**THE INFLUENCE OF THE AUDIT COMMITTEE AND CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE ON EARNINGS MANAGEMENT**

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**Abstract:** This study aims to see the effect of Audit and Disclosure of Corporate Social Responsibility (CSR) on Earnings Management. The population in this study are manufacturing companies listed on the Indonesia Stock Exchange (IDX) in 2019-2021. The total population in this study is 128 companies listed on the Indonesia Stock Exchange (IDX). The sample taken is a company engaged in the manufacturing sector on the Indonesia Stock Exchange (IDX) which was selected using a purposive sampling method. The analytical method used in this research is quantitative analysis. The results of the study simultaneously show that the Frequency of Audit Committee Meetings and Disclosure of Corporate Social Responsibility (CSR) have a negative influence on Earnings Management.

**Keywords:** Earnings Management, Frequency of Audit Committee Meetings, Disclosure of Corporate Social Responsibility (CSR), Size.

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# INTRODUCTION

A company is established to meet the needs of an individual or consumer in carrying out their daily activities, and the company earns profits in return (Kusuma & Mertha, 2021). A company is said to be good if it can obtain increased profits, and profits are used as a standard for assessing company performance which can be seen from the results of financial reports (Nuswandari, 2021). Financial reports are accounting information for a company that is very useful for stakeholders such as the government, investors, creditors and owners. Information that attracts the attention of users of financial statements in the context of making decisions is the company's ability to generate profits. Profit information as part of financial reports can be used as an engineering tool used by management to maximize profits, so that things like this will be detrimental to shareholders and investors. Earnings management is a management action that aims to regulate profits by exploiting loopholes in accounting rules (Kristiana & Rita, 2021).

 In Indonesia, a case of earnings management occurred in 2019 where there was an alleged fraud in the 2019 Annual Financial Statements (LKT) at one of the issuers in the services and trading sector in the field of information technology, PT Envy Technologies Indonesia Tbk (ENVY) and its subsidiaries. In the letter previously sent to PT ENVY on July 19 2021, IDX questioned the financial figures of PT Ritel Global Solusi (RGS) which were consolidated into PT ENVY's 2019 annual financial reports (LKT), considering that PT Ritel Global Solusi (RGS) was said not to have prepared these financial statements. Based on the disclosure of information, the management of PT ENVY explained that the consolidated financial statements had fully obtained the approval of the management in office for that period. This case of financial statement manipulation resulted in stock trading being suspended by the IDX since December 1, 2020 in connection with the exchange review of PT ENVY's interim financial reports as of September 30, 2020 (Sandria, 2021).

 The phenomenon of financial scandals in financial reporting proves that the principle of honesty is still lacking in preparing financial reports and presenting information in financial reports based on actual circumstances. With the practice of earnings management, the quality of financial reporting becomes poor so that decision making can mislead the company. In the case of earnings management that can damage the company's reputation, it is necessary to practice Corporate Governance by establishing an audit committee as one of the mechanisms.

One of the corporate governance mechanisms is the audit committee. Compared to other corporate governance mechanisms, the audit committee plays an important role in participating in corporate governance. The audit committee is tasked with overseeing management actions and providing professional and independent opinions to the board of commissioners regarding financial reporting that may affect control over decisions made. (Dewi & Triani, 2020). This is in line with research that has been conducted by Setiawan (2009) which shows that the existence of an audit committee has a better impact on earnings management than other corporate governance mechanisms, and the existence of an audit committee can minimize the scope of earnings management. The audit committee is responsible for reviewing and auditing the company's financial statements and acting as a liaison between the company's directors and external auditors (Dwiyanti & Astriena, 2018). Study Jemunu et al., (2021), Adi (2020), and Rahmawati & Adhani (2022) shows that the audit committee has a positive effect on earnings management. The higher the frequency of audit committee meetings, the higher the possibility of earnings management being carried out by the company. In contrast to research that has been conducted by Alfiyasahra & Challen (2020), Dwiyanti & Astriena (2018), dan Kodriyah et al. (2017) which shows that the audit committee has a negative effect on earnings management. This means that the more audit committee meetings are held, the greater the opportunity for the audit committee to evaluate the accuracy of a company's financial reporting so as to reduce earnings management practices. From several studies that have been conducted, research related to the influence of audit committees on earnings management has not been consistent.

Apart from being influenced by the audit committee, earnings management will also be reduced when a disclosure is given, where such disclosure can reduce the occurrence of information asymmetry which results in earnings management. One of these disclosures is the disclosure of corporate social responsibility. Disclosure of social responsibility (corporate social responsibility) makes financial reporting transparent, (Rahmawardani & Muslichah, 2020). The existence of Corporate Social Responsibility is expected to improve the company's image in the eyes of the public, reduce distrust and build better relationships with stakeholders (Lau & Lasdi, 2017). Previous research conducted by (Solikhah, 2022) shows that corporate social responsibility has a positive effect on earnings management. The results of this study say that corporate social responsibility provides great opportunities for management or companies in managing earnings, where this image is used to cover earnings management actions. However, the results of this study are inconsistent with the results of research that has been conducted by Alexander & Palupi (2020), Amar & Chakroun (2018), and Sembiring (2017) which proves that corporate social responsibility has a negative effect on earnings management. That is, the more transparent the information provided by the company to stakeholders, the smaller the chance for management to practice earnings management. From several studies that have been carried out, the results of the research show that there is an inconsistency (inconsistency).

In theory, Jensen & Meckling (1976) defines the agency relationship as an agreement between the owner as the principal and the manager as the agent to carry out tasks according to the needs of the principal by entrusting decision-making authority to the agent. Agency theory refers to the emergence of information asymmetry between agents and principals, where agents have more and more accurate information than principals, so agents tend to convey good company conditions, even though sometimes the reality is not so supportive. On this basis, the agent performs earnings management (Nurhayati *et al*., 2022). The audit committee is the right step to avoid earnings management practices that aim to create added value for all interested parties, so there is no conflict between agents and principals which reduces agency costs. (Fauziah *et al*., 2021). In this study, agency theory is used to underlie the relationship between good corporate governance mechanisms through audit committees and earnings management practices, where audit committees can detect information asymmetries that exist through financial reports so as to improve oversight of earnings management practices. (Ghina *et al*., 2022).

Dowling & Pfeffer (1975) explained that legitimacy theory is very useful in analyzing organizational behavior with boundaries emphasized by social values ​​and norms, as well as responses to these boundaries where it is important to analyze organizational behavior that respects the environment. Legitimacy is closely related to the company's relationship with the community. One of the company's efforts to get a positive assessment from the community is by disclosing its social responsibility. Disclosure of corporate social responsibility is considered as one of the right ways to gain legitimacy or support from the community. Companies must disclose their social activities by showing that the company's activities have gone well with existing social values (Isnabella & Trisnawati, 2022). With the disclosure of corporate social responsibility, the company's survival is good (going concern) and can be well received by the community so that it can improve company performance and can generate profits according to company targets (Solikhah, 2022). Based on this theory, the disclosure of corporate social responsibility of a company gets a positive value from the community, that is, the community assesses the company's performance as good so that it does not practice earnings management.

The purpose of this study is to provide empirical evidence of the influence of the frequency of audit committee meetings and disclosure of corporate social responsibility (CSR) on earnings management. There are several benefits that can be provided from this research. First, for investors it can be used as a basis for input and consideration in making decisions on investment, especially the factors that affect the increase in earnings management. Second, for the government to support and monitor company operations through the OJK (Financial Services Authority) related to regulations regarding disclosure of corporate social responsibility. Third, for companies it is hoped that the results of this research can provide inspiration for business management practitioners to understand the mechanisms of good corporate governance through audit committees and corporate social responsibility (CSR) disclosures, as well as earnings management practices.

# METHODS

This research is a type of research that uses quantitative research. Quantitative data was obtained from www.idx.co.id or the company's official website. The data sources used in this study come from annual reports to see the frequency of audit committee meetings and sustainability reports to see corporate social responsibility disclosures for companies in the manufacturing sector listed on the Indonesia Stock Exchange (IDX) in 2021.

The population in this study are companies engaged in the manufacturing sector which are listed on the Indonesia Stock Exchange (IDX) in 2019, 2020 and 2021. Manufacturing sector companies are a sector that is sensitive to environmental pollution, for example the results of factory waste disposal every day so that CSR disclosure plays an important role in companies in this sector. This sample was selected using a purposive sampling method, namely sampling specifically according to certain considerations (Sugiyono, 2018). The criteria in determining the sample of this study are:

**Table 1. Sampling Criteria**

|  |  |  |
| --- | --- | --- |
| No  | Criteria | Sample |
| 1 | Companies engaged in the manufacturing sector listed on the Indonesia Stock Exchange (IDX) in 2019, 2020 and 2021. | 225 |
| 2 | Companies that publish annual reports for 2019, 2020 and 2021. | 128 |
| 3 | The financial statements in the company's annual report are presented in Rupiah. | 98 |
| 4 | Companies that present complete data according to the variables (audit committee information and CSR) in this study. | 128 |
| Number of Samples | **128** |

Source: Processed data, IDX (2022)

**Dependent Variable**

The dependent variable in this study is earnings management. Earnings management is an act that is done intentionally to manipulate or manage the company's income in the accounting process with the aim of achieving the desired level of profit reporting(Chandra & Junita, 2021). Profit management will be measured using Discretionary Accruals using the Modified Jones Model by differentiating between total accruals and non-discretionary accruals which was first introduced by Dechow et al. (1995)*.* The calculation steps performed in the Modified Jones Model are as follows:

1. To calculate total accruals, use the following formula:

TACCt = NIt – CFOt

Information:

TACCt : company's total accruals in year t

NIt : net profit (net income) company in year t

CFOt : cash flow out of operations (operating cash flow) of the company in year t

1. Estimating the value of total accruals with the regression equation

TACCt/TAt-1 = β1(1/TAt-1) + β2(∆Revt/TAt-1-∆Rect/TAt-1) + β3(PPEt/TAt-1) + ɛ

information:

TACCt : *company's total accrual in year t*

TAt-1 : total assets of the company in year t-1

∆Revt : change in company income in year t with t-1

∆Rect : change in company receivables in year t with t-1

PPEt : fixed assets in year t

ɛ : *error*

β1, β2, β3 : regression coefficient

1. Calculate the value of discretionary accruals

DACCt = β1(1/TAt-1) + β2(∆Revt/TAt-1-∆Rect/TAt-1) + β3(PPEt/TAt-1)

information:

DACCt : *company discretionary accruals in year t*

TAt-1 : total assets of the company in year t-1

∆Revt : change in company income in year t with t-1

∆Rect : change in company receivables in year t with t-1

PPEt : fixed assets in year t

β1, β2, β3 : regression coefficient

 Based on calculations using the Modified Jones Model, if the value of discretionary accruals is negative, then the company performs earnings management by reducing profits (income decreasing), whereas if the value of discretionary accruals is positive, then the company performs earnings management by increasing profits (income increasing). . An indication that the company does not carry out earnings management if the value of discretionary accruals = 0 (Setiawan, 2009).

**Independent Variable**

The independent variable (X1) in this study is the frequency of audit committee meetings. The audit committee is a committee formed by the board of commissioners with the aim of supervising the disclosure of quality financial reports, compliance with applicable laws and regulations, and the effectiveness of appropriate internal controls.(Dewi & Triani, 2020). In this study, the focus will be on the frequency of audit committee meetings. The frequency of audit committee meetings is measured by counting the number of audit committee meetings for one year.

**Frequency of audit committee meetings = ∑ audit committee meetings**

The next independent variable (X2) is corporate social responsibility (CSR) disclosure. Disclosure of corporate social responsibility is one of the disclosures of information related to social responsibility carried out by the company to stakeholders through an annual report (Warislan *et al*., 2018). Disclosure of corporate social responsibility in this study was measured following the guidelines of the Global Reporting Initiative (GRI) instruments, namely GRI 200 (Economics), GRI 300 (Environment), and GRI 400 (Social) contained in the GRI Standard. This approach basically uses a dichotomous approach, in which each CSR item in the research is given a value of 1 if disclosed and 0 if not disclosed. Furthermore, the score of each category of information from the Sustainability Report or Annual Report is summed up to obtain the overall score for each company. Measurement of corporate social responsibility disclosure uses the following formula:

**CSRit-1 =** $\frac{∑XKy}{ny}$

information:

CSRit-1 = Disclosure of corporate social responsibility company i year t-1 (previous year)

∑XKy = Total of 1 for the category of information disclosed, 0 for the category of information not disclosed.

ny = total disclosure items

**Control Variables**

In this study, company size (Size) is used as a control variable. Size is the size of the company which explains the size of the company seen from the total assets, average total sales, as well as the number of sales and average assets (Samara *et al*., 2020). The total assets of a company can be used as a standard whether the company is classified as large or not (Panjaitan & Muslih, 2019). The larger the size of a company, the more information that must be available to shareholders and investors in making decisions and also increasing the trust of shareholders and investors. This shows that the larger the size of the company, the smaller the earnings management is done (Nahar & Erawati, 2017). Size is measured using the natural log (Ln) of the company's total assets for that year.

**Data analysis technique**

The stages of data analysis techniques used to solve the problems in this study are descriptive statistics, classical assumption tests and hypothesis testing. Descriptive statistics are used as an illustration of the research variables, namely the Frequency of Audit Committee Meetings, Corporate Social Responsibility (CSR), and Earnings Management, so that they can be used as a basis for further analysis regarding the minimum value, maximum value, mean and standard deviation (Rumapea et al., 2021a). The classic assumption test that will be used is the normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test (Ghozali, 2016). To test the hypothesis in this study will use a multiple linear regression model. Before using the multiple linear regression model, an analysis of the correlation coefficient (R2), the coefficient of determination (adjusted R2), and the simultaneous test (F-test) will be carried out. Multiple linear regression analysis techniques are used to examine the effect of two or more independent variables on the dependent variable. The multiple linear regression model to be used in this study is as follows:

**ML = α + β1KA + β2CSR + β3*Size* + ɛ**

information:

ML = Profit management

α = Constant value

β1 – β2 = Variable regression coefficients X1 and X2

β3 = Control variable regression coefficient

KA = audit committee

CSR = Disclosure of corporate social responsibility (CSR)

*Size*  = *Size* (company size)

ɛ = *error*

 Additional analysis to test and differentiate the relationship between the two variables in the years before the pandemic (2019) and in the pandemic years (2020 and 2021) will also be analyzed in this study.

# RESULTS AND DISCUSSION

**Descriptive statistics**

This study describes descriptive statistics with the minimum, maximum, mean, and standard deviation values ​​of all the variables used:

**Table 2. Descriptive Statistics**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **N** | **Minimum** | **Maksimum** | **Mean** | **Std. Deviasi** |
| **KA** | 384 | 1.000000 | 45.000000 | 6.479167 | 4.958795 |
| **CSR** | 384 | 0.012987 | 0.311688 | 0.137310 | 0.059849 |
| ***Size*** | 384 | 25.04885 | 33.53723 | 28.27433 | 1.592623 |
| **ML** | 384 | -0.391789 | 0.677150 | -0.033338 | 0.107010 |

Source: Processed data, Eviews 12

Based on the data in Table 2 regarding descriptive statistics, column N shows the number of valid data (samples) used in this study, namely 351 data. The dependent variable in this study is Profit Management (ML), which has a minimum value of -0.391789 is PT. Tirta Mahakam Resources Tbk. in 2020 and which has a maximum value of 0.677150 is PT. FKS Food Sejahtera Tbk. in 2020. The mean and standard deviation values ​​of this variable are -0.033338 and 0.107010. From this data it can be concluded that on average every year companies carry out earnings management by reducing profits (income decreasing).

The first independent variable is the Audit Committee (KA), which has a minimum value of 1.000000, namely PT. Singaraja Putra Tbk. in 2019, 2020 and 2021, and PT. Perfect Immortal Style Tbk. in 2019 and which has a maximum value of 45.000000, namely PT. Semen Indonesia (Persero) Tbk. in 2019. The KA variable has a mean value of 6.479167 and a standard deviation value of 4.958795. The second independent variable, CSR disclosure, has a minimum value of 0.012987 and a maximum value of 0.311688. The mean value and standard deviation value of the CSR disclosure variable are 0.137130 and 0.059849.

**Classic assumption test**

Before testing the hypothesis, the classical assumption test is carried out first to obtain a good and appropriate research regression model. The first classic assumption test is the normality test using the Jarque-Bera test which shows that the probability value is 0.00000 or sig <0.05, which means that the data is not normally distributed. Because the data in this study are not normally distributed, it is necessary to test using the GLS (Generalized Least Square) model which is a method that is considered efficient for estimating the coefficients of the linear regression model which has unequal variance data and there is a certain degree of correlation between observations(Mert Kantar, 2015). Then for the results of the multicollinearity test in this study showed a Tolerance value of > 0.01, namely in the range of values ​​0.113750 – 0.285346 so that there was no problem or there was no variable multicollinearity in this study.

Then, the results of the heteroscedasticity test in this study using the White test showed the Prob. Chi-Square (9) based on Obs\*R-squared is 0.6432 > 0.05 which means that the regression model in this study does not experience heteroscedasticity problems. Furthermore, the results of the autocorrelation test in this study using the Breusch-Godfrey test showed the Prob. Chi-Square (2) based on Obs\*R-squared is 0.2715 > 0.05 so it can be concluded that there is no autocorrelation problem in this study.

**Hypothesis testing**

Table 3 shows the results of multiple linear regression testing to determine whether there is a significant effect of the independent variables on the dependent variable.

**Table 3. Multiple Linear Regression Test**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Variable**  | **Coefficient**  | **Std. Error** | **t-Statistic** | **Prob.** |
| C | -1.218619 | 0.284140 | -4.288801 | 0.0000 |
| KA | -0.001613 | 0.000723 | -2.232573 | 0.0265 |
| CSR | -0.085765 | 0.027236 | -3.148952 | 0.0018 |
| SIZE | 0.042707 | 0.010037 | 4.254907 | 0.0000 |
| **R-squared** 0.838630 |
| **Adjusted R-squared** 0.755713 |
| **F-statistic** 10.11406 |
| **Prob(F-statistic)** 0.000000 |

Source: Processed data, Eviews 12

Based on table 3, the resulting correlation coefficient (R-squared) is 0.838630, which means that the relationship between audit committees, CSR disclosure and earnings management size is strong because the correlation coefficient is close to 1. Then for the value of the coefficient of determination (Adjusted R-squared) the result is 0.755713 or 75.57% which indicates that the variation in the dependent variable, namely earnings management, which can be explained by the independent variable is 75.57%, while the remaining 24.43% is explained by other factors not included in the model. Then the value of the simultaneous test (F-test) is 10.11406 with a probability level of 0.000 (significant). Because the probability value is much smaller than alpha 5% (0.000 <0.05), this research model is feasible to use.

Based on the results of the regression coefficient test above, the formulation of the regression equation can be arranged as follows:

**ML = -1.218619 -0.001613KA -0.085765CSR +0.042707*Size***

**Effect of Frequency of Audit Committee Meetings on Earnings Management**

The first hypothesis (H1) developed in this study is that the Frequency of Audit Committee Meetings has a negative effect on Earnings Management. Based on the equation above, the probability value of the audit committee is significant for earnings management at the 5% alpha level (prob 0.0265 < alpha 0.05) with a regression coefficient of -0.001613. A negative value on the regression coefficient means that the frequency of audit committee meetings has a negative effect on earnings management. So it can be concluded that H1 in this study is accepted. The audit committee has a negative relationship with earnings management. This means that the higher the frequency of audit committee meetings held in a company, the lower the earnings management in that company. This is similar to research that has been conducted byMarsha & Ghozali (2017) which stated that frequent meetings made the audit committee more active in carrying out their duties and responsibilities related to financial reporting, thereby increasing supervision of management oversight and preventing earnings management practices from occurring. The results of this study also support the agency theory that audit committee meetings can detect information asymmetries between agents and principals regarding financial reporting so as to improve monitoring of earnings management practices. The results of other studies that are in line with this study, namely Alfiyasahra & Challen (2020), Dwiyanti & Astriena (2018), Kodriyah et al. (2017), Juhmani (2017), Sihombing & Laksito (2017), Amalia & Didik (2017), dan Setiawan (2009). However, this research is inconsistent with research that has been conducted by Rahmawati & Adhani (2022), Jemunu et al. (2021), dan Adi (2020) which shows that the audit committee has a positive effect on earnings management. These studies suggest that the high frequency of audit committee meetings does not guarantee the effectiveness of audit committee supervision and provides loopholes for management to take earnings management actions.

**Effect of Disclosure of Corporate Social Responsibility (CSR) on Profit Management**

Then the second hypothesis (H2) developed in this study is that CSR disclosure has a negative effect on earnings management. Disclosure of CSR has a regression coefficient of -0.085765 and a probability value of 0.0018 <alpha 0.05. Disclosure of CSR has a negative effect on earnings management so it can be concluded that H2 in this study is accepted. This means that companies that often disclose their CSR, the smaller the chance for companies to do earnings management. This is in line with research that has been conducted by Sembiring (2017) which states that companies that often disclose their CSR are companies that have ethics and a high sense of concern for social responsibility so that they tend to present financial reports that are more transparent and show low earnings management, and are perceived as presenting company performance reports that can be trusted. The results of this study are also in line with the theory of legitimacy that disclosing CSR is the right step to gain legitimacy or support from the community, so that the community considers that the company's performance is good so that it does not take earnings management actions. The results of this study are also consistent with research conducted by Rumapea et al. (2021), Kurniawati (2021), Razak & Helmy (2020) Alexander & Palupi (2020), Warislan et al. (2018), Amar & Chakroun (2018), However, in research that has been conducted by Solikhah (2022) and Sriyono & Anggraeni (2021) that CSR disclosure has a positive effect on earnings management, where companies actually disclose their CSR only to become an image in covering earnings management actions carried out by managers.

**The Effect of Size on Earnings Management**

For the control variable in this study, namely firm size (size) has a regression coefficient of 0.042707 and a probability value of 0.0000 <alpha 0.05 which indicates firm size has a positive influence on earnings management. The larger the size of the company, the greater the opportunity for earnings management practices to occur in the company. The results of this study are in line with research Hapsoro & Hartomo (2016) which shows that large companies will also bear large political costs, so companies have the motivation to carry out earnings management by reducing profits in order to reduce political costs. However, the results of this study are inconsistent with research conducted by Panjaitan & Muslih (2019) who said that companies that have growth in a positive or increasing direction will have more attractiveness from investors so as to encourage companies to maintain and improve the performance of their financial statements. This means that there is no tendency to carry out earnings management because the company focuses more on responsibilities related to presenting financial reports to external parties of the company.

**Additional Testing**

Table 4 shows additional tests to test the relationship between the independent variables and the dependent variable in the year before the pandemic, namely 2019 and during the pandemic, namely 2020 and 2021 in this study.

**Table 4. Additional Tests for Pandemic & Non-Pandemic Years**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Variable** | **Coefficient** | **Std. Error** | **t-Statistic** | **Prob.** | **Mean**  |
| C | 0.103070 | 0.100274 | 1.027884 | 0.3047 |  |
| KA | -0.000560 | 0.001138 | -0.491958 | 0.6230 | 6.479167 |
| CSR | 0.056284 | 0.098364 | 0.572199 | 0.5675 | 0.137311 |
| SIZE | -0.004270 | 0.003680 | -1.160466 | 0.2466 | 28.27433 |
| P\_NP | -0.029656 | 0.011944 | -2.482931 | 0.0135 | 0.666667 |
| **R-squared** 0.020506 |
| **Adjusted R-squared** 0.010169 |
| **F-statistic** 1.983645 |
| **Prob(F-statistic)** 0.096330 |

Source: Processed data, Eviews 12

Based on the table, the new multiple linear regression model is when the pandemic and non-pandemic year variables (P\_NP) are included, namely:

**ML = 0.103070 -0.000560KA +0.056284CSR -0.004270*Size* -0.029656P\_NP**

From the test results above, it can be seen that the first hypothesis (H1) in this study, namely the frequency of audit committee meetings has a negative effect on earnings management is accepted but not significant because the probability value > alpha 0.05 (0.6230 > 0.05) while for the second hypothesis (H2), namely disclosure CSR has a negative effect on earnings management but is rejected and not significant (0.5675 > alpha 0.05. Then on the size variable it shows a negative effect on earnings management but not significant (0.2466 > alpha 0.05). However, the additional variables, namely pandemic years and non-pandemic years show different results has a significant negative effect on earnings management as evidenced by the probability value of 0.0135 <alpha 0.05 and the regression coefficient value of -0.029656 so that it can be concluded that both pandemic and non-pandemic years have a negative effect on earnings management.

**CONCLUSION**

It can be concluded that the frequency of audit committee meetings has a significant negative effect on earnings management. This means that the more often the audit committee meets, the lower the chance for the company to manage earnings. The same thing applies to the second variable, namely CSR disclosure which has a significant negative effect on earnings management. These results indicate that companies that often disclose their CSR tend to have good ethics so that they present more transparent financial reports and show low earnings management. However, the control variable used, namely firm size, has a significant positive effect on earnings management. That is, large companies tend to have great opportunities to manage earnings.

The limitations in this study are the classic assumption test, namely the normality test shows the results that the data is not normally distributed, so an additional test is carried out, namely the GLS (Generalized Least Square) panel test. This study also only examines one of the mechanisms of Good Corporate Governance, namely the Audit Committee, in this case regarding the frequency of audit committee meetings. Based on the limitations found during this study, suggestions can be given for further researchers. Future research is expected to add other independent variables such as other Good Corporate Governance mechanisms or use all of the mechanisms so that the data collected is more complex and the data can be normally distributed. Future research is also expected to add more years to the period, and use other research samples outside the manufacturing sector.

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