

ABSTRACT

Earnings management is a manipulation practice carried out by banks to beautify financial statements and make them look attractive to investors. The agency problem triggers the emergence of earnings management practices. In this study, the author analyzes the impact of corporate governance on earnings management in commercial banks listed on the Indonesia Stock Exchange from 2019 to 2023. The bank's performance acts as an intervening variable. Earnings management is measured using Discretionary Loan Loss Provision (DLLP).

The author uses the path analysis method to identify the role of independent variables on the dependent variable both directly and through mediating variables. In this study, the data used is panel data and processed using STATA 14 software. The data used is secondary data obtained from the annual reports of each bank.

The results of this study indicate that independent commissioner, audit committee size, and board gender diversity do not have a significant impact on earnings management. Furthermore, bank performance does not have a significant influence in mediating the relationship between the three independent variables and the dependent variable. Therefore, investors need to be more cautious in making investment decisions because bank performance does not guarantee that bank management is not engaging in bank management practices.

Keywords: *corporate governance, earnings management, bank performance*

