

Volume: 4
Number: 1
Page: 167 - 178

Article History:

Received: 2025-07-04
Revised: 2025-08-02
Accepted: 2025-09-15

BUSINESS STRATEGY, AUDIT QUALITY, AND INDEPENDENT COMMISSIONERS ON EARNINGS MANAGEMENT: THE MODERATING ROLE OF MEDIA COVERAGE

Eko Widianarko KUSNADI¹, Nurul HIDAYAH²

^{1,2}Faculty of Economics and Business, University Mercu Buana, Indonesia

Corresponding author: Eko Widianarko Kusnadi

E-mail: ekowidianarko@gmail.com

Abstract:

This study investigates the influence of business strategy, external audit quality, and independent commissioners on earnings management, with particular attention to the moderating effect of media coverage. By applying purposive sampling, this study obtained 224 firm-year observations from 56 consumer non-cyclical firms listed on the Indonesia Stock Exchange over the period 2021–2024. This study conducted the data analysis using panel data regression and moderated regression analysis (MRA). The results indicate that business strategy has a significant effect on earnings management, while external audit quality does not. This study also discovered that independent commissioners significantly impact earnings management. The moderation test reveals that media coverage has no significant moderating effect on the relationship between business strategy or external audit quality and earnings management; however, it strengthens the monitoring function of independent commissioners in mitigating earnings management. These findings imply that external monitoring in the form of media exposure reinforces the role of independent commissioners as an internal governance mechanism, thereby encouraging higher-quality financial reporting practices and supporting effective corporate governance.

Keywords: Business Strategy, External Audit Quality, Independent Commissioners, Earnings Management, Media Coverage

INTRODUCTION

Earnings are an important indicator for evaluating corporate performance and guiding investment, lending, and stakeholder decision processes. However, scholars and stakeholders often question the relevance of earnings because managers engage in earnings management practices for personal interests or to meet market expectations (Maharany & Oktavia, 2024). Such practices may occur legally within accounting standards, yet they can become an entry point for fraud when repeatedly used to conceal poor performance (Belgacem, 2025; Mirella Ciaburri et al., 2020).

The phenomenon of earnings management still frequently occurs in Indonesia, as evidenced by several cases involving publicly listed companies. In the first quarter of 2022, PT Unilever Indonesia Tbk reported a 19.03% year-on-year profit increase. However, management did not achieve this growth entirely through operational performance but rather by eliminating affiliated expense items that they should have recorded consistently (CNBC Indonesia, 2022). Another case involved PT Tiga Pilar Sejahtera Food Tbk, which, in its 2017 financial statements, inflated receivables from six affiliated companies by up to IDR 1.4 trillion, making the financial reports appear more attractive to investors (Kontan, 2021). Meanwhile, PT Indofarma Tbk experienced a drastic profit decline of up to 99.65% in 2020, yet still obtained an unqualified opinion. Subsequently, the Audit Board of the Republic of Indonesia (BPK) uncovered indications of manipulation and aggressive earnings management (CNBC Indonesia, 2024).



This open-access article is distributed under a
Creative Commons Attribution (CC-BY-NC) 4.0 license

A systematic review conducted by Mlawu et al. (2025) on more than 300 articles in developing countries emphasizes that earnings management is a systemic phenomenon. Such practices generally occur as a response to market pressures and weak governance oversight. Accordingly, the phenomenon of earnings management in Indonesia, as well as in other developing countries, demonstrates strong academic relevance and warrants further examination, particularly in the context of corporate governance, auditing, and external monitoring.

Although prior studies have examined the determinants of earnings management from various perspectives, the findings remain inconclusive, particularly regarding the roles of business strategy, audit quality, and independent commissioners. Moreover, research investigating the moderating role of media coverage in these relationships is still limited, especially in emerging markets such as Indonesia. This gap highlights the need for further exploration to understand how internal governance mechanisms interact with external monitoring through the media in constraining earnings management.

The research focuses on the consumer non-cyclical sector because the industry exhibits stable demand, consistent cash flows, and relatively high exposure to media coverage, making it an appropriate setting to observe variations in corporate governance practices and external scrutiny. By concentrating on this sector, the study aims to provide more contextualized insights into how governance and media mechanisms operate in industries where financial reporting credibility and stakeholder trust are critical for long-term sustainability.

Agency theory explains the existence of conflicts of interest between owners and managers due to differences in objectives and information asymmetry (Jensen & Meckling, 1976; Hendrastuti & Harahap, 2023; Healy & Wahlen, 1999). This condition provides opportunities for managers to engage in earnings management to obtain personal benefits (Eisenhardt, 1989; Scott, 2015; Pham et al., 2025). Meanwhile, Upper Echelon Theory emphasizes that the company's chosen business strategies and accounting policies reflect the characteristics, values, and perspectives of top management (Hambrick & Mason, 1984). The double filtering concept proposed by Short & Hubbard (2023) further extends this theory by explaining that the media also acts as an external filter influencing managerial decisions through reputational pressure.

Business strategy is one of the internal factors that can influence earnings management practices. The typology of Miles & Snow (1978) classifies corporate strategies into prospectors and defenders. Prospector firms, which emphasize innovation, growth, and expansion, tend to face greater uncertainty and may engage in earnings management to maintain market perceptions of sustainable performance. Conversely, defender firms, which focus on efficiency and stability, are also not exempt from the tendency to practice earnings management, particularly to preserve the image of consistent earnings and operational stability. In other words, both prospectors and defenders have the potential to engage in earnings management, albeit with different motives and mechanisms (Purba et al., 2022; Al Mawaali et al., 2024). However, prior studies have reported mixed findings, with some studies suggesting a significant influence of business strategy on earnings management, while others found no significant effect (Masri & Khairunnisa, 2024). Accordingly, this study proposes the first hypothesis: H1 – Business strategy affects earnings management.

Another factor is external audit quality, which is believed to reduce the likelihood of financial statement manipulation. High-quality auditors are able to provide greater assurance regarding the reliability of accounting information (DeAngelo, 1981). This view is supported by the studies of Alzoubi (2018) and Amara et al. (2025), which show that high-quality audits can reduce the extent of earnings management. Opposing evidence is provided by Ogundunmade (2025), who found that audit quality lacks a significant effect and may even be positively associated with real earnings

management (Chowdhury & Eliwa, 2021). Based on these inconsistencies, this study proposes the second hypothesis: H2 – External audit quality affects earnings management.

Independent commissioners are also regarded as an important monitoring mechanism in corporate governance. Their presence serves to maintain objectivity, enhance transparency, and protect shareholder interests (OECD, 2023). Several studies have shown that independent commissioners can reduce earnings management practices (Usman & Yahaya, 2025; Saona et al., 2020). However, other studies have found their influence to be weak or insignificant (Pratiwi & Saputra, 2024; Safitri et al., 2023). Therefore, this study proposes the third hypothesis: H3 – Independent commissioners affect earnings management.

In addition to internal mechanisms, media coverage acts as an external monitoring tool by exerting reputational pressure on management. Extensive media exposure can encourage transparency and constrain earnings management practices, both accrual-based and real (Chen et al., 2021; Cai et al., 2024). The study by Herawati et al. (2023) even demonstrated that media coverage strengthens the effectiveness of the independent commissioners' monitoring role. However, research on the moderating role of media in the Indonesian context remains limited. This study contributes by examining the moderating role of media coverage in Indonesia, particularly in the consumer non-cyclical sector, which has high exposure to media but has been relatively underexplored. Based on this reasoning, this study proposes three moderating hypotheses: H4 – Media coverage moderates the effect of business strategy on earnings management. H5 – Media coverage moderates the effect of external audit quality on earnings management. H6 – Media coverage moderates the effect of independent commissioners on earnings management.

METHODS

This research utilized a quantitative approach through panel data regression and moderated regression analysis (MRA), integrating time series and cross-sectional data. The research data comprises secondary data obtained from financial reports, corporate annual reports, and media releases related to consumer non-cyclical sector companies listed on the Indonesia Stock Exchange (IDX) from 2021 to 2024. The sample was determined using purposive sampling, a technique that selects samples based on specific criteria or characteristics relevant to the research objectives, resulting in 56 companies or 224 firm-year observations. Data were collected from official company websites and the IDX website (www.idx.co.id). The data analysis was conducted with the aid of EViews 12 software to test both the direct effects and moderating effects among the variables.

In this study, the dependent, independent, and moderating variables are employed and operationally defined based on the indicators presented in Table 1.

Table 1. Operational Measurement of Variables

No.	Variables	Measurement Indicators	Scale
Dependent Variable			
1	Earnings Management (EM)	$DA_{it} = \frac{TA_{it}}{A_{it-1}} - NDA_{it}$	Ratio
Independent Variables			
1	Business Strategy (BS)	Composite score of financial ratios based on quantiles (Miles & Snow Typology) $EmptoS : \frac{\text{Number of Employees}}{\text{Sales}}$	Nominal



		$\text{MtoB} = \frac{\text{Market Price per Share}}{\text{Book Value per Share}}$	
		$\text{MtoS} = \frac{\text{Advertising Expense}}{\text{Sales}}$	
		$\text{Net PPENT} = \frac{\text{Net PPE}}{\text{Total Asset}}$	
		<i>Dummy:</i> Defender: 0 Prospector: 1	
2	External Audit Quality (AQ)	<i>Dummy:</i> Non-Big Four: 0 Big Four: 1	Nominal
3	Independent Commissioner (IC)	$\frac{\Sigma \text{ Independent Commissioner}}{\Sigma \text{ Board of Commissioners}}$	Ratio
Moderator Variable			
1	Media Coverage (MC)	Media Coverage Frequency (bisnis.com, investor.id, cnbcindonesia.com) <i>Dummy</i> Low Intensity = 0 High Intensity = 1	Nominal

In this study, earnings management is specified as the dependent variable and is measured using the Modified Jones Model (Dechow et al., 1995) as widely applied in the accounting literature to identify discretionary accruals. This model is considered superior to earlier models (DeAngelo, 1981; Healy, 1985; Jones, 1991) because it is able to minimize estimation bias in discretionary accruals that often arises from revenue manipulation.

Business strategy is measured based on a composite score of financial ratios following the approach of Bentley et al. (2012), which extends the Miles and Snow (1978) typology. The ratios employed include employee-to-sales, market-to-book ratio, advertising intensity (marketing-to-sales), and fixed asset intensity. Scores are calculated using the quantile method and subsequently classified into prospector (high score) and defender (low score) strategies in the form of a dummy variable (0 = defender, 1 = prospector).

External audit quality is proxied by the size of the public accounting firm (PAF). Big Four auditors are considered to have stronger reputational incentives and higher competence in detecting earnings management practices compared to non-Big Four auditors. Therefore, this variable is coded as a dummy, with 0 = Non-Big Four and 1 = Big Four (Alzoubi, 2018; Sitanggang et al., 2020).

The measurement of independent commissioners follows the regulation of the Financial Services Authority of Indonesia (OJK), which requires a minimum proportion of 30% independent commissioners, as well as international governance practices (OECD, 2023).

In this research, media coverage functions as the moderating variable and is quantified by counting the volume of news articles about the company published in three reputable Indonesian online media outlets (bisnis.com, investor.id, and cnbcindonesia.com). Following prior studies (Herawati et al., 2023; Heykal et al., 2024; Huang et al., 2024), media exposure was categorized using the median split method to obtain a balanced distribution between firms with high and low coverage. For analytical purposes, this variable was transformed into a dummy variable, where 0 =

low intensity and 1 = high intensity, under the assumption that higher media exposure reflects greater reputational pressure on management.

RESULT AND DISCUSSION

The summary of the descriptive statistics relating to the variables examined in this research is reported in Table 2.

Table 2. Descriptive Statistics Test

Variable	Min.	Max.	Mean	Std. deviation
EM	-0,11	0,09	-0,0093	0.0349
BS	0,00	1,00	0,7075	0,4559
AQ	0,00	1,00	0,5424	0,4993
IC	0,3333	0,8333	0,4361	0,1224
MC	0,00	1,00	0,4811	0,5008

Source: Data processed by the author using EViews12.

Based on Table 2, the earnings management variable (EM) has a mean value of -0.0093 with a range from -0.1100 to 0.0900. It indicates a tendency toward income-decreasing practices at a relatively small level, with low variation across firms (SD = 0.034975). Business strategy (BS) shows an average of 0.7075, meaning that 70.75% of the sampled firms adopt a prospector strategy, while the remaining firms are defenders, reflecting a fairly balanced distribution. External audit quality (AQ) has a mean of 0.5425, indicating that Big Four accounting firms audit 54.25% of the firms, while non-Big Four auditors audit 45.75%. Independent commissioners (IC) have an average proportion of 0.4361, or 43.61%, which exceeds the minimum requirement of 30% set by the Financial Services Authority of Indonesia (OJK), with the maximum proportion reaching 83.33%. Meanwhile, media coverage (MC) has a mean of 0.4811, suggesting that 48.11% of firms fall into the high-coverage category and 51.89% into the low-coverage category, indicating a relatively balanced distribution.

To ensure model validity, the regression employed in this research was subjected to classical diagnostic tests, including normality, multicollinearity, heteroscedasticity, and autocorrelation. The results indicate that all assumptions were satisfied, thereby confirming that the model is appropriate and reliable for further analysis. Furthermore, model selection tests were conducted using the Chow test, Hausman test, and Lagrange Multiplier test, the results of which suggest that the Random Effect Model (REM) is the most suitable model for this study.

The first model without moderation examines the effect of business strategy (BS), external audit quality (AQ), and independent commissioners (IC) on earnings management (EM). The testing was conducted using the simultaneous test (F-test), partial test (t-test), and the coefficient of determination analysis (Adjusted R²), with the results presented in Table 3.

Table 3. Regression Results and Hypothesis Testing

Variable	Coefficient	Standard Error	t statistic	Probability	Decision
Constant (C)	0,0394	0,0094	4,1772	0,0000	
BS	-0,0337	0,0049	-6,7877	0,0000	H1 is accepted
AQ	-0,0073	0,0047	-1,5540	0,1217	H2 is rejected
IC	-0,0479	0,0188	-2,5373	0,0119	H3 is accepted
Adjusted R ²	0,2089				



Prob (F-statistic) 0,0000

Source: Data processed by the author using EViews12.

The partial effects of the independent variables on the dependent variable are as follows:

1. The regression coefficient of Business Strategy is -0.0337 with a probability value of $0.000 < 0.05$. Thus, H1 is accepted, indicating that Business Strategy has a negative effect on Earnings Management.
2. The regression coefficient of External Audit Quality is -0.0074 with a probability value of $0.1217 > 0.05$. Thus, H2 is rejected, indicating that External Audit Quality has no significant effect on Earnings Management.
3. The regression coefficient of Independent Commissioners is -0.0479 with a probability value of $0.0119 < 0.05$. Thus, H3 is accepted, indicating that Independent Commissioners have a negative effect on Earnings Management.

The Adjusted R^2 value of 0.2089 indicates that business strategy, external audit quality, and independent commissioners jointly explain 20.89% of the variation in earnings management, while other factors outside the research model influence the remaining 79.11%. The Prob (F-Statistic) value of $0.0000 < 0.05$ further indicates that business strategy, external audit quality, and independent commissioners simultaneously have a significant effect on earnings management.

The hypothesis testing for the second model was conducted using the Moderated Regression Analysis (MRA) approach. The results of the hypothesis testing are presented in Table 4.

Table 4. Moderated Regression Results and Hypothesis Testing

Variable	Coefficient	Standard Error	t statistic	Probability	Decision
Constant (C)	0,0303	0,0119	2,5457	0,0116	
BS x MC	0,0082	0,0094	0,8685	0,3861	H4 is rejected
AQ x MC	-0,0012	0,0090	-0,1411	0,8879	H5 is rejected
IC x MC	-0,0736	0,0362	-2,0317	0,0435	H6 is accepted
Adjusted R^2	0,2514				
Prob (F-statistic)	0,0000				

Source: Data processed by the author using EViews12.

The partial effects of the interaction variables on the dependent variable are as follows:

1. The regression coefficient of the interaction between Media Coverage and Business Strategy is 0.0082 with a probability value of $0.3861 > 0.05$. Thus, H4 is rejected, indicating that Media Coverage does not moderate the effect of Business Strategy on Earnings Management.
2. The regression coefficient of the interaction between Media Coverage and External Audit Quality is -0.0013 with a probability value of $0.8879 > 0.05$. Thus, H5 is rejected, indicating that Media Coverage does not moderate the effect on the relationship between external audit quality and earnings management.
3. The regression coefficient of the interaction between Media Coverage and Independent Commissioners is -0.0736 with a probability value of $0.0435 < 0.05$. The negative interaction coefficient indicates that Media Coverage strengthens the negative relationship between Independent Commissioners and Earnings Management. Accordingly, the higher the level of media exposure, the more effective the role of independent commissioners in constraining



This open-access article is distributed under a
Creative Commons Attribution (CC-BY-NC) 4.0 license

earnings management practices (Hayes, 2018; Ghozali, 2018; Herawati et al., 2023). Thus, H6 is accepted, meaning that Media Coverage strengthens the effect of Independent Commissioners in reducing Earnings Management.

The Adjusted R^2 value of Model 2 is 0.2514. It indicates that the independent variables, including media coverage and its interactions, are able to explain 25.14% of the variation in earnings management. The remaining 74.86% is attributed to other factors outside the model. Furthermore, compared to Model 1 (Adjusted $R^2 = 0.2089$), the increase in the Adjusted R^2 value suggests that the inclusion of the moderating variable improves the explanatory power of the model.

The results of the first hypothesis test indicate that business strategy has a significant effect on earnings management. Firms with a prospector strategy tend to engage in lower levels of earnings management compared to defenders. This finding is consistent with Upper Echelon Theory, which emphasizes the role of managerial strategic decisions (Purba et al., 2022; Arianpoor & Sahoo, 2023; Widuri & Sutanto, 2019). This finding supports the view that defender firms, being more oriented toward efficiency and stability, have stronger incentives to practice earnings management (Wijaksono & Firmansyah, 2023). Such firms are motivated to manage earnings more aggressively in order to meet external expectations and maintain stable growth as well as investor confidence. Conversely, firms with a prospector strategy – particularly in the consumer non-cyclical sector – are more focused on product innovation and exploring new market opportunities (e.g., new food and beverage products, eco-friendly products, or diversification into health-related lines). Since firm value in prospectors is more strongly supported by growth potential and innovation, they tend to rely less on accrual-based earnings management practices.

The findings do not support the second hypothesis, since external audit quality shows no significant association with earnings management. This result is consistent with the findings of Muhtaseb et al. (2024), Mardnly et al. (2021) and Orazalin & Akhmetzhanov (2019). These studies suggest that auditors, including the Big Four, are not always effective in constraining earnings management practices, particularly in emerging markets (Mlawu et al., 2025). Weaknesses often hinder the effectiveness of audits in corporate governance, information asymmetry, and weak enforcement mechanisms. Thus, this finding reinforces the argument that audit quality in developing countries is not solely determined by auditor reputation, but is also shaped by the surrounding institutional and regulatory context.

The results confirm the third hypothesis, showing that independent commissioners exert a significant negative influence on earnings management. This outcome is in accordance with agency theory and prior studies (Usman & Yahaya, 2025; Saona et al., 2020; Wang et al., 2024), which emphasize the role of independent commissioners as an effective monitoring mechanism in reducing managerial opportunistic behavior.

The moderation test shows that media coverage does not moderate the effect of business strategy or external audit quality on earnings management (H4 and H5 are rejected). Business strategy represents a long-term decision, while media coverage is generally short-term in nature. Similarly, the media does not directly interact with the auditor's function, which focuses on the fairness of financial statements.

Conversely, the sixth hypothesis (H6) is supported, indicating that media coverage strengthens the influence of independent commissioners in constraining earnings management

practices. This finding is consistent with external monitoring theory, which highlights the role of the media as a reputational pressure mechanism that enhances the effectiveness of monitoring functions (Herawati et al., 2023). It is also in line with contingency theory, which posits that the effectiveness of an internal governance mechanism, such as the Board of independent commissioners, is strongly influenced by external factors such as media exposure (Aliu, 2025). Accordingly, the combination of internal monitoring through independent commissioners and external pressure from media coverage is proven to be more effective in reducing earnings management practices.

CONCLUSION

This study provides empirical findings that business strategy has a significant effect on earnings management, with firms adopting a defender strategy tending to engage more frequently in earnings management practices compared to prospectors. External audit quality does not exert a significant influence on earnings management, indicating that affiliation with Big Four audit firms has not been sufficient to constrain accounting manipulation in the consumer non-cyclical sector. Conversely, the evidence indicates that independent commissioners play a substantial role in decreasing earnings management, underscoring the role of governance based on independence in mitigating managerial opportunistic behavior.

Findings from the moderation test reveal that media coverage has no moderating effect on the link between business strategy or external audit quality and earnings management. However, media coverage is found to strengthen the influence of independent commissioners in constraining earnings management, thereby making the combination of internal and external monitoring mechanisms more effective.

The present study is subject to a number of limitations. First, the measurement of media coverage is based solely on the intensity of news articles without distinguishing sentiment (positive, neutral, or negative), which may not fully capture the influence of media on earnings management. Second, this study covers only the 2021–2024 timeframe and concentrates on the consumer non-cyclical sector, thus limiting the generalizability of the findings to other sectors. Third, the coefficient of determination is relatively low, indicating that many other factors outside the model may influence earnings management but were not examined in this study.

Nevertheless, these findings underscore the importance of strengthening corporate governance through the role of independent commissioners and the support of the media as an external monitoring mechanism. Upcoming studies are expected to broaden the scope of governance variables and employ more comprehensive measures of media coverage, including news sentiment, to provide deeper insights.

This research generates a number of practical contributions relevant to stakeholder decision-making. For managerial decision-makers, the findings highlight the importance of strengthening reporting systems and internal controls so that business strategies do not merely encourage earnings management for short-term purposes. For external auditors, although Big Four affiliation was not found to be significant, the quality of substantive audit procedures must still be enhanced to detect aggressive accounting practices. For boards of Commissioners, the results reaffirm the effective role of independent commissioners in constraining earnings management, thereby underscoring the need to maintain their independence, competence, and access to information. For the media industry, analytical and critical coverage of corporate financial practices is expected to strengthen external monitoring mechanisms through reputational pressure.

REFERENCES

- Al Mawaali, T., Al Hashar, O. N. K., Al Alawi, N., Dalwai, T., Mohammadi, S. S., & Maaouia, M. Ben. (2024). Business Strategy and Earnings Management: Financial Versus Non-Financial Firms. *Studies in Managerial and Financial Accounting*, 36, 129–139. <https://doi.org/10.1108/S1479-351220240000036013/FULL/XML>
- Aliu, M. B. (2025). Contingency Theory in Accounting Research: Its Application and Relevance. *International Journal of Research and Innovation in Social Sciences*, IX(XIV), 833–843. <https://doi.org/10.47772/IJRISS>
- Alzoubi, E. S. S. (2018). Audit quality, debt financing, and earnings management: Evidence from Jordan. *Journal of International Accounting, Auditing and Taxation*, 30, 69–84. <https://doi.org/10.1016/J.INTACCAUDTAX.2017.12.001>
- Amara, N., Bourouis, S., Alshdaifat, S. M., Bouzgarrou, H., & Al Amosh, H. (2025). The Impact of Audit Quality and Female Audit Committee Characteristics on Earnings Management: Evidence from the UK. *Journal of Risk and Financial Management*, 18(3), 1–20. <https://doi.org/10.3390/jrfm18030136>
- Arianpoor, A., & Sahoor, Z. (2023). The impact of business strategy and annual report readability on financial reporting quality. *Journal of Asia Business Studies*, 17(3), 598–616. <https://doi.org/10.1108/JABS-10-2021-0439>
- Belgacem, I. (2025). Whistleblowing Disclosure as a Shield Against Earnings Management: Evidence from the Insurance Sector. *Journal of Risk and Financial Management*, 18(2), 1–23. <https://doi.org/10.3390/jrfm18020065>
- Bentley, K. A., Omer, T. C., & Sharp, N. Y. (2012). Business Strategy, Financial Reporting Irregularities, and Audit Effort. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.1705726>
- Cai, C., Hazaea, S. A., Alsayegh, M. F., Sahu, M., Raid, M., & Al-Ahdal, W. M. (2024). Media coverage as a moderator in the nexus between audit quality and ESG performance: Evidence from China. *Plos One*, 19(10), 1–25. <https://doi.org/10.1371/journal.pone.0312510>
- Chen, Y., Cheng, C. S. A., Li, S., & Zhao, J. (2021). The monitoring role of the media: Evidence from earnings management. *Journal of Business Finance & Accounting*, 48(3–4), 533–563. <https://doi.org/10.1111/JBFA.12490>
- Chowdhury, S. N., & Eliwa, Y. (2021). The impact of audit quality on real earnings management in the UK context. *International Journal of Accounting and Information Management*, 29(3), 368–391. <https://doi.org/10.1108/IJAIM-10-2020-0156>
- CNBC Indonesia. (2022). Lagi, Saham Unilever Mendapat Kritik Dari Penasihat Keuangan. <https://www.cnbcindonesia.com/market/20220509112526-17-337395/lagi-saham-unilever-mendapat-kritik-dari-penasihat-keuangan>
- CNBC Indonesia. (2024). Tanda Awal Kasus Indofarma, Laba Jeblok 99,65%, Tapi Hasil Audit Wajar. <https://www.cnbcindonesia.com/market/20240527094213-17-541334/tanda-awal-kasus-indofarma-laba-jeblok-9965-tapi-hasil-audit-wajar>
- DeAngelo, L. E. (1981). Auditor size and audit quality. *Journal of Accounting and Economics*, 3(3), 183–199. [https://doi.org/10.1016/0165-4101\(81\)90002-1](https://doi.org/10.1016/0165-4101(81)90002-1)
- Dechow, P. M., Sloan, R. G., & Sweeney, A. P. (1995). Detecting earnings management. *The Accounting Review*, 70(2), 193–225.
- Eisenhardt, K. M. (1989). Agency Theory: An Assessment and Review. Linked references are available on JSTOR. *Agency Theory: An Assessment and Review*, 14(1)(1), 57–74. <https://www.jstor.org/stable/258191>



- Ghozali, I. (2018). *Aplikasi analisis multivariate dengan program IBM SPSS 25 edisi ke-9*. In Edisi 10. Universitas Diponegoro.
- Hambrick, D. C., & Mason, P. A. (1984). Upper Echelons: The Organization as a Reflection of Its Top Managers. *The Academy of Management Review*, 9(2), 193. <https://doi.org/10.2307/258434>
- Hayes, A. F. (2018). *Introduction to Mediation, Moderation, and Conditional Process Analysis: A Regression-Based Approach* (2nd ed., Vol. 46, Issue 3). New York: The Guilford Press. www.guilford.com/ebooks
- Healy, P. M., & Wahlen, J. M. (1999). A Review of the Earnings Management Literature and its Implications for Standard Setting. *Accounting Horizons*, 13(4), 365-383. <https://doi.org/10.2308/acch.1999.13.4.365>
- Hendrastuti, R., & Harahap, R. F. (2023). Agency theory: Review of the theory and current research. *Jurnal Akuntansi Aktual*, 10(1), 85. <https://doi.org/10.17977/um004v10i12023p085>
- Herawati, V., Daeli, F., & Julia. (2023). Peran Media Coverage Atas Pengaruh Corporate Governance Dan Pengungkapan Manajemen Resiko Terhadap Real Earnings Management. *Jurnal Informasi, Perpajakan, Akuntansi, Dan Keuangan Publik*, 18(2), 281-306. <https://doi.org/10.25105/jipak.v18i2.17216>
- Heykal, M., Prasetya, S., & Harsanti, P. S. (2024). Pengaruh Kualitas Pelayanan terhadap Kepuasan Pelanggan pada Jasa Wisata (Open Trip) CV Tidung Island. *Jurnal Ekonomi Manajemen Akuntansi*, 30(1), 250-265. <https://doi.org/10.59725/ema.v30i1.226>
- Huang, C., Huang, H. Y., & Ho, K. C. (2024). Media coverage and stock liquidity: Evidence from China. *International Review of Economics & Finance*, 89, 665-682. <https://doi.org/10.1016/j.IREF.2023.07.085>
- 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/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X)
- Jones, J. J. (1991). Earnings Management During Import Relief Investigations. *Journal of Accounting Research*, 29(2), 193. <https://doi.org/10.2307/2491047>
- Kontan. (2021). Manipulasi laporan keuangan, dua eks bos Tiga Pilar (AISA) divonis 4 tahun penjara. <https://nasional.kontan.co.id/news/manipulasi-laporan-keuangan-dua-eks-bos-tiga-pilar-aisa-divonis-4-tahun-penjara>
- Maharany, G. L., & Oktavia, R. (2024). Apakah Manajemen Laba Merusak Prinsip Transparansi Dan Akuntabilitas Informasi Keuangan? *Journal of Applied Management and Accounting Science*, 5(2), 182-193. <https://doi.org/10.51713/jamas.v5i2.106>
- Mardnly, Z., Badran, Z., & Mouselli, S. (2021). Earnings management and audit quality at Damascus securities exchange: does managerial ownership matter? *Journal of Financial Reporting and Accounting*, 19(5), 725-741. <https://doi.org/10.1108/JFRA-06-2020-0162>
- Masri, S. I., & Khairunnisa, K. (2024). Manajemen Laba: Strategi Bisnis, Investment Opportunity Set, Managerial Entrenchment dan Ukuran Perusahaan. *Owner*, 8(1), 627-639. <https://doi.org/10.33395/owner.v8i1.1848>
- Miles, R. E., Snow, C. C., Meyer, A. D., & Coleman, H. J. (1978). Organizational strategy, structure, and process. *Academy of Management Review*. *Academy of Management*, 3(3), 546-562. <https://doi.org/10.5465/AMR.1978.4305755>
- Mirella Ciaburri, Fabio Fortuna, Barbara Sveva Magnanelli, & Elisa Raoli. (2020). Financial Statements Frauds: Does Their Intensity Have a Connection with Earnings Management? *Journal of Modern Accounting and Auditing*, 16(7), 291-309. <https://doi.org/10.17265/1548-6583/2020.07.001>



- Mlawu, L., Matenda, F. R., & Sibanda, M. (2025). Incentives for Accrual-Based Earnings Management in Emerging Economies—A Systematic Literature Review with Bibliometric Analysis. *Administrative Sciences*, 15(6). <https://doi.org/10.3390/admsci15060209>
- Muhtaseb, H., Paz, V., Tickell, G., & Chaudhry, M. (2024). Leverage, earnings management and audit industry specialization: the case of Palestinian-listed companies. *Asian Journal of Accounting Research*, 9(1), 78–93. <https://doi.org/10.1108/AJAR-07-2023-0220>
- OECD. (2023). G20/OECD Principles of Corporate Governance 2023. In the G20/OECD Principles of Corporate Governance. OECD Publishing, Paris. <https://doi.org/10.1787/ed750b30-en>.
- Ogundunmade, T. P. (2025). Evaluating the impact of audit quality and financial indicators on corporate earnings management practices: A case study of a Nigerian financial institution. *Financial Statistical Journal*, 8(2), 1–24. <https://doi.org/10.24294/fsj11739>
- Orazalin, N., & Akhmetzhanov, R. (2019). Earnings management, audit quality, and cost of debt: evidence from a Central Asian economy. *Managerial Auditing Journal*, 34(6), 696–721. <https://doi.org/10.1108/MAJ-12-2017-1730>
- Pham, C. T. B., Vu, T. T. M., & Hoang, H. T. T. (2025). Earnings Management and Asymmetric Information: Evidence from the Vietnamese Market. *Journal of Logistics, Informatics and Service Science*, 12(2), 77–90. <https://doi.org/10.33168/JLISS.2025.0205>
- Pratiwi, D. A., & Saputra, D. (2024). The Effect of Asymmetric Information, Board of Commissioners Size, and Independent Board of Commissioners, on Earnings Management with Managerial Ownership as a Moderating Variable. *International Journal of Science and Society*, 6(1), 24–40. <https://doi.org/10.54783/ijssoc.v6i1.992>
- Purba, G. K., Fransisca, C., & Joshi, P. L. (2022). Analyzing earnings management preferences from business strategies. *Journal of Financial Reporting and Accounting*, 20(5), 979–993. <https://doi.org/10.1108/JFRA-04-2021-0103>
- Safitri, J., Nasution, F. N., & Sulistya Rini, E. (2023). The Influence of Good Corporate Governance Mechanisms on Earnings Management with Corporate Social Responsibility as a Moderation Variable in Manufacturing Companies on the Indonesian Stock Exchange. *International Journal of Current Science Research and Review*, 06(12), 8224–8236. <https://doi.org/10.47191/ijcsrr/v6-i12-76>
- Saona, P., Muro, L., & Alvarado, M. (2020). How do the ownership structure and board of directors' features impact earnings management? The Spanish case. *Journal of International Financial Management & Accounting*, 31(1), 98–133. <https://doi.org/10.1111/JIFM.12114>
- Scott, W. R. (2015). *Financial Accounting Theory (Seventh)*. Canada: Pearson.
- Short, C. E., & Hubbard, T. D. (2023). Extending upper echelons theory: How evaluators influence signal interpretation and evaluation. *New Horizons in Managerial and Organizational Cognition: Cognitive Aids in Strategy*, 47–64. <https://doi.org/10.1108/S2397-521020230000006004>
- Sitanggang, R. P., Karbhari, Y., Matemilola, B. T., & Ariff, M. (2020). Audit quality and real earnings management: evidence from the UK manufacturing sector. *International Journal of Managerial Finance*, 16(2), 165–181. <https://doi.org/10.1108/IJMF-03-2018-0095>
- Usman, A. S., & Yahaya, O. A. (2025). Board Independence and Earnings Management. *Journal of Business Ethics and Education*, 16(1), 113–155. <https://doi.org/10.2139/ssrn.5099242>
- Wang, Q., Wang, H., & Wang, K. (2024). Making outside directors inside: Independent directors' corporate site visits and real earnings management. *The British Accounting Review*, 56(6). <https://doi.org/10.1016/j.bar.2024.101429>

- Widuri, R., & Sutanto, J. E. (2019). Differentiation Strategy and Market Competition as Determinants of Earnings Management. *Advances in Economics, Business and Management Research*, 69(Teams 2018), 171-176. <https://doi.org/10.2991/teams-18.2019.30>
- Wijaksono, V. K., & Firmansyah, A. (2023). Are Earnings Management Associated With Business Strategy, Company Diversification, and Customer Concentration? *Substansi: Sumber Artikel Akuntansi Auditing Dan Keuangan*, 7(2), 77-91. <https://doi.org/10.31092/subs.v7i2.2443>