ABSTRACT

This study aims to examine the effect of governance, proxied by board of commissioners' meetings, board of commissioners' background, board of commissioners' independence, audit committee size, audit committee meetings, and the nomination and remuneration committee, on earnings management. The study also examines the interaction of firm size as a moderator in the relationship between governance and earnings management. This research is based on previous studies with varying results. The population used in this study consists of banking sector companies listed on the Indonesia Stock Exchange from 2020 to 2022.

Moderation regression analysis is used to analyze the relationship between governance and earnings management, as well as the moderating effect of firm size on their relationship. The SPSS analysis application is used to help the moderated regression analysis.

The test results show that in the direct relationship analysis, only the board of commissioners' meetings significantly affect earnings management with a positive coefficient direction. Meanwhile, other governance proxies do not have any effect. Furthermore, after incorporating the interaction of firm size in the relationship between governance and earnings management, it is found that firm size moderates the relationship between audit committee size and audit committee meetings on earnings management.

Keywords: earnings management, governance, firm size.