

ABSTRACT

The purpose of this study is to analyze the effect of accrual and real earnings management on financial reporting quality and to examine the role of corporate governance as a moderating variable in weakening earnings management practices. In this study, financial reporting quality was measured using a NiCE-based parameter approach encompassing relevance, faithful representation, understandability, comparability, and timeliness.

This study employed a quantitative approach with a hypothesis testing study design using moderated regression analysis in SPSS 24. The data used were secondary data from the annual financial reports of companies in the transportation, logistics, and non-cyclical consumer sectors listed on the Indonesia Stock Exchange (IDX) during the 2020-2023 period. The sample was determined using a purposive sampling technique.

The findings indicate that accrual earnings management has a negative and significant effect on financial reporting quality. Meanwhile, real earnings management has no effect on financial reporting quality. As a moderating variable, Good Corporate Governance (GCG) has been shown to significantly moderate the relationship between accrual earnings management and financial reporting quality. Conversely, GCG does not play a significant role in moderating the relationship between real earnings management and financial reporting quality. Although theoretically REM is easier to detect, the effectiveness of GCG in suppressing this practice is not optimal, likely due to limited oversight of management's operational decisions. Overall, these findings support the importance of implementing effective corporate governance in maintaining financial reporting quality, particularly in controlling technical and hidden accrual-based manipulation.

This study has limitations in terms of industry sector coverage, secondary data sources, a limited observation period (2020–2023), and a less comprehensive corporate governance measurement. Therefore, it is recommended that future research expand the sectors and timeframe of the study, add reporting quality dimensions such as accuracy and consistency, and use more complex analytical methods such as panel data or SEM.

Keywords: *Accrual Earnings Management, Real Earnings Management, Financial Reporting Quality, Corporate Governance*