

THE EFFECT OF INDEPENDENCE, AUDIT COMMITTEE SIZE, COMPETENCE, AND MEETING FREQUENCY TOWARDS INCOME MANAGEMENT IN MANUFACTURING COMPANIES LISTED ON IDX 2015-2019 PERIOD

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Abstrak This study aims to examine whether the influence of Independence, Audit Committee Size, Competence, and Meeting Frequency on Earnings Management in manufacturing companies listed on the Indonesia Stock Exchange (BEI) for the 2015-2019 period.

This study uses a descriptive quantitative approach, which is measured using a panel data regression-based method with Eview 9. The population of this study is manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2015 to 2019. The sample is determined based on the method of purpose. sampling, with a sample size of 21 manufacturing companies so that the total observations in this study were 105 observations. The data used in this study are secondary data. The data collection technique uses the documentation method through the official IDX website: www.idx.co.id. Hypothesis testing using the t test.

The results of the study prove (1) Independence has no effect on Earnings Management in manufacturing companies listed on the IDX for the 2015-2019 period. (2) The size of the audit committee has no effect on Earnings Management in manufacturing companies listed on the IDX for the 2015-2019 period. (3) Competence affects Earnings Management in manufacturing companies listed on the IDX for the 2015-2019 period. (4) Meeting frequency

affects Earnings Management in manufacturing companies listed on the IDX for the 2015-2019 period.

Kata kunci : Independence, Audit Committee Size, Competence, Meeting Frequency, and Earnings Management.

Abstract: Penelitian ini bertujuan untuk menguji apakah pengaruh Independensi, Ukuran Komite Audit, Kompetensi, dan Frekuensi Pertemuan terhadap Manajemen Laba pada perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia (BEI) periode 2015-2019.

Penelitian ini menggunakan jenis penelitian deskriptif pendekatan kuantitatif, yang diukur dengan menggunakan metoda berbasis regresi data panel dengan Eview 9. Populasi dari penelitian ini adalah perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia (BEI) tahun 2015 sampai dengan tahun 2019. Sampel ditentukan berdasarkan metode *purpose sampling*, dengan jumlah sampel sebanyak 21 perusahaan manufaktur sehingga total observasi dalam penelitian ini sebanyak 105 observasi. Data yang digunakan dalam penelitian ini berupa data sekunder. Teknik pengumpulan data menggunakan metoda dokumentasi melalui situs resmi IDX: www.idx.co.id. Pengujian hipotesis dengan menggunakan uji t.

Hasil penelitian membuktikan (1) Independensi tidak berpengaruh terhadap Manajemen Laba pada perusahaan manufaktur yang terdaftar di BEI periode 2015-

2019. (2) Ukuran komite audit tidak berpengaruh terhadap Manajemen Laba pada perusahaan manufaktur yang terdaftar di BEI periode 2015-2019. (3) Kompetensi berpengaruh terhadap Manajemen Laba pada perusahaan manufaktur yang terdaftar di BEI periode 2015-2019. (4) Frekuensi Pertemuan berpengaruh terhadap Manajemen Laba pada perusahaan manufaktur yang terdaftar di BEI periode 2015-2019

Kata Kunci : Independensi, Ukuran Komite Audit, Kompetensi, Frekuensi Pertemuan, dan Manajemen Laba

I. PRELIMINARY

In the company's economic system, there is a phenomenon that can be discussed regarding the impact of management behavior on earnings management. Along with the development of the times and technological advances, the quality improvement in developing the economy in the country of Indonesia is one of which, one of which is that several companies have begun to develop systems in the process of seeking profit or generating profits, starting with changes in corporate governance and how the profit turnover process is. One of the cases that has recently occurred is how companies choose employees to become members of earnings management, the number of cases that occur due to the company's own mistakes in choosing and deciding so that there are many cases of manipulating data starting from mark up, then minimize or enlarge profits which are indirectly detrimental to the parties concerned. Earnings management can occur by preparing financial statements using an accrual basis. The method of accounting by which receipts and expenses are recognized or recorded when transactions occur, not when money is received or paid for those transactions. Accrual accounting has a system of generally accepted accounting principles giving managers the opportunity to make reasons for accounting estimates that will affect reported earnings. The method of accounting by which receipts and expenses are recognized or recorded when transactions occur, not when the money is received or paid for those transactions. Accrual accounting has a system of generally accepted accounting principles giving managers the opportunity to make reasons for accounting estimates that will affect reported earnings. The method of accounting by which receipts and expenses are recognized or recorded when transactions occur, not when the money is received or paid for those transactions. Accrual accounting has a system of generally accepted accounting principles giving managers the opportunity to make reasons for accounting estimates that will affect reported earnings.

In this regard, the Jakarta Stock Exchange issued regulations regarding the formation of independent commissioners, audit committees and board secretaries for listed public companies. The regulation requires all listed companies to have an audit committee. Which states that the audit committee is a committee formed by the board of commissioners in order to help carry out its duties and functions. Expertise in carrying out or doing a job or task which is based on skills and knowledge brought with professionalism in a particular field is important, a person's characteristics are related to competence as an effective performance in a job. Other than that,

Based on what the authors say, the authors are interested in conducting research related to "Effect of Independence, Size of the Audit Committee, competence and frequency of meetings on Earnings Management in Manufacturing companies listed in Bei 2015-2019 Period

1.1. Formulation of the problem

There is a difference that occurred in previous studies so that the problem formulation in this study. Thus the authors retest the problems regarding earnings management, namely:

1. Does independence affect the implementation of earnings management?
2. Does the size of the audit committee affect the implementation of earnings management?
3. Does competency affect the implementation of earnings management?
4. Does the frequency of meetings affect the implementation of earnings management?

1.2. Research purposes

The purpose of this study is to obtain the results and research targets used in solving the problems the researcher proposes. This study aims to present empirical evidence, namely:

1. Independence affects the implementation of earnings management.
2. The size of the audit committee affects the implementation of earnings management.
3. Competence affects the implementation of profit management.
4. The frequency of meetings affects the implementation of earnings management.

II. LITERATURE REVIEW

2.1. Independence

Halim (2008) in Suputra (2013; 43) independence is a reflection of the attitude of an auditor not to choose any party in conducting an audit. Independence is the mental attitude of an auditor where he is required to be honest and impartial throughout the audit and in positioning himself with the auditee. Independence according to Wirakusumah, et al (2003) in Prasetyo (2019; 85) is an unbiased and impartial view in conducting audit tests, evaluations and results, as well as publishing reports, are the main reasons for public trust.

2.2. Audit Committee

Widyati's opinion (2013: 242) states that the audit committee is a committee that works professionally and independently which is formed by the board of commissioners, thus its task is to assist and strengthen the function of the board of commissioners in carrying out its supervisory function. The audit committee is measured using the number of audit committees. Beasley (1996) in Hamdan (2017; 73) in his research which states that the opportunities for fraud in financial statements are decreasing in the presence of external auditors who are not members of the company owner.

2.3. Competence of the Audit Committee

Competence is a professional who has an educational background and is experienced in accounting and auditing. Tugiman, et al (2014: 11) revealed that the significant increase in auditors' internal competence was carried out through professional certification programs, both national and international level certification. Based on this opinion, to develop the competence of the audit committee, expertise and training are needed, but still keep up with the times and continue to maintain the level of ability during his professional career.

Based on the regulation of the head of the financial and development supervisory agency (BPKP) Number: PER-211 / K / JF / 2010 regarding the competence of auditors that, Auditor Competence is a measure of the minimum ability an auditor must have which includes aspects of knowledge, skills / expertise.), and the attitude to be able to perform tasks in a functional auditor position with good results

2.4. Frequency of Audit Committee Meetings

Meeting frequency as an evaluation of the committee's due diligence audit. The frequency of meetings is a core element in the reliability and efficiency of company activities and processes, although there are several studies that acknowledge the relationship between company performance and the number of meetings (Ioana, 2017: 424)

2.5. Profit management

Earnings management includes management's efforts to maximize, or minimize profits, including income smoothing in accordance with management's wishes. Scott (2015: 369) defines earnings management as the choice of accounting policies by managers to achieve objectives objectively. Scott (2015: 369) divides the understanding of earnings management into two,

namely as the opportunistic behavior of managers and as efficient contracting (efficient earnings management). Earnings management as an opportunistic behavior of managers is carried out to maximize the utility of the company in dealing with compensation contracts, debt contracts, and political costs (opportunistic earnings management).

2.6. Research Hypothesis Development

The effectiveness of the audit committee has become an attraction for the relationship between the quality of a company's financial reporting process with the recent accounting scandals (Lin et al., 2006) in (Amin, 2016: 4). Several studies have been conducted to examine the effect of audit committee characteristics on earnings management. This study focuses on the independence, size, competence and frequency of meetings on the audit committee.

2.6.1. The Effect of the Independence of the Audit Committee on Earnings Management

The main requirement for audit committee members is the independence of the audit committee. Independence is needed to assess the effectiveness of the internal auditors, assess the independence and objectivity of the external auditors. Independent audit committee members are members of independent parties who have no direct relationship to the company. With the increasing number of independent audit committee members, it is expected that the quality of financial reports will be better. Mulyadi (2014) states that independence is an attitude of being free from the influences of others and a sense of dependence on other parties.

Ebrahim (2007) in Widiastuty (2016: 35) proves that there is a relationship between the occurrence of earnings management and an audit committee consisting of independent members. Because the more independent these members are, the more reliable the quality of the company's financial reporting is. The independence of the audit committee can minimize the existence of earnings management.

To test the compatibility between the independence of the audit committee and earnings management through discretionary accrual calculations, this study will test H1 which is formulated as follows:

H1 : Independence affects management profit.

2.6.2. The Effect of Audit Committee Size on Earnings Management

The guidelines for establishing an audit committee have stipulated the minimum number of members of the audit committee, namely three people. According to the National Committee on Governance Policy (KNKG), to form an effective audit committee, the number of members needed is 3-5 people. Because the increasing size of the audit committee will increase the supervisory function of the audit committee on the management.

Yang and Krishnan, (2005) in Cinthya (2015; 173) state that there is a relationship between the size of the audit committee and earnings management (discretionary accrual). These results indicate that the greater the size of the audit committee, the more guaranteed the quality of financial reporting. The high size of the audit committee can minimize the occurrence of earnings management.

To test the relationship between audit committee size and earnings management through discretionary accrual calculations, this study examines H2 which is formulated as follows:

H2: Audit committee size affects earnings management.

2.6.3. Effect of Audit Committee Competence on Earnings Management

Competence is defined as the ability that must be possessed regarding a proper understanding of accounting, auditing and systems that apply in the company. Competence describes the attainment and protection of a level of understanding and knowledge that enables an audit committee member to carry out their duties properly. Audit committee members are required to be able and understand and analyze financial statements. Audit competence is manifested by the financial expertise possessed by committee members (Anggarini, 2010) in

(Purwanto, 2015: 3). To test the relationship between the competence of the audit committee and earnings management, this study examines H3 which is formulated as follows:

H3: Competence affects earnings management.

2.6.4. The Effect of Meeting Frequency on Earnings Management

Good independence will be complete and effective based on encouragement of the activity of the audit committee in carrying out audit committee meetings. The higher the frequency of meetings held will increase the effectiveness of the audit committee in overseeing management so as not to misuse their rights for personal gain.

Sharma et al. (2009) in Effendi (2013: 4) states that companies with small audit committees have resulted in poor quality financial reports. So that if the higher the level of meeting frequency, it can reduce earnings management actions. To test the relationship between audit meeting frequency and earnings quality, this study examines H4 which is formulated as follows:

H4: The frequency of audit committee meetings has an effect on earnings management.

2.7. Research Conceptual Framework

The number of cases of data manipulation that is done by the management gives special attention to the audit committee to tighten the oversight of corporate governance. Because the audit committee itself can influence earnings management practices. As the opinion expressed by Suryana (2005) in Mustoffa (2016: 13), which links the role of the audit committee with the quality of financial reporting because it can help the board of commissioners in carrying out their duties. From this research, the researcher made a research concept framework using three independent variables and one dependent variable consisting of independence, audit committee size, competence, and meeting frequency on earnings management. This research concept is used to determine the influence of independence (X1), audit committee size (X2), competence (X3), and meeting frequency (X4) on earnings management (Y). The following is a framework of thought regarding the relationship between research variables which can be illustrated in Figure 2.1.

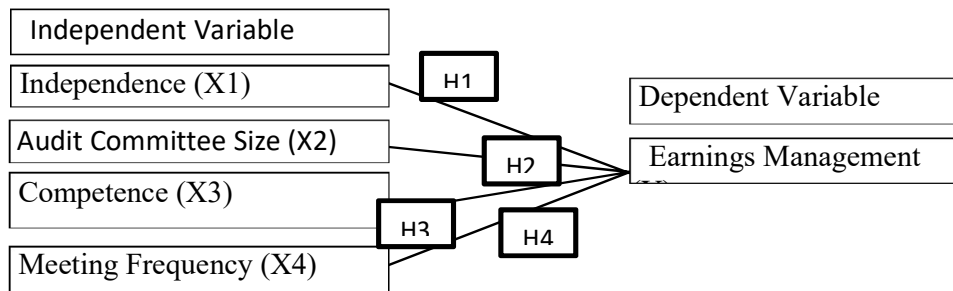


Figure 2.1 Framework

Information:

X : Independent Variable

X1 : H1: Independence affects earnings management.

X2 : H2: Audit committee size affects earnings management.

X3 : H3: Competence affects earnings management.

X4 : H4: The frequency of audit committee meetings has an effect on earnings management.

Y : Dependent Variable

→ : Partial Effect

III. RESEARCH METHOD

3.1. Research Strategy

This research uses a descriptive quantitative approach. Descriptive quantitative research was carried out with the aim of knowing the effect and also the relationship between two or more variables (Sugiyono, 2017: 35). In descriptive research carried out by recording research data so as to produce the information needed in the study. The advantage of this case study is that it traces the knowledge of a phenomenon in detail, especially regarding the role of independence, size of the audit committee, competence and frequency of meetings on earnings management at PT. Manufacturing on the Indonesian stock exchange for the 2015-2019 period

3.2. Population and Research Sample

Sugiyono (2017: 80), Population is a generalization area consisting of subjects or objects that have special characteristics and qualities that are determined by researchers to study and draw conclusions in the form of subjects or objects of research. The population in this study were manufacturing industrial companies listed on the Indonesia Stock Exchange for the 2015-2019 period, namely 143 companies

The sample is part of the number and characteristics of the population. The sample that the researchers used in this study were manufacturing industrial companies listed on the Indonesia Stock Exchange from 2015 - 2019 that met the criteria. The sample selection in this study uses a sample selection method based on certain criteria to obtain a sample that is representative of the population. The criteria that the researchers took for the research sample were as follows:

- 1) Public companies in the manufacturing sector are listed on the Indonesia Stock Exchange (IDX) in the 2015-2019 period.
- 2) Manufacturing companies that are consistently listed on the Indonesia Stock Exchange (IDX) for the period 31 December 2015-2019.
- 3) Manufacturing sector companies that have complete annual report data according to research needs during the 2015-2019 period.

3.3. Data analysis method

Data analysis is an activity in research in the form of steps in the preparation and processing of data to interpret the data that has been obtained. The data analysis method used in this research is panel data regression method. Panel data regression itself is a regression technique that combines time series and cross section data, where the time series and cross section data are combined, resulting in more informative, varied data, lower levels of collinearity between variables, greater degree of freedom and more. efficient (Ghozali, 2018: 296). This research was conducted by analyzing the data through the Econometric Views (Eviews) version 9.0 program. data analysis methods to be used are descriptive statistical tests, classical assumption tests, model selection, panel data regression model and hypothesis testing. In the formulation of the problem listed in Chapter 1:

- 1) The formulation of the first problem whether independence has an effect on earnings management, is calculated using the percentage of independent members according to the provisions of BAPEPAM to the total number of audit committee members:

$$ACINDP = \frac{\text{Jumlah Anggota Komite Audit Independen}}{\text{Jumlah Anggota Komite Audit}}$$

- 2) The second problem formulation is whether the size of the audit committee affects earnings management, calculated using the absolute number of members in the audit committee:

$$ACSIZE = \text{Number of Audit Committees}$$

- 3) The formulation of the third problem whether competence affects earnings management is calculated using the method of finding the percentage of the number of audit committee members who are the financial expertise of the total number of audit committee members. Audit committee competency calculation:

$$ACCOM = \frac{\text{Jumlah anggota komite audit yang merumerunakan financial expertise}}{\text{Jumlah anggota komite audit secara keseluruhan}}$$

- 4) The fourth problem formulation is whether the frequency of meetings has an impact on earnings management, is calculated using numerals, which is seen from the nominal number of meetings held by the audit committee during the current year.
- 5) In earnings management itself, several values are needed in solving the problems used in this study with the following formula:
- a. Countg total accruals with the equation:

$$\text{Total Accrual (TAC)} = \text{Net income after tax} - \text{Operating cash flow}$$

$$TA_{it} = NI_{it} - CFO_{it}$$

- b. Indigoi Total Accrual (TAC) esumatea by equation regressi as follows:

c. Dengan $TA_{it} / A_{t-1} = \alpha_1 (1 / A_{t-1}) + \alpha_2 (REV_{it} / A_{t-1}) + \alpha_3 (PPE_{it} / A_{t-1}) + e\Delta_{it}$ can be calculated by the formula:

- d. Routineg dicretionary accrual with the equation:

$$NDA_{it} = \alpha_1 (1 / A_{t-1}) + \alpha_2 ((REV_{it} - REC_{it}) / A_{t-1}) +$$

Information:

TA_{it}	=	The total accruals of company i in period t
NI_{it}	=	<i>Net income</i> company i in period t
CFO_{it}	=	<i>Cash flow from Operating</i> company i in period t
A_{t-1}	=	Total assets of company i in period t-1
ΔREV_{it}	=	Change in revenue for company i in period t
PPE_{it}	=	Fixed assets (gross property, plant, and equipment) company i in period t
ΔREC_{it}	=	Change in Account Receivable for company i in period t
NDA_{it}	=	<i>Non Discretionary Accruals</i> company i in period t
DA_{it}	=	<i>Discretionary Accruals</i> company i in period t
E	=	Error coefficient
$\alpha_1 \alpha_2 \alpha_3$	=	Regression coefficient

3.3.1. Descriptive statistics

According to Ghozali (2018: 19) descriptive statistics provide a description or description of data seen from the mean, standard deviation, variant, maximum, minimum, sum, range, kurtosis and skewness.

3.3.2. Classic assumption test

The classical assumption test is one of the statistical requirements that must be performed on multiple linear regression analysis based on ordinary variables. According to Ghozali (2018: 105) in determining the accuracy of the model, it is necessary to test several classical assumptions, namely, normality test, multicollinearity test, heterosodasticity test and autocorrelation test.

3.3.2.1. Normality test

The Ghozali normality test (2018: 161) is intended to test in the regression model whether confounding or residual variables have a normal distribution. In the Econometric views 9 program (Eviews 9) the normality test uses the Jarque Bera test method, which is a statistical test to find out whether the data is normally distributed. This test is useful in measuring the skewness and kurtosis of data and compared to if the data is normal (Winarno, 2015: 5.41). There are two kinds of ways to test data that is normally distributed or not, namely,

- 1) If the Jarque-Bera (JB) value $< \chi^2$ table and a probability > 0.05 (greater than 5%), it can be concluded that the data is normally distributed.
- 2) If the Jarque-Bera (JB) value $> \chi^2 0.05$ and a probability < 0.05 (less than 5%), it can be concluded that the data is not normally distributed.

3.3.2.2. Multicollinearity Test

The multicollinearity test is used in testing whether the regression model finds a correlation between the independent variables (Ghozali, 2018: 107). Decision making is based on the following:

If the correlation value > 0.80 then H_0 is rejected, so the multicollinearity problem is stated

If the correlation value < 0.80 , then H_0 is accepted, so it is declared that there is no multicollinearity problem.

3.3.2.3. Heteroscedasticity Test

The heteroscedasticity test is used to test in the regression model whether there is an inequality of variance from the residuals of one observation to another (Ghozali, 2018: 120). This observation aims to detect the presence of heteroscedasticity which can be done by means of the Glejser test. Ghozali (2018: 137) the Glejser test is to regress the absolute residual value to the independent variable. The decision is made based on the following:

If the p value is ≥ 0.05 , then H_0 rejected, which means there is no heteroscedasticity problem

If the p value ≤ 0.05 then H_0 rejected, which means there is a problem heteroscedasticity.

3.3.2.4. Autocorrelation Test

The autocorrelation test according to Winarno (2015: 5.29) is the relationship between the residuals of one observation and another. Ghozali (2018: 111) states that the autocorrelation test aims to test whether in the linear regression model and the correlation between confounding errors in period t with confounding errors in period t-1 (previous). In detecting the presence or absence of autocorrelation, it can be done by means of the Durbin-Waston test (DW test), the durbin-waston test is used only for level one autocorrelation (first order autocorrelation) and requires an intercept (constant) in the regression model and no log variables. among the independent variables (Ghozali, 2018: 112).

The basis for making decisions whether or not autocorrelation is present in the Durbin-Watson test is as follows:

1. If the DW value is between the boundary or upper bound (du) and $(4 - du)$, then the autocorrelation coefficient is zero, it is stated that there is no autocorrelation.
2. If the DW value is lower than the lower bound (dl), then the autocorrelation coefficient is greater than zero, it is stated that there is positive autocorrelation.
3. If the DW value is greater than $(4 - dl)$, then the autocorrelation coefficient is smaller than zero, it is stated that there is negative autocorrelation.
4. If the DW value lies between the upper limit (du) and the lower limit (dl) where DW lies between $(4 - du)$ and $(4 - dl)$, the result is inconclusive.

3.3.3. Panel Data Regression Model Selection

Winarno (2015: 9.13), there are three tests in choosing a model (estimation technique) in testing the regression equation to be estimated, namely the Chow test, the Hausman test and the lagrange multiplier test as follows:

3.3.3.1. Lagrange Multiplier test

The lagrange multiplier test is a test used in choosing the best approach between the Common Effect Model (CEM) and the Random Effect Model (REM) to estimate panel data. The Random Effect Model was developed by Breusch-wood which is used to test the significance based on the residual value of the OLS method. The determinants of the criteria are as follows:

If the Breusch-wood cross section value > 0.05 (significant value) then H_0 is accepted, so it is stated that the most appropriate model to use is the Common Effect Model (CEM)

If the Breusch-wood cross section value < 0.05 (significant value) then H_0 is rejected, so it is stated that the appropriate model to use is the Random Effect Model (REM).

The hypothesis used is:

H_0 : Common Effect Random (CEM)

H_1 : Random Effect Model (REM)

3.3.3.2. Chow / Likelihood Ratio Test

Chow test is a test used in choosing the best approach between the Common Effect Modal (CEM) approach model with the Fixed Effect Model (FEM) to estimate panel data. The determinants of the examiner criteria are as follows:

If the probability value (P-value) for the cross section $F > 0.05$ (significant value) then H_0 is accepted, stating that the most appropriate model to use is the Common Effect Model (CEM)

If the probability value (P-value) for cross section $F < 0.05$ (significant value) then H_0 is rejected, stating that the most appropriate model to use is the Fixed Effect Model (FEM).

The hypothesis used is:

H_0 : Common Effect Model (CEM)

H_1 : Fixed Effect Model (FEM)

3.3.3.3. Hausman Test

The Hausman test is a test using the selection in the best approach between the Random Effect Model (REM) approach and the Fixed Effect Model (FEM) in estimating panel data. The examiner criteria are as follows:

If the probability value (P-value) in the random cross section > 0.05 (significant value) then H_0 is accepted, stating that the most appropriate model to use is the Random Effect Model (REM).

If the probability value (P-value) in the random cross section < 0.05 (significant value) then H_0 is rejected, stating that the correct model to use is the Fixed Effect Model (FEM).

The hypothesis used is:

H_0 : Random Effect Model (REM)

H_1 : Fixed Effect Model (FEM)

3.3.4. Panel Data Regression Estimation Method

Panel data regression techniques are used in the estimation method, there are three alternative approaches to processing methods as follows:

a. *Common Effect Model (CEM)*

Common Effect Model is the simplest model in the benchmarks of the panel data model, by combining time series and cross section data as one unit without seeing any differences in individual dimensions or time, which in other words data behavior between individuals is the same in various time periods.

b. *Fixed Effect Model (FEM)*

Fixed Effect Model is a method for estimating panel data, where the probability of disturbance variables is interrelated over time and between individuals. The Eviews 9 program itself recommends the use of the FEM model that uses the Ordinary Least Square (OLS) method approach for its estimation techniques. An object that has a constant size over various time periods is called the Fixed Effect. This method states that there are differences in individual variables (cross-section) and the differences are seen from the intercept. This method has the advantage of distinguishing individual effects and time effects, and it does not need to use the assumption that the error component is uncorrelated with the independent variable.

c. *Random Effect Model (REM)*

Random Effect Model is a method of estimating panel data in which the disturbance (residual) variables may be related to time and individuals (entities). This model states that the error-term will always exist and may be correlated across time-series and cross sections. Generalized Least Square (GLS) is a method in the approach as an estimation technique. In use, this method is better used for panel data where the number of individuals is greater than the number of time periods available.

3.3.5. *Panel Data Regression Analysis*

Panel data regression analysis is the analysis used in this study by looking at the influence of independence, audit committee size, competence, and meeting frequency on earnings management in manufacturing companies listed on the Indonesia Stock Exchange in answering research problems related to two or more independent variables with variables. dependent. The first step in conducting data regression is the classic assumption test first. It aims to make the regression model free from bias. The model of systematic panel data regression analysis equation formulation is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

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- Y = Earnings Management
 - α = Constant coefficient
 - β_1 = Independence regression coefficient
 - X_1 = Independence
 - β_2 = Audit Committee Size regression coefficient
 - X_2 = Size of the Audit Committee
 - β_3 = Competency regression coefficient
 - X_3 = Competence
 - β_4 = Meeting Frequency Coefficient
 - X_4 = Meeting frequency
 - ϵ = Error Rate (error)

3.3.6. *Hypothesis testing*

Hypothesis testing in this study consists of three stages of testing, namely, partial test (t-test) and determination test (R2) as follows:

3.3.6.1. *Partial Significance Test (t Statistical Test)*

This test is conducted to test whether each independent variable has a significant effect on the dependent variable. Ghozali (2018: 78) states that the t or partial statistical test can be written with the following equation:

$$t = \frac{se(\beta_1)}{\beta_1}$$

Information:

- β_1 = Parameter Coefficient
- Se (β_1) = Standard Error Coefficient Parameters

The t test (Wald test) can be searched by the formula listed above, however, to determine the value of the t test, other methods can be used, namely if you use Eviews software, the t test value can be compared with the z-statistic or the probability. So it is very easy to determine how much influence each independent variable has on the dependent variable in the study.

The t test has steps for its own hypothesis, and the hypothesis is as follows:

Determine the hypothesis of each group:

- a. H01: $t_{count} < t_{table}$ and $p\text{-value} > 0.05$, then independence has no effect on earnings management.
H11: $t_{count} > t_{table}$ and $p\text{-value} < 0.05$, then independence has an effect on earnings management.
- b. H02: $t_{count} < t_{table}$ and $p\text{-value} > 0.05$, then the size of the Audit Committee has no effect on earnings management.
H11: $t_{count} > t_{table}$ and $p\text{-value} < 0.05$, then the size of the Audit Committee has an effect on earnings management.
- c. H03: $t_{count} < t_{table}$ and $p\text{-value} > 0.05$, then competence has no effect on earnings management.
H13: $t_{count} > t_{table}$ and $p\text{-value} < 0.05$, then competence has an effect on earnings management.
- d. H04: $t_{count} < t_{table}$ and $p\text{-value} > 0.05$, then the meeting frequency has no effect on earning management.
H14: $t_{count} > t_{table}$ and $p\text{-value} < 0.05$, then the meeting frequency has an effect on earnings management.

3.3.6.2. Coefficient of Determination

The coefficient of determination (R^2) test is useful for measuring the level of the model's ability to explain the dependent variable. The coefficient of determination is between zero and one ($0 < R^2 < 1$). The smallest value of R^2 means that the ability of the independent variables to explain the variable is very limited because R^2 has shortcomings, in the form of a bias towards the number of independent variables included in the model. Every time there is an addition of one variable, R^2 will increase no matter whether the variable has a significant effect on the dependent variable, so in this study using adjusted R^2 . If the adjusted R^2 value is closer to one (1), the better the model's ability to explain the dependent variable (Ghozali, 2018: 286).

IV. RESULTS AND DISCUSSION

4.1. Description of Research Object

The objects in this study are manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2015 to 2019, namely 143 companies. This study took a sample using purposive sampling method. Manufacturing companies used in data collection research samples are adjusted to the criteria that researchers have described in Chapter III point 3.2.2. Based on the sample selection criteria, it states that the number of samples used in this study were 21 samples x 5 years to 105 samples based on the company

4.2. Data analysis

4.2.1. Effect of Independence on Earnings Management

The first hypothesis which states that independence affects earnings management, is rejected. t_{count} value is smaller than t_{table} ($-1.956608 < 1.983972$) and the probability result is greater than the significance level ($0.0532 > 0.05$). The independence coefficient is -1.117725 , which means that when each increase occurs, it will decrease earnings management by 1.117725 . Independence has no effect on earnings management.

The results of the study agree with the research conducted by Widiastuty (2016: 37) which states that independence has no effect on earnings management. Meanwhile, this study disagrees with Siskayudowati (2016: 1552), which states that the independence of the audit committee is proven to significantly affect the level of earnings management and Prabowo's research (2014: 97) states that there is a positive and significant influence between the audit committee independence and earnings management variables

In the audit committee membership, the independence of the audit committee is important. The regulations set by Bapepam (2004) state that there are requirements related to the independence of the audit committee. The results of this study indicate that they do not yet support Bapepam's recommendations.

4.2.2. The Effect of Audit Committee Size on Earnings Management

The second hypothesis which says that the size of the audit committee has an effect on earnings management is rejected. This can be seen from the t-count value is greater than t table ($-0.078466 < 1.983972$) and the probability result is greater than the significance level ($0.9376 > 0.05$). The Audit Committee Size Coefficient is -0.010446 , which means that when there is an increase of one unit, it will decrease earnings management by 0.010446 .

The results of this study do not agree with the research conducted by Kusumaningtyas et al (2015: 74), and Marsha (2014: 10) which states that the size of the audit committee has a significant effect on earnings management actions. While this study agrees with the research of Prabowo (2014: 98), Nasution (2013: 429), Lestari (2017: 97), Sukirno (2017: 1) and Dwiharyadi (2017) which states that the size of the audit committee is not capable of supporting performance effectiveness. from the audit committee. This indicates that the listed companies do not prioritize the number of audit committees, only following existing regulations. Actually it can give maximum results if it is in good shape.

4.2.3. Effect of Competence on Earnings Management

The third hypothesis which says that competence affects earnings management is accepted, it can be seen from showing that the t-count value is smaller than t table ($4.319788 > 1.983972$) and the probability result is greater than the significance level ($0.0000 < 0.05$). The competency coefficient is 3.210003 , which means that when the competency increases by one unit it will result in an increase in earnings management of 3.210003 .

The results of this study agree with the research conducted by Purwanto (2015: 12) which states that the expertise of the audit committee has a negative effect on earnings management even though it is not significant. And contrary to the research of Dwiharyadi (2017: 75) which states that the expertise of the audit committee has no effect on earnings management. Audit committees with special expertise in accounting and finance can minimize the risk from management's earnings management. Based on the fact that there is the formation of an audit committee only based on prevailing rules without seeing the negative, positive influence of the formation of members without any experience or expertise.

4.2.4. The Effect of Meeting Frequency on Profit Management

The fourth hypothesis which says that the frequency of audit committee meetings has a negative effect on earnings management is accepted, it can be seen from the tcount value is smaller than t table ($-2.900487 > 1.983972$) and the probability result is greater than the significance level ($0.0046 < 0.05$). The inflation coefficient is -0.135348 , which means that for each increase in the frequency of meetings, one unit increase will reduce earnings management by 0.135348 .

The results of this study agree with the research conducted by Ichsan (2018: 34) which states that the frequency of meetings has a negative effect on earnings management. Marsha (2014: 10) in her research states that the number of audit committee meetings has a significant effect on earnings management. In contrast to the research conducted by Prabowo (2014: 98)

which states that there is no significant effect between the number of audit committee meetings on partial earnings management.

With the number of regular meetings it is expected to reduce the risk of earnings management. However, the results of the research stated that the member meeting was only mandatory for the existing regulations. This has resulted in the audit committee not carrying out its responsibilities optimally and less effectively. It is likely that both the external auditors and management rarely attend meetings which result in many deficiencies that the audit committee does not reveal in the financial reporting process.

4.3. Data Description

4.3.1. Descriptive Statistical Analysis

Descriptive statistical analysis aims as a general description or explanation of the variable data under study including the independent variable, namely independence, size of the audit committee, competence, and meeting frequency and the dependent variable, namely earnings management. Descriptive statistics used in this study include the minimum value, maximum value, mean and standard deviation. The minimum value is the lowest value among all members in a data group. Conversely, the maximum value is the highest value among all members in a data group. The standard deviation is the square root of the variance. In the descriptive statistical test results of the five variables with a research sample of 105,

Table 4.1
Descriptive Statistics Test Results

	MANAJEMEN LABA	INDEPENDENSI	UKURAN KOMITE AUDIT	KOMPETE NSI	FREKUENSI PERTEMUAN
Mean	0,427213	0,720635	5,07619	0,303769	7,457143
Maximum	17,4279	2	13	1	15
Minimum	-1,418273	0	2	0	3
Std. Dev.	2,435984	0,3432	2,138004	0,224586	2,91557
Observations	105	105	105	105	105

Source: The results of data processing with Eviews version 9

Descriptive statistics produce the data that the researcher wants to get in the research in the form of average, maximum and minimum values. The results of the processing of the Eviews 9 program listed in the descriptive statistics table state that the amount of data that the researchers used in this research sample was 105 (the number of samples was 21 times the number of periods, namely 5 years), which is the result of processing the research sample data for the period 2015 to with 2019.

Analysis of the results using descriptive statistics on the independence variable resulted in an average value of 0.720635, with 0.3432 as the standard deviation. The minimum value generated for the independence variable is 0 owned by PT Astra Otoparts Tbk in 2019 and a maximum value of 2 owned by PT Astra International Tbk in 2017.

The second variable is the size of the audit committee which states that the average value is 5.07619 with a standard deviation of 0.3432. The value on the audit committee size variable states that the minimum value obtained in the descriptive statistics table is 2 owned by PT Chitose International Tbk from 2015 to 2019 and the maximum value obtained is 13 that is owned by PT Astra International Tbk know 2017.

The third variable is competence which has an average value of 0.303769 with a standard deviation of 0.224586. The value on the competency variable states your minimum value of 0 that is owned by PT Chitose Internasional Tbk from 2015 to 2019, PT Kabelindo Murno Tbk from 2015 to 2018, PT Kalbe Farma TBK from 2015 to 2019, PT Industri Jamu and Pharmacy Sido Muncul TBK in 2018 and 2019, PT Suparma Tbk from 2015 to 2019, PT Mandom Indonesia Tbk in 2015, 2016, 2108, and 2019 for a maximum value of 1 owned by PT Pelat Timah Nusantara Tbk to know 2019.

The fourth variable is the frequency of meetings which has an average value of 7.457143 with a standard deviation of 2.91557. The minimum value of 3 is owned by PT Sri Rejeki Isman Tbk in 2015 and for a maximum value of 15 that is owned by PT Pelat Timah Nusantara Tbk in 2016.

From the results of the descriptive statistics above, it can be seen that the dependent variable for earnings management shows a minimum value of - 1.418273 owned by PT Suparma Tbk in 2019. The maximum value is 17.4279 owned by PT Pelat Timah Nusantara Tbk in 2019. And the average manufacturing company has earnings management of 0.427213. Then earnings management in this study has a standard deviation of 2.435984.

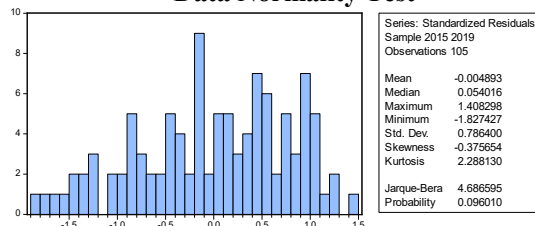
4.3.2. Classic assumption test

4.3.2.1. Normality Test

The normality test is used to determine whether the variable model is normally distributed or not. A regression model with normal data distribution is a good regression model. In tests using the histogram graph method and the Jarque-Bera statistical test (JB test) as follows:

- e. If the Jarque-Bera (JB) value $< \chi^2$ table and a probability > 0.05 (greater than 5%), it can be concluded that the data is normally distributed.
- f. If the Jarque-Bera (JB) value $> \chi^2 0.05$ and a probability < 0.05 (less than 5%), it can be concluded that the data is not normally distributed.

Figure Graph 4.2
Data Normality Test



Source: Eviews Panel Data Regression Output 9

Graph of histogram and statistical test bera (JB-Test) based on graph 4.2 normality test has a probability value of 0.096010 which is a probability value greater than 0.05, namely $0.096010 > 0.05$, then the statement on the data is normally distributed.

4.3.2.2. Multicollinearity Test

The purpose of doing the multicollinearity test in the regression model is to determine the findings of the correlation between the independent variables, if the correlation value is greater than 0.80, it is identified that there is a multicollinearity problem. Multicollinearity, which is a situation to describe the existence of a strong relationship to two or more independent variables in a regression model. A good regression model should not experience a correlation in each variable. The multicollinearity test can be seen in the table below:

Table 4.3
Multicollinearity Test

THE EFFECT OF INDEPENDENCE, AUDIT COMMITTEE SIZE, COMPETENCE, AND MEETING FREQUENCY TOWARDS INCOME MANAGEMENT IN MANUFACTURING COMPANIES LISTED ON IDX 2015-2019 PERIOD

	ANGGOTA INDEPENDEN	KOMITE AUDIT	KOMITE FINANCE EXPERT	FREKUENSI PERTEMUAN
ANGGOTA INDEPENDEN	1	0.72817901259194 53	0.075909032055744 18	- 0.197862215180581 7
KOMITE AUDIT	0.72817901259194 53	1	0.262152388370718 9	- 0.144469276441918 7
KOMITE FINANCE EXPERT	0.07590903205574 418	0.26215238837071 89	1	- 0.008737962392211 975

Source: Eviews Panel Data Regression Output 9

Table 4.3 states that the independent variables consisting of independence, audit committee size, competence, and meeting frequency are free from the multicollinearity test because they have a correlation value of less than 0.80 as follows:

- 1) Independence members of the audit committee and vice versa have a correlation value of 0.7281790125919453.
- 2) Members of independence towards competence and vice versa have a correlation value of 0.07590903205574418.
- 3) independency members on meeting frequency and vice versa have a correlation value of 0.1978622151805817.
- 4) The size of the audit committee on competence and vice versa has a value of 0.2621523883707189.
- 5) The size of the audit committee on Meeting Frequency and vice versa has a value of 0.1444692764419187.
- 6) Competence on meeting frequency and vice versa has a value of 0.008737962392211975.

4.3.2.3. Heteroscedasticity Test

The heteroscedasticity test is used as a test for the regression model whether there is an inequality of the variance from the residuals of one observation to another. The absence of heteroscedasticity is a good regression equation.

The Glejser Test method aims to detect the presence or absence of heteroscedasticity because the regression coefficient value of the independent variable is not significant to the dependent variable which is listed in the table below:

Table 4.4
Heteroscedasticity Test

Heteroskedasticity Test: Glejser			
F-statistic	384553	Prob F(4,100)	0.8192
Obs*R-squad	1.590.655	Prob Chi-Square(4)	0.8105
Scaled explained SS	2.167.398	Prob Chi-Square(4)	0.7050

Source: Eviews Panel Data Regression Output 9

Based on table 4.4, it can be seen that the probability value of earnings management has a value of 0.8105, namely a p-value ≥ 0.05 , so it can be concluded that there are no symptoms of heteroscedasticity.

4.3.2.4. Autocorrelation Test

The purpose of the autocorrelation test is to test in a linear regression model that there is a correlation between the confounding error in period t and the confounding error in period t-1

(previous). If the regression model is good it means that there is no problem in autocorrelation. This study uses the Durbin Watson (DW) test which is intended to identify autocorrelation and compare them in the Durbin Watson (DW) table.

Table 4.5
Autocorrelation Test

Dependent Variable: MANAJEMEN LABA			
Method: Panel EGLS (Cross-section random effects)			
Date: 08/31/20 Time: 18:11			
Sample: 2015 2019			
Periods included: 5			
Cross-sections included: 21			
Total panel (balanced) observations: 105			
Swamy and Arora estimator of component variances			
R-squared	0.313939	Mean dependent var	0.085509
Adjusted R-squared	0.286496	S.D. dependent var	1.151.318
S.E. of regression	0.972508	Sum squared resid	9.457.722
F-statistic	1.143.989	Durbin-Watson stat	1.949.271
Prob(F-statistic)	0.000000		

Source: Eviews Panel Data Regression Output 9

The results of Durbin Watson's test in this study stated that DW that was between $d_u < dw < 4 - d_u$ identified the absence of autocorrelation. In the Watson durbin table with $\alpha = 5\%$, the number of observations (n) in this study was 105 and the number of independent variables (k) was 4, the value of $d_L = 1.6038$ and $d_U = 1.7617$, the DW value obtained was 1.949271 which was between $1.7617 < 1.949271 < 2.2383$ stated for this regression model there is no positive or negative autocorrelation.

4.4.1. Panel Data Regression Model Selection

The process to determine the best model in the three equation models, namely the Common Effect Model (CEM), Fixed Effect Model (FEM) and Random Effect Model (REM), needs to be tested for the panel data regression estimation model using the following test:

4.4.1.1. Lagrange Multiplier Test (Common Effect Model vs Random Effect Model)

Lagrange multiplier test is a test to determine whether the random effect model is better than the common effect method which is more appropriate to use, based on the following criteria:

- 1) If the Breusch-food cross section value > 0.05 (significant value) then H_0 is accepted, so it is stated that the most appropriate model to use is the Common Effect Model (CEM).
- 2) If the Breusch-food cross section value < 0.05 (significant value) then H_0 is rejected, so it is stated that the appropriate model to use is the Random Effect Model (REM).

The hypothesis used is:

H_0 : Common Effect Random (CEM)

H_1 : Random Effect Model (REM)

The results of the lagrange multiplier test can be seen in table 4.6 as follows:

Table 4.6
Lagrange Multiplier test

Lagrange Multiplier Tests for Random Effects			
Null hypotheses: No effects			
Alternative hypotheses: Two-sided (Breusch-(all others) alternatives			
Test Hypothesis			
	Cross-	Time	Both
Breusch-	1.227.236	2.018.930	1.247.426
	(0.0000)	(0.1553)	(0.0000)

Source: Eviews Panel Data Regression Output 9

Based on table 4.6 on the results of the Lagrange Multiplier test, the random effect vs common effect above, resulting in a Breusch-food cross section <0.05 , namely $0.000 < 0.05$, the hypothesis H_0 is rejected and H_1 is accepted, which means that the Random Effect Model (REM) is more appropriate to use.

4.4.1.2 Chow Test (Common Effect Model vs Fixed Effect Model)

The chow test is used in choosing a better approach between the common effect model and the fixed effect model with the following criteria:

- 1) If the probability value (P-value) for the cross section $F > 0.05$ (significant value) then H_0 is accepted, stating that the most appropriate model to use is the Common Effect Model (CEM).
- 2) If the probability value (P-value) for cross section $F < 0.05$ (significant value) then H_0 is rejected, stating that the most appropriate model to use is the Fixed Effect Model (FEM).

The hypothesis used is:

H_0 : Common Effect Model (CEM)

H_1 : Fixed Effect Model (FEM)

Table 4.7
Chow test

Redundant Fixed Effects Tests			
Equation: Untitled			
Test cross-section fixed effects			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	22.151.303	-20,8	0.0000
Cross-section Chi-square	197.148.488	20	0.0000

Source: Eviews Panel Data Regression Output 9

Following table 4.7 on the results of the chow test, common effect vs fixed effect above, the probability value (P-value) of cross section F is $0.0000 \leq 0.05$, so the hypothesis H_0 is rejected and H_1 is accepted which states that the Fixed Effect Model (FEM) model more precisely used.

4.4.1.3. Hausman Test (Random Effect Model vs Fixed Effect Model)

The Hausman test is used to compare the random effect model method with the fixed effect model. The results of this test are used to determine which method should be selected with the following criteria:

1. If the probability value (P-value) in the random cross section > 0.05 (significant value) then H_0 is accepted, stating that the most appropriate model to use is the Random Effect Model

(REM).

2. If the probability value (P-value) in the random cross section <0.05 (significant value) then H_0 is rejected, stating that the correct model to use is the Fixed Effect Model (FEM).

The hypothesis used is:

H_0 : Random Effect Model (REM)

H_1 : Fixed Effect Model (FEM)

Table 4.8
Hausman Test

Correlated Random Effects - Hausman Test			
Equation: Untitled			
Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	3.245.389	4	0.5176

Source: Eviews Panel Data Regression Output 9

Table 4.8 states the results of the hausman test, random effect vs fixed effect above, the probability value (P-value) of the random cross section is $0.5176 > 0.05$ (significant value) so H_0 is accepted and H_1 is rejected, stating the most appropriate model to use is the Random Effect Model (REM).

4.4.2. Panel Data Regression Estimation Method

Panel data regression techniques are used in the estimation method, there are three alternative approaches to processing methods as follows:

4.4.2.1. Common Effect Model (CEM)

Common Effect Model is the simplest model in measuring the panel data model, which is by combining time series and cross section data as one unit without seeing any differences in individual dimensions or time, in other words the behavior of data between individuals is the same in various time periods. The following are the results of the regression using the common effect model:

**Table 4.9 Regression Results
Common Effect Model Panel Data**

Dependent Variable: MANAJEMEN_LABA				
Method: Panel Least Squares				
Date: 08/31/20 Time: 18:09				
Sample: 2015 2019				
Periods included: 5				
Cross-sections included: 21				
Total panel (balanced) observations: 105				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
ANGGOTA_INDEPENDEN	-0.227577	0.953597	-0.238651	0.8119
KOMITE_AUDIT	-0.277007	0.156751	-1.767.180	0.0802
KOMITE_FINANCE_EXPERT	4.576.227	1.025.737	4.461.406	0.0000
FREKUENSI_PERTEMUAN	-0.022088	0.076602	-0.288351	0.7737
C	0.771953	0.898234	0.859413	0.3922
R-squared	0.192361	Mean dependent var		0.427213
Adjusted R-squared	0.160055	S.D. dependent var		2.435.984
S.E. of regression	2.232.543	Akaike info criterion		4.490.607
Sum squared resid	4.984.247	Schwarz criterion		4.616.986
Log likelihood	-2.307.569	Hannan-Quinn criter.		4.541.819
F-statistic	5.954.415	Durbin-Watson stat		0.379185
Prob(F-statistic)	0.000244			

Source: Eviews Panel Data Regression Output 9

Based on the regression results using the Common Effect Model (CEM) it shows that there is a constant value of 0.771953 with a probability of 0.3922. The common effect model regression equation has an adjusted R² of 0.160055 explaining that the variance of independence, audit committee size, competence, and meeting frequency is 16.005% and the remaining 83.995% is influenced by other independent variables not examined in the study.

4.4.2.2. Fixed Effect Model (FEM)

This technique states that there are differences in the intercept between companies. Even though the intercept is different for each company, each intercept does not change over time (time variant), but the coefficient (slope) of each independent variable is the same for each company and over time. The results of the regression using the fixed effect model are as follows:

Table 4.10
Results of Panel Data Regression Model Fixed Effect Model

Dependent Variable: MANAJEMEN_LABA				
Method: Panel Least Squares				
Date: 08/31/20 Time: 18:16				
Sample: 2015 2019				
Periods included: 5				
Cross-sections included: 21				
Total panel (balanced) observations: 105				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.189.749	0.909064	1.308.762	0.1944
ANGGOTA INDEPENDEN	-1.159.420	0.586323	-1.977.443	0.0514
KOMITE AUDIT	0.035952	0.152558	0.235662	0.8143
KOMITE FINANCE EXPERT	3.218.829	0.818549	3.932.361	0.0002
FREKUENSI PERTEMUAN	-0.145806	0.047840	-3.047.821	0.0031
Cross-section fixed (dummy variables)				
R-squared	0.876467	Mean dependent var	0.427213	
Adjusted R-squared	0.839407	S.D. dependent var	2.435.984	
S.E. of regression	0.976198	Akaike info criterion	2.993.955	
Sum squared resid	7.623.707	Schwarz criterion	3.625.850	
Log likelihood	-1.321.826	Hannan-Quinn criter.	3.250.011	
F-statistic	2.364.994	Durbin-Watson stat	1.915.122	
Prob(F-statistic)	0.000000			

Source: Eviews Panel Data Regression Output 9

Based on the regression results with the Fixed Effect Model (FEM), it shows that there is a constant value of 1.915122 with a probability of 0.1944. The fixed effect model regression equation has an adjusted R² of 0.839407 which explains that the variance of independence, audit committee size, competence, and meeting frequency is 83.9407% and the remaining 16.0593% is influenced by other independent variables not examined in the study.

4.4.2.3. Random Effect Model (REM)

The Random Effect Model is a regression estimation model with the assumption of constant slope coefficients and different intercepts between individuals and over time. The following are the results of the regression using the random effect model. The following are the results of the regression using the random effect model.

Table 4.11

Results of Panel Data Regression Model Random Effect Model

THE EFFECT OF INDEPENDENCE, AUDIT COMMITTEE SIZE, COMPETENCE, AND MEETING FREQUENCY TOWARDS INCOME MANAGEMENT IN MANUFACTURING COMPANIES LISTED ON IDX 2015-2019 PERIOD

Dependent Variable: MANAJEMEN_LABA				
Method: Panel EGLS (Cross-section random effects)				
Date: 08/31/20 Time: 18:11				
Sample: 2015 2019				
Periods included: 5				
Cross-sections included: 21				
Total panel (balanced) observations: 105				
Swamy and Arora estimator of component variances				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
ANGGOTA INDEPENDEN	-1.117.725	0.571256	-1.956.608	0.0532
KOMITE AUDIT	-0.010446	0.133126	-0.078466	0.9376
KOMITE FINANCE EXPERT	3.210.003	0.743093	4.319.788	0.0000
FREKUENSI PERTEMUAN	-0.135348	0.046664	-2.900.487	0.0046
C	1.319.917	0.916903	1.439.538	0.1531
Weighted Statistics				
R-squared	0.313939	Mean dependent var	0.085509	
Adjusted R-squared	0.286496	S.D. dependent var	1.151.318	
S.E. of regression	0.972508	Sum squared resid	9.457.722	
F-statistic	1.143.989	Durbin-Watson stat	1.949.271	
Prob(F-statistic)	0.000000			

Source: Eviews Panel Data Regression Output 9

Based on the results of regression with the Random Effect Model (REM), it shows that there is a constant value of 1.319917 with a probability of 0.1531. The random effect model regression equation has an adjusted R2 of 0.286496 explaining that the variance of independence, audit committee size, competence, and meeting frequency is 28.6496% and the remaining 71.3504% is influenced by other independent variables not examined in the study.

4.4.3. Conclusion of Model Selection

Based on the results of the model selection that has been carried out which consists of the lagrange multiplier test, the chow test and the Hausman test. So it can be concluded that the panel data regression estimation method used is as follows:

Table 4.12
Test Conclusion Results

No.	Metode	Pengujian	Hasil
1	<i>Lagrange Multiplier Test</i>	REM vs CEM	<i>Random Effect Model</i>
2	<i>Chow Test</i>	CEM vs FEM	<i>Fixed Effect Model</i>
3	<i>Hausman Test</i>	REM vs FEM	<i>Random Effect Model</i>

The results of the panel data regression model selection test for the three panel data models above have the aim to strengthen the conclusions of the panel data regression estimation method used. And based on the table above, it is concluded that what is used is the Random Effect Model which will be used to analyze further data in this study.

4.4.4. Panel Data Regression Analysis

Panel data regression analysis aims to test the extent of the influence of the independent variables on the dependent variable where there are several companies in several time periods. The independent variable in this study is independence, audit committee size, competence, and meeting frequency, while the dependent variable in this study is earnings management.

Table 4.13
Results of Panel Data Regression Analysis and t test

Dependent Variable: MANAJEMEN_LABA				
Method: Panel EGLS (Cross-section random effects)				
Date: 08/31/20 Time: 18:11				
Sample: 2015 2019				
Periods included: 5				
Cross-sections included: 21				
Total panel (balanced) observations: 105				
Swamy and Arora estimator of component variances				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
ANGGOTA INDEPENDEN	-1.117.725	0.571256	-1.956.608	0.0532
KOMITE AUDIT	-0.010446	0.133126	-0.078466	0.9376
KOMITE FINANCE EXPERT	3.210.003	0.743093	4.319.788	0.0000
FREKUENSI PERTEMUAN	-0.135348	0.046664	-2.900.487	0.0046

Source: Eviews Panel Data Regression Output 9

Based on the data regression analysis table above, this research can formulate the panel data regression equation as follows:

Earnings Management = 1.319917 - 1.117725 Independent Members - 0.010446 Audit Committee Size + 3.210003 Finance Expert Committee - 0.135348 Meeting Frequency

In the panel data regression equation data above, it can be analyzed as follows:

- 1) The independent variable has a coefficient value of - 1.117725 The regression coefficient value illustrates that any increase in independence, assuming other independent variables remain (value = 0), it will decrease earnings management by 1.117725.
- 2) The variable size of the Audit Committee has a coefficient value of -0.010446 The regression coefficient value illustrates that any increase in the size of the audit committee, assuming other independent variables remain (value = 0), it will decrease earnings management by 0.010446.
- 3) The competency variable has a coefficient value of 3.210003. With a positive regression coefficient value illustrates that if each increase in competence assuming another independent variable remains (value = 0) it will increase earnings management by 3.210003.
- 4) The meeting frequency variable has a coefficient value of -0.135348 The regression coefficient value illustrates that any increase in the frequency of meetings with the assumption that other independent variables remain (value = 0) will reduce earnings management by 0.135348.
- 5) The constant is 1.319917, this means that with the influence of independence, the size of the audit committee, competence, and the frequency of meetings, earnings management will be 1.319917 or in other words, if the independent variable is considered constant (value = 0), it will increase the earnings management value of 1.319917. .

4.4.5. Hypothesis test

4.4.5.1. Test t

This test is conducted to test whether each independent variable has a significant effect on the dependent variable. To determine whether the hypothesis is accepted or rejected by comparing t count with t table and a significance value with a significance level in this study, namely $\alpha = 5\% = 0.05$. If $t_{count} > t_{table}$, the independent variable has an influence on the dependent variable, conversely, if $t_{count} < t_{table}$, the independent variable has no influence on the dependent variable. The number of observations is ($n = 105$), the number of independent variables is ($k = 4$), then the degree of freedom ($df = nk - 1$) is $105 - 4 - 1 = 100$ with a significance level of 0.05, so the t table is 1.983972.

Based on the table 4.13 above, the following hypothesis results are obtained:

- a. The first hypothesis in this study is that independence has an effect on earnings management. The result of statistical test shows that the value of t count is smaller than t table (-1.956608 < 1.983972) and the probability result is greater than the significance level (0.0532 > 0.05). So it can be concluded that H1 Independence has no effect on Earning Management. Based on the test results above, it can be concluded that H1 that states that: Independence affects earnings management, rejected.
- b. The second hypothesis in this study is that the size of the Audit Committee has an effect on earnings management. The results of the t statistical test show that the value of t is greater than t table (-0.078466 < 1.983972) and the probability result is greater than the significance level (0.9376 > 0.05). So it can be concluded that the size of the audit committee has no effect on earnings management. Based on the test results above, it can be concluded that H2 audit committee size affects earnings management is rejected.
- c. The third hypothesis in this study is Competence on Earnings Management. The results of the t statistical test show that the value of t is greater than t table (4.319788 > 1.983972) and the probability result is greater than the significance level (0.0000 < 0.05). So it can be concluded that competence has an effect on earnings management. Based on the test results above, it can be concluded that H3 Competence affects earnings management, accepted.
- d. The fourth hypothesis in this study is the Frequency of Meetings on Earnings Management. Results The results of the t statistical test show that the t-count value is smaller than the t-table (-2.900487 > 1.983972) and the probability result is smaller than the significance level (0.0046 < 0.05). So it can be concluded that meeting frequency has an effect on earnings management. Based on the test results above, it can be concluded that H4 The frequency of audit committee meetings has an effect on earnings management, accepted.

4.4.5.2. Determination Coefficient Test

**Table 4.14
Determination Coefficient Test**

Dependent Variable: MANAJEMEN_LABA			
Method: Panel EGLS (Cross-section random effects)			
Date: 08/31/20 Time: 18:11			
Sample: 2015 2019			
Periods included: 5			
Cross-sections included: 21			
Total panel (balanced) observations: 105			
Swamy and Arora estimator of component variances			
R-squared	0.313939	Mean dependent var	0.085509
Adjusted R-squared	0.286496	S.D. dependent var	1.151.318
S.E. of regression	0.972508	Sum squared resid	9.457.722
F-statistic	1.143.989	Durbin-Watson stat	1.949.271

Source: Eviews Panel Data Regression Output 9

The coefficient of determination in this study is indicated by the value of Adjusted R-Square. The Adjusted R-Square value of the regression model is used to determine how much the ability of the independent variable to explain the dependent variable. Adjusted R-Square has a characteristic that if the number of independent variables increases, the Adjusted R-Square value will increase, thus the study cannot use Adjusted R-Square when using two models as a comparison if the variables are not the same.

Adjusted R-Square will be negative if the R-squared value is too small, while the ratio between the number of observations (n) and the large number of variables (k) is too small which

states that the data used by researchers in their research has a bad model, then too little or because of the use of too many variables, and vice versa if the R-squared value has a high value then the Adjusted R-Square still has a positive value. Based on table 4.14, the coefficient of determination seen from adjusted R2 is 0.286496 or 28.6496%, which means that all independent variables are able to explain the variation of the dependent variable by 28.6496% while the remaining 71.3504% (100% - 28.6496%) is explained by other independent variables that are not included in this research model.

V. CONCLUSIONS AND SUGGESTIONS

5.1. Conclusion

Based on the interpretation of the results of the research that has been done, the following conclusions can be drawn:

- 1) Independence has no effect on earnings management. The coefficient of independence is negative, indicating that when independence has increased it will cause earnings management to decline.
- 2) The size of the Audit Committee has no effect on Earning Management. The coefficient of Audit Committee Size is negative, indicating that when the size of the Audit Committee has increased, it will cause earnings management to decrease.
- 3) Competence affects earnings management. The positive competency coefficient indicates that when the size of the Audit Committee has increased, it will cause earnings management to increase.
- 4) Meeting frequency has a negative effect on earnings management. The meeting frequency coefficient is negative, indicating that when the independence has increased, it will cause earnings management to decrease.

5.2. Suggestion

Based on the above conclusions, suggestions that can be taken regarding the research results are as follows:

- 1) For science the results of this research can be used as input in developing research methods with related research.
- 2) For regulators, this research can be used as an ingredient in evaluating problems that occur in the company's performance system or a solution to fixing the deficiencies in the regulations that have been implemented to date. For investors and potential investors in manufacturing companies those listed on the Indonesia Stock Exchange should be more careful and thorough in seeing the role of company management that will be selected in investing.

5.3. Research and Development Limitations of Further Research

This study has several limitations, including:

- 1) Researchers who are interested in studying the same problem should conduct research in a more recent period, namely up to 2020.
- 2) This study only uses a sample type of manufacturing companies on the Indonesia Stock Exchange.
- 3) This research is limited to manufacturing companies in Indonesia, for future researchers it is expected to make comparisons with manufacturing companies in other countries.
- 4) For other researchers, they can add other independent variables that are not in this study, such as share ownership, the influence of good corporate governance. Managerial Kep, institutional Kep, public Kep.

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