American International Journal of Business Management (AIJBM)
ISSN- 2379-106X, www.aijbm.com Volume 6, Issue 05 (May-2023), PP 16-28

The Influence of Information Asymmetry, Ownership Structure, and Leverage on Earning Management Which Is Moderated By Good Corporate Governance in Company Sector Registered Consumption Goods Industry on the Indonesian Stock Exchange 2019-2021

Wahyu Akbar[1], Enggar[2], Ratih[3]
[1] *Alumni of the Master of Accounting at the University of Jambi in 2023,*
[2 & 3] *Faculty of Economics and Business Jambi University –Indonesia*
**Corresponding Author: Wahyu Akbar[1]*

ABSTRACT:- This study aims to examine the effect of Information Asymmetry, Ownership Structure and Leverage on earnings management which is moderated by good corporate governance in the consumer goods industry sector companies listed on the Indonesia Stock Exchange in 2019-2021. The independent variables in this study are information asymmetry, ownership structure and leverage, the dependent variable in this study is earnings management, the moderating variable in this study is good corporate governance. The sample in this research is consumer goods sector companies listed on the Indonesia Stock Exchange in 2019 - 2021. The results of this study found that Variable X has a simultaneous effect on Y, Variable X1 has an effect on Y, Variable X2 has no positive effect on Y, variable X3 has an effect on Y, variable X1 has no effect on Y through M, variable X2 has an effect on Y through M, variable X3 has an effect on Y through M.

Keywords*:* Information Asymmetry, Ownership Structure, Leverage, Earning Management and Good Corporate Governance.

I. INTRODUCTION

I.1. Background

In an era of increasingly fierce competition and uncertain economic conditions, business people need to keep up with the times and apply technology in all of their business activities. The current development of the global industrial sector demands a standard setting in reports. Different industrial sectors make this criterion important for competitiveness and the same information can be obtained for every reader and investor (Dela & Sunaryo, 2010) . The consumer goods industry sector is the main contributor to Indonesia's economic growth. The consumer goods industry sector is a sector that plays an important role in triggering the country's economic growth.

During the pandemic, the strength of the consumer goods sector index is inseparable from the number of people staying at home in the short term, so purchases of consumer goods are also expected to increase, which will ultimately improve performance. This industry index (ihsg-idx.com). From early 2013 to August 2 2013, the manufacturing index, which was dominated by the consumer goods industry, basic industries and companies in various industries, rose 9.37%. growth of about 6%. This figure is still the highest among the G20 countries. Industrial growth has also benefited from the latest survey results which show that Indonesia's Consumer Confidence Index (IKK) is the highest in the world (ihsg-idx.com).

Earnings management is a condition in which management intervenes in the process of preparing financial reports for external parties so that they can even out, increase and decrease profits. Earnings management occurs when management uses 3 certain decisions in financial reporting and preparing transactions that change financial statements. This aims to mislead users of financial statements about the economic performance of companies, as well as to influence the contractual income that controls the accounting numbers reported. The practice of income smoothing is a common action carried out by many companies in Indonesia. This income smoothing practice is expected to have a beneficial effect on share value and performance appraisal. Income smoothing has been widely used as a topic of previous studies.

The scandal that was committed by the former directors of PT Tiga Pilar Sejahtera Food Tbk, namely Joko Mogoginta and Budhi Istanto, has attracted a lot of public attention because they have carried out earnings management. The manipulation is in the form of six affiliated distributor companies which are written as third parties, and there is an overstatement *of* receivables from the six companies with a value reaching IDR 1.4 trillion (Soenarso, 2022) . This shows that company profits can be regulated by using the applicable accounting policies. The means for managers to be able to show the effectiveness of achieving goals and to be able to carry out accountability duties within the company are financial reports in which there is profit information which plays a role in knowing financial capabilities and performance and assisting stakeholders in making decisions (Apriyani et al., 2013) . Information related to profits can be used as a means of opportunistic activity of managers so that it can be detrimental to investors because they can make wrong decisions. Earnings management is the behavior of managers to control earnings according to their interests (Apriyani et al., 2013) . Therefore earnings management is considered unethical to do because the information provided does not fully reflect the real condition of the company so that it can cause misunderstanding for shareholders to make decisions.

The imbalance between the information owned by the research company and those outside the company can be referred to as information asymmetry. The less information disclosed by management to outsiders, the higher the level of earnings management. The more information disclosed by a company, the easier it will be for investors to make investment decisions. Therefore, to assist investors in making decisions, companies must be able to reduce information asymmetry between company managers and investors (Riana et al., 2018) .

Institutional ownership replaces managerial ownership in controlling agency costs. The greater the ownership by financial institutions, the greater the incentive for financial institutions to oversee management and consequently will provide greater impetus to optimize company performance. Research conducted by Agung Mulya Uni Persada Siahaan states that managerial ownership has a positive and significant effect on earnings management (Siahaan, 2017) .

Leverage is debt used by a company to finance its assets in order to carry out its operational activities. The greater the company's debt, the greater the risk faced by the owner so that the owner will ask for a higher level of profit so that the company is not threatened with liquidation. If a company is threatened with liquidation, the action that management can take immediately is earnings management. By carrying out earnings management, the company's performance will look good in the eyes of shareholders and the public even though the company is in a state of threat of liquidation. With this *leverage* , it can show how much the company's assets are financed by debt (Natalia et al., 2016) .

According to *the Forum for Corporate Governance in Indonesia* (FCGI) defines *good corporate governance* as a set of rules that determine the relationship between shareholders, management, creditors, government, employees and other internal and external stakeholders with respect to their rights and obligations. (FCGI, 2001) . According to *the Organization of Economic Cooperation and Development* (OECD) the goal of *good corporate governance* is to help companies build the trust, transparency and accountability needed to develop long-term investment, financial stability and business integrity, by supporting stronger growth and a more inclusive society. (OECD, 2015) .

Based on the description above, the researcher conducted research with the title **" The Influence of Information Asymmetry, Ownership Structure, and Leverage on Earning Management Moderated by Good Corporate Governance in Consumer Goods Industry Sector Companies Listed on the Indonesia Stock Exchange for the 2019-2021 Period"** .

1.2 Problem Formulation

The formulation of the problem in this research is:

1. What is Information Asymmetry, Ownership Structure and *Leverage* simultaneously moderated by *Good Corporate Governance* affect *Earnings Management* in Consumer Goods Industry Sector Companies listed on the Indonesia Stock Exchange for the 2019-2021 period ?
2. Does Information Asymmetry affect *Earnings Management* in Consumer Goods Industry Sector Companies listed on the Indonesia Stock Exchange for the 2019-2021 period ?
3. Does the Ownership Structure affect *Earnings Management* in Consumer Goods Industry Sector Companies listed on the Indonesia Stock Exchange for the 2019-2021 period ?
4. What is *Leverage* affect *Earnings Management* in Consumer Goods Industry Sector Companies listed on the Indonesia Stock Exchange for the 2019-2021 period ?

5. Is there any influence between *Good Corporate Governance* as a Moderator with the Effect of Information Asymmetry on *Earnings Management* in Consumer Goods Industry Sector Companies listed on the Indonesia Stock Exchange for the 2019-2021 period ?
6. Is there any influence between *Good Corporate Governance* as a Moderator with the Effect of Ownership Structure on *Earnings Management* in Consumer Goods Industry Sector Companies listed on the Indonesia Stock Exchange for the period 2019 - 2021 ?
7. Is there any influence between *Good Corporate Governance* as Moderating with the Effect of *Leverage* on *Earnings Management* in Consumer Goods Industry Sector Companies listed on the Indonesia Stock Exchange for the period 2019 - 2021 ?

I.2. Research purposes

The aim of this research is:

1. This study aims to determine the effect of Information Asymmetry, Ownership Structure and *Leverage* simultaneously moderated by *Good Corporate Governance* in Consumer Goods Industry Sector Companies listed on the Indonesia Stock Exchange for the 2019 - 2021 period ?
2. This study aims to determine the effect of Information Asymmetry on *Earnings Management* in Consumer Goods Industry Sector Companies listed on the Indonesia Stock Exchange for the period 2019 - 2021 ?
3. This study aims to determine the effect of Ownership Structure on *Earnings Management* in Consumer Goods Industry Sector Companies listed on the Indonesia Stock Exchange for the period 2019 - 2021 ?
4. This study aims to determine the effect of *Leverage* on *Earnings Management* in Consumer Goods Industry Sector Companies listed on the Indonesia Stock Exchange for the period 2019 - 2021 ?
5. This study aims to determine the influence of the relationship between *Good Corporate Governance* as a Moderator with the Effect of Information Asymmetry on *Earnings Management* in Consumer Goods Industry Sector Companies listed on the Indonesia Stock Exchange for the 2019-2021 period ?
6. This study aims to determine the influence of the relationship between *Good Corporate Governance* as a Moderator with the Effect of Ownership Structure on *Earnings Management* in Consumer Goods Industry Sector Companies listed on the Indonesia Stock Exchange for the period 2019 - 2021 ?
7. This study aims to determine the influence of the relationship between *Good Corporate Governance* as Moderating with the Effect of *Leverage* on *Earnings Management* in Consumer Goods Industry Sector Companies listed on the Indonesia Stock Exchange for the period 2019 - 2021 ?

II. LITERATURE REVIEW AND HYPOTHESIS FORMULATION

2.1 Agency Theory

In this theory it is assumed that the agent has more information than the principal. Agency theory explains the relationship between shareholders as principals and management as agents. Management is a party contracted by shareholders to work in the interests of shareholders. Management is given full power to make the best decisions for shareholders.

Management must be accountable for its work to shareholders, because they are elected by shareholders. Differences in the interests of management and shareholders can be overcome by agency theory. Differences in interests that arise between management and shareholders occur because of differences in needs or desires about something to be achieved in the company by each party. Management often acts according to personal interests, resulting in conflicts between management and shareholders , which ultimately harms shareholders. Management has the responsibility to optimize shareholder profits, but on the other hand managers also want to get compensation according to the contract.

2.2 Profit Management

Earnings management is the ability to manipulate the available options and make the right choices to get the desired level of profit (Ronen & Yaari, 2008) . Earnings management arises as a result of agency problems that occur, namely the misalignment of interests between principals (shareholders) and agents (company management).

Measurement of earnings management According to (Myers et al., 2007) earnings management is proxied by using *discretionary accruals* . The model used to calculate discretionary accruals is *The modified Jones* Model, which is calculated by calculating discretionary accruals or calculating abnormal accruals that begin with calculating the total accruals. The company's total accruals are separated into non-discretionary (normal accrual rates) and discretionary accruals (abnormal accruals). This abnormal accrual rate is the accrual rate due to earnings engineering carried out by managers.

2.3 Information Asymmetry

Information asymmetry is a condition where the agent has more information about the company and its future prospects than the principal. This condition provides an opportunity for agents to use the information they know to manipulate financial reporting in an effort to maximize their prosperity. Information asymmetry is that one of the parties involved in the transaction has advantages and superior information about the assets being traded compared to other parties (Scott, 2009) . Information asymmetry is information that arises when managers know more about internal information and the company's future prospects than do shareholders and other stakeholders.

2.4 Ownership Structure

The ownership structure is one of the factors that influence the running of the company which in turn affects the financial statements, this is due to the control it has. The ownership structure has two parts, one of which is the managerial ownership structure. Managerial ownership is one of the control mechanisms that can be used by shareholders to reduce earnings management. Managerial ownership is share ownership in a company, where the shares are held by managers who play an active role in making company decisions (Wiryadi & Nurzi, 2013) .

2.5 Leverage

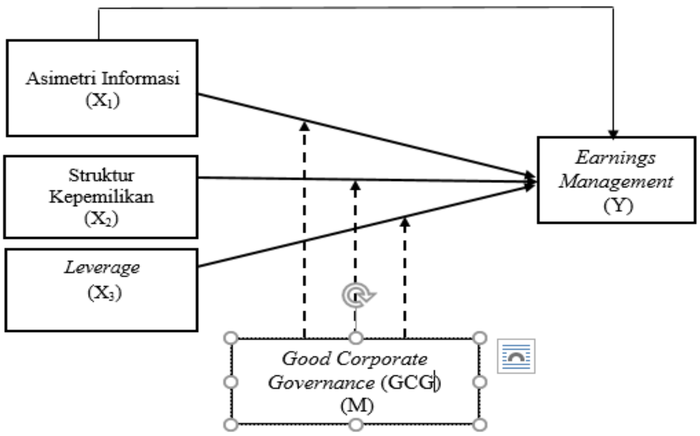
Leverage is the ratio between the company's total liabilities and total assets. This ratio shows the total assets owned by a company that are financed with debt (Vince, 2009b) . The higher the leverage value, the higher the risks faced by investors and the use of debt to finance their investments. The greater the company's debt, the greater the risk faced by investors so that investors will ask for a higher level of profit. As a result, these conditions encourage earnings management to practice income smoothing. *Leverage* is the use of fixed costs in an effort to increase profitability. The use of *leverage* in a company can increase company profits, but if something goes wrong, the company can experience a loss of a percentage of the expected profit, maybe even bigger (Riana et al., 2018) .

2.6 Good Corporate Governance

Good Corporate Governance is a means to support economic efficiency, sustainable growth and financial stability of the company. The existence of *good corporate governance* in a company will help facilitate the company's long-term investment capital, and help ensure that shareholders and other stakeholders who contribute to the success of the company are treated fairly (OECD, 2015) . The National Committee on Governance Policy (KNKG) defines Corporate Governance as the process and structure used by company organs to provide added value to the company on an ongoing basis in the long term for shareholders, while taking into account the interests of other parties. Parties (KNKG, 2006) .

2.7 Research Model

The research model in this study is described as follows:



Gambar 2.1

Model Penelitian

Source: Processed data (2022)

2.1. Research Hypothesis

H1: Effect of Information Asymmetry, Ownership Structure, and Leverage Simultaneously affect Earnings Management.

H2: Information asymmetry has a significant effect on Earnings Management.

H3: Ownership structure has a significant effect on Earnings Management.
H4: Leverage has a significant effect on Earnings Management.
H5: Effect of Good Corporate Governance as Moderating with the Effect of Information Asymmetry on Earnings Management.
H6: The Influence of Good Corporate Governance as Moderating with the Influence of Ownership Structure on Earnings Management.
H7: The Effect of Good Corporate Governance as Moderating with the Effect of Leverage on Earnings Management.

III. RESEARCH METHODS

III.1. Data Types and Sources

Type of research is quantitative with a descriptive and causal design . This type of descriptive and causal research is often referred to as *conclusive research* because it has research conclusions.
The secondary data used in this study is data taken from the annual financial reports of manufacturing companies on the following basis:
1. List of manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange during the study period, namely 2019 - 2021. This data is obtained from the official website of the Indonesia Stock Exchange (IDX).
2. Financial report data for manufacturing companies listed on the Indonesia Stock Exchange for the period 2019 - 2021. This data was obtained from the Indonesian Capital Market Directory (ICMD), and the IDX (Indonesia Stock Exchange) website.

III.2. Population and Research Sample

The research sample was selected using a *purposive sampling technique* which is a non-random sampling technique with certain considerations (Indriantoro & Supomo, 2018) . The sample of this research is consumer goods industry sector companies listed on the Indonesia Stock Exchange in 2019-2021

Tabel 3.1
Proses *Purposive Sampling* Penelitian

No	*Purposive Sampling*	Sampel
1.	Perusahaan Manufaktur	178
2.	Perusahaan yang bukan Sektor Industri Barang Konsumsi	125
3.	Perusahaan Sektor Industri Barang Konsumsi	53
	Pengamatan data selama 3 tahun (2019 – 2021)	**159**

Source: Indonesia Stock Exchange (2022)

III.3. Operational Definition of Research Variables

No	Variable	Measurement	Scale
1	Earning Management	TACit = NIit – OCFit	Nominal
2	Information Asymmetry	SPREADit = (aski.t – bidi.t) / {(aski.t+bidi.t) / 2} x 100 %	Ratio
3	Ownership Structure	Number of kep. managerial / Number of shares outstanding	Ratio
4	leverage	Total Liabilities / Total assets	Ratio
5	GCG	*self- assessment* based on the five principles of *good corporate governance* which are grouped into *a governance system* consisting of *governance structure, governance process, governance outcome.* This assessment is based on the provisions of Bank Indonesia Circular No. 15/15/DPNP dated 29 April 2013.	Ordinal

III.4. Data analysis method
The test uses Moderated Regression Analysis (MRA). The data obtained is then processed and interpreted. The regression equation used to test the hypothesis:

$$Y = \alpha + \beta1X1 + \beta2X2 + \beta3X3 + \beta4\ (X1.M) + \beta5\ (X2.M) + \beta6\ (X3.M) + \beta7\ (X1\ X2\ X3.M) + e$$

Information:

Y	=	*Earnings Management*
α	=	constant
β1β2β3β4β5β6β7	=	regression coefficient
X_1	=	Information Asymmetry
X_2	=	Ownership Structure
X_3	=	*leverage*
M	=	*Good Corporate Governance*
e	=	errors

IV. RESULTS AND DISCUSSION
IV.1. Descriptive Statistical Analysis
The results of the descriptive statistical analysis of the research variables were processed using the SPSS 23.0 application which can be seen in table 4.1 below as follows:

Tabel 4.1

Descriptive Statistics

	N	Range	Minimum	Maximum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
Asimetri Informasi	60	86,67	,33	87,00	9,6545	2,38160	18,44779	340,321
Kepemilikan Manajerial	60	13,40	,00	13,40	2,8283	,45083	3,49210	12,195
Leverage	60	6,27	,23	6,50	1,0762	,20127	1,55903	2,431
GCG	60	,00	1,00	1,00	1,0000	,00000	,00000	,000
Earning Management	60	,02	,00	,02	,0064	,00044	,00337	,000
Valid N (listwise)	60							

Sumber : Data Diolah SPSS

IV.2. Classic assumption test
4.2.1 Data Normality
The results of the p-plot normality test are presented in Figure 4.1 below.

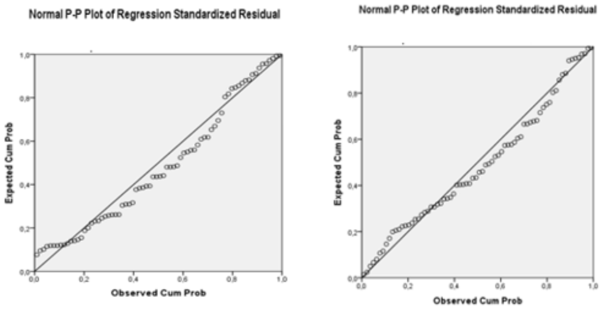


Figure 4.1
Normality test

The normal probability plot graph shows that the data spreads around the diagonal line and follows the direction of the diagonal line, so the regression model meets the normality assumption **.**

4.2.2 Multicollinearity Test
The multicollinearity test is intended to determine the relationship between one variable and another. If VIF > 10 and tolerance value < 0.10 then there are symptoms of multicollinearity (Ghozali, 2018). The following is the result of multicollinearity testing.

Tabel 4.2

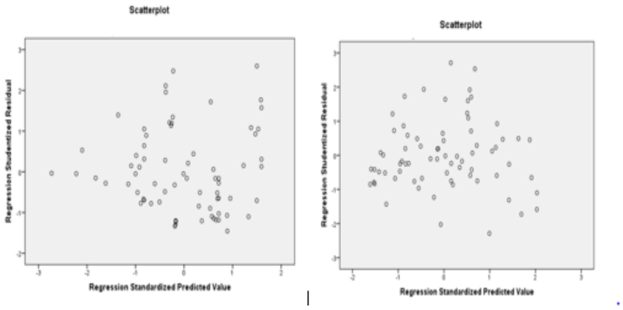
Uji Multikolinearitas

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Asimetri Informasi	,307	3,256
	Kepemilikan Manajerial	,950	1,052
	Leverage	,307	3,260

Sumber : Data Diolah SPSS

4.2.3 Heteroscedasticity Test

The following are the results of the heteroscedasticity test:



Scatter plots
Figure 4.2

The results of the heteroscedasticity test using the scatterplot as shown in Figure 4.2 above show that the points are randomly distributed and spread both above and below the number 0 on the Y axis. It can be concluded that there is no heteroscedasticity problem in the model.

4.3 Hypothesis testing

Multiple Linear Regression Analysis

Multiple linear regression analysis was used in this study with the aim of determining whether there is an independent influence on the dependent effect. Statistical calculations in the multiple linear regression analysis used in this test are by using the SPSS computer program.

4.3.2 Simultaneous Test (Test f)

This test is intended to find out whether the explanatory variables used in the model jointly have an influence or not on the variable to be explained by using the F test.

Table 4.3

Uji F

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,000	3	,000	8,205	,000[b]
	Residual	,000	56	,000		
	Total	,001	59			

Sumber : Data Diolah SPSS

Based on the table above it appears that the Fcount value of 8.205 is greater than Ftable 5.63 (df = 60-1 = 59) with a significance number of 0.000 < 0.05 (α = 5%). This means that the research model is fit or in other words there is a significant effect of Information Asymmetry, Ownership Structure, and Leverage on Earnings Management. The hypothesis which states that Information Asymmetry, Managerial Ownership and Leverage affect Earnings Management is accepted (H_1 is accepted).

4.3.3 Statistical Test (t test)

Tabel 4.4

Uji t

Coefficients[a]

Model	Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	95,0% Confidence Interval for B Lower Bound	95,0% Confidence Interval for B Upper Bound	Correlations Zero-order	Correlations Partial	Correlations Part	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1 (Constant)	,006	,001		10,148	,000	,005	,007					
Asimetri Informasi	,000	,000	,956	4,758	,000	,000	,000	,418	,537	,530	,307	3,256
Kepemilikan Manajerial	7,392E-5	,000	,077	,670	,506	,000	,000	,009	,089	,075	,950	1,052
Leverage	-,001	,000	-,628	-3,124	,003	-,002	,000	,151	-,385	-,348	,307	3,260

a. Dependent Variable: Earning Management

Sumber : Data Diolah SPSS

The following is the t test table :

The direct effect of Information Asymmetry on Earnings Management has a t count of 4.758 and a significance value of 0.000 <0.05 (α = 5%). The direct effect of Managerial Ownership on Earnings Management has a t count of 0.670 and a significance value of 0.506 > 0.05 (α = 5%). The direct effect of Leverage on Earnings Management has a t-count of -3.124 and a significance value of 0.003 <0.05 (α = 5%).

4.3.4 Coefficient of Determination (R2)

The value of the coefficient of determination can be seen in table 4.5 below :

Tabel 4.5

Koefisien Determinasi

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics R Square Change	Change Statistics F Change	Change Statistics df1	Change Statistics df2	Change Statistics Sig. F Change	Durbin-Watson
1	,553[a]	,305	,268	,00288	,305	8,205	3	56	,000	1,253

a. Predictors: (Constant), Leverage, Kepemilikan Manajerial, Asimetri Informasi

b. Dependent Variable: Earning Management

Sumber : Data Diolah SPSS

The results of the determination test show that the value of the *adjusted* R *square* yields a value of 0.268 which means that 26.8% of the company's value can be explained by the variables of Information Asymmetry, Ownership Structure and Leverage while the remaining 73.2% (100% - 26.8%) others are explained by other variables outside the model.

4.3.5 MRA test

Moderated Regression Analysis (MRA) or interaction test is a special application of linear multiple regression where the regression equation contains an element of interaction (multiplication of two or more independent variables) (Ghozali, 2018) .

Tabel 4.6

Analisis MRA

Coefficients[a]

Model	Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	95,0% Confidence Interval for B Lower Bound	95,0% Confidence Interval for B Upper Bound	Correlations Zero-order	Correlations Partial	Correlations Part
1 (Constant)	,004	,001		5,754	,000	,003	,006			
Asimetri Informasi	6,413E-5	,000	,351	1,519	,135	,000	,000	,418	,204	,135
Kepemilikan Manajerial	4,043E-5	,000	,042	,441	,661	,000	,000	,009	,060	,039
Leverage	-,002	,001	-,898	-3,857	,000	-,003	-,001	,151	-,468	-,343
AS*GCG	-1,492E-5	,000	-,018	-,172	,864	,000	,000	,178	-,024	-,015
KPM*GCG	2,245E-5	,000	,628	3,297	,002	,000	,000	,338	,413	,293
LVR*GCG	,004	,001	,552	4,635	,000	,002	,005	,654	,537	,412

a. Dependent Variable: Earning Management

Sumber : Data Diolah SPSS

The influence of Information Asymmetry on *Earnings Management* through *Good Corporate Governance* has a t-count of -0.172 and a significance value of 0.864 > 0.05 (α = 5%). The effect of Managerial Ownership on Earnings Management through *Good Corporate Governance* has a t count of 3.297 and a significance value of 0.002 <0.05 (α = 5%). The influence of Leverage on Earnings Management through *Good Corporate Governance* has a t count of 4.635 and a significance value of 0.000 <0.05 (α = 5%).

4.4 Discussion

4.4.1 Effect of Information Asymmetry , Ownership Structure , and *Leverage* on *Earnings Management*

The results of this study found that Information Asymmetry, Ownership Structure, and Leverage affect Earnings Management simultaneously, so that the research hypothesis proposed in this study is accepted . The results of this study are in line with research conducted by Puji & Amelia showing that information asymmetry, the proportion of independent commissioners and board size do not significantly affect earnings management (Puji Nurhayati et al., 2022) .

4.4.2 The Effect of Information Asymmetry on *Earnings Management*

The results of this study found that Information Asymmetry affects Earnings Management , so that the research hypothesis proposed in this study is accepted . The results of this study are in line with research conducted by Ni Putu Linda Ayu, et al., showing that information asymmetry has a positive effect on earnings management because the greater the information gap between investors and management, the higher the chance for management to manage earnings (Ayu et al. , 2016) .

4.4.3 Effect of Ownership structure towards *Earnings Management*

The results of this study found that the ownership structure had no effect on Earnings Management , the t value was 0.670 and the significance value was 0.506 > 0.05 (α = 5%) so that the research hypothesis proposed in this study was rejected . The results of this study are in line with research conducted by Dedi Dyas Cahyono and Raharjo showing that managerial ownership, institutional ownership and family ownership have a negative effect on Earnings Management (Deddy Dyas Cahyono & Raharjo, 2016) .

4.4.4 Influence *Leverage* on *Earnings Management*

The results of this study found that *Leverage* has an effect on Earnings Management , so the research hypothesis proposed in this study is accepted. The calculated t value is -3.124 and a significance value of 0.003 < 0.05 (α = 5%). This means that *leverage* affects earnings management received. The results of this study are in line with research conducted by Ati Wiyogo, et al which shows that leverage has a negative effect on earnings management (Wiyogo et al., 2021) .

4.4.5 Moderation of *Good Corporate Governance* at Influence Asymmetry Information towards *Earnings Management*

The results of this study found that Information Asymmetry had no effect on Earnings Management with Good Corporate Governance as a moderating variable , so the research hypothesis proposed in this study was rejected . Good Corporate Governance (GCG) itself can be said as one of the company's regulatory and controlling systems, with the aim of creating added value for stakeholders (Victoria, et al., 2015).

4.4.6 Moderation of *Good Corporate Governance* at Influence Structure ownership towards *Earnings Management*

The results of this study found that ownership structure has an effect on earnings management with good corporate governance as a moderating variable , so the research hypothesis proposed in this study is accepted. The results of this study are in line with research conducted by Dody Hapsoro & Billy Hartomo showing that the independent commissioner variable has a significant effect on earnings management moderated by corporate governance (Hapsoro & Hartomo, 2016) .

4.4.7 Moderation of *Good Corporate Governance* at Effect of *Leverage* on *Earnings Management.*

The results of this study found that Leverage has an effect on Earnings Management with Good Corporate Governance as a moderating variable , so the research hypothesis proposed in this study is accepted. The results of this study are in line with research conducted by Marsheila showing that leverage affects earnings management moderated by good corporate governance (Giovani, 2017) . Research by Putri & Ida (2017) shows that leverage has a positive effect on earnings management and GCG can weaken the effect of leverage on earnings management (AA Wela YP, 2015) .

V. CONCLUSIONS AND SUGGESTIONS

5.1 Conclusion

Based on the results of the statistical tests that have been carried out, the results of hypothesis testing are obtained so that the conclusions of the hypothesis results are as follows:

1. Information Asymmetry, Ownership Structure and Leverage simultaneously influence Earnings Management.

2. Information asymmetry affects Earning Management, the higher the Information Asymmetry, the higher the Earning Management.
3. Ownership Structure has no effect on Earning Management,
4. Leverage affects Earning Management, the amount of Leverage value will be followed by an increase in the value of Earning Management. Companies with high levels of leverage will be motivated to carry out earnings management in order to avoid a decrease in loans from outside parties.
5. Information asymmetry has no effect on Earning Management with Good Corporate Governance as a Moderating Variable.
6. Ownership Structure influences Earning Management with Good Corporate Governance as Moderation Variable.
7. Leverage affects Earning Management with Good Corporate Governance as a Moderating Variable.

5.2 Suggestion

1. For companies, they should adhere to professional ethics in disclosing financial reports by avoiding fraudulent acts through earning management, for example by applying the principles of good corporate governance.

2. For future researchers, it is hoped that it can become reference material in the same field and as a contribution to the development of accounting science and add types of variables or use different types of variables from the variables in this study that have a relationship with Earnings Management in order to get maximum results. The next researcher can expand research by increasing the observation period so that more information is obtained and every influence hypothesis can be seen.

REFERENCE LIST

[1]. AA Wela YP, and IBB (2015). Effect of Leverage, Sales Growth and Company Size on Profitability. Udayana University Management E-Journal , 4 (7).

[2]. Agustia, D. (2013). The Influence of Good Corporate Governance Factors, Free Cash Flow and Levarage on Profit Management. Journal of Accounting and Finance. Vol 15, No 1, May 2013 , 15 (1), 27–42.

[3]. Ali, U., Noor, M., Khurshid, MK, & Mahmood, A. (2015). Impact of firm size on earnings management: A study of the textile sector of Pakistan. European Journal of Business and Management , 7 (28).

[4]. Almadara, HU (2017). The Effect of Leverage on Profit Management with Corporate Governance as a Moderating Variable in Banking Companies Listed on the Indonesia Stock Exchange . Yogyakarta State University.

[5]. Apriyani, I., R., S., & Sarnowo, H. (2013). The Effect of Political Connections and Corporate Governance on Earnings Management. ISEI Economic Review , 2 (1), 8–15.

[6]. Arhdum, Z., Taufik, T., Ratnawati, & Vince. (2017). The Influence of Earning Management and Corporate Social Responsibility on Company Value with Good Corporate Governance Mechanisms as Moderating Variables. Journal of Accounting , 6 (1), 100–118.

[7]. Aryani, DS (2011). Earnings Management in Manufacturing Companies on the Indonesia Stock Exchange. Journal of Economics and Accounting Information , 1 .

[8]. Ayu, NPL, Utari, M., & Sari, MR (2016). The Influence of Information Asymmetry, Leverage, Managerial Ownership and Institutional Ownership on Earnings Management . Udayana University Accounting E-journal.

[9]. Barus, AC and S., & Kiki. (2015). The Influence of Information Asymmetry, Corporate Governance Mechanisms, and Deferred Tax Expenses on Profit Management. Journal of Microskil Economic Wira , 5 , 1.

[10]. Belkaoui, AR (2012). Accounting Theory" . Salemba Four.

[11]. Boediono, G. (2005). Profit Quality: Study of the Impact of Corporate Governance Mechanisms and the Impact of Earnings Management using Path Analysis, National Symposium on Accounting (SNA)" . VIII Solo.

[12]. Cintia, Y., & Tia. (2014). The Effect of Good Corporate Governance on Company Performance and Value in High Profile Companies Listed on the Indonesia Stock Exchange in 2010-2013 .

[13]. Dechow, S., & Sweeney. (1995). Detecting Earnings Management". The Accounting Review , 70 (2), 193–225.

[14]. Deddy Dyas Cahyono, RA, & Raharjo, K. (2016). The Influence of Audit Committee, Institutional Ownership, Board of Commissioners, Company Size (Size), Leverage (DER) and Profitability (ROA) on Tax Avoidance in Banking Companies Listed on IDX for the 2011-2013 Period (Vol. 2) .

[15]. Dela, & Sunaryo. (2010). The Influence of Information Asymmetry, Company Size and Managerial

Ownership on Profit Management Practices in Companies Listed on the IDX. Accounting Review , 5 , 1.
[16]. Farida, Luluk Yumna Noor and Aprilia, KK (2019). The Influence of Ownership Structure and Audit Committee on Earnings Management . Diponegoro University.
[17]. FCGI. (2001). The Role of the Board of Commissioners and the Audit Committee in the Implementation of Corporate Governance (Corporate Governance) .
[18]. Felicia, & Yuniwarti. (2019). The Effect of Current Ratio, Debt To Asset Ratio, and Working Capital Turnover on Return on Assets in Consumer Goods Industry Companies Listed on the Indonesia Stock Exchange in 2013 - 2017. Profita Journal , 12 (2).
[19]. Ghozali, I. (2011). Multivariate Analysis Application with IBM SPSS Program .
[20]. Ghozali, I. (2016). Theory, Concepts and Applications with IBM SPSS 22 .
[21]. Ghozali, I. (2018). Multivariate Analysis Application With IBM SPSS 25 Program . Diponegoro University.
[22]. Gifari, A., Febriand, J., Adel, & Sri, R. (2020). The Effect of Profitability, Company Size and Growth Rate on Company Value with Capital Structure as a Moderating Variable in Manufacturing Companies Listed on the IDX for the 2016-2018 Period .
[23]. Giovani, M. (2017). The Effect of Ownership Structure, Corporate Governance, and Company Characteristics on Profit Management. Journal of Business Accounting , 15 (2), 1412–775.
[24]. Gunawan, D., & Purnamawati. (2015). The Effect of Company Size, Profitability, and Leverage on Earnings Management in Manufacturing Companies Listed on the Indonesia Stock Exchange (IDX)". E-Journal , 3 .
[25]. Hapsoro, D., & Hartomo, AB (2016). The Existence of Corporate Governance as a Moderating Variable Influence of Financial Distress on Earnings Management. Journal of Accounting, Auditing & Finance , 19 (1).
[26]. Hardikasari, E. (2011). The Effect of Corporate Governance Implementation on Financial Performance in the Banking Industry Listed on the Indonesia Stock Exchange (IDX) in 2006-2008 . Faculty of Economics and Business, Diponegoro University.
[27]. Hendrianto, S. (2022). The Influence of Institutional Ownership, Managerial Ownership, Independent Board of Commissioners and Audit Committee on Tax Avoidance with Company Size as a Moderating Variable. Journal of Management & Business , 11 (2).
[28]. Horne, V. and W. (2007). Fundamentals of Financial Management: Principles of Financial Management . Salemba Four.
[29]. Ikhsan, A. (2013). Accounting Theory . Media Library Cita.
[30]. Indriantoro, N., & Supomo, B. (2018). Research and Business Methodology . Yogyakarta, BFEE UGM.
[31]. KNKG. (2006). General Guidelines for Good Corporate Governance in Indonesia .
[32]. Lin, YR Da. FXM (2017). Does Institutional Ownership Influence Firm Performance ? Evidence from China. International Review of Economics & Finance. Elsevier , 49 , 17–57.
[33]. Mahawyahrti, PT and IGANB (2016). Information Asymmetry, Leverage and Firm Size in Earnings Management. Scientific Journal of Accounting and Business: Faculty of Economics and Business, Udayana University , 11 (2).
[34]. Mardiyah, M. (2002). Effect of Information Asymmetry and Disclosure on the Cost of Capital. Indonesian Journal of Accounting Research , 5 (2), 229–256.
[35]. Muhsin, BN, Fadli, TA, & Wilis, M. (2019). The Effect of Leverage on Profit Management with Good Corporate Governance as a Moderating Variable (In the Basic Industry and Chemical Sectors Listed on the IDX for the 2013-2017 Period). Journal of Synergy Management , 6 (2).
[36]. Myers, JN, A, L., & Skinner, DJ (2007). Earnings Momentum and Earnings Management". Journal of Accounting, Auditing & Finance , 22 (2), 249–284.
[37]. Naftalia, Chivan, V., & Marsono. (2012). The Effect of Leverage on Profit Management with Corporate Governance as a Moderating Variable .
[38]. Nariastiti, NWR, & D, NM (2014). The Influence of Information Asymmetry, Corporate Governance and Company Size on Profit Management in Go Public Companies Registered on the IDX. p. , 717 , 727.
[39]. Natalia, M., Gunawan, Y., & Carolina, V. (2016). Effect of Disclosure of Corporate Social Responsibility on Market Performance with Moderation of Board of Commissioners Effectiveness and Board of Commissioners Independence. Journal of Accounting , 8 (1), 45–64.
[40]. OECD. (2015). Principles of Corporate Governance .
[41]. Pebriana, KUS, & Sukartha, IM (2012). The Influence of Profitability, Leverage, Company Age, Board of Directors Composition, and Institutional Ownership on Disclosure of Corporate Social

Responsibility (CSR) on the Indonesia Stock Exchange. Udayana University Accounting E-Journal , 1 (12).
[42]. Pricilia, S., & Susanto, L. (2017). The Influence of Institutional Ownership, Managerial Ownership, Independent Commissioners, and the Size of the Board of Commissioners on Profit Management and Their Implications for Financial Performance in Manufacturing Companies Listed on the Indonesia Stock Exchange Period 2011. Journal of Economics, XXII (2) .
[43]. PT. Indonesia stock exchange. (2020). Indonesia Stock Exchange. In Stock Summary .
[44]. Puji Nurhayati, Heidy Paramitha Devy, & Amelia Marifatul Azizah. (2022). The Effect of Information Asymmetry, Corporate Governance on Earnings Management in BUMN Companies in Indonesia. Accounting Research & Journal , 6 (1).
[45]. Rahmawati, YS and NQ (2006). The Influence of Information Asymmetry on Earning Management Practices in Public Banking Companies at the Jakarta Stock Exchange .
[46]. Riana, I., Ruwanti, S., & Adel, JF (2018). The Influence of Information Asymmetry, Ownership Structure, Company Size and Leverage on Earnings Management in Manufacturing Companies in the Consumer Goods Industry Sector Listed on the Indonesia Stock Exchange (IDX) for the 2013-2016 period .
[47]. Richardson, VJ (1998). Information Asymetry and Earnings Management: Some Evidence Dissertation . University of Kansas.
[48]. Risti Fitriana, P. (2019). The Effect of Information Asymmetry, Profitability and Firm Size on Earnings Management in Multi-Industry Sector Companies in Indonesia, 12 Journal of Accounting and Finance AKRUAL (Vol. 1, Issue 1, pp. 67–83).
[49]. Ronen, J., & Yaari, V. (2008). Earnings Management Emerging Insights in Theory, Practice, and Research. In Spinger Series in Accounting Scholarship. ISBN: 978-0-387-25769-3, BN (pp. 978–0–387–25771–6).
[50]. Sari, NPLA, & Ratna, MM (2016). Effect of Information Asymmetry, Leverage, Managerial Ownership and Institutional Ownership on Earnings Management. E-Journal of Accounting, Udayana University , 15 (3), 1886–1914.
[51]. Scott, WR (2009). Financial Accounting Theory (Fifth).
[52]. Scott, WR (2012). Financial Accounting Theory International (Fifth).
[53]. Setyaningrum, RM. S., & Y, A. (2011). The Effect of Information Asymmetry and Company Size on Profit Management in Food and Beverages Companies that Go Public on the IDX" (Vol. 1, Issue 2, pp. 83 – 96).
[54]. Siahaan, AMUP (2017). The Influence of Good Corporate Governance and KAP Quality on the Integrity of Financial Statements (Case Study of Manufacturing Companies Registered on the IDX). Methodist Journal of Accounting And Finance , 2 (1), 81–89.
[55]. Situmorang, HS (2010). Data Analysis For Management And Business Research . USU Press.
[56]. Soenarso, SA (2022). Service Sector SMEs are predicted to Show Recovery This Year . Https://Industri.Kontan.Co.Id/News/Ukm-Sector-Jasa-Tunjukkanpemulihan-Tahun-Ini.
[57]. Sofyan Syafitri. (2013). Critical Analysis of Financial Statements . Rajawali Press.
[58]. Sugiyono. (2017). Quantitative Research Methods, Qualitative, and R&D . Alphabet.
[59]. Sulistyanto, S. (2008). Profit Management Theory and Empirical Model" . Jakarta. Grasindo.
[60]. Sutedja, J. (2015). Study of the Ownership Structure of Public Companies in Indonesia .
[61]. Syahyidati, S., & Venusita, L. (2019). Moderation of Corporate Governance on the Relationship of Information Asymmetry with Earnings Management. Business Accounting Review , 53 (9), 1689–1699.
[62]. Ugy Soebiantoro, S. (2007). The Effect of Share Ownership Structure, Leverage, Internal Factors and External Factors on Company Value. Journal of Management and Entrepreneurship , 9 (1).
[63]. Umar, H. (2008). Company Performance Evaluation, Comprehensive, Quantitative and Modern Business and Company Performance Evaluation Techniques. Second Edition , 402 (lm.ISBN), 978–979–769–532–3.
[64]. Vince, R. (2009a). The Leverage Space Trading Model Reconciling Portfolio Management Strategies and Economic Theory" .
[65]. Vince, R. (2009b). The Leverage Space Trading Model Reconciling Portfolio Management Strategies and Economic Theory .
[66]. Vinola Herawaty, LC (2019). Influence Managerial Ownership, Audit Committee, leverage. In Profitability and Firm Size to Firm Value with Profit Management as a Moderating Variable. 5th National Scholars Seminar (pp. 2460–8696).
[67]. Wardani, DT, & Masodah. (2011). Information Asymmetry, Managerial Ownership Structure and Leverage on Profit Management Practices in the Indonesian Banking Industry". Rapid Processing , 4 .

[68]. Watts, & Zimmerman. (1990). Positive Accounting Theory – The Hypothesis": Vol. SC-8 (p. 5).
[69]. Wijayanti, ED, & Mukti, AH (2018). The Effect of Company Diversification and Information Asymmetry on Earnings Management with Institutional Ownership as a Moderating Variable. 4th National Scholars Seminar (N:2460-8696) .
[70]. Wiryadi, A. and S., & Nurzi. (2013). The Effect of Information Asymmetry, Audit Quality and Ownership Structure on Earnings Management" (Vol. 1, pp. 2 155 – 180).
[71]. Wiyogo, A., Sumiati, A., Zulaihati, S., & Respati, DK (2021). Effect of leverage, company size, free cash flow on earnings management of manufacturing companies listed on the IDX. Indonesian Journal of Economy, Business, Entrepreneurship and Finance , 1 (2), 151–166.
[72]. Yanti, NPTR, & Setiawan, PE (2019). The Influence of Information Asymmetry, Firm Size, Leverage and Profitability on Earnings Management. E-Journal of Accounting , 27 (N), 2302–8556.
[73]. Yudiastuti, L., & Wirasedana, I. (2018). Good Corporate Governance Moderates the Effect of Leverage on Earnings Management. E-Journal of Accounting , 23 (1), 130–155.

Corresponding Author: Wahyu Akbar[1]
[1] *Alumni of the Master of Accounting at the University of Jambi in 2023,*