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The Role of Independent Commissioners, Audit Committee, Audit Committee Expertise, Activities of the Audit Committee and *Leverage* on Earnings Management

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ABSTRACT

This study aims to determine the influence of independent commissioners, the size of the audit committee, the expertise of the audit committee, the activities of the audit committee and *leverage* on earnings management in infrastructure sector companies listed on the Indonesia Stock Exchange (IDX) in 2020-2023. This study uses a purposive sampling technique with 160 annual reports and financial statements with 40 infrastructure companies. The analysis used in this study uses multiple linear regression analysis using SPSS version 26 as the calculation tool. Based on the results in this study, it is shown that independent commissioners, audit committee size and *leverage* have no effect on earnings management. Meanwhile, the expertise of the audit committee and the activities of the audit committee have a positive effect on earnings management. The predictive ability of the five variables on earnings management was 69.3% while the other 30.7% came from other variables.

Keywords: Independent commissioner, size of the audit committee, audit committee expertise, audit committee activities, *leverage, earnings management*.

INTRODUCTION

The development of the business world is getting faster, making companies faced with increasingly fierce business competition. This creates a strong push for company management to show the best performance of the company he leads (Asyati & Farida, 2020). One of the tools used to find out the financial performance of a company is in its financial statements (Agustina Putri & Ramashar, 2023). Financial statements are a form of responsibility made by the management for the use of all resources owned by the company. The purpose of issuing financial statements is to provide information about the company's condition and performance aimed at internal and external parties such as investors and creditors to assist in making a decision (Yulia Sari & Hasnawati, 2020). One of the important components in financial statements that can show financial performance and benchmark decision-making for both management and investors is profit (Raharjo, 2022). Therefore, achieving maximum profit as much as possible is one of the main goals of a business entity. In this case, the role of the manager is very influential in the preparation of financial statements where the essence as a manager will certainly publish his financial statements, especially profits as best as possible to attract potential investors. Investors will assess the survival of the company that will be the goal of their investment judging from the development of its profits (Drata Ezra & Chrisnanti, 2023. The development of high profits, then the company is considered to be maximized in earnings management, but if the profit in a company is low is considered not optimal in earnings management, so the management tends to make profit information a target to manipulate its financial statements in order to maximize its profits (Solihah & Rosdiana, 2022). This eventually encourages company management to make deviations in presenting corporate profit information, known as earnings management practices (Drata Ezra & Chrisnanti, 2023).

Earnings management is a condition in which intervention is carried out by management during the process of preparing financial statements for external parties which results in raising, leveling, and decreasing profits (Kurnia & Mulyati, 2023). According to Ezra & Chrisnanti (2023) earnings management can be done in various ways, the first is *taking a bath*. In the current period's profit reporting, the profit value is presented very low or very high depending on the company's condition at that time. The second way is *income minimization*, where profits in the current period are reported to be lower than actual profits. The third method is *income maximization,* which is the opposite of *income minimization*. This method reports profits in the current period higher than the actual profit. The last way is *income smoothing*, in the reporting profit is leveled for the purpose of reporting to external parties, especially for investors (Alfitri et al., 2022). This method is most often used because investors usually like relatively stable profits in each period.

The understanding of earnings management is often seen differently by various parties. earnings management, according to investors, the government, and other economic professional associations, considers this as managerial fraud, because this activity is carried out to harm other parties who use financial statements to find out information about the company (Wulan Astriah et al., 2021). Meanwhile, according to the management, earnings management has a different definition, if earnings management is based on existing accounting standards and methods, it is not a fraudulent act, but is related to ethical behavior or whether earnings management is carried out (Khairani et al., 2022). Although earnings management is considered a reasonable action, on the other hand earnings management is considered an unnatural action, because it can manipulate the actual value of the company (Roqijah et al., 2022). This can cause investors to be inappropriate in making an investment decision.

Until now, earnings management is still a common phenomenon that occurs in business circles. Several cases of earnings management occurred in Indonesia, including PT Waskita Karya (Persero) Tbk and PT Wijaya Karya (Persero) Tbk which were suspected of manipulating financial statements. Both PT Waskita Karya (Persero) Tbk and PT Wijaya Karya (Persero) Tbk, are construction BUMN that have been suffering from financial difficulties. The two companies bear a lot of debt, both to creditors and vendors. It was conveyed by the Deputy Minister of BUMN Kartika Wirjoatmodjo, who is familiarly called Tiko, that there were anomalies in the financial statements of the issuers in the work sector (Ermawati et al., 2023; Rahma et al., 2022). The published financial statements are not in accordance with their real conditions. The *company's cash flow* has never been positive, but its financial statements state that it has always been profitable for many years (Muslimawati, 2023).

Referring to the latest financial report published on the IDX, in the 1st quarter of 2023 PT Waskita Karya (Persero) Tbk recorded a net loss of IDR 374.9 billion, which is down compared to the same period last year of IDR 830.6 billion. In the 1st quarter of 2023, it scored a gross profit that was larger than last year, which was IDR 400.43 billion and in the 1st quarter of 2022 recorded a gross profit of only IDR 329 billion. Total liabilities in the first quarter of 2023 amounted to IDR 84.37 trillion, which is larger than last year's period of IDR 83.98 trillion. Meanwhile, PT Wijaya Karya (persero) Tbk reported a net loss for the first quarter of 2023 of IDR 521.25 billion and its total liabilities reached IDR 55.76 trillion. Its cash equivalents fell from 5.66 trillion in Q1-2022 to Rp 2.22 trillion in Q1-2023 (Ayu Artanti, 2023)

In addition, since June 2020, PT Waskita Karya (Persero) Tbk has recorded losses. PT Waskita Karya (Persero) Tbk posted a loss attributable to the parent owner of Rp 1.09 trillion, reversing from a net profit of Rp 997.82 billion in June 2019. These losses swelled to Rp 7.73 trillion throughout 2020. However, PT Waskita Karya (Persero) Tbk in 2021 managed to reduce losses reaching IDR 1.09 trillion. As a result of suffering losses since 2020, there have been allegations of manipulation of financial statements (Muslimawati, 2023). Currently, an investigation is being carried out by the Ministry of State-Owned Enterprises (SOEs) with the Financial and Development Supervisory Agency (BPKP), if evidence of manipulating financial statements is found, the government as a shareholder of the work company will take firm action (Melani, 2023). Based on this phenomenon, in estimating factors that affect earnings management, the researcher uses the variables of independent commissioners, the size of the audit committee, the expertise of the audit committee, the activities of the audit committee and *leverage*.

Independent Commissioners are board of commissioners who do not have relationships with the management, other members of the board of directors, controlling shareholders, and do not have business relationships that can affect their ability to act independently (Arifin et al., 2022). Independent commissioners usually have an educational background or professional experience in the field of accounting and finance. In addition to complying with OJK regulations in corporate governance, the company has selected independent commissioners professionally. Therefore, independent commissioners have the responsibility to carry out supervision and monitoring if managers manipulate figures in the preparation of financial statements (Permata Sari et al., 2021). With independent commissioners doing this, the incidence of earnings management will decrease (Yulia Sari & Hasnawati, 2020).

Research conducted by Mulia et al (2024), Arifin et al (2022) and Yulia Sari & Hasnawati (2020) independent commissioners has a negative effect on earnings management. With the task of supervision in financial reporting, independent commissioners are expected to increase profits and minimize earnings management. Meanwhile, according to

Alfiyasahra & Challen (2020), Challen & Noermansyah (2023) and Solihah & Rosdiana (2022) independent commissioners have a positive effect on earnings management, because independent commissioners are allegedly only limited to formalities in fulfilling OJK regulations and the election of independent commissioners does not always pay attention to educational background or background of previous experience and understanding in the field of accounting and finance.

The size of the audit committee consists of at least 3 (three) members who come from independent commissioners and parties from outside the issuer or from public companies (Challen & Noermansyah, 2023). The greater the number of members in the audit committee or the larger the size of the audit committee owned by a company can represent the good performance of a company due to the supervision carried out by the audit committee members.

Research conducted by Challen & Noermansyah (2023), Mulia et al (2024) and Tang & Suwarsini (2021) found that the size of the audit committee had a negative effect. This is because with the increase in the number of audit committee members, it can reduce the earnings management practices carried out by the company. Meanwhile, according to Alfiyasahra & Ermian Challen (2020), Hendi & Lisniati (2020) and Karina (2020), the size of the audit committee has no effect on earnings management. This shows that no matter how many members of the audit committee are owned by the company, it does not affect the supervision carried out (Karina, 2020).

Audit committee expertise is a member of the audit committee who has expertise in the field of accounting. The expertise of the audit committee in the field of accounting is divided into 3 (three), namely those who have accounting and finance expertise, audit committees who are currently or previously worked as auditors, and audit committees who have special expertise who are currently experienced as CEOs or directors in other companies (Parapat & Mukhlasin, 2023).

Research conducted by Mulia et al (2024) and Susilowati Mardjono & Chen (2020) found that the expertise of the audit committee has a negative effect on earnings management. This is because the audit committee that has expertise in the field of accounting will work more productively and professionally in supervising management in preparing financial statements. Meanwhile, according to research by Alfiyasahra & Ermian Challen (2020), Hendi & Lisniati (2020) and Karina (2020), the expertise of the audit committee has no effect on earnings management. This is because the formation of an audit committee that has expertise in the field of accounting is only limited to complying with applicable regulations.

Audit committee activities are the frequency of meeting activities carried out by the audit committee. This is intended that by holding meetings as often as possible, the audit committee will be able to effectively supervise the process of making financial statements, so that it can improve the quality of financial statements (Mulia et al., 2024). An audit committee that is active in conducting meetings will also make independence more effective. To avoid errors in recording financial statements, the audit committee shall at least hold regular meetings at least 1 (one) time in 3 (three) months and be attended by more than half of the total number of members.

According to Ardyanti (2023) and Mulia et al (2024), the activities of the audit committee have a negative effect on earnings management. The more often the audit committee holds meetings, it is hoped that the supervisory actions carried out can be more optimal in evaluating policies in decision-making. Meanwhile, according to research by Karina (2020) and Rahma Zhafira & Syafruddin (2023), the activities of the audit committee

have no effect on earnings management. The number of meetings of the corporate audit committee cannot represent the activeness and effectiveness of the audit committee in carrying out its duties to prevent earnings management practices, because most companies on the IDX hold audit committee board meetings only to comply with regulations so that no matter how many meetings there are, they have not been able to improve the function of the audit committee in preventing earnings management.

Leverage is the company's ability to utilize sources of borrowed funds (debt) to increase its profit prospects. This ratio assesses a company's ability to fund assets through debt. If the ratio value is large, then it can be assumed that the company's debt to third parties is also large, thus increasing the risk for creditors. This requires management to control profits with earnings management actions to increase the confidence of external parties in investing capital in the company (Agustin et al., 2023; Fizabaniyah et al., 2023). *Leverage* can also be interpreted as a ratio to measure the extent to which debt is used to finance a company's assets. The larger the *leverage* ratio, the higher the chance that the company will not be able to pay its debts. This can encourage management to manipulate financial statements through earnings management to avoid debt (Yunita Setyani & Suhaili, 2023).

Research conducted by Sofia et al (2021), Yulia Sari & Hasnawati (2020) and Yunita Setyani & Suhaili (2023) shows *that leverage* has a positive effect on earnings management. Companies that have a high level of *leverage* tend not to have strict supervision, making it easier for managers to carry out earnings management practices by maintaining good performance to external parties. Meanwhile, according to (Drata Ezra & Chrisnanti (2023), Irfan Dani (2022) and Liebrida & Maria (2022) *leverage* has no effect on earnings management. This shows that high debt requires debt holders to keep an eye on the company. Strict oversight measures on the company force managers to operate in the best interests of creditors and shareholders, as well as ensure that *leverage does not* impact earnings management.

This research is a development of the research of Mulia et al (2024). The difference with the previous study is the addition of *a leverage* variable. This research also extends the research period and changes the sector in the research.

LITERATURE REVIEW

Agency Theory

The Agency Theory proposed by Jensen & Meckling (1976) defines that the relationship between one or more people (principal) and another person (agent). An agent is a party in charge of running a business which is often called company management, while the principal is the party who owns the company's shares. Agency conflicts arise when the interests of the company owner (principal) and management (agent) are not aligned (Jensen et al., 1976). The contract between the agent and the principal makes the agent (management) obliged to maximize profits for the company, and in return, the management expects a reward for its efforts (Permata Sari et al., 2021). This can create a conflict of interest where the agent does not always act to maximize the interests of the principal, but tries to maximize its own profits (Jensen et al., 1976).

Agency conflicts also cause information asymmetry. Information asymmetry occurs because the principal as the owner of the company only invests and does not manage the company directly, but the owner appoints another party, namely the manager, to manage the company, so that the manager knows the condition of the company better than the owner of the company. The existence of information asymmetry allows managers to disclose financial information that does not correspond to the company's actual position through earnings management. Earnings management refers to the

amount of profit that is deliberately regulated by managers when producing financial statements by taking advantage of weaknesses in accounting regulations that require consideration and assessment (Permata Sari et al., 2021).

The relationship between the factors that affect earnings management is explained by agency theory. Independent commissioners are commissioners who are not based on a business relationship with the company. Managers act as agents responsible to independent commissioners who act as principals to manage a company (Immanuel & Hasnawati, 2022). The size of the audit committee according to the theory of agency, the more audit committees a company has, the better the company's performance is due to supervision, so it can be said that the larger the size of the audit committee can minimize the occurrence of earnings management (Alfiyasahra & Ermian Challen, 2020).

The expertise of the audit committee based on agency theory can be one of the mechanisms of *corporate governance,* because an audit committee that has an accounting education background can prevent management from committing fraud (Arista & Serly, 2023). The activities of the audit committee are consistent with the theory of agency, when the audit committee holds meetings as often as possible, allowing the audit committee to monitor the preparation of financial statements properly so that there are no irregularities (Mulia et al., 2024). *Leverage* is related to agency theory is that if *leverage* gets higher, it will cause financial difficulties for the company to obtain capital, thus encouraging management to perform earnings management on financial statements (Drata Ezra & Chrisnanti, 2023).

Based on the above description, it can be concluded that by analyzing the independent commissioners, the size of the audit committee, the expertise of the audit committee, the activities of the audit committee and *leverage* can be used to estimate the factors that affect earnings management in the construction sector. The analysis aims to find out whether there are changes in the increase or decrease in earnings management practices in infrastructure sector companies and this can be information for investors who want to make investments.

The Influence of Independent Commissioners on Earnings management
Independent commissioners perform supervisory roles over management can minimize conflicts of interest arising from agency problems by supervising all aspects of management actions carried out by management in the hope that such supervision by independent commissioners representing the principal can reduce the occurrence of earnings management practices carried out by management or agents (Permata Sari et al., 2021). Independent commissioners function as a form of control over management, because what independent commissioners do is a form of supervision to reduce agency conflicts.

This statement is supported by research (Arifin et al (2022), Mulia et al (2024) and Yulia Sari & Hasnawati (2020) independent commissioners have a negative effect on earnings management. Maximum supervision by independent commissioners will provide narrow opportunities for management to carry out earnings management practices. In addition to fulfilling the provisions of the OJK related to the implementation of corporate governance, the selection of independent commissioners is carried out professionally, so the independent commissioners can perform the function of supervising the actions of managers in manipulating financial statements.

H1 : Independent commissioners have a negative effect on earnings management.

Size of the Audit Committee on Earnings management

The audit committee consists of at least 3 (three) members who come from independent commissioners and from outside the issuer (Alfiyasahra & Ermian Challen, 2020). The larger the number of audit committees, it is hoped that optimal supervision of management can be carried out so that the financial statements presented contain actual information. According to agency theory, management is responsible to the owner, so it tends to act to carry out earnings management practices if the financial statements presented decrease. The large size of the audit committee will encourage information asymmetry to be lower because there is optimal supervision (Mei Rinta, 2021).

This research is supported by research by Challen & Noermansyah (2023), Erawati & Siang (2021) and Mulia et al (2024) on the size of the audit committee having a negative effect on earnings management. The larger the size of the audit committee, the stricter the supervision will be so that the opportunity for management to practice earnings management will be lower. The large size of the audit committee in a company will reduce the occurrence of earnings management practices.

H2 : Audit committee has a negative effect on earnings management

Audit Committee's Expertise in Earnings management

In carrying out its duties, the audit committee needs expertise in the field of accounting so that the tasks of the audit committee can run optimally. The audit committee can be more professional in supervising or monitoring the process of preparing management financial statements if the members of the audit committee have expertise in the field of accounting and finance. Based on agency theory, the expertise of the audit committee can hinder the occurrence of *agency problems* because it can minimize management behavior in presenting financial statements, so that it can be free from earnings management practices (Arista & Serly, 2023).

This research is supported by Mulia et al (2024) and Susilowati Mardjono & Chen (2020) the expertise of the audit committee has a negative effect on earnings management. The audit committee tends to uphold conservatism as an accounting mechanism. Accounting conservatism has an important role in limiting management behavior in carrying out earnings management practices.

H3 : The expertise of the audit committee has a negative effect on earnings management.

Audit Committee Activities on Earnings management

The activities of the audit committee are shown through the number of meetings organized by the audit committee during the year. Because by holding a meeting of audit committee members, individuals from the audit committee can exchange ideas and discuss the company's internal control so that it can make the earnings management practice decline in management (Mei Rinta, 2021). Based on agency theory, the more often the audit committee holds meetings, the higher the level of supervision over financial reporting (Arista & Serly, 2023)

This research is supported by Ardyanti (2023), Mei Rinta (2021) and Mulia et al (2024) audit committee activities have a negative effect on earnings management. The higher the number of meetings held by the audit committee, the higher the effectiveness of the audit committee in carrying out its duties, roles and responsibilities, so that there will be increased supervision of management and can prevent the occurrence of earnings management practices.

H4 : The activities of the audit committee have a negative effect on earnings management.

Leverage

Leverage is a ratio used by companies to measure the extent of debt used to finance a company's assets (Sofia et al., 2021). If the value of the leverage *ratio* is high, it can be said that the debt that the company has to external parties is also high. Based on the theory of agency, this makes the management manage profits with earnings management actions in its financial statements in order to increase the trust of external parties to be able to invest their capital in the company (Yunita Setyani & Suhaili, 2023).

This research is supported by Karina, 2020; Sofia et al., 2021; Yulia Sari & Hasnawati, 2020). Companies with high *leverage* ratios tend to seek additional funding through other funding sources. This causes the management to only show financial statements that illustrate that the company's performance is in good condition, namely by conducting earnings management.

H6: *Leverage* has a positive effect on earnings management.

RESEARCH METHOD

The type of research used in this study is a quantitative methodology with a descriptive approach. The quantitative descriptive research method aims to explain a phenomenon, event, symptom, and occurrence that occurs in a real, systematic and accurate manner that is investigated by collecting data, processing, analyzing and interpreting data in hypothesis testing. The purpose of this study is to confirm the influence of independent commissioners, audit committee size, audit committee expertise, audit committee activities and *leverage* on earnings management with company size as a control variable in infrastructure sector companies listed on the Indonesia Stock Exchange (IDX) website in the 2020-2023 period. The population of this study is infrastructure sector companies listed on the IDX. The sampling method used is purposive sampling. The operational definition of variables is as follows.

Table 1. Variable Measurement

Variable	Measurement
Earnings management	$TA_{it} = N_{it} - CFO_{it}$ $\frac{TA_{it}}{A_{it-1}} = \beta_1 \left(\frac{1}{A_{it-1}}\right) + \beta_2 \left(\frac{\Delta REV_t}{A_{it-1}}\right) + \beta_3 \left(\frac{PPE_t}{A_{it-1}}\right) + e$ $NDA_{it} = \beta_1 \left(\frac{1}{A_{it-1}}\right) + \beta_2 \left(\frac{\Delta REV_t}{A_{it-1}} - \frac{\Delta REc_t}{A_{it-1}}\right) + \beta_3 \left(\frac{PPE_t}{A_{it-1}}\right)$ $DA_{it} = \left(\frac{TA_{it}}{A_{it-1}}\right) - NDA_{it}$
Independent Commissioner	$\frac{\Sigma\ Independent\ Commissioners}{\Sigma\ Members\ of\ the\ Board\ of\ Commissioners}$
Size of the Audit Committee	$\Sigma\ Number\ of\ Audit\ Committee\ Members$
Audit Committee Membership	$\frac{\Sigma\ Audit\ Committee\ with\ Accounting\ Expertise}{\Sigma\ Audit\ Committee}$

Audit Committee Activities	$Number\ of\ Audit\ Committee\ Meetings$
Leverage	$DAR = \frac{Total\ Debt}{Total\ Assets}$
Company Size	$Ln\ (Total\ Assets)$

The data analysis in this study used multiple linear regression. The regression equation is as follows.

$$Y = \alpha + \beta 1\ x1 + \beta 2\ x2 + \beta 3\ x3 + \beta 4\ x4 + \beta 5\ x5 + \beta 6\ x6 + e$$

Y is earnings management; α shows the value of the constant; β is the regression coefficient of each variable; X1 is an independent commissioner; X2 is the size of the audit committee; X3 is the expertise of the audit committee; X4 is the audit committee activity; X5 is *leverage*; and X6 is the size of the company.

RESULTS

Table 2. Descriptive Statistical Analysis Test Results

Variable	Minimum	Maximum	Mean	Std. Deviation
Earnings management	-3.46	3.18	-0.7150	1.64868
Independent Commissioner	0.33	0.67	0.4476	0.08538
Size of the Audit Committee	3.00	7.00	3.5000	1.03775
Audit Committee Membership	0.29	1.00	0.4929	0.21854
Audit Committee Activities	2.00	43.00	12.2250	11.05113
Leverage	0.08	7.48	0.6674	1.18557

From table 1, the data shows significant variations in earnings management variables in infrastructure sector companies on the Indonesia Stock Exchange (IDX) for the 2020-2023 period. This variable had the highest value of 3.18 and the lowest value of -3.46, with an average of -0.7150 and a standard deviation of 1.64868. The average score close to the minimum value (-3.46) indicates that the majority of companies in the infrastructure sector do not practice earnings management. Standard deviations greater than the average value indicate the distribution of large or heterogeneous data.

The independent commissioner variable had the highest score range of 0.67 and the lowest value of 0.33. In the standard deviation of 0.08538 and the average value of 0.4476, it can be concluded that 44.76% of the members of the board of commissioners are independent board of commissioners. This value has exceeded the minimum limit of the number of independent board of commissioners members, which is 30% of the total members of the board of commissioners. Standard deviations smaller than the average value indicate a small or heterogeneous data distribution.

The variable size of the audit committee had a range of the highest score of 7.00 and the lowest score of 3.00. The standard deviation is 1.03775 and the average value is 3.5000. The average score close to the highest value (3.5000) shows that infrastructure sector companies have complied with OJK regulation number 55/PJOK.04/2015 which states that the audit committee consists of at least 3 members. Standard deviations smaller than the average value indicate a small or heterogeneous data distribution. The audit committee's expertise variable had the highest score range of 1.00 and the lowest score of 0.29. The standard deviation is 0.21854 and the average value is 0.4929. The average score is close to the lowest score (0.29), indicating that the members of the audit committee in infrastructure sector companies do not have an educational background or expertise in the field of accounting. Standard deviations smaller than the average value indicate a small or heterogeneous data distribution.

The audit committee activity variable had the highest score of 43.00 and the lowest value of 2.00. The standard deviation is 11.05113 and the average value is 12.2250. This shows that the average number of meetings held by the audit committee in one year is 12 times. The average number of meetings held by the audit committee in one period is in accordance with OJK regulation number 55, which is 4 times a year. Standard deviations smaller than the average value indicate a small or heterogeneous data distribution. The *leverage* variable has a high value of 7.48 and a low value of 0.08. The standard deviation is 1.18557 and the average value is 0.6674. The average value is close to the lowest value (0.08), indicating that infrastructure sector companies in paying their long-term and short-term debts are still low. A standard deviation *of leverage* greater than the average value indicates that the *leverage* variable has a large data spread or is homogeneous.

Table 3. Multiple Linear Regression Analysis Results

Variable	Beta	Sig
Earnings management	-0.112	0.291
Independent Commissioner	-0.181	0.205
Size of the Audit Committee	0.651	0.000
Audit Committee Membership	0.536	0.002
Audit Committee Activities	-0.124	0.242
Leverage	-0.714	0.000
R Square	0.693	

The Influence of Independent Commissioners on Earnings management

In this test, it shows that the independent commissioner has a beta value of -0.112 and a significance value of 0.291 > 0.05. From this, there is no influence between independent commissioners and earnings management. The first hypothesis (H1) which assumes that independent commissioners have a negative effect on earnings management is rejected. Indicates that the supervisory activities carried out by the independent commissioner on the management are not carried out effectively. The independent board of commissioners is not the main factor in the effectiveness of the control carried out on the management because the role of the independent board of commissioners itself is more important by monitoring management performance.

Independent commissioners are not truly independent in carrying out their role as supervisors because they are limited by the company's regulations and policies as well

as from the majority shareholders, so independent commissioners cannot encourage the optimal implementation of *corporate governance* in limiting earnings management actions (Anisa et al., 2022). This is not in line with the agency's theory, that the role of independent commissioners in the *corporate governance* function of the company has not been able to handle conflicts of interest between the board of commissioners or among shareholders, so management tends to take risky actions. The findings in this study are in line with the research of Khairani et al., (2022) and Yunita Setyani & Suhaili, (2023) which found that independent commissioners have no effect on earnings management.

The Effect of Audit Committee Size on Earnings management

In this test, it shows that the size of the audit committee has a beta value of -0.181 and a significance value of 0.205 > 0.05. It was concluded that the audit committee had no effect on earnings management. The second hypothesis (H2) which assumes that the size of the audit committee has a negative effect on earnings management is rejected. This can be because the establishment of an audit committee is only limited to fulfilling regulations or regulations that require that a company must have members of the audit committee.

This study is not in line with the agency's theory that the larger the size of the audit committee will reduce information asymmetry because of optimal supervision. However, in this study, the audit committee is not necessarily effective in carrying out supervision of management performance in the aspect of company control. The number of members of the audit committee in a company cannot reduce the occurrence of earnings management actions. This finding is in line with the research of Alfiyasahra & Ermian Challen, (2020) and Rahma Zhafira & Syafruddin, (2023) who explained that the size of the audit committee has no effect on earnings management.

The Influence of Audit Committee Expertise on Earnings management

In this test, it shows that the expertise of the audit committee has a beta value of 0.651 and a significance value of 0.000 < 0.05. It can be concluded that the expertise of the audit committee has a positive effect on earnings management. The third hypothesis (H3) that states that the expertise of the audit committee has a negative effect on earnings management is rejected. This means that the expertise of the audit committee in the field of accounting does not reduce the level of earnings management of the company.

The number of audit committees with few accounting expertise is not an adequate number to monitor earnings management activities (Nurcahyono et al., 2021; Setiawan et al., 2021). The audit committee has not been effective in carrying out its duties and functions in supervising the company's financial reporting process to be able to ensure the protection of the interests of shareholders in relation to financial statements. This research is in line with Dwiharyadi, (2017) and (Angelina Purba, 2016) who stated that the expertise of the audit committee has a positive effect on earnings management.

The Influence of Audit Committee Activities on Earnings management

In this study, the audit committee's activities showed a beta value of 0.536 and a significance value of 0.002 < 0.05. It can be concluded that the activities of the audit committee have a positive effect on earnings management. The fourth hypothesis (H4) which assumes that the activities of the audit committee have a negative effect on earnings management is rejected. This means that the number of audit committee meetings has not yet depicted the activeness and effectiveness of the audit committee board to carry out its obligations in preventing earnings management practices (Nurcahyono & Sinarasri, 2023). The audit committee holds as many meetings as

possible only for the fulfillment of regulations, so that no matter how many meetings are held, it cannot improve the function of the audit committee in detecting the possibility of earnings management. This finding is in line with research conducted by (Emy Widyastuti & Utami, 2023) which states that the number of meetings or audit committee activities has a positive effect on earnings management.

The Effect *of Leverage* on Earnings management

In this study, it shows that *leverage* has a beta value of -0.124 and a significance value of 0.242 > 0.05. It can be concluded that *leverage* has no effect on earnings management. The fifth hypothesis (H5) which assumes *leverage* has a negative effect on earnings management is rejected. This means that Earnings management is not affected by *higher or lower* leverage levels. The *leverage* variable in this study shows that the company in financing the company's assets does not depend on the debt it has so that when the debt changes, the condition will not affect the management decision in reporting the company's profit. This research is in line with Adyastuti & Khafid, (2022) and Irfan Dani, (2022) who stated that *leverage* has no effect on earnings management

CONCLUSION

This study aims to determine the empirical influence of independent commissioners, the size of the audit committee, the expertise of the audit committee, the activities of the audit committee and leverage on earnings management in infrastructure sector companies listed on the Indonesia Stock Exchange (IDX) in 2020-2023. Based on the results and discussions, it was concluded that independent commissioners have no effect on earnings management, this is because independent commissioners are not really independent in carrying out their role as supervisors because they are limited by the company's regulations and policies as well as from the majority shareholders. The size of the audit committee has no effect on earnings management, because the establishment of an audit committee is only limited to fulfilling regulations or regulations that require that a company must have members of the audit committee.

The expertise of the audit committee has a positive effect on earnings management. This is because the number of audit committees with few accounting expertise is not an adequate number to monitor earnings management activities. The activities of the audit committee have a positive effect on earnings management, because the audit committee holds as many meetings as possible only for the fulfillment of regulations, so that no matter how many meetings are held, it cannot improve the function of the audit committee in detecting the possibility of Earnings management. Leverage has no effect on earnings management. In this study, the company finances its assets without depending on the debt it has so that when the debt changes, these conditions will not affect the management decision in reporting the company's profit. This research has limitations that are taken into consideration. The results of the determination coefficient test show that the independent variable in this study is only able to explain 69.3% of the dependent variables of earnings management, while 30.7% is influenced by other factors. The sample used in this study is limited, so that the next researcher can add other research samples or by replacing other industrial sectors. In addition, it is recommended to increase the time period of the research sample and can add or replace other independent variables.

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