THE EFFECT OF INFORMATION ASYMMETRY, ACCOUNTING CONSERVATISM, AND FIRM SIZE AGAINST EARNING MANAGEMENT WITH GOOD CORPORATE GOVERNANCE AS MODERATING VARIABLES

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ABSTRACT

This study aims to investigate the impact of information asymmetry, accounting conservatism, and firm size on earning management with the moderation of good corporate governance. The population in this study is companies in the primary consumer goods industry sector listed on the IDX in 2018-2021, and samples were selected using purposive sampling techniques and obtained from as many as 18 companies that meet the research criteria. The total data becomes 72 observational data. The data was analyzed using a panel data regression test with the help of the Eviews 12 application. The results of this study show that information asymmetry and firm size do not have a significant effect on earning management, accounting conservatism has a negative and significant impact on earning management, GCG is unable to moderate or weaken the relationship between information asymmetry, accounting conservatism and firm size on earning management.

Keywords: Information Asymmetry, Accounting Conservatism, Firm Size, Earning Management, Good Corporate Governance

INTRODUCTION

Financial statements are an essential component that contains profit information. Investors and other parties will use profit information to make a decision and assess management performance, and predict profits and profitability that will be obtained in the future (Surianti et al., 2021). Known for the importance of profit information, most users of financial statements look at the numbers without knowing the origin of the numbers obtained. As a result, managers use loopholes to carry out opportunistic actions when presenting financial statements (Anjarningsih et al., 2022). Opportunistic actions depend on selecting and applying accounting methods to obtain better profits. These earning management actions can occur legally or illegally.

The legal practice of earning management means that efforts to influence profit figures do not contradict the Generally Accepted Accounting Principles (PABU), especially the financial reporting rules in Accounting Standards. At the same time, illegal profit management practices (also known as financial fraud) are carried out in ways prohibited or not allowed by PABU (Syaiiful, 2017). Earning management is fascinating because several cases relate to profit management in Indonesia and abroad. An example of an issue occurred in one of the companies in Indonesia, namely PT Tiga Pilar Sejahtera Food Tbk, in 2018. According to the findings of an investigation conducted by PT Ernst & Young Indonesia (EY), there are allegations of inflating funds in several accounts carried out by senior management (directors) worth IDR 4 trillion, then growing income worth IDR 662 billion, and other bubbles worth IDR 329 billion (Wareza, 2019).

Several factors cause earning management, one of which is information asymmetry. According to Richardson (1998) in Yanti & Setiawan (2019), there is a systematic relationship between information asymmetry and the level of earning management. The higher the level of information asymmetry managers obtain about the company compared to owners or shareholders, the more excellent the opportunity for managers to manipulate profits and impact improving earning management practices. This research agrees with Wardani & Wahyuningsyas (2017) and Rohayati (2020), who show that information asymmetry positively affects earning management practices. Contrary to the study of Lubis & Pratiwi (2020) and Yanti & Setiawan (2019), which provide results that information asymmetry does not influence earning management.
Another factor is accounting conservatism. Accounting conservatism is considered a cautious response to predicting uncertainty in the future (Savitri, 2016). Based on the case that occurred in PT Timah for the 2018 period, it is known that the company revised its financial statements by posting a net profit of Rp532.35 billion to Rp132.29 billion (Kompas.com, 2020). This case indicates that the company did not apply the principle of accounting conservatism before presenting financial statements. This will indirectly encourage earning management through profit minimization (Anjarningsih et al., 2022). Research by Maryati et al. (2020) states that accounting conservatism positively affects earning management. In contrast to the research results of Anjarningsih et al. (2022), Wibisono & Fuad (2019) shows that accounting conservatism has a significant negative impact on earning management.

Firm size is another factor that influences management practices, in addition to information asymmetry and accounting conservatism. A firm size is a number that represents the size of an organization. Astari & Suputra (2019) also added that companies with large sizes act less on earning management than companies with small sizes that are more likely to manage earnings by raising reported profits to reveal adequate company performance. This is consistent with the findings of research by Dewi & Budiasih (2019); Adyastuti & Khafid (2022) show that firm size negatively affects earning management. In contrast, Agustia & Suryani (2018) research shows that firm size does not significantly impact profit management.

Profit management actions that occur today can be minimized by implementing a mechanism, namely Good Corporate Governance (GCG). One of the objectives of implementing GCG (Good Corporate Governance) is to reduce the occurrence of earning management practices generally carried out by company managers (Maryati et al., 2020). The mechanism of Good Corporate Governance in this study uses managerial ownership. Managerial ownership can help control agency problems where management with a high percentage of share ownership acts like someone who is interested in the company (Astari & Suputra, 2019). This research refers to Gusmiarni & Alisa's (2022) study, which examines the influence of good corporate governance, accounting conservatism, and company size on earning management.

The research gap from this study is the occurrence of inconsistencies in research results in previous studies, so the purpose of this study is to reexamine the factors that affect profit management by adding moderation variables of good corporate governance. Hence, the purpose of this study is to reconsider the factors that affect profit management by adding moderation variables to the Good Corporate Governance mechanism to see whether the existence of this mechanism can weaken (strengthen) the occurrence of profit management practices. The novelty of this study is the addition of the independent variable used, namely information asymmetry. At the same time, the variable of good corporate governance in this study operates as a moderation variable with a managerial ownership mechanism. The next difference lies in the object under investigation. Gusmiarni & Alisa's (2022) research uses manufacturing companies. Meanwhile, researchers chose companies in the primary consumer goods sector for 2018-2021. The primary consumer goods industry sector is part of one of the manufacturing companies that continues to grow in line with population growth and conditions in Indonesia, as recorded in the Directorate General of Population and Civil Registration (Tamala & Sudjiman, 2022).

Literature Review

Agency Theory

The agency theory introduced by Jensen & Meckling (1976) revealed differences in interests between shareholders and managers who are principals and agents in running the company. This will lead to agency complications because to maximize the interests of its utility, each party will strive to achieve these interests. As principals, shareholders make contracts to maximize their welfare by increasing profits continuously. While the manager's motivation as an
agent is to improve the fulfillment of financial and psychological needs such as getting investment, loans, and compensation contracts (Puspitasari, 2019). The concept of agency theory is the relationship between the principal and the agent. The principal will give work to the agent to perform tasks following the principal's interests, and delegation of authority when making a decision comes from the principal to the agent (Maryati et al., 2020).

**Earning Management**

Earning management is generally defined as a way for company agents (managers) to intervene in the information contained in financial statements to manipulate interest owners' curiosity regarding the company's performance and state. Earning management aims to realize managers' personal interests by controlling the level of profit reported to stakeholders to optimize their welfare. This creates a knowledge gap between managers and stakeholders (Cahyono & Widyawati, 2019).

**Information Asymmetry**

Brigham and Houston (2001) in Cahyono & Widyawati (2019) explained that information asymmetry refers to conditions where managers have different information about company prospects than parties outside the company. The emergence of information asymmetry is because managers know more about insiders and the company's chances in the future than shareholders. So the manager must inform the owner about the company's state; if the manager does not fulfill the task, it will cause an imbalance of information between the manager and the owner.

**Accounting Conservatism**

Accounting conservatism is a principle that carefully recognizes and measures assets and profits because economic activity is surrounded by uncertainty. The relationship between these principles is that the accounting method chosen will be aimed at lower reported profits and assets while debt is reported higher (Alfin et al., 2020). In addition, accounting conservatism represents costs and losses recognized at the beginning and delays in identifying income and profits (Givoly & Hayn, 2000).

**Firm Size**

Boediono (2005) in Cahyono & Widyawati (2019) explained that firm size is a scale where companies can be classified differently, including total assets, log size, stock market value, etc. The company's size is also an estimate that reflects its situation to assess its total assets and sales. Significant total purchases and sales indicate that the company is large (Sucipto & Zulfa, 2021). Fund management gets more complicated if the company's size gets bigger.

**Good Corporate Governance**

Good Corporate Governance (GCG) is a concept based on agency theory expected to act as a means to provide confidence to investors that investors will get a return on the funds that have been invested (Utomo, 2020). A good corporate governance mechanism can be interpreted as a rule and interaction that is interrelated with the parties making decisions and controlling. Then supervision will be carried out on the provisions of the decision (Arifiyati & Machmuddah, 2019). This study uses good corporate governance mechanisms to minimize profit management, namely managerial ownership.

**HYPOTHESIS AND RESEARCH FRAMEWORK**

**Information Asymmetry Against Earning Management.**

Information asymmetry occurs because managers know more about the company's information and prospects than shareholders. After all, managers generally have more access to confidential information that cannot be accessed by shareholders and other stakeholders (Cahyono
The Effect Of Information Asymmetry, Accounting Conservatism, And Firm Size Against Earning Management With Good Corporate Governance As Moderating Variables
Dwi Indri Syahputra, Nawirah & Widyawati, 2019). Based on agency theory, there is an information asymmetry between managers and shareholders where there is an assumption that shareholders' ignorance of information means that the information obtained is sometimes not following the prevailing circumstances in the company. Therefore, if the data obtained by managers is higher than external parties of the company, it will provide opportunities for earning management to be higher (Devanka et al., 2022). This aligns with research conducted by Rohayati (2020), which states that information asymmetry positively affects earning management. However, these results contradict Cornelia & Adi's (2022) research which provides results that information asymmetry does not affect earning management.

H1: Information asymmetry has a significant impact on earning management.

Accounting conservatism Against Earning Management.

In earning management, company managers usually use nonconservative (optimistic) accounting because accounting conservatism is considered to limit managers from carrying out opportunistic actions. So this principle of accounting conservatism is considered beneficial because it can minimize the optimistic nature of management and avoid extreme attitudes in financial statements. When profit management is applied, accounting conservatism becomes an obstacle for managers to manage profits (Surianti et al., 2021). Based on the positive accounting theory that explains the existence of bonus motivation, it will encourage managers to apply conservative accounting (Anjarningsih et al., 2022). The principle of conservatism is more likely to support investors by protecting against investing errors, which will undoubtedly make mistakes when analyzing profit information in companies (Surianti et al., 2021). This is supported by research conducted by Gusmiarni & Alisa (2022), which states that accounting conservatism significantly affects earning management.

H2: Accounting conservatism has a significant effect on earning management.

Firm Size Against Earning Management.

Large companies have a more comprehensive stakeholder base, so company policies affect the public interest more than small companies, which have policy implications on future cash flow prospects (Mayanisa & Priyadi, 2019). The financial assets that the organization holds can be used to determine the company's size. The larger the company's size, the less likely it is to take earning management measures. Larger companies are usually extra cautious in preparing financial statements because many entities pay attention to and examine the financial notices to be published (Rohayati, 2020). This study agrees with Panjaitan & Muslih (2019), which shows that firm Size negatively affects earning management. This is contrary to the research of Chairunnisa et al. (2022). The size of the company has a positive effect on earning management.

H3: Firm size has a significant effect on earning management.

GCG moderates the impact of information asymmetry on earning management

Opportunistic practices carried out by a manager cause managers only to convey information that brings benefits to themselves. In addition to valuable information to managers, disclosing such information will be hidden or delayed. Using good corporate governance mechanisms can help reduce information asymmetry (Wardani & Wahyuningtyas, 2018). The instrument used in this study is managerial ownership. Based on agency theory, conflicts of interest between principals and agents can be suppressed by managerial ownership. The manager (agent) no longer acts following his interests (Feronika et al., 2021). The higher administrative right owned by management will affect the actions of managers who want the same things as shareholders' wishes. It can reduce the occurrence of earning management (Keown et al., 2010) in (Arifiyati & Machmuddah, 2019).

H4: GCG moderates the impact of information asymmetry on earning management.
GCG moderates the effect of accounting conservatism on earning management. Managers are included in managerial shareholdings and also have a role in decision-making. Since most company shares are owned by management, this will increase incentives for managers to be involved in earning management (Arifiyati & Machmuddah, 2019). Company managers usually use nonconservative (optimistic) accounting because accounting conservatism is considered to limit managers from carrying out opportunistic actions. This managerial ownership is expected to strengthen the correlation between accounting conservatism and earning management. This research is consistent with the findings of Arthawan & Wirasedana (2018), which prove that managerial ownership negatively affects earning management.

H5: GCG moderates the effect of accounting conservatism on earning management.

GCG moderates the effect of firm size on earning management

Large companies generally have more complicated operational activities, resulting in profit management practices compared to small companies. According to Gunawan et al. (2015) in Tsaqif & Agustiningsih (2021), large companies tend to be considered to provide more significant incentives to engage in profit management than small companies because small companies have high political costs. The existence of managerial ownership is considered suitable for reducing or reducing the occurrence of agency conflicts by equalizing the interests of managers (agents) and shareholders (principals) (Feronika et al., 2021). This research is consistent with the findings of Arthawan & Wirasedana (2018), which prove that managerial ownership negatively affects earning management.

H6: GCG moderates the effect of company size on earning management.

Figure 1
Research Framework

[Diagram showing the relationship between Information Asymmetric, Accounting Conservatism, Firm Size, Good Corporate Governance, and Earning Management]

Source: Research Data, 2023

RESEARCH METHODS
This research uses quantitative data with secondary data sources. It can access secondary data through the official IDX website, namely www.idx.co.id, in the form of the company's annual financial statements and information needed for this study. The analysis used in this study was panel data regression analysis. The time series data used in this study was for four years, from 2018 to
2021. Meanwhile, the cross-section data used are companies in the primary consumer goods industry sector listed on the IDX with a total sample of 18 companies.

Population and Sample
Primary consumer goods industry sector companies listed on the IDX during 2018-2021 are population data in this study. It obtained as many as 98 companies listed on the IDX. Sampling was done using purposive sampling techniques by determining several criteria in this study.
2. Companies that do not publish financial statements for the 2018-2021 period.
3. Companies that do not have managerial ownership.
4. The company did not generate profits for the 2018-2021 period.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Number of Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Consumer Goods Sector Companies listed on IDX</td>
<td>98</td>
</tr>
<tr>
<td>Manufacturing companies in the primary consumer goods sector that are not listed consecutively on the Indonesia Stock Exchange in 2018-2021.</td>
<td>(33)</td>
</tr>
<tr>
<td>Companies that do not publish financial statements for the 2018-2021 period.</td>
<td>(3)</td>
</tr>
<tr>
<td>Companies that do not have managerial ownership</td>
<td>(24)</td>
</tr>
<tr>
<td>The company did not generate profits for the 2018-2021 period</td>
<td>(20)</td>
</tr>
</tbody>
</table>

Table 1 Stages of Sample Selection With Criteria

Variable Operational Description

Variable Dependent
The dependent variable in this study is earning management which focused on calculating discretionary accruals using the Modified Jones Model. The formula for calculating earning management is as follows:

Find Total Accrual (TAC).

\[
TAC_{it} = NI_{it} - CFO_{it} \tag{1}
\]

Find accruals with the simple linear equation OLS (Ordinary Least Square).

\[
\frac{TACit}{TAlt} = \beta_1 \left( \frac{1}{Alt} \right) + \beta_2 \left( \frac{\Delta REVit}{Alt} \right) + \beta_3 \left( \frac{PPEit}{Alt} \right) + e \tag{2}
\]

Calculate Non-Discretionary Accruals Model (NDAC).

\[
NDAC_{it} = \beta_1 \left( \frac{1}{Alt} \right) + \beta_2 \left( \frac{\Delta REVit - \Delta Ebit}{Alt} \right) + \beta_3 \left( \frac{PPEit}{Alt} \right) + e \tag{3}
\]

Furthermore, the DAC value obtained is:
\[ \text{DAC}_{it} = \frac{TAC_{it}}{TA_{it}} - \text{NDAC}_{it} \] \hspace{1cm} (4) \]

**Information:**

- \( TAC_{it} \) = Accruals totaled by the organization \( i \) in period \( t \)
- \( NI_{it} \) = Net profit of company \( i \) in period \( t \)
- \( CFO_{it} \) = Cash flow from the company's operating activities \( i \) in period \( t \)
- \( A_{it} \) = Total assets of the company \( i \) in period \( t-1 \)
- \( \Delta \text{REV}_{it} \) = Change in total net income in period \( t \)
- \( \Delta \text{REC}_{it} \) = Changes in company receivables \( i \) in period \( t \)
- \( \text{PPE}_{it} \) = Value of fixed assets (gross) of the company \( i \) in period \( t \)
- \( \text{NDAC}_{it} \) = Non-Discretionary Accruals company \( i \) in period \( t \)
- \( \text{DAC}_{it} \) = Discretionary Accruals of the company \( i \) in period \( t \)
- \( \beta_1, \beta_2, \beta_3 \) = Regression Coefficient
- \( e \) = Error

**Variable Independent**

**Information Asymmetry**

Information asymmetry is measured using the Bid-Ask Spread theory. The SPREAD formula, according to Utomo (2020), is as follows:

\[ \text{SPREAD} = \frac{\text{Ask}_{i,t} - \text{Bid}_{i,t}}{\text{Ask}_{i,t} + \text{Bid}_{i,t}} \times 100 \] \hspace{1cm} (5)

**Information:**

- \( \text{SPREAD} \): The difference between the price at the ask and the company's bid price that occurred on day \( t \)
- \( \text{Ask}_{i,t} \): The highest ask price on the shares of the company \( i \) and on day \( t \)
- \( \text{Bid}_{i,t} \): The lowest bid price on shares of the company \( i \) and on day \( t \)

**Accounting Conservatism**

Accounting conservatism is measured using a model by Givoly & Hayn (2000), which is formulated as follows:

\[ \text{CONACC} = \frac{(\text{NIO} + \text{DEP} - \text{CFO}) \times (-1)}{TA} \] \hspace{1cm} (6)

**Information:**

- \( \text{NIO} \): Net Income Before Extraordinary Items Occur Minus Depreciation and Amortization
- \( \text{DEP} \): depreciation of fixed assets
- \( \text{CFO} \): Operating Cash Flow
- \( TA \): Total assets

**Firm Size**

Firm Size is measured by the company's total assets, which are then transformed into Natural Logarithms (\( \text{Ln} \)). The firm size formula, according to Wibowo & Sari (2021), is as follows:

\[ \text{Firm Size} = \text{Ln} (\text{Total Assets}) \] \hspace{1cm} (7)

**Variabel Moderating**

This study measures Good Corporate Governance (GCG) using managerial ownership mechanisms. The managerial ownership formula is as follows:

\[ \text{Managerial Ownership} = \frac{\text{Share ownership by commissioners, directors & managers}}{\text{Number of shares outstanding}} \] \hspace{1cm} (8)

The equation model used in this study is panel data regression. The equation model formula is as follows:

\[ \text{EM} = \alpha + \beta_1 \text{X}_1 + \beta_2 \text{X}_2 + \beta_3 \text{X}_3 + \beta Z + \beta_1 \text{X}_1 * Z + \beta_2 \text{X}_2 * Z + \beta_3 \text{X}_3 * Z + e \] \hspace{1cm} (9)
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Information:
EM = Earning Management
A = Constant
E = Regression Error
X1 = Information Asymmetry
X2 = Accounting Conservatism
X3 = Firm size
Z = GCG
X1*Z = The interaction between information asymmetry and GCG
X2*Z = interaction between accounting conservatism and GCG
X3*Z = The interaction between company size and GCG

RESULTS AND DISCUSSION
Overview and Research Object
The research object used is companies in the primary consumer goods sector listed on the Indonesia Stock Exchange (IDX) for 2018-2021. The Indonesia Stock Exchange is an institution that implements and provides systems and facilities in securities (stock) trading. In this study, the population used was 98 companies in the primary consumer goods industry sector listed on the Indonesia Stock Exchange (IDX) for 2018-2021. Samples are selected based on purposive sampling techniques. Eighty representatives did not meet the criteria, so the number of samples obtained after being reduced by the number of those who did not meet the standards was 18 companies during the 2018-2021 period. And the amount of data used is 72 (18x4).

Research Result
After research, it was found that several companies that initially numbered 98 companies were eliminated because they did not meet the criteria used in this study. So that the total number of companies used as research samples was 18, and N became 72 data for four years (2018-2021).

Table 2 Descriptive Statistical Test Results

<table>
<thead>
<tr>
<th></th>
<th>EM</th>
<th>IA</th>
<th>AC</th>
<th>FS</th>
<th>GCG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>-0.098</td>
<td>3.584</td>
<td>0.042</td>
<td>29.196</td>
<td>14.160</td>
</tr>
<tr>
<td>Medium</td>
<td>-0.105</td>
<td>3.028</td>
<td>0.033</td>
<td>28.953</td>
<td>2.285</td>
</tr>
<tr>
<td>Maximum</td>
<td>0.206</td>
<td>22.098</td>
<td>0.239</td>
<td>32.130</td>
<td>84.962</td>
</tr>
<tr>
<td>Minimum</td>
<td>-0.577</td>
<td>0.000</td>
<td>-0.208</td>
<td>27.340</td>
<td>0.017</td>
</tr>
<tr>
<td>Std. Dev.</td>
<td>0.122</td>
<td>3.321</td>
<td>0.086</td>
<td>1.334</td>
<td>24.281</td>
</tr>
<tr>
<td>Observations</td>
<td>72</td>
<td>72</td>
<td>72</td>
<td>72</td>
<td>72</td>
</tr>
</tbody>
</table>

Source: Research Data, 2023

Based on the results of descriptive statistical tests in Table 2, it can be seen that the sample in this study amounted to 72, with 18 companies in the primary consumer goods industry sector. The results of the descriptive analysis of the earning management (EM) variable had the lowest value of -0.577 with the highest value of 0.206, the average value of -0.098, and the standard deviation value of 0.122. The information asymmetry (IA) variable has the lowest value of 0.000, with the highest value of 22.098, a mean value of 3.584, and the standard deviation value of 3.321. The accounting conservatism (AC) variable has the lowest value of 0.000, with the highest value of 22.098, an average value of 3.584, and the standard deviation value of 3.321. The firm size (FS) variable has a low value of 27.340, with a high value of 32.130, an average value of 29.196, and a standard deviation value of 1.334. The good corporate governance (GCG) variable has the lowest
value of 0.017, with the highest value of 84.962, an average value of 14.160, and a standard deviation value of 24.281.

Table 3.  
Results of Earning Management (EM) Analysis

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>-0.234</td>
<td>0.323</td>
<td>-0.723</td>
<td>0.472</td>
</tr>
<tr>
<td>IA</td>
<td>0.002</td>
<td>0.004</td>
<td>0.396</td>
<td>0.693</td>
</tr>
<tr>
<td>AC</td>
<td>-0.880</td>
<td>0.163</td>
<td>-5.381</td>
<td>0.000</td>
</tr>
<tr>
<td>FS</td>
<td>0.006</td>
<td>0.011</td>
<td>0.502</td>
<td>0.618</td>
</tr>
<tr>
<td>GCG</td>
<td>0.006</td>
<td>0.021</td>
<td>0.271</td>
<td>0.787</td>
</tr>
<tr>
<td>IA*GCG</td>
<td>-0.000</td>
<td>0.000</td>
<td>-0.867</td>
<td>0.389</td>
</tr>
<tr>
<td>AC*GCG</td>
<td>-0.009</td>
<td>0.012</td>
<td>-0.756</td>
<td>0.452</td>
</tr>
<tr>
<td>FS*GCG</td>
<td>-0.000</td>
<td>0.001</td>
<td>-0.194</td>
<td>0.847</td>
</tr>
<tr>
<td>R²</td>
<td>0.432</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted R²</td>
<td>0.370</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F-Statistic</td>
<td>6.946</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prob (F-Statistic)</td>
<td>0.000</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Research Data, 2023

Judging from the results of the regression test in Table 2, the moderation regression equation can be arranged as follows:

\[
\text{EM} = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta Z + \beta_1X_1^*Z + \beta_2X_2^*Z + \beta_3X_3^*Z + e
\]

Based on the regression result test in Table 3, it shows that it is 0.002, and the t value is 0.396 with a probability value. It amounted to 0.693, which shows that the probability value is more significant than 0.05. This indicates that the information asymmetry variable has a positive coefficient with a probability value more effective than 0.05, so it can be concluded that H0 is accepted and H1 is rejected. This can be interpreted that information asymmetry does not significantly affect profit management.

The regression result test in Table 3 shows that it is -0.880 and the t value is -5.381 with a probability value of 0.000, which shows that the probability value is smaller than 0.05. This indicates that the accounting conservatism variable has a negative coefficient with a probability value of less than 0.05, so it can be concluded that H2 is accepted and H0 is rejected. This can be interpreted that accounting conservatism has a negative and significant effect on profit management.

Based on the regression result test in Table 3, it shows that it is 0.006, and the t value is 0.502 with a probability value it amounted to 0.618, which shows that the probability value is more significant than 0.05. This indicates that the firm size variable has a positive coefficient with a value of probability greater than 0.05, so it can be concluded that H0 is accepted and H3 is rejected. This can be interpreted that firm Size does not significantly affect profit management.

Based on the regression result test in Table 3, it shows that it is -0.000 and the t value is -0.867 with a probability value it amounted to 0.389, which shows that the probability value is more significant than 0.05. This indicates that GCG cannot moderate the relationship between information asymmetry and profit management because it has an insignificant influence. So it can be concluded that the hypothesis of H0 is accepted and H4 is rejected.

Based on the regression result test in Table 3, it shows that the value is -0.009 and the t value is -0.756 with a probability value its size is 0.452, which shows that the probability value is more significant than 0.05. This indicates that GCG cannot moderate the relationship between accounting conservatism and profit management because it has an insignificant influence. So it can be concluded that the hypothesis of H0 is accepted and H5 is rejected.
company size and profit management because it has an insignificant influence. So it can be concluded that hypothesis H0 is accepted and H6 is rejected.

**Discussion**

**Information Asymmetry and Earning Management**

The results of hypothesis testing in Table 3 show that the variable information asymmetry (IA) to earning management (EM) has a positive regression coefficient value of 0.002 and a significance value of 0.693 greater than 0.05. So it is concluded that information asymmetry has no effect and is significant in profit management. If it is based on agency theory, then information asymmetry should influence profit management. Information asymmetry occurs if the information obtained between the principal and agent is different and will cause conflict between the two parties. The lack of influence of information asymmetry on earning management is several possibilities that cause the absence of the impact of information asymmetry on earning management. First, there are strict internal controls so that administrators cannot take steps to obscure existing information. Secondly, the manager may also be one of the investors. This reduces the asymmetric communication between owners and managers (Dwijaya, 2012) in (Putri & Machdar, 2017). The outcomes of this research agree with the results presented by Dewi & Budiasih (2019); Yanti & Setiawan (2019), which show that information asymmetry does not affect earning management. In addition, the results of this study are not in line with research conducted by (Antari et al., 2022), which shows that information asymmetry has a positive effect on profit management.

**Accounting Conservatism and Earning Management**

The variable accounting conservatism (AC) to earning management (EM) has a positive regression coefficient value of -0.880 and a significance value of 0.000, more diminutive than 0.05. This means that accounting conservatism negatively and significantly influences earning management. The conclusion is that Hypothesis 2 is accepted. The application of the precautionary attitude used by managers aims so that the disclosed profit is not overstated. The higher the prudential perspective used, the lower the reported profit (income decreasing). This means that the greater the value of accounting conservatism, the greater the level of profit management (Maryati et al., 2020). Lafond and Watts (2004) in Arifiyati & Machmuddah (2019) stated that in financial statements, manipulated profits and overstated claims can be suppressed by applying accounting conservatism, which can ultimately increase company value and cash flow. The results of this study are in line with studies conducted by Maryati et al. (2020); Arifiyati & Machmuddah (2019), and Wibisono & Fuad (2019)) which provide results that accounting conservatism has a negative influence on earning management. In contrast to research conducted by Suriwati et al. (2021) which provides results that accounting conservatism does not affect profit management.

**Firm Size and Earning Management**

The variable firm Size (FS) to earning management (EM) has a positive regression coefficient value of 0.006 and a significance value of 0.618 greater than 0.05. It implies that the firm's size does not influence earnings management. The conclusion is that Hypothesis 3 is rejected. This shows that the larger the company's size, the more earning management actions will be reduced or even not manipulate profits. The company's size in this study was measured using Ln total assets. The absence of the influence of company size on profit management is due to strict supervision by the government, analysts, and investors who run the company so that managers do not dare to act to manipulate data (Agustia & Suryani, 2018). The company's size is not the only thing considered when deciding. However, there are still other factors that are more worthy of consideration to increase profits in the future. So the size of a company has no influence on the level of profit management because each company has the same interests, so it looks good for investors (Suriwati
et al., 2021). The outcomes of this research are consistent with the findings of Dewi & Budiasih (2019), which provide results that firm size does not influence earning management. In contrast to the effects of research conducted by Adyastuti & Khafid (2022) dan Panjaitan & Muslih (2019), company size negatively affects earning management.

**Information Asymmetry and Earning Management with Good Corporate Governance as Moderation Variable**

The good corporate governance (GCG) variable in moderating information asymmetry on earning management has a regression coefficient value of -0.000 and a probability value of 0.389 greater than 0.05. This indicates that good corporate governance weakens the relationship between information asymmetry and earning management. The conclusion is that Hypothesis 4 is rejected. These results show that the influence of information asymmetry on profit management is strengthened due to GCG. This is evidenced by GCG weakening the impact of information asymmetry on earning management. This study represents that an increase in the influence of information asymmetry on earning management does not accompany the rise in GCG with managerial ownership indicators. In other words, managerial ownership is not the most critical indicator to achieve good corporate governance in companies in the primary consumer goods industry sector. Overall, the results of this survey show that the company is performing well, which can be seen from the indicators used and plays an essential role in terms of concrete and formal company information. However, these indicators do not influence improving earning management practices. The outcomes of this research are consistent with the findings of Utomo (2020), which provides results that GCG does not moderate the effect of information asymmetry on earning management.

**Accounting Conservatism and Earning Management with Good Corporate Governance as Moderation Variable**

The variable good corporate governance (GCG) in moderating accounting conservatism towards earning management has a regression coefficient value of -0.009 and a probability value of 0.452 greater than 0.05. This shows that GCG cannot reconcile the effect of conservatism accounting on earning management. The conclusion is that Hypothesis 5 is rejected. In this study, GCG indicators are managerial ownership. According to Syeikh &; Wang (2012) in Arifiyati & Machmuddah (2019), management ownership will align management positions with other shareholders so that management will also act in harmony with other shareholders so that high and low management supervision does not affect earning management. This study's results align with research conducted by Arifiyati & Machmuddah (2019), which provides results that managerial ownership, an indicator of GCG, cannot moderate the influence of accounting conservatism on earning management.

**Firm Size and Earning Management with Good Corporate Governance as Moderation Variable**

The variable good corporate governance (GCG) in moderating firm size against earning management has a regression coefficient value of -0.000 and a probability value of 0.847 greater than 0.05. It shows that GCG cannot moderate or weaken the influence of firm size on earning management. The conclusion is that Hypothesis 6 is rejected. This result does not align with Tsaqif & Agustiningsih's (2021) research which provides results that managerial ownership can strengthen the relationship between company size and earning management in a positive direction. Large companies will form a high sense of right and control and need to send positive information to shareholders even though the company is losing. Therefore, management can manipulate profit (Qomariyah, 2018) in (Tsaqif & Agustiningsih, 2021).
CONCLUSIONS AND SUGGESTION

Based on the research's findings which were discussed, it may be deduced that information asymmetry does not significantly impact earning management. This suggests the company is experiencing good growth and has no competing interests between agents and owners. Meanwhile, accounting conservatism has a negative and significant effect on earning management where the higher the level of accounting conservatism practice, the level of profit management practice will also increase. In addition, company size does not significantly affect earning management, which means that large companies tend to have high public demand for information compared to smaller companies. Hence, the size of a company is not a benchmark for earning management practices.

The utilization of research objects is still constrained in this study, namely the primary consumer goods industry sector with an observation period of only three years, namely 2019-2021, so the results cannot be generalized to all types of manufacturing companies on the IDX. Suggestions that can be given to further researchers are (1) can add independent variables or other moderation variables such as profitability, audit committees, good corporate governance mechanisms other than managerial ownership or using the GCPI index, etc., (2) increase the observation period so that measurements of profit management trends are more accurate (3) expand the research objects used.

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The Effect Of Information Asymmetry, Accounting Conservatism, And Firm Size Against Earning Management With Good Corporate Governance As Moderating Variables
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