management. The audit committee as a moderating variable can strengthen the influence of director gender diversity on earnings management. This shows the importance of the audit committee in controlling company earnings management.

This study has a limitation which is only focusing on the board of directors. Hence, further research can use corporate governance mechanisms to reach comprehensive results. This research provides important recommendations for company policy-making regarding the implementation of good corporate governance to achieve higher company performance.

REFERENCES

- Abatecola, G., & Cristofaro, M. (2020). Hambrick and Mason's "upper echelons theory": Evolution and open avenues. *Journal of Management History*, 26(1), 116–136. <https://doi.org/10.1108/JMH-02-2018-0016>
- Aleqab, M. M., & Ighnaim, M. M. (2021). The impact of board characteristics on earnings management. *Journal of Governance & Regulation*, 10(3), 8–17. <https://doi.org/10.22495/jgrv10i3art1>
- Alzoubi, E. S. S. (2019). Audit committee, internal audit function and earnings management: Evidence from Jordan. *Meditari Accountancy Research*, 27(1), 72–90. <https://doi.org/10.1108/MEDAR-06-2017-0160>
- Association of Certified Fraud Examiners (ACFE) Indonesia Chapter. (2020). *Survei fraud Indonesia 2019*. <https://acfe-indonesia.or.id/wp-content/uploads/2021/02/SURVEI-FRAUD-INDONESIA-2019.pdf>
- Augier, M., & Teece, D. J. (Eds.) (2018). *The Palgrave encyclopedia of strategic management*. Palgrave Macmillan. <https://doi.org/10.1057/978-1-137-00772-8>
- Bin Khidmat, W., Ayub Khan, M., & Ullah, H. (2020). The effect of board diversity on firm performance: Evidence from Chinese listed companies. *Indian Journal of Corporate Governance*, 13(1), 9–33. <https://doi.org/10.1177/0974686220923793>
- Binashour, A. A., Albairaq, A. S., Sulaiman, E. M., Hayek, A. F., & Hazarika, I. (2021). The impact of board of director characteristics on earning management in the real estate companies listed United Arab Emirates. *Academy of Accounting and Financial Studies Journal*, 25(S1). <https://www.abacademies.org/articles/The-Impact-of-Board-of-Director-Characteristics-on-Earning-Management-1528-2635-SI-25-1-641.pdf>
- Chouaibi, J., Harres, M., & Brahim, N. B. (2018). The effect of board director's characteristics on real earnings management: Tunisian-listed firms. *Journal of the Knowledge Economy*, 9, 999–1013. <https://doi.org/10.1007/s13132-016-0387-3>
- CNBC Indonesia. (2019, June 29). *Kemenkeu, OJK & BEI kompak sanksi Garuda karena lapkeu 2018* [Ministry of finance, OJK and BEI compact sanctions Garuda because of the 2018 financial lapse]. <https://www.cnbcindonesia.com/market/20190629120802-17-81567/kemenkeu-ojk-bei-kompak-sanksi-garuda-karena-lapkeu-2018>
- Dechow, P. M., Sloan, R. G., & Sweeney, A. P. (1995). Detecting earnings management. *The Accounting Review*, 70(2), 193–225. http://sseriga.free.fr/course/uploads/FA%20-%20PM/Dechow_et_al_1995.pdf
- Engelen, K. C. (2021). Germany's Wirecard scandal: The largest accounting fraud in the country's postwar history. *The International Economy*. http://international-economy.com/TIE_W21_EngelenLetter.pdf
- Financial Services Authority. (2012). *Decree of the Chairman of the Capital Markets and Financial Institutions Supervisory Agency No. KEP-643/BL/2012 about formation and guidelines for work implementation audit committee*. <https://www.ojk.go.id/Files/regulasi/pasar-modal/bapepam-pm/emiten-pp/peraturan-lain/6.IX.I.5.pdf>

- Financial Services Authority. (2014). *Financial Services Authority regulation No. 33/POJK.04/2014 concerning the board of directors and the board of commissioners of issuers of public companies*. <https://ojk.go.id/en/kanal/pasar-modal/regulasi/peraturan-ojk/Pages/OJK-Regulation-Concerning-The-Board-of-Directors-and-The-Board-of-Commissioners-of-Issuers-of-Public-Companies.aspx>
- Hambrick, D. C. (2016). Upper echelons theory. In M. Augier & D. Teece (Eds.), *The Palgrave encyclopedia of strategic management* (pp. 1–5). Palgrave Macmillan. https://doi.org/10.1057/978-1-349-94848-2_785-1
- Hambrick, D. C., & Mason, P. A. (1984). Upper echelons: The organization as a reflection of its top managers. *The Academy of Management Review*, 9(2), 193–206. <https://doi.org/10.2307/258434>
- Hidayah, R., Suryandari, D., Suryarini, T., Sukirman, Kayati, I. N., Dinassari, R., & Rohmah, F. T. (2022). The role of firm size on environmental performance in the developing country. *Corporate & Business Strategy Review*, 3(1), 134–143. <https://doi.org/10.22495/cbsrv3i1art12>
- Hidayah, R., Zahid, A., Suryarini, T., Basher, S. R., & Handoyo, E. (2019). Corporate performance and executive compensation in Indonesia. *The Journal of Social Sciences Research*, 5(3), 634–639. <https://doi.org/10.32861/jssr.53.634.639>
- Ikatan Akuntan Indonesia. (2015). *Modul chartered accountant: Etika profesi dan tata kelola korporat* [Chartered accountant module: Professional ethics and corporate governance]. <https://web.iaiglobal.or.id/assets/materi/Sertifikasi/CA/modul/eptkk/>
- Isa, M. A., & Farouk, M. A. (2018). The moderating effect of audit committee on the relationship between board diversity and earnings management of banks in Nigeria. *Iranian Journal of Accounting, Auditing and Finance*, 2(1), 115–132. <https://doi.org/10.22067/ijaaf.v2i1.68363>
- Jensen, M. C. (1993). The modern industrial revolution, exit, and the failure of internal control systems. *The Journal of Finance*, 48(3), 831–880. <https://doi.org/10.1111/j.1540-6261.1993.tb04022.x>
- Jo, H., Hsu, A., Llanos-Popolizio, R., & Vergara-Vega, J. (2021). Corporate governance and financial fraud of wirecard. *European Journal of Business and Management Research*, 6(2), 96–106. <https://doi.org/10.24018/ejbmr.2021.6.2.708>
- Karina, R. (2021). Corporate governance and earnings management: Does gender matter? *Jurnal Akuntansi dan Auditing Indonesia*, 25(2), 125–135. <https://doi.org/10.20885/jaai.vol25.iss2.art3>
- Kouaib, A., & Almulhim, A. (2019). Earnings manipulations and board's diversity: The moderating role of audit. *The Journal of High Technology Management Research*, 30(2), Article 100356. <https://doi.org/10.1016/j.hitech.2019.100356>
- Lakhal, F., Aguir, A., Lakhal, N., & Malek, A. (2015). Do women on boards and in top management reduce earnings management? Evidence in France. *Journal of Applied Business Research*, 31(3), 1107–1118. <https://doi.org/10.19030/jabr.v31i3.9236>
- Latan, H., & Ghozali, H. I. (2017). *Partial least squares konsep, metode, dan aplikasi menggunakan program WarpPLS 5.0* [Partial least squares concepts, methods and applications using the WarpPLS 5.0 program] (3rd ed.). Badan Penerbit Universitas Diponegoro.
- Le, Q. L., & Nguyen, H. A. (2023). The impact of board characteristics and ownership structure on earnings management: Evidence from a frontier market. *Cogent Business & Management*, 10(1), Article 2159748. <https://doi.org/10.1080/23311975.2022.2159748>
- Lestari, E., & Murtanto, M. (2017). Pengaruh efektivitas dewan komisaris dan komite audit, struktur kepemilikan, dan kualitas audit terhadap manajemen laba [The influence of the effectiveness of the board of commissioners and audit committee, ownership structure, and audit quality on earnings management]. *Jurnal Media Riset Akuntansi, Auditing & Informasi*, 17(2), 97–116. <https://doi.org/10.25105/mraai.v17i2.2063>
- Meiryani, Teresa, V., Sun, Y., & Liawatimena, S. (2022). The influence of the audit committee and audit quality on prevention of earning management. *ICIC Express Letters*, 16(8), 887–895. <https://doi.org/10.24507/icicel.16.08.887>
- Mohd Saleh, N., Mohd Iskandar, T., & Mohid Rahmat, M. (2007). Audit committee characteristics and earnings management: Evidence from Malaysia. *Asian Review of Accounting*, 15(2), 147–163. <https://doi.org/10.1108/13217340710823369>
- Nevid, J. S. (2021). *Gender dan seksualitas konsepsi dan aplikasi psikologi* [Gender and sexuality conceptions and applications of psychology] (3rd ed.). Nusamedia.
- Peng, Z., Yang, Y., & Wu, R. (2022). The Luckin Coffee scandal and short selling attacks. *Journal of Behavioral and Experimental Finance*, 34, Article 100629. <https://doi.org/10.1016/j.jbef.2022.100629>
- Riley, W. B., & Chow, K. V. (1992). Asset allocation and individual risk aversion. *Financial Analysts Journal*, 48(6), 32–37. <https://doi.org/10.2469/faj.v48.n6.32>
- Riyadh, H. A., Sukoharsono, E. G., Roekhudin, R., & Andayani, W. (2019). The impact of board characteristics on earnings management in the international oil and gas corporations. *Academy of Accounting and Financial Studies Journal*, 23(1). <http://surl.li/uqahl>
- Robbins, S. P., & Judge, T. A. (2015). *Perilaku organisasi* [Organizational behavior] (16th ed.). Salemba Empat.
- Ronen, J., & Yaari, V. (2008). *Earnings management: Emerging insights in theory, practice, and research*. Springer. <https://doi.org/10.1007/978-0-387-25771-6>
- Sáenz González, J., & García-Meca, E. (2014). Does corporate governance influence earnings management in Latin American markets? *Journal of Business Ethics*, 121, 419–440. <https://doi.org/10.1007/s10551-013-1700-8>
- Saftiana, Y., Mukhtaruddin, Putri, K. W., & Ferina, I. S. (2017). Corporate governance quality, firm size and earnings management: Empirical study in Indonesia Stock Exchange. *Investment Management and Financial Innovations*, 14(4), 105–120. [https://doi.org/10.21511/imfi.14\(4\).2017.10](https://doi.org/10.21511/imfi.14(4).2017.10)
- Saona, P., Muro, L., Martín, P. S., & Baier-Fuentes, H. (2019). Board of director's gender diversity and its impact on earnings management: An empirical analysis for select European firms. *Technological and Economic Development of Economy*, 25(4), 634–663. <https://doi.org/10.3846/tede.2019.9381>
- Schumann, F., Thun, T. W., Dauth, T., & Zülch, H. (2024). Does top management team diversity affect accounting quality? Empirical evidence from Germany. *Journal of Management and Governance*, 28, 137–175. <https://doi.org/10.1007/s10997-023-09668-7>

- Setiawan, L., & Fitriany, F. (2011). Pengaruh workload dan spesialisasi auditor terhadap kualitas audit dengan kualitas komite audit sebagai variabel pemoderasi [The influence of workload and auditor specialization on audit quality with audit committee quality as a moderating variable]. *Jurnal Akuntansi dan Keuangan Indonesia*, 8(1), Article 3. <https://doi.org/10.21002/jaki.2011.03>
- Solikhah, B., Wahyudin, A., Al-Faryan, M. A. S., Iranda, N. N., Hajawiyah, A., & Sun, C.-M. (2022). Corporate governance mechanisms and earnings quality: Is firm size a moderation variable? [Special issue]. *Journal of Governance & Regulation*, 11(1), 200–210. <https://doi.org/10.22495/jgrv11i1siart1>
- Suhadak, Nawari, N., & Wardhani, D. K. (2022). Corporate governance, Big4 and earnings management. *Jurnal Akuntansi dan Bisnis*, 22(1), 17–29. <https://doi.org/10.20961/jab.v22i1.721>
- Sulaksono, B. (2018). Faktor-faktor yang memengaruhi manajemen laba pada perusahaan nonkeuangan publik [Factors that influence earnings management in public non-financial companies]. *Jurnal Bisnis Dan Akuntansi*, 20(2), 127–134. <https://jurnaltsm.id/index.php/JBA/article/view/418>
- Triki Damak, S. (2018). Gender diverse board and earnings management: Evidence from French listed companies. *Sustainability Accounting, Management and Policy Journal*, 9(3), 289–312. <https://doi.org/10.1108/SAMPJ-08-2017-0088>
- Watts, R. L., & Zimmerman, J. L. (1986). *Positive accounting theory*. Prentice-Hall.
- Watts, R. L., & Zimmerman, J. L. (1990). Positive accounting theory: A ten year perspective. *The Accounting Review*, 65(1), 131–156. <https://www.jstor.org/stable/247880>
- Widagdo, A. K., Rahmawati, Djuminah, Arifah, S., Goestjahjanti, F. S., & Kiswanto. (2022). The impact of ownership characteristics and gender on earnings management: Indonesian companies. *Journal of Risk and Financial Management*, 16(1), Article 17. <https://doi.org/10.3390/jrfm16010017>
- Zubaidah, S., Irawan, D., Sumarwijaya, S., Widyastuti, A., & Arisanti, I. (2021). Gender diversity, institutional ownership and earning management: Case on distribution industry in Indonesia. *Journal of Distribution Science*, 19(11), 17–25. <https://doi.org/10.15722/jds.19.11.202111.17>