

Are Corporate Governance Mechanisms, Corporate Strategy and Corporate Financial Characteristics Related to Earnings Management?

Clarissa Tonay^a, Paulina Sutrisno^b

^{ab} Trisakti School of Management, Jakarta, Indonesia

[https://doi.org/10.35609/gcbssproceeding.2020.11\(53\)](https://doi.org/10.35609/gcbssproceeding.2020.11(53))

ABSTRACT

This study aims to examine the mechanism of corporate governance and several factors of corporate financial characteristics towards earnings management. Corporate governance mechanisms such as an independent board, board size, and audit committee size are expected to be able to limit management actions in carrying out earnings management. While the company's financial characteristics such as corporate strategy, company age, operating cash flow, company growth, profitability, company size and leverage are predicted to affect the earnings management. In previous studies, testing of corporate governance mechanisms and corporate financial characteristics of earnings management has been carried out, but there are still inconsistencies or debates from the results of previous studies so this study reexamined the existence of corporate governance mechanisms and corporate financial characteristics of earnings management in non-financial companies in Indonesia in period 2016-2018. The research problem in this study is whether corporate governance mechanisms such as independent board, board size, audit committee size and company financial characteristics such as corporate strategy, company age, operational cash flow, company growth, profitability, company size and leverage affect earnings management?

Keywords: earnings management, corporate strategy, audit committee size, company age, operating cash flows