



DOI: <https://doi.org/10.38035/dije.v7i2>
<https://creativecommons.org/licenses/by/4.0/>

The Effect of Corporate Governance on Earnings Management with Audit Tenure as a Moderating Variable

Hasnawati^{1*}, Sri Daryanti Zen²

¹Universitas Andalas, Sumatera Barat, Indonesia, hasnawatiramsah@gmail.com

²Universitas Andalas, Sumatera Barat, Indonesia, yantizen278@gmail.com

*Corresponding Author: hasnawatiramsah@gmail.com¹

Abstract: This study aims to analyze the effect of corporate governance proxied by board independence, board gender, audit committee financial expertise, and audit committee size on earnings management with audit tenure as a moderating variable in healthcare sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period. The study employed a quantitative approach with a sample of 23 companies or 115 observations selected using purposive sampling. Data analysis was conducted using panel data regression and Moderated Regression Analysis (MRA). The results indicate that board independence, board gender, and audit committee financial expertise do not have a significant effect on earnings management. Meanwhile, audit committee size has a significant negative effect on earnings management. Audit tenure is unable to moderate the relationship between board independence, board gender, and audit committee size and earnings management. Meanwhile, audit tenure moderates the relationship between audit committee financial expertise and earnings management with a significant positive direction that is inconsistent with the research hypothesis. This study indicates that the effectiveness of corporate governance in reducing earnings management practices still depends on the quality of corporate monitoring.

Keywords: corporate governance, earnings management, audit tenure, audit committee, healthcare sector.

INTRODUCTION

Financial statements are a form of management accountability to stakeholders for the company's performance achieved during a certain period (Zen & Hidayat, 2024). Financial statements are used by management as a form of accountability for company management, which is reflected through financial performance, particularly the company's profit and loss (Luthan et al., 2016). Therefore, financial statements are required to present information that is relevant, reliable, and reflects the company's actual condition so that it can be used as a basis for economic decision-making by investors, creditors, and other parties.

However, in practice, management has flexibility in selecting accounting policies that can be utilized for certain purposes through earnings management practices. Earnings

management is an opportunistic action by management carried out by altering revenues and profits to conceal the company's actual financial condition (Dewi & Mita, 2019). According to Scott (2015), managers have incentives to ensure that reported earnings meet or exceed investor expectations because failure to meet market expectations may affect the company's stock price. Therefore, earnings management practices can be carried out by either increasing or decreasing earnings through the use of discretionary accruals.

From the agency theory perspective, earnings management practices arise due to conflicts of interest between management as agents and shareholders as principals. An agency relationship is a contract in which the principal delegates authority to the agent to conduct company activities on behalf of the principal (Jensen & Meckling, 1976). However, management does not always act in accordance with shareholders' interests, creating the potential for conflicts of interest and information asymmetry. This condition highlights the importance of monitoring mechanisms through the implementation of effective corporate governance to limit opportunistic managerial behavior.

The phenomenon of earnings management practices is still found in companies in Indonesia, particularly in the healthcare sector. One case occurred at PT Indofarma Tbk (INAF), which was indicated to have committed financial irregularities through its subsidiary, resulting in potential significant state losses (Puspadini, 2024). In addition, PT Kimia Farma Tbk (KAEF) was involved in a financial statement manipulation case related to inventory and accounts payable accounts, which led the company to restate its financial statements (Adventy, 2025). Another phenomenon occurred at PT Mitra Keluarga Karyasehat Tbk (MIKA), which experienced Unusual Market Activity (UMA) due to unusual stock trading activities, prompting investors to be more cautious in interpreting company information (Binekasri, 2023). These phenomena indicate that earnings management remains an important issue related to the quality of financial reporting and the effectiveness of corporate monitoring.

The healthcare sector was selected in this study because it experienced significant growth after the COVID-19 pandemic. Based on data from Statistics Indonesia (BPS), the health services and social activities sector grew by 10.46% in 2021 and became the sector with the highest growth compared to other sectors (BPS, 2022). This growth has caused healthcare companies to face pressure to maintain earnings stability and financial performance, thereby increasing the potential for earnings management practices.

To minimize earnings management practices, companies require the implementation of good corporate governance. Corporate governance is a system used to direct and control a company so that it operates transparently and accountably (Martusa et al., 2023). The Organisation for Economic Cooperation and Development (OECD) explains that corporate governance involves relationships among management, the board, shareholders, and other stakeholders to ensure effective monitoring (OECD, 2004). Furthermore, the National Committee on Governance Policy (KNKG) emphasizes that the implementation of Good Corporate Governance (GCG) is based on the principles of transparency, accountability, responsibility, independence, and fairness and equality (KNKG, 2006).

Independent commissioners are expected to enhance the effectiveness of monitoring management actions so that earnings management practices can be reduced (Maulida & Dul Muid, 2019). In addition, the presence of women on the board of directors is believed to improve monitoring quality because women tend to have higher ethical sensitivity and prudence in decision-making (Fitroni & Feliana, 2022). The audit committee also plays an important role in improving the quality of corporate financial reporting. The financial expertise of audit committee members enables more effective monitoring of financial statements because audit committee members are able to understand the risks of misstatements and detect potential earnings management practices (Reynaldi et al., 2024). Furthermore, a larger audit committee

size is expected to increase monitoring capacity and reduce management's opportunities to engage in earnings manipulation (Maulida & Dul Muid, 2019).

Previous studies regarding the effect of corporate governance on earnings management have produced inconsistent results. Several studies found that board independence, audit committee financial expertise, and audit committee size have a significant negative effect on earnings management (Maulida & Dul Muid, 2019; Ardyanti & Kurnia, 2023; Chandra Mei et al., 2024). However, other studies found insignificant results and even significant positive effects for certain variables such as board gender and audit tenure (Muhammad & Pribadi, 2020; Tran et al., 2022). These inconsistencies indicate the existence of a research gap that requires further investigation.

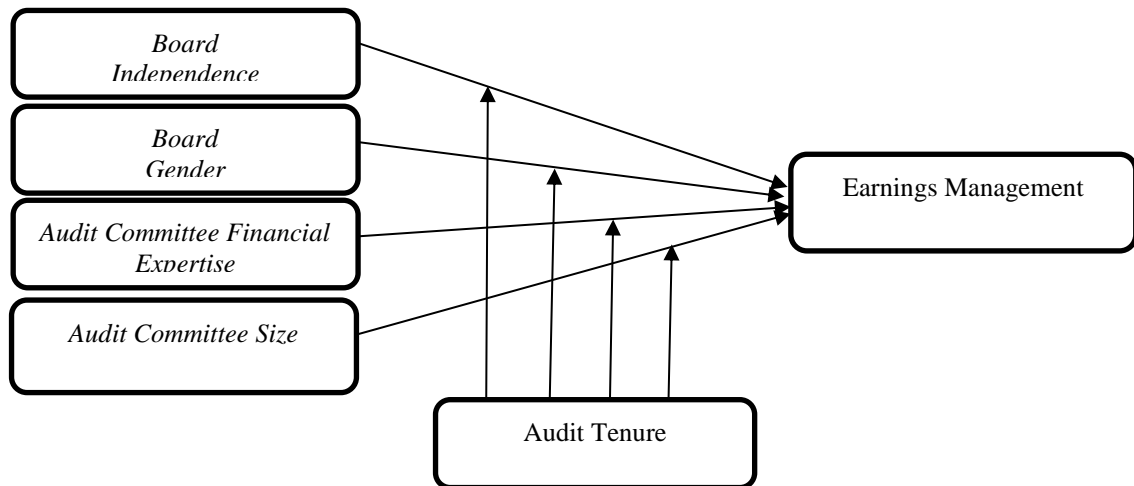
This study offers novelty by positioning audit tenure as a moderating variable in the relationship between corporate governance mechanisms and earnings management in healthcare sector companies in Indonesia during the 2020–2024 period, which remains relatively underexplored, particularly within this sector. From the agency theory perspective, effective corporate governance mechanisms are expected to limit opportunistic managerial behavior in earnings management practices. The presence of independent commissioners is expected to improve monitoring effectiveness over management so that earnings management practices can be reduced (Maulida & Dul Muid, 2019). On the other hand, audit tenure as an external monitoring mechanism is expected to influence the effectiveness of corporate governance in limiting earnings management practices because excessively long auditor-client relationships may affect auditor independence (Ariyanti et al., 2022).

Based on the above explanation, this study aims to analyze the effect of board independence, board gender, audit committee financial expertise, and audit committee size on earnings management with audit tenure as a moderating variable in healthcare sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period. Specifically, this study aims to examine the effect of each corporate governance mechanism on earnings management and to test whether audit tenure is able to moderate the relationship between corporate governance mechanisms and earnings management.

Based on theory and previous studies, the research hypotheses are formulated as follows:

- H1: Board independence has a negative effect on earnings management.
- H2: Board gender has a negative effect on earnings management.
- H3: Audit committee financial expertise has a negative effect on earnings management.
- H4: Audit committee size has a negative effect on earnings management.
- H5: Audit tenure weakens the effect of board independence on earnings management.
- H6: Audit tenure weakens the effect of board gender on earnings management.
- H7: Audit tenure weakens the effect of audit committee financial expertise on earnings management.
- H8: Audit tenure weakens the effect of audit committee size on earnings management.

METHOD



Source: Researcher (2026)
Figure 1. Research Framework

Figure 1 illustrates the research framework that explains the relationship between corporate governance mechanisms proxied by board independence, board gender, audit committee financial expertise, and audit committee size on earnings management, with audit tenure serving as a moderating variable.

This study is explanatory research employing a quantitative verification approach. The study aims to examine the effect of board independence, board gender, audit committee financial expertise, and audit committee size on earnings management, with audit tenure as a moderating variable. The data used are secondary data obtained from the annual reports and financial statements of healthcare sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period.

The population of this study consists of all healthcare sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period. The research sample was determined using the purposive sampling method based on the criteria that companies consistently published complete annual financial statements during the research period, had complete data related to the research variables, did not experience delisting or sector changes, and presented their financial statements in Indonesian Rupiah.

The dependent variable in this study is earnings management, measured using discretionary accruals based on the Modified Jones Model approach (Dechow et al., 1995). The independent variables include board independence, board gender, audit committee financial expertise, and audit committee size, while the moderating variable is audit tenure.

Board independence is measured by the proportion of independent commissioners to the total number of commissioners. Board gender is measured by the proportion of female directors to the total number of directors. Audit committee financial expertise is measured by the proportion of audit committee members with accounting or financial backgrounds to the total number of audit committee members. Audit committee size is measured by the number of audit committee members, while audit tenure is measured by the number of consecutive years the same auditor has audited the company.

The panel data regression model in this study is formulated as follows:

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5Z + \beta_6X_1Z + \beta_7X_2Z + \beta_8X_3Z + \beta_9X_4Z + \epsilon$$

Where:

Y = Earnings Management

- α = Constant
- β = Regression Coefficient
- X1 = Board Independence
- X2 = Board Gender
- X3 = Audit Committee Financial Expertise
- X4 = Audit Committee Size
- Z = Audit Tenure
- X1Z = Interaction between Board Independence and Audit Tenure
- X2Z = Interaction between Board Gender and Audit Tenure
- X3Z = Interaction between Audit Committee Financial Expertise and Audit Tenure
- X4Z = Interaction between Audit Committee Size and Audit Tenure
- ε = Error Term

Data analysis was conducted using panel data regression and Moderated Regression Analysis (MRA) with the assistance of STATA version 17 software. Prior to hypothesis testing, descriptive statistical analysis and classical assumption tests were performed, including normality, multicollinearity, and heteroscedasticity tests. The selection of the panel data regression model was conducted through the Chow test, Hausman test, and Lagrange Multiplier (LM) test. Hypothesis testing was carried out using the t-statistic test, goodness-of-fit test, and coefficient of determination (R^2) test.

RESULTS AND DISCUSSION

Research Sample Description

This study uses healthcare sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period as the research population. The sample was determined using the purposive sampling method, resulting in 23 companies with a total of 115 firm-year observations.

Table 1. Research Sample Selection

| Description | Total |
|-----------------------------------------------|-------|
| Healthcare sector companies during 2020–2024 | 38 |
| Did not publish complete financial statements | (15) |
| Final research sample | 23 |
| Observation years | 5 |
| Total observations | 115 |

Source: Processed data by the researcher (2026)

Table 2. Descriptive Statistics

| Variable | N | Mean | Std.Dev | Min | Max |
|------------------------|-----|--------|---------|-------|------|
| Earnings Management | 115 | 0,0592 | 0,1241 | -0,39 | 0,55 |
| Board Independence | 115 | 0,4643 | 0,1375 | 0,2 | 1 |
| Board Gender | 115 | 0,3015 | 0,2572 | 0 | 0,8 |
| AC Financial Expertise | 115 | 0,6252 | 0,2813 | 0 | 1 |
| AC Size | 115 | 3,0261 | 0,2464 | 2 | 4 |
| Audit Tenure | 115 | 1,8870 | 0,9712 | 1 | 5 |

Source: Processed data by the researcher (2026)

Based on the descriptive statistics results in Table 2, the number of observations in this study is 115 firm-year observations. The earnings management variable has a mean value of 0.0592 with a standard deviation of 0.1241. The minimum value of -0.39 and the maximum

value of 0.55 indicate variations in earnings management practices among healthcare sector companies during the research period. The board independence variable has a mean value of 0.4643 with a standard deviation of 0.1375. This value indicates that the average proportion of independent commissioners in the sample companies is 46.43% of the total board of commissioners. The board gender variable has a mean value of 0.3015 with a standard deviation of 0.2572, indicating that the average proportion of women on the board of directors is 30.15%. The audit committee financial expertise variable has a mean value of 0.6252 with a standard deviation of 0.2813. This indicates that most audit committee members in the sample companies have financial or accounting backgrounds. The audit committee size variable has a mean value of 3.0261 with a standard deviation of 0.2464, indicating that the average number of audit committee members consists of three individuals. Meanwhile, the audit tenure variable has a mean value of 1.8870 with a standard deviation of 0.9712. The minimum audit tenure value of 1 and the maximum value of 5 indicate that the auditor-client relationship in the sample companies ranges from one to five years during the research period.

Classical Assumption Tests

Table 3. Normality Test

| Variable | Prob > z |
|----------|----------|
| Residual | 0,08924 |

Source: Processed data by the researcher (2026)

Based on Table 3, the results of the Shapiro-Wilk normality test show a Prob > z value of 0.08924 > 0.05, indicating that the research residuals are normally distributed.

Table 4. Multicollinearity Test

| Variable | VIF |
|------------|------|
| bgen | 5,64 |
| acfe | 6,32 |
| bind | 2,93 |
| acsize | 5,25 |
| ten | 4,69 |
| Bind×ten | 8,32 |
| Bgen×ten | 7,85 |
| Acfex×ten | 6,49 |
| Acsize×ten | 5,99 |

Source: Processed data by the researcher (2026)

Based on Table 4, the multicollinearity test results show that all variables have VIF values below 10, indicating that the regression model does not suffer from multicollinearity problems.

Table 5. Heteroscedasticity Test

| Model | Prob > chi2 | Description |
|--------------------|-------------|-----------------------|
| Without Moderation | 0,1952 | No heteroscedasticity |
| With Moderation | 0,2764 | No heteroscedasticity |

Source: Processed data by the researcher (2026)

Based on Table 5, the results of the Breusch-Pagan/Cook-Weisberg heteroscedasticity test show a Prob > chi2 value of 0.1952 for the model without moderation and 0.2764 for the

model with moderation. Both values are greater than 0.05, indicating that the regression models do not suffer from heteroscedasticity problems.

Panel Data Regression Model Selection

Table 6. Panel Data Regression Model Selection

| Test | Without Moderation | With Moderation | Decision |
|--------------|--------------------|-----------------|---------------|
| Chow Test | 0,0000 | 0,0000 | Fixed Effect |
| Hausman Test | 1,0000 | 0,6471 | Random Effect |
| LM Test | 0,0000 | 0,0000 | Random Effect |

Source: Processed data by the researcher (2026)

Based on Table 6, the results of the Chow, Hausman, and Lagrange Multiplier tests indicate that the most appropriate panel data regression model for this study is the Random Effect Model (REM).

Panel Data Regression Results

Table 7. Random Effect Model Regression Results (Without Moderation)

| Variable | Coefficient | Std. Error | z-statistic | Probability | Decision |
|----------|-------------|------------|-------------|-------------|-------------|
| bind | -0,0795 | 0,0808 | -0,98 | 0,325 | H1 Rejected |
| bgen | -0,0055 | 0,0481 | -0,12 | 0,908 | H2 Rejected |
| acfe | 0,0171 | 0,0431 | 0,40 | 0,692 | H3 Rejected |
| acsize | -0,0583 | 0,0259 | -2,25 | 0,024** | H4 Accepted |
| ten | 0,0194 | 0,0082 | 2,36 | 0,018** | - |
| Constant | 0,2330 | 0,0933 | 2,50 | 0,012 | - |

Note: ** significant at $\alpha = 5\%$

Source: Processed by the researcher (2026)

Table 8. Random Effect Model Regression Results (With Moderation)

| Variabele | Coefficient | Std. Error | z-statistic | Probability | Decision |
|------------|-------------|------------|-------------|-------------|-------------|
| bind | -0,0717 | 0,1061 | -0,68 | 0,499 | - |
| bgen | 0,0201 | 0,0743 | 0,27 | 0,787 | - |
| acfe | -0,0679 | 0,0732 | -0,93 | 0,353 | - |
| acsize | -0,0479 | 0,0147 | -4,43 | 0,000** | - |
| ten | -0,0422 | 0,0208 | -2,02 | 0,042** | - |
| bind×ten | -0,0058 | 0,0471 | -0,12 | 0,901 | H5 Rejected |
| bgen×ten | -0,0164 | 0,0322 | -0,51 | 0,610 | H6 Rejected |
| acfe×ten | 0,0604 | 0,0203 | 2,58 | 0,021** | H7 Rejected |
| acsize×ten | -0,0032 | 0,0315 | -0,10 | 0,918 | H8 Rejected |
| Constant | 0,2455 | 0,1814 | 1,35 | 0,176 | - |

Note: ** significant at $\alpha = 5\%$

Source: Processed by the researcher (2026)

Based on the Random Effect Model regression results presented in Table 7 and Table 8, the testing results of the influence of corporate governance variables on earnings management as well as the testing of audit tenure as a moderating variable were obtained. The results indicate that board independence has a negative but insignificant effect on earnings management. Board gender also has a negative but insignificant effect on earnings management. Audit committee financial expertise has a positive but insignificant effect on earnings management. Meanwhile, audit committee size has a negative and significant effect on earnings management, indicating that a larger audit committee size tends to reduce earnings

management practices. Regarding the moderating variable, audit tenure is unable to moderate the relationship between board independence, board gender, and audit committee size and earnings management. However, audit tenure is able to moderate the relationship between audit committee financial expertise and earnings management with a positive and significant direction.

Based on the hypothesis testing results in the panel data regression model, it can be concluded that the first hypothesis (H1) is rejected because board independence has a negative coefficient of -0.0795 with a probability value of $0.325 > 0.05$, indicating that it does not have a significant effect on earnings management. The second hypothesis (H2) is also rejected because board gender has a negative coefficient of -0.0055 with a probability value of $0.908 > 0.05$, indicating that it does not have a significant effect on earnings management. The third hypothesis (H3) is rejected because audit committee financial expertise has a positive coefficient of 0.0171 with a probability value of $0.692 > 0.05$, indicating that it does not have a significant effect on earnings management, and the direction of the effect is inconsistent with the research hypothesis. Meanwhile, the fourth hypothesis (H4) is accepted because audit committee size has a negative coefficient of -0.0583 with a probability value of $0.024 < 0.05$, indicating a significant negative effect on earnings management.

In testing the moderating variable, the fifth hypothesis (H5) is rejected because the interaction between board independence and audit tenure has a probability value of $0.901 > 0.05$, indicating that audit tenure is unable to moderate the relationship between board independence and earnings management. The sixth hypothesis (H6) is also rejected because the interaction between board gender and audit tenure has a probability value of $0.610 > 0.05$, indicating that audit tenure is unable to moderate the relationship between board gender and earnings management. The seventh hypothesis (H7) is rejected because although the interaction between audit committee financial expertise and audit tenure has a significant effect with a probability value of $0.021 < 0.05$, the resulting coefficient direction is positive at 0.0604, which is inconsistent with the research hypothesis that predicted a weakening direction. The eighth hypothesis (H8) is rejected because the interaction between audit committee size and audit tenure has a probability value of $0.918 > 0.05$, indicating that audit tenure is unable to moderate the relationship between audit committee size and earnings management.

Model Goodness of Fit and Coefficient of Determination

Table 9. Goodness of Fit and Coefficient of Determination

| Model | Prob > chi2 | Overall R ² |
|--------------------|-------------|------------------------|
| Without Moderation | 0,0321 | 0,0704 |
| With Moderation | 0,0136 | 0,2418 |

Source: Processed by the researcher (2026)

Based on Table 9, the goodness-of-fit test results indicate that both the model without moderation and the model with moderation are appropriate for use in this study because they have Prob > chi2 values smaller than 0.05. In addition, the overall R² value indicates that the model with moderation has better explanatory power than the model without moderation.

Discussion

The results indicate that board independence has a negative but insignificant effect on earnings management. This finding suggests that the presence of independent commissioners has not been able to optimally perform its monitoring function in reducing earnings management practices in healthcare sector companies. Theoretically, independent commissioners should be able to reduce agency conflicts through their monitoring function

over management. However, in practice, the presence of independent commissioners may still be merely a formality to comply with corporate governance regulations. This result is consistent with the study of Widijaya & Veronica (2022), which found that board independence has no significant effect on earnings management.

Board gender also has a negative but insignificant effect on earnings management. This result indicates that the presence of women on the board of directors has not been able to provide a significant effect in reducing earnings management practices. Although gender diversity is theoretically expected to improve monitoring quality and ethical sensitivity, the effectiveness of corporate monitoring is not only influenced by gender diversity but also by the quality of corporate governance implementation. This finding is consistent with the studies of Fatimah (2019), Christian & Bangun (2021), and Meyditiyaa et al. (2024), which found that board gender has no significant effect on earnings management.

Audit committee financial expertise has a positive but insignificant effect on earnings management. This result indicates that the presence of audit committee members with financial expertise does not necessarily limit earnings management practices if the monitoring function has not been effectively implemented. Theoretically, an audit committee with financial expertise is expected to improve the quality of monitoring over the company's financial reporting process. However, in practice, monitoring effectiveness is also influenced by the independence and quality of coordination among corporate governance mechanisms. This result is consistent with the studies of Nelwan & Tansuria (2019), Karina (2020), and Reynaldi et al. (2024), which found that audit committee financial expertise has no significant effect on earnings management.

Audit committee size has a negative and significant effect on earnings management. This result indicates that the larger the audit committee size, the more effective the monitoring function over the company's financial reporting process, thereby reducing earnings management practices. This finding suggests that an audit committee with a more adequate number of members is able to enhance the effectiveness of monitoring over the company's financial reporting process. An audit committee with a more adequate number of members allows for a more optimal distribution of monitoring responsibilities. This result is consistent with the studies of Ardyanti & Kurnia (2023), Sari (2017), and Maulida & Dul Muid (2019), which found that audit committee size has a significant negative effect on earnings management.

Audit tenure is unable to moderate the relationship between board independence and earnings management. This result indicates that audit tenure is unable to strengthen or weaken the effect of board independence on earnings management. This finding suggests that the length of the auditor's engagement period is not able to influence the effectiveness of independent commissioners in performing their monitoring function over earnings management practices in healthcare sector companies. However, the results of this study indicate that audit tenure does not have a significant moderating role in the relationship between board independence and earnings management. This condition may occur because the monitoring functions of independent commissioners and external auditors operate separately, so the duration of the auditor-client relationship does not necessarily affect the effectiveness of independent commissioners' monitoring. This finding is consistent with the study of Widijaya & Veronica (2022), which found that board independence has no significant effect on earnings management. In addition, this result is supported by the studies of Ulina et al. (2018), Hermatika & Alit Triani (2022), and Ariyanti et al. (2022), which found that audit tenure has no significant effect on earnings management. Therefore, audit tenure in this study is unable to influence the relationship between board independence and earnings management in healthcare sector companies.

Audit tenure is also unable to moderate the relationship between board gender and earnings management. This result indicates that audit tenure is unable to strengthen or weaken the effect of board gender on earnings management. This finding suggests that the length of the auditor's engagement period is not able to influence the effectiveness of gender diversity on the board of directors in relation to earnings management practices. However, the results of this study indicate that the effectiveness of monitoring conducted by board gender is not fully influenced by audit tenure. This result is consistent with the studies of Fatimah (2019), Christian & Bangun (2021), and Meyditiyaa et al. (2024), which found that board gender has no significant effect on earnings management. In addition, this result is supported by the studies of Ulina et al. (2018), Hermatika & Alit Triani (2022), and Ariyanti et al. (2022), which found that audit tenure has no significant effect on earnings management. Therefore, audit tenure is unable to moderate the relationship between board gender and earnings management in healthcare sector companies.

Audit tenure is able to moderate the relationship between audit committee financial expertise and earnings management with a positive and significant direction. This result indicates that audit tenure strengthens the relationship between audit committee financial expertise and earnings management. However, the research hypothesis is still rejected because the resulting moderation direction is inconsistent with the research hypothesis, which predicted a weakening effect. The results indicate that the longer the auditor's engagement period, the greater the relationship between audit committee financial expertise and earnings management tends to become. This condition suggests that an excessively long auditor-client relationship may reduce auditor independence, thereby making monitoring effectiveness over earnings management practices less optimal. This result is consistent with the studies of Kurniawansyah (2016) and Tran et al. (2022), which found that audit tenure has a significant positive effect on earnings management. These findings indicate that the longer the auditor's engagement period, the greater the potential for earnings management practices due to declining auditor independence. Therefore, audit tenure in this study actually strengthens the relationship between audit committee financial expertise and earnings management in healthcare sector companies.

Audit tenure is unable to moderate the relationship between audit committee size and earnings management. This result indicates that audit tenure is unable to strengthen or weaken the effect of audit committee size on earnings management. Theoretically, a larger audit committee size is expected to improve the effectiveness of monitoring over the company's financial reporting process. However, the results of this study indicate that the effectiveness of audit committee monitoring is not influenced by the length of the auditor's engagement period. This result is consistent with the study of Irmasari et al. (2025), which found that audit tenure is unable to moderate the relationship between audit committee size and earnings management.

CONCLUSION

This study aims to analyze the effect of corporate governance proxied by board independence, board gender, audit committee financial expertise, and audit committee size on earnings management with audit tenure as a moderating variable in healthcare sector companies listed on the Indonesia Stock Exchange during the period 2020–2024. Based on the results of panel data regression analysis using the Random Effect Model (REM), this study shows that board independence and board gender have a negative but insignificant effect on earnings management. Audit committee financial expertise also shows a positive but insignificant effect on earnings management. Meanwhile, audit committee size has a negative and significant effect on earnings management, indicating that a larger audit committee size is able to enhance the effectiveness of the monitoring function and reduce corporate earnings management practices.

The results also show that audit tenure is unable to moderate the relationships between board independence, board gender, and audit committee size and earnings management. However, audit tenure is able to moderate the relationship between audit committee financial expertise and earnings management with a positive and significant direction. These results indicate that the longer the auditor's relationship with the company, the greater the relationship between audit committee financial expertise and earnings management practices tends to become.

In general, this study shows that the effectiveness of corporate governance in reducing earnings management practices in healthcare sector companies still depends on the quality of the implementation of the company's internal and external monitoring functions. In addition, the results of this study are expected to serve as a consideration for companies and regulators in improving the effectiveness of corporate monitoring mechanisms to enhance the quality of financial reporting and minimize earnings management practices.

This study has several limitations. First, the study only uses healthcare sector companies, so the findings cannot yet be generalized to all sectors listed on the Indonesia Stock Exchange. Second, the study only uses four corporate governance mechanisms and one moderating variable, while other factors may also influence earnings management. Third, the study period is limited to 2020–2024 and therefore is unable to capture the long-term condition of companies. Therefore, future studies are expected to use a broader range of sectors, include additional variables, and extend the research period.

Based on the findings, companies are expected to improve the effectiveness of corporate governance mechanisms, particularly the audit committee function, in order to minimize earnings management practices. In addition, regulators are expected to strengthen oversight of auditor independence so that long-term audit relationships do not reduce audit quality. Future studies are recommended to use other corporate governance variables such as institutional ownership, managerial ownership, or audit quality to obtain more comprehensive research results.

REFERENCES

- Adventy, A. (2025). *BEI Cabut Suspensi KAEF di Tengah Isu Manipulasi Laporan Keuangan*. BT Bloomberg Technoz. <https://www.bloombergtechnoz.com/detail-news/76962/bei-cabut-suspensi-kaef-di-tengah-isu-manipulasi-laporan-keuangan>
- Agustin, J. V., & Triani, N. N. A. (2023). Pengaruh Audit Firm Size Audit Fee Audit Tenure dan Kompetensi Auditor terhadap Manajemen Laba. *Jurnal Ilmiah MEA*, 7(2), 428–446.
- Ardyanti, P. D., & Kurnia. (2023). Pengaruh Komite Audit, Jumlah Rapat Komite Audit, Keahlian Komite Audit dan Masa Jabatan Komite Audit terhadap Manajemen Laba. *Jurnal Ilmu Dan Riset Akuntansi*, 12(3), 1–16.
- Ariyanti, A., Santosa, R. E. W. A., & Hanum, A. N. (2022). Pengaruh Financial Distress, Leverage, Firm Size dan Audit Tenure terhadap Manajemen Laba. *Prosiding Seminar Nasional UNIMUS*, 5, 288–305.
- Binekasri, R. (2023). *No Title Ada Pola Transaksi Tak Wajar, BEI Pantau Ketat Saham MIKA*. CNBC Indonesia. https://www.cnbcindonesia.com/market/20231222104520-17-499503/ada-pola-transaksi-tak-wajar-bei-pantau-ketat-saham-mika?utm_source
- BPS. (2022). *Ekonomi Indonesia Triwulan IV-2021 Tumbuh 5,02 Persen (y-on-y)*. <https://www.bps.go.id/id/pressrelease/2022/02/07/1911/ekonomi-indonesia-triwulan-iv-2021-tumbuh-5-02-persen--y-on-y-.html>.
- Chandra Mei, A. O., Suci, R. G., & Sari, D. P. P. (2024). Pengaruh Keahlian Keuangan dan Gender Komite Audit terhadap Manajemen Laba. *Journal Of Islamic Finance And Accounting Research*, 3(2), 138–153. <https://doi.org/10.25299/jafar.2024.18912>
- Christian, R., & Bangun, N. (2021). Pengaruh Board Characteristics dan Profitability terhadap

- Manajemen Laba. *Jurnal Paradigma Akuntansi*, 3(3), 1266. <https://doi.org/10.24912/jpa.v3i3.14922>
- Dechow, P. M., Sloan, R. G., & Sweeney, A. P. (1995). Detecting Earnings Management. *The Accounting Review*, 70(2), 193–225. <https://doi.org/10.1002/9781119204763.ch4>
- Dewi, R. F., & Mita, A. F. (2019). *The Impact of Audit Committee's Financial Expertise and Status on Accrual Earnings Management*. 21(2), 82–89. <https://doi.org/10.9744/jak.21.2.82-89>
- Fatimah, D. (2019). Pengaruh Board Diversity terhadap Manajemen Laba. *Journal of Applied Accounting and Taxation*, 4(2), 223–233. <https://doi.org/10.30871/jaat.v4i2.908>
- Fitroni, N. A., & Feliana, Y. K. (2022). Pengaruh Keragaman Gender Pada Dewan Komisaris, Dewan Direksi, Dan Komite Audit Terhadap Manajemen Laba. *Akuntansi Dan Teknologi Informasi*, 15(1), 8–21. <https://doi.org/10.24123/jati.v15i1.4575>
- Hermatika, V. P., & Alit Triani, N. N. (2022). Pengaruh Ukuran KAP, Audit Tenure, Spesialisasi Auditor dan Audit Capacity Stress Terhadap Manajemen Laba (Studi pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia Tahun 2015-2017). *Jurnal Akuntansi AKUNESA*, 11(1), 1–10. <https://doi.org/10.26740/akunesa.v11n1.p1-10>
- Irmasari, Sutrisno, & Roekhuudin. (2025). The Effect Of Good Corporate Governance On Earnings Management Actions With Audit Tenure As A Moderating Variable. *Bisnis Dan Ekonomi Asia*, 19(1), 52–64. <https://doi.org/10.32812/jibeka.v19i1.2243>
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305–360. <https://doi.org/10.4159/9780674274051-006>
- Karina, R. (2020). Pengaruh Karakteristik Komite Audit dan Auditor Eksternal terhadap Praktik Manajemen Laba di Indonesia. *Forum Ekonomi*, 22(2), 307–318.
- Komite Nasional Kebijakan Governance (KNKG). (2006). *Pedoman Umum Good Corporate Governance Indonesia*.
- Kurniawansyah, D. (2016). Pengaruh Audit Tenure, Ukuran Auditor, Spesialisasi Audit dan Audit Capacity Stress Terhadap Manajemen Laba. *Jurnal Riset Akuntansi Dan Bisnis Airlangga*, 1(1), 1–25.
- Luthan, E., Satria, I., & Ilmainir. (2016). The Effect of Good Corporate Governance Mechanism to Earnings Management Before and After IFRS Convergence. *Procedia - Social and Behavioral Sciences*, 219, 465–471. <https://doi.org/10.1016/j.sbspro.2016.05.021>
- Martusa, R., Joni, & Tin, S. (2023). *TATA KELOLA PERUSAHAAN: Sebuah Perspektif Sustainability*. 6.
- Maulida, H., & Dul Muid. (2019). Pengaruh Karakteristik Corporate Governance dan Kualitas Audit terhadap Manajemen Laba. *Diponegoro Journal Of Accounting*, 8(3), 1–15. <http://ejournal-s1.undip.ac.id/index.php/accounting>
- Meyditiyaa, Y. P., Nastitib, S. A. W., & Astuti, I. I. (2024). Pengaruh Corporate Governance, Profitabilitas, Leverage, Ukuran Perusahaan dan Gender Diversity terhadap Manajemen Laba. *Jurnal Ilmiah Manajemen Dan Akuntansi*, 1(4), 1–15.
- Muhammad, R., & Pribadi, P. (2020). Pengaruh Kompensasi Bonus, Pendidikan dan Komposisi Gender Dewan Direksi Terhadap Manajemen Laba pada Bank Syariah di Indonesia. *Jurnal Ilmiah Ekonomi Islam*, 6(1), 53–69. <https://doi.org/10.29040/jiei.v6i1.601>
- Nelwan, M. L., & Tansuria, B. I. (2019). Audit Committee Characteristics and Earnings Management Practices. *Journal of Economics, Business, & Accountancy Ventura*, 22(1), 85–97. <https://doi.org/10.14414/jebav.v22i1.1400>
- Organisation for Economic Cooperation and Development. (2004). *OECD Principles of*

- Corporate Governance* 2004.
- Puspadini, M. (2024). *Kronologi & Akar Masalah Kasus Indofarma yang Rugikan Negara Rp 470 M*. CNBC Indonesia. <https://www.cnbcindonesia.com/market/20240522163448-17-540581/kronologi-akar-masalah-kasus-indofarma-yang-rugikan-negara-rp-470-m>
- Reynaldi, C., Wijaya, H., & Susanto, A. (2024). Pengaruh Umur, Gender, Keaktifan, Expertise Finance dan Masa Jabatan Komite Audit terhadap Manajemen Laba. *Jurnal Ilmiah Mahasiswa Akuntansi*, 13(1), 35–48. <https://doi.org/10.33508/jima.v13i1.5722>
- Sari, A. L. (2017). Karakteristik Perusahaan, Tata Kelola Perusahaan dan Manajemen Laba. *Jurnal Akuntansi Bisnis*, 15(2), 229–245.
- Scott, W. R. (2015). *Financial Accounting Theory* (Seventh).
- Tran, T., Nguyen, T., Pham, B., & Tran, P. (2022). Audit Partner Tenure and Earnings Management: Evidence from Vietnam. *Journal of Financial Reporting and Accounting*, 1–32. <https://doi.org/https://doi.org/10.1108/JFRA-07-2022-0258>
- Ulina, R., Mulyadi, R., & Sri Tjahjono, M. E. (2018). Pengaruh Kualitas Audit Dan Komite Audit Terhadap Manajemen Laba Pada Perusahaan Manufaktur Yang Tercatat Di Bursa Efek Indonesia. *Tirtayasa Ekonomika*, 13(1), 1. <https://doi.org/10.35448/jte.v13i1.4229>
- Widijaya, W., & Veronica, J. (2022). Pengaruh Karakteristik Komite Audit terhadap Manajemen Laba. *Jurnal Ekobistek*, 11, 367–375. <https://doi.org/10.35134/ekobistek.v11i4.383>
- Zen, S. D., & Hidayat, R. (2024). The Effect of Good Corporate Governance , Financial Distress , and Company Size on the Integrity of Financial Statements on Transportation and Logistics Companies Listed on the Indonesia Stock Exchange. *American Journal of Economic and Management Business*, 3(5), 1–12.