Research Horizon

ISSN: 2808-0696 (p), 2807-9531 (e)

Research Horizon
Volume: 04
Issue: 05
Year: 2024
Page: 11-22

Analysis of Board of Directors Gender Diversity in the Impact of Corporate Governance on Earnings Management

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Abstract

This study aims to analyze the effect of Board Gender Diversity in Corporate Governance on earnings management in technology companies. The sample of this study included 36 technology companies listed on the Indonesia Stock Exchange (IDX) during the period 2012-2022. The analysis technique used is multiple regression analysis and t-test by STATA program. The independent variables in this study include institutional ownership, managerial ownership, and audit committee, while the dependent variable is earnings management. The results showed that in simultaneous testing (F test), the variables of institutional ownership, managerial ownership, and audit committee significantly affect earnings management. Meanwhile, in partial testing (T test), there is no difference in the effect of institutional ownership and audit committee on earnings management in companies led by male directors and female directors. However, there is a significant difference in the effect of managerial ownership on earnings management between companies led by male directors and companies led by female directors.

Keywords

Institutional Ownership, Managerial Ownership, Audit Committee, Earnings Management, Gender Diversity.

1. Introduction

The COVID-19 pandemic, which began affecting Indonesia in February 2020, has had significant impacts across various sectors of society and the economy. However, technology companies have found ways to support people during this difficult time by enabling them to remain active through digital means, such as e-commerce platforms and the digitalization of healthcare services. These innovations have been crucial in helping individuals adapt to the new normal imposed by the pandemic. Despite the increased use of technology during the crisis, tech companies have experienced a decline in profits. Even major global players like Google and Microsoft have not been immune to this trend, seeing their revenues fall. This decline has been further worsened by external factors, notably the war between Ukraine and Russia, which has disrupted global economic recovery efforts. In addition to the profit challenges, some tech companies, both in Indonesia and internationally, have been involved in financial scandals that have shaken investor confidence. In Indonesia, a major example is Wanaartha Life, which was found to have manipulated its financial statements by omitting the recording of policies worth IDR 12.1 trillion. Such actions damaged the company's credibility and posed significant concerns about corporate governance within the country. Meanwhile, in the United States, General Electric faced accusations of inflating its assets by a staggering US$38 billion.

These instances of financial manipulation highlight the global scope of earnings management issues, which can erode trust among investors and create instability within financial markets. The pandemic has reshaped the technology landscape in Indonesia, accelerating the adoption of digital services while simultaneously revealing vulnerabilities within the sector, such as profit declines and financial misconduct. While technological solutions have played a key role in helping people cope with the challenges posed by COVID-19, the financial struggles and ethical issues faced by several major companies have shown that the pandemic has brought to light deeper systemic problems. Both in Indonesia and globally, these issues will need to be addressed in order to restore investor trust and ensure long-term economic stability in the post-pandemic world.

Research on earnings management indicates a significant link between corporate governance and earnings management practices. Prior studies have suggested that strong corporate governance can effectively minimize the likelihood of earnings management, which refers to the manipulation of financial statements to present a desired financial outcome. However, there is still debate in the literature regarding how specific governance mechanisms, such as the presence of female directors and various supervisory structures, influence earnings management. Female directors are often believed to play a crucial role in reducing earnings manipulation. Some research argues that female directors tend to be more diligent and conscientious, thereby helping to curb unethical financial practices. Nonetheless, the overall research findings on the impact of gender diversity remain mixed. While some studies find a positive relationship between female board members and reduced earnings management, others do not find significant evidence to support this claim. This inconsistency makes it challenging to draw firm conclusions about the influence of gender diversity in this context.

Similar inconsistencies exist with respect to other governance mechanisms like institutional ownership, managerial ownership, and the role of audit committees. Institutional ownership, which refers to shares owned by large, often professional investors, is sometimes seen as a factor that discourages earnings management, as these investors typically push for greater transparency. Managerial ownership, where company managers hold significant stock in the company, may align the interests of management and shareholders, theoretically reducing the motivation to

manipulate earnings. However, findings on the effectiveness of these mechanisms are also mixed. Audit committees, which are tasked with overseeing financial reporting and internal controls, are often seen as a critical tool for ensuring the accuracy of financial statements, but their effectiveness in reducing earnings management is still debated in research. The current study seeks to clarify these issues by investigating how gender diversity, institutional ownership, managerial ownership, and audit committees influence earnings management in technology companies listed on the Indonesia Stock Exchange (IDX) between 2012 and 2022. The goal is to provide a more detailed understanding of whether and how these governance factors impact earnings management, particularly in the fast-evolving tech sector.

2. Literature Review

Jensen and Meckling (2019), define an agency relationship as a contract between managers (agents) and owners (principals), in which owners authorize managers to make decisions relating to the interests of the company. This relationship arises because of the common needs between the two parties with different interests. Komang (2017), emphasizes that the separation between agents and principals has the potential to create conflicts that can affect the quality of the company's earnings reports. In agency theory, each individual acts in their personal interest. Shareholders as principals only care about financial returns or investment growth, while managers as agents seek satisfaction through compensation and facilities in their relationship with shareholders (Mrabure & Abhulimhen-Iyoha, 2020). This mismatch of interests creates the potential for conflict. The difference in interests between managers and owners often drives earnings management practices. Managers, who may be influenced by bonuses or target pressure, may manipulate financial statements to display better performance than reality. Therefore, good corporate control and governance are needed to reduce earnings management practices and ensure transparency and honesty in financial reporting.

Gender describes the different roles, responsibilities and social expectations of men and women in society. These differences can change over time due to factors such as history, political, economic, social, cultural changes, and developments in development (Tarmidi et. al., 2024). The literature explains that there are two approaches used to determine gender perceptions of ethical and unethical behavior, these approaches are the structural approach and the socialization approach (Coate & Frey, 2000). The structural approach explains that differences in perceptions between men and women are caused by early socialization to work and the needs of other roles. This initial socialization is influenced by the rewards and incentives given to individuals in a profession. Since the nature and extent of the work can shape behavior through the reward and incentive system, men and women will perform and develop ethical and moral values similarly in the same work environment. In other words, the structural approach predicts that both men and women in the profession will have the same ethical behavior. The second approach is the gender socialization approach where men and women bring different sets of values and traits into a work environment and into a learning environment. These gender-based differences in values and traits will influence how men and women make decisions and behave. Men will compete for success and are more likely to break the rules because they view achievement as a competition. As for women, they are more concerned with self-performance. Women will focus more on performing tasks well and harmonious working relationships, so women will be more compliant with existing regulations and they will be more critical of people who violate these regulations.

Financial statements are an important tool in communication between management and company owners, but can be manipulated by management, thus

misleading readers. Earnings quality plays an important role in attracting investors, as quality earnings indicate good performance of the company's core business. In addition, earnings information is used to assess management performance and estimate potential future earnings (Srivastava, 2019). Earnings management occurs when managers manipulate earnings through the selection of acceptable accounting methods (Baskaran et al., 2020). This practice can be done by using discretionary accounting methods to achieve certain profit targets (Octariyani et al., 2020). In some cases, managers choose accounting policies that can legally increase or decrease reported earnings, although it does not always mean negative (Campa, 2019). Earnings management actions are often taken with the aim of improving the appearance of financial statements in order to attract investors or get bonuses. However, this action can harm those who use financial statements for decision making. The motivations behind earnings management vary, such as getting bonuses, contracts, or to attract investors (Tanujaya & Verrent 2020).

Earnings management can also be done when the company is experiencing financial difficulties by delaying revenue recognition or accelerating cost recognition. Various methods have been used to detect earnings management, including Discretionary Revenue (DR) model, which effectively detects earnings manipulation in various industry sectors (Sari & Ahmar, 2014). Although the DR model is considered accurate, its application is complex and requires detailed data. In addition, this model may not be consistent across all industries, especially if the income of a particular sector does not match the model assumptions (Ruggiero et al., 2022). Other studies use the Loan Loss Provisions (LLP) proxy in measuring earnings management, especially in the banking sector (Kanagaretnam et al., 2004). LLP provides flexibility for banks to adjust provisions according to economic conditions and display a more stable earnings profile. However, overuse of LLP may lead to misleading earnings manipulation (Hong et al., 2020). Another model used is the Modified Jones Model, which is considered more accurate in detecting earnings manipulation by improving the weaknesses of the original Jones model. The Modified Jones Model reduces bias in the measurement of discretionary accruals by considering changes in accounts receivable, making it more sensitive to earnings manipulation. This model is often used in empirical studies because of its reliability in detecting earnings management practices in various industries (Schrand et al., 2010).

Corporate governance is one of the factors that influence earnings management practices (Kristilestari & Andesto, 2023). Earnings management practices can be prevented by implementing a good control system in the organization, such as regulating the ownership structure and effective corporate governance. Poor corporate governance is often considered one of the causes of economic crises, such as the one that occurred in Asia in 1997-1998, because it increases the risk of corruption, collusion and nepotism (Haliza, 2022). Corporate governance is a system that regulates the relationship between the board of commissioners, directors, and management to create a balance in managing the company (Novita & Herliansyah, 2019). Good and effective corporate governance is able to reduce opportunistic earnings management practices that harm investors. With strong governance, management activities are more closely monitored, thus preventing deviant behavior. The OECD in Yusro (2019) also emphasizes that good governance not only improves financial efficiency but also strengthens investor confidence. Good corporate governance plays an important role in preventing earnings management, because strict supervision encourages management to act in accordance with the interests of stakeholders. This supervision reduces the potential for deviant behavior, so that management can be properly accountable for its duties.

Company ownership is divided into shares, where shareholders are individuals or institutions that own the shares. Shareholders have the right to sell their shares and are legally considered owners of the company who can control the company through the election of the board of directors. Ownership of the company can be owned by the public or a certain group of people. Institutional ownership refers to shares owned by institutional investors. Although institutional investors are considered more prudent in using financial information, large institutional ownership does not always guarantee stronger supervision of management. In fact, managers are often bound by profit targets set by institutional investors, so they can still engage in earnings manipulation. Supervision by institutional investors can help prevent or reduce earnings management due to pressure to act in accordance with the interests of stakeholders (Mahrani & Soewarno, 2018). Institutional ownership involves institutions such as insurance companies, banks, and investment companies that own shares in the company (Haliza & Suwarno, 2022).

Managerial ownership refers to share ownership by commissioners, directors, and managers in a company. Broader ownership by managers can reduce the risk of earnings management because managers who own shares tend to be more actively involved in the company. Agency theory explains that the separation between management and owners can lead to opportunistic actions, but this can be minimized if managers also act as owners who invest their capital. Managers who own shares have a vested interest in the return on their investment, which can increase supervision of managers' actions. However, low supervision from investors can provide a gap for managers to commit fraud. State that managerial ownership can help align the interests of managers with company owners. The ownership structure, according to Bahri (2021), consists of managerial, institutional, and public ownership. This structure is a mechanism to reduce conflicts between management and shareholders. Aprilian (2020) asserts that inaccurate financial reports can harm the company and its investors, including management who has managerial ownership. Managerial ownership has a negative relationship with earnings management, because it aligns the interests of management with investors.

The audit committee is a committee formed by and responsible to the Board of Commissioners, as stipulated in OJK Regulation No. 55/POJK.04/2015. This committee assists the Board of Commissioners in overseeing management activities, including financial results and related information, regulatory compliance, the effectiveness of internal controls, and the company's ability to manage risk. In addition, the audit committee is also tasked with maintaining earnings quality and ensuring that management runs in accordance with the interests of the company's owners. The audit committee's main duties include reviewing financial information released to the public, regulatory compliance, providing independent opinions on disagreements between management and accountants, and making recommendations on the appointment of accountants. It also monitors the conduct of internal audits and follow-up of audit findings, reviews risk management, and handles complaints related to accounting and financial reporting processes. In addition, the audit committee must maintain the confidentiality of company documents and information. In conclusion, the audit committee plays an important role in monitoring the company's performance from financial and non-financial aspects, as well as providing independent opinions to improve the company's performance. According to Financial Services Authority (*Otoritas Jasa Keuangan*/OJK) regulations, the audit committee should consist of at least three members, which include an Independent Commissioner and an external party of the company or issuer.

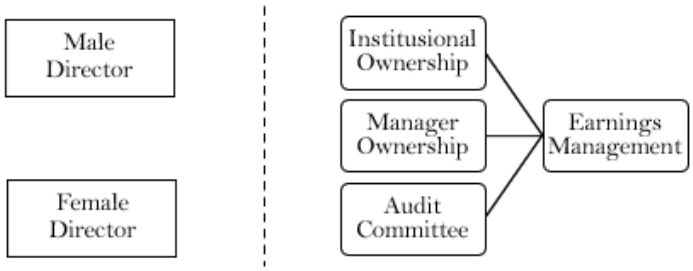

Figure 1. Conceptual Framework

H1: There is a difference in the effect of Institutional Ownership on Earnings Management in companies led by male directors and companies led by female directors.
H2: There is a difference in the effect of Managerial Ownership on Earnings Management in companies led by male directors and companies led by female directors.
H3: There is a difference in the effect of the Audit Committee on Earnings Management in companies led by male directors and companies led by female directors.

3. Methods

This research applies a causal design to explore the effect of Independent Variables (X) on the Dependent Variable (Y). Data collection is conducted through documentation methods, including reviewing written sources and downloading information from relevant sites. Using purposive sampling based on specific criteria, the study selected 36 technology companies listed on the Indonesia Stock Exchange (IDX), spanning 11 years (2012-2022) and yielding 135 data points. The analysis employs the Panel Data Analysis method using STATA 17. Earnings Management (Y) is measured using the Modified Jones Model, which enhances accuracy in detecting earnings manipulation by adjusting expected revenue accruals. Institutional Ownership (X1) is the proportion of shares owned by institutions relative to total shares. Managerial Ownership (X2) reflects the proportion of shares held by company management. The Audit Committee (X3) is responsible for overseeing financial reporting, compliance, and risk management, playing a crucial role in mitigating earnings manipulation. The conceptual framework posits that Institutional Ownership enhances supervision and reduces earnings manipulation due to reputational risks and capital access constraints, aligned with agency theory. Managerial Ownership affects earnings management, with manager-owners focusing on long-term goals, unlike manager-agents who might prioritize short-term gains. Gender dynamics further influence this, with female leaders typically more transparent and conservative in financial reporting. Audit Committees contribute to detecting unethical practices and enhancing transparency. Female leaders, more inclined towards conservative reporting, are more receptive to audit committee recommendations, reinforcing ethical financial management.

4. Results

EAQ, as an indicator of earnings management, has the lowest value of 0.00093 owned by LMAS in 2012, and the highest value of 5.63056 owned by GOTO in 2021. The average EAQ value is 0.23634, which indicates that in general, earnings management practices in the analysis units are low. However, the high standard deviation and the skewness and kurtosis values, which show a right-skewed and

highly leptokurtic distribution, illustrate the presence of abnormal data with some high-value outliers. The lowest institutional ownership (INS) is 0.00000 owned by some technology companies, while the highest value is 0.99996 owned by DCII in 2020. The average INS is 0.43949, which means 43% of the shares are owned by institutions. INS data tends to be symmetrical with a skewness of 0.02173 and a kurtosis of 1.67534, indicating a relatively normal distribution despite insignificant variations between companies over the study period.

Table 1. Statistic Descriptive

Variable	N	EAQ	INS	MAN	COMAU
Min	135	0.00093	0.00000	0.00000	2.00000
Max	135	5.63056	0.99996	0.87503	4.00000
Mean	135	0.23634	0.43949	0.23815	2.96296
Std. Dev	135	0.60361	0.31754	0.26580	0.25648
Skewness	135	6.28842	0.02173	0.79949	-1.78194
Kurtosis	135	50.9449	1.67534	2.37604	14.47726

The lowest managerial ownership (MAN) is 0.00000, while the highest value is 0.87503 owned by PTSN. The average MAN is 0.23815, indicating that 23% of shares are owned by management. The skewness of 0.79949 indicates a slightly right-skewed distribution, while the kurtosis of 2.37604 is close to a normal distribution. MAN data is skewed to the right, with the majority of values being low. The lowest audit committee (COMAU) is 2.00000, while the highest is 4.0000 owned by DCII. The average company has 3 audit committee members, in accordance with POJK regulations. Skewness of -1.78194 indicates a left-skewed distribution, while kurtosis of 14.47726 indicates a leptokurtic distribution, where most of the data is clustered at higher values with some low-value outliers.

The advantage of panel data lies in its ability to combine time series and cross-sectional data, allowing for a more accurate model selection (Gujarati, 2012). In panel data analysis, there are three effects that can be used: the Common Effect Model (CEM), the Fixed Effect Model (FEM), and the Random Effect Model (REM). However, only one effect is applied. To determine the most appropriate effect, testing of all three models is necessary. Table 4.2 summarizes the model fit tests using STATA. The Chow test indicates that the Common Effect is better than the Fixed Effect (Prob > F = 0.9693). The Hausman test shows that the Random Effect is better than the Fixed Effect (Prob > chi2 = 0.7309). The LM test suggests that the Common Effect is better than the Random Effect (Prob > chibar2 = 0.0513). Based on these results, it can be concluded that the Common Effect Model (CEM) is the most suitable model for regression analysis in this study.

Table 2. Model Fit Test

Test	Indicator	Amount	Result
Chow	Prob>F < 0.05 = Fixed Effect; Common Effect	Prob>F = 0.9693	Common Effect
Hausman	Prob>chi2 < 0.05 = Fixed Effect; Random Effect	Prob>chi2 = 0.7309	Random Effect
LM	Prob>chibar2 < 0.05 = Random Effect; Common Effect	Prob>chibar2 = 0.0513	Common Effect

Multicollinearity testing aims to ensure that independent variables in the regression model do not have strong correlations with each other, using the Variance Inflation Factor (VIF) value. Data processing results show that the VIF for the independent variables is well below 10, indicating that the panel data

regression model is free from multicollinearity. Heteroscedasticity testing was conducted using the Breusch-Pagan/Cook-Weisberg test.

Table 3. Classical Assumption Test

Test	Indicator	Result	Action
Multicollinearity	VIF < 10	Range 1.01 to 1.19	Ok
Heteroscedasticity	ProbChi2 > 0.050	Prob.Chi2 is 0.000	Robust
Auto Correlation	ProbF> 0.050	ProbF is 0.0164	Prais Winsten

Although the initial probability value of 0.000 indicates the presence of heteroscedasticity, the results of the Robust test show a Prob>F value of 0.696, suggesting that the model is free from heteroscedasticity. Autocorrelation testing aims to ensure the absence of serial correlation over time; however, a DW-statistic of 0.0164 indicates the presence of autocorrelation. To address this issue, the researcher applied the Prais-Winsten method, resulting in a DW-statistic of 1.1516 after transformation, indicating that the model is now free from autocorrelation.

Table 3. T Test

Variable	N	Mean	Std. Error.	Std. dev.	[95% conf. interval]	
Male	3	-0.01859	0.02994	0.05187	-0.14745	0.11025
Female	3	-1.51235	1.13648	1.96844	-6.40223	3.37752
Diff	3	1.49376	1.10874	1.92040	-3.27678	6.26430
Mean(diff)	=	Mean (Male-Female)				t = 1.3473
H0: mean(diff) = 0					Degrees of freedom = 2	
Ha: mean(diff) < 0			Ha: mean(diff)! =0		Ha: mean(diff) >0	
Pr(T<t)=0.8449			Pr(|T|>|t|) =0.3102		Pr(T>t) =0.1551	

The mean value for the Male group is -0.0185967 with a standard deviation of 0.0518706. While the average value for the Female group is -1.512357 with a standard deviation of 1.968441. The average difference (diff) between Male and Female groups is 1.49376 with a standard deviation of 1.920402. The t-value refers to the table which is 1.3473 with a p-value (two-tailed) = 0.3102. With a p-value of 0.3102, which is much greater than 0.05, there is insufficient evidence to suggest that there is a significant difference between the Male and Female groups in the sample tested. Although there is a difference in mean scores between the Male and Female groups, this difference is not statistically significant. With such a high p-value, there is insufficient evidence to suggest that the difference is relevant in the general population.

The data analyzed has an F value of 0.0480 which explains that this research model is fit or feasible. The R-Square value of 0.0584 explains that the Institutional Ownership and Managerial Ownership variables can explain 5.84% of earnings management and the remaining 94.16% is explained by other variables outside this study. As for the t-test results in explaining, the results of the hypothesis 1 test show a sig value of 0.042, which means that institutional ownership has a significant effect on earnings management. The coefficient value of -0.14297 indicates that when it is assumed that an increase in the percentage of institutional ownership by 1% will reduce the tendency for earnings management practices to occur in technology sector companies between 2012 and 2022 by 14.29%, assuming factors other than institutional ownership are considered fixed or constant and vice versa. The results show a sig value of 0.011, which means that managerial ownership has a significant effect on earnings management. The negative coefficient value indicates that managerial ownership has a negative effect on earnings management. The coefficient value of -0.00319 indicates that when it is assumed that an increase in the percentage of managerial ownership by 1% will reduce the tendency for earnings management practices to occur in technology

sector companies between 2012 and 2022 by 3.19%, assuming factors other than managerial ownership are considered fixed or constant and vice versa. The results show a sig value of 0.607 which means that the size of the audit committee has no significant effect on earnings management.

Table 3. Linier Regression Test

EAQ(Y)	Coefficient	Prob t-stat
INS(X1)	-0.14297	0.042**
MAN(X2)	-0.00319	0.011**
COMAU(X3)	0.10329	0.607
N	135	
R-Square	0.0584	
Prob F	0.0480	**
Remark: * Significant 10%, ** Significant 5%, *** Significant 1%		

This study analyses the role of gender in the supervisory function on corporate earnings management, by dividing panel data based on the gender of directors, namely men and women. The sample companies are grouped based on the percentage of female directors to total directors. The main objective is to see how the role of gender affects earnings management in the company. After the model selection test, it is found that the Common Effect Model (CEM) is the best model to use, both for companies with male independent commissioners and male audit committees, as well as companies with female independent commissioners and female audit committees. Thus, gender analysis in the regression model uses CEM.

Table 3. Gender Analysis Test

EAQ	Cumulative		BOD Male		BOD Female		Result
	Coef.	Prob.	Coef.	Prob.	Coef.	Prob.	
INS	-0.1429	0.042**	-0.0120	0.488	-2.1217	0.208	Rejected
MAN	-0.0031	0.011**	-0.0734	0.137	-3.104	0.020**	Accepted
COMAU	0.1032	0.607	0.0296	0.615	0.6887	0.434	Rejected
N	135		118		17		
R^2	0.0584		0.0208		0.4794		
Prob. F	0.048	**	0.4932		0.0323	**	
*Remark: * Significant 10%, ** Significant 5%, *** Significant 1%*							

The results of the analysis show that institutional ownership has a negative effect on earnings management. If 1% increase in institutional ownership can reduce earnings management tendency by 14.2% in technology companies between 2012-2022. However, there is no significant difference in the effect of institutional ownership on earnings management between companies led by male and female directors, so H1 is rejected. Managerial ownership also has an influence on earnings management, but it is more significant in companies led by female directors. In these firms, a 1% increase in managerial ownership decreases earnings management propensity by 301%. In contrast, in companies led by male directors, managerial ownership has no significant effect, so H2 is accepted. The audit committee does not show a significant effect on earnings management, both in companies led by men and women, so H3 is rejected.

5. Discussion

This finding suggests that in the technology sector, higher institutional ownership in a firm is associated with a reduced propensity for earnings management. This is because institutional investors conduct strict and regular supervision of managerial activities and other external parties, thereby reducing

earnings management practices. These results are in line with Jensen and Meckling's Agency Theory (1976) which states that institutional ownership reduces agency conflicts and earnings management through better supervision. Previous research by Haliza & Suwarno (2022); Immanuel & Hasnawati (2022); Utami (2021), also supports that institutional ownership affects earnings management. However, gender analysis shows no significant difference in the impact of institutional ownership on earnings management based on whether the company is led by male or female directors. This indicates that institutional investors maintain consistent monitoring standards and policies, regardless of the gender of the director. Therefore, the hypothesis that there is a difference based on gender is rejected. The larger number of companies led by male directors (87% of the 135 sample) compared to female directors (13%) may influence this result. In addition, in technology companies, earnings management is more likely due to the nature of revenue recognition, which may overshadow the influence of institutional ownership.

Testing the second hypothesis indicates a difference in the effect of managerial ownership on earnings management between firms led by male and female directors, particularly in the Indonesian technology sector. In firms led by female directors, managerial ownership reduces the tendency of earnings management, while in firms led by male directors, managerial ownership has no significant effect on earnings management. This finding supports the hypothesis indicating that managerial ownership acts as an effective internal control in reducing earnings management, in line with the research of Izazi et al. (2021), Immanuel & Hasnawati (2022); Lindra et al. (2022). Managerial ownership influences decision making, which leads to more cautious behaviour in earnings management due to the potential long-term impact on share value. Testing the third hypothesis shows no significant difference in the impact of audit committee size on earnings management based on director gender, especially in the technology sector from 2012 to 2022. Smaller audit committees face limitations in monitoring and ensuring the integrity of financial statements due to fewer resources and perspectives. Research by Abbott et al. (2004); Klein (2002) suggests that larger committees provide more effective oversight and a more diverse perspective, thereby reducing the risk of earnings management. Despite the importance of audit committees, smaller committees may have difficulty in detecting and addressing earnings management due to limited resources and expertise. This situation is exacerbated in technology companies with service-based revenues, where earnings management practices may be more common and more difficult to detect. To improve effectiveness, companies should consider increasing the size of the audit committee and improving audit quality through adequate training and resources.

6. Conclusion

Based on the analysis and discussion of the hypothesis testing results, several key conclusions are drawn, there is no significant difference in the impact of institutional ownership on earnings management between companies led by male and female directors. There is a difference in the impact of managerial ownership on earnings management between companies led by male and female directors. There is no significant difference in the impact of audit committee size on earnings management between companies led by male and female directors. Based on the conclusions and limitations, the following recommendations are made, shareholders should consider giving female directors the opportunity to lead companies, particularly in the technology sector, to address the current imbalance and enhance diversity. Audit committees should ideally consist of at least three members, as recommended by Law No. 40/2007 and POJK No. 55/POJK.04/2015, to improve the effectiveness of monitoring company operations.

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