The Influence of the Board of Directors, Independent Commissioner, Audit Committee, and Leverage on Earnings Management in Mining Companies Listed on the Indonesia Stock Exchange 2015-2018

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Abstract *- This study aims to determine whether the Board of Directors, Independent Commissioners, Audit Committee, and Leverage have an effect on earnings management. The population of this study are mining companies listed on the Indonesia Stock Exchange in 2015-2018.The strategy used is causal associative with quantitative research types. This research data is secondary. The research sample was determined by purposive sampling method, so that the number of samples obtained was 15 mining companies with 4 years of observation. The data collection technique used is documentation with data obtained through the official website of the Indonesia Stock Exchange and the company's official website. The research method used is descriptive statistical analysis, classical assumption test and hypothesis testing. The data processing tool used is Eviews 9.0 software with panel data regression method.The results of this study show that the Board of Directors, Independent Commissioners, Audit Committee and Leverage do not have a significant effect on earnings management.*

Keywords : Board of Directors, Independent Commissioner, Audit Committee, Leverage, Earnings Management.

I. INTRODUCTION

Investors will assess the performance of a company by looking at its management's ability to generate company profits in the company's financial statements. The financial report is a form of management's responsibility to investors to report the results of their performance that have been carried out throughout the period. Management as the party who is given the trust and authority to

manage the company's business often feels overwhelmed by pressures to meet short-term performance targets. Because the pressures given to management are what ultimately forces management to carry out earnings management in the reporting process.

The performance of a company will be assessed by investors by looking at its management's ability to generate company profits contained in the company's financial statements. The financial report is a form of management's responsibility to investors to report the results of their performance that have been carried out throughout the period. Management, as the party who is given the trust and authority to manage the company's business, often feels overwhelmed by pressures to meet short-term performance targets. Because the pressures given to management are what ultimately compels management to carry out earnings management in the reporting process. Earning management can be interpreted as an accounting trick where flexibility in financial reporting is used or utilized by managers trying to meet profit targets. Implementing the Good Corporate Governance mechanism is one of the efforts made to reduce the existence of earnings management. The Corporate Governance mechanism can be interpreted as a clear rule, procedure and relationship between the party making the decision and the party that will supervise the decision or it is also called the monitoring mechanism. In this study, the effect of the Good Corporate Governance mechanism will be on earnings management, namely the Board of Directors, Independent Commissioners and the Audit Committee.

According to Warsono (2010: 55), the meaning of the Board of Directors is a company organ which has the main function of giving responsible attention to the implementation of Good Corporate Governance in order to achieve company goals. The Independent Commissioner plays a role in carrying out the supervisory function of the quality of information contained in financial reports. The Audit Committee is also one of the mechanisms for Good Corporate Governance. The Audit Committee has an important and strategic role in maintaining the credibility of the financial report preparation process, maintaining the creation of an adequate company supervision system and implementing Good Corporate Governance.

Companies that obtain or have sources of funds from creditors in the form of loans or debt, will present the best possible financial statements to provide information to creditors in viewing and analyzing which companies will provide loan funds. The amount of the debt management ratio (leverage) shows how much the company uses debt to fund investments made for the company's operations.

One of the causes of earnings management is leverage. A company with a high leverage ratio compared to the assets owned by the company will be suspected of carrying out earnings management because the company is threatened with not being able to meet its debt obligations at a predetermined time (default), this is evidenced by research conducted by Nasution et al., 2018) which states that Leverage has an effect on earnings management.

The company studied is a mining company. This research will focus on leverage and the mechanism of Good Corporate Governance with the proxies of the board of directors, independent commissioners, and audit committee in minimizing earnings management.

The reason for choosing a mining company in this study is because mining companies have different characteristics and characteristics from other industries. The mining sector is one of the pillars of a country's economic development, because of its role as a provider of energy resources that are indispensable for a country's economic growth. The rich potential of natural resources will be able to open up companies to exploit the mining of these resources. Another reason for choosing the mining sector is because the shares of mining companies are very attractive to investors. The high volume of trading in the mining sector shares encourages companies to present their financial statements as best they can in any way.

II. LITERATURE REVIEW

2.1. Agency Theory

Agency Theory was introduced by Jensen and Meckling in 1976 and is the basis for understanding Corporate Governance. In agency theory according to Jensen and Meckling (1976) in Abdillah et al., (2015: 1), agency relationships arise when one or more people (principals) employ other people (agents) to provide services and delegate decision-making authority to the agent . This relationship between the principal and the agent can lead to information imbalance (information asymmetry) because the agent knows more about the company's information than the principal. The existence of information asymmetry and the tendency of external parties (investors) to pay more attention to earnings information as a company performance parameter will encourage management to perform manipulations in showing earnings information, which is known as earnings management.

According to Hidayati (2015) an agency relationship occurs when the difference in interests between shareholders (principal) and management (agent), as well as a contractual relationship between parties delegating certain decisions and the party receiving the delegation. Managers are given power by company owners, i.e. shareholders to make decisions, which creates a potential conflict of interest known as Agency Theor). So, this theory arises when the desires and goals of the principal and agent are opposing, and verifying what the agent actually does is difficult for the principal (Abdillah et al., 2015: 2).

2.2. Hypothesis Development

Board of Directors on Earnings Management

The agency theory that occurs in the company is due to a conflict of interest between shareholders and management so that it is possible to force management to practice earnings management so that management quality and performance look good so that the interests of investors can be achieved. According to Warsono et al., (2010: 55) states that the Board of Directors is a company organ that has the main function of paying attention responsibly (Oversight Function) to the implementation of Corporate Governance in order to achieve company goals. In this case, the Board of Directors is expected to carry out its role properly so as to reduce earnings management practices.

H1 = The Board of Directors has a negative effect on earnings management.

Independent Commissioner for earnings management

Companies that have Independent Commissioners in the company make internal controls for company management to always strive to improve company performance. The Audit Committee assists the Board of Commissioners, to maintain the quality of the company's financial reports (Abduh and Rusliati, 2018: 82). The Independent Commissioner functions as an advisor who provides suggestions, opinions and input in order to achieve the company's goals. The main task of the Independent Commissioner is to assess and direct company strategy, risk control policies, annual budgets, and business plans such as assessing the remuneration system for officials who hold key positions, namely monitoring and resolving conflicts of interest and monitoring the transparency and effectiveness of communications within the company (Warsono et al., 2010: 107). Based on the main functions and duties of the Independent Commissioner, it is expected that the Independent Commissioner can reduce earnings management in the company.

H2 = Independent Commissioner has a negative effect on earnings management.

Audit Committee on Earnings Management

OJK Regulation 55 / POJK.04 / 2015, states that in order to support the effectiveness of the implementation of its duties and responsibilities, the Board of Commissioners is obliged to form an Audit Committee. The role of the Audit Committee is to examine, advise and supervise the company's financial information to be published regarding compliance with laws and regulations. With this role, it is expected to minimize opportunistic behavior in management.

The Audit Committee with an expert background in finance is an effective party to reduce earnings management. This is because the financial expert audit committee is a member of the audit committee who is truly experienced in analyzing problems in financial statements, especially detecting fraud such as earnings management. In addition, according to the KNKG, to build an effective Audit Committee, the required financial expert Audit Committee members are 1-3 people from the total number of members of the Audit Committee as a whole (Firmansyah et al., 2016: 1554).

In addition, many studies support the existence of the Audit Committee, including the results of research conducted by Abdillah et al., (2015) which shows a negative relationship between the Audit Committee and earnings management. This shows that the Audit Committee has succeeded in reducing the company's earnings management practices.

H3 = Audit committee has a negative effect on earnings management.

Leverage On Eaernings Management

Companies with high leverage ratios due to the large amount of debt compared to assets owned by the company, will be suspected of conducting earnings management because the company is threatened with default, that is, it cannot fulfill its debt payment obligations on time. A low or high level of leverage is influenced by the management itself in managing the level of debt of the company and the management must be able to manage the level of debt carefully in accordance with the contractual agreement that has been arranged so that the company does not experience default. Companies will try to avoid this by making policies that can increase revenue and profits, this action is called earnings management action (Wirawati et al., 2018: 33).

H4 = Leverage has a positive effect on earnings management.

III. RESEARCH METHOD

3.1. Descriptive Statistic

Descriptive statistics are used to determine the statistical value of the variables used in this study, including the Board of Directors, Independent Commissioners, Audit Committee and Leverage. According to Ghozali (2018: 19) descriptive statistics provide an overview of data seen from the average (mean), standard deviation, variance, maximum, minimum, sum, range, kurtosis and skewness. Descriptive statistics are usually used to describe the profile of the sample data before using statistical analysis techniques that serve to test the hypothesis.

3.2. Panel Data Regression Model

According to Basuki and Prawoto (2017: 275), panel data is a combination of time series data and cross section data. Time series data is data consisting of one or more variables to be observed in one observation unit within a certain period of time. Meanwhile, cross-section data is observational data from several observation units at one point in time. In the regression model estimation method using panel data can be done with three approaches, namely the Common Effect Model, Fixed Effect Model, and Random Effect Model.

3.3. Selection of Regression Model

To select the most appropriate model to use in managing panel data, there are three methods that can be used, namely as follows:

1. Chow test

This test is used to select a model in panel data regression, by adding dummy variables so that it can be seen that the intercept is different and can be tested by chow test (statistical F test) by looking at the Residual Sum of Squares (RSS) - likelihood ratio. The conclusion of the chow test is as follows (www.statistikian.com):

a. If the value for Prob. Chi-square cross-section> α (5%), the selected model is a common effect.
b. If the value for Prob. Cross-section Chi-square <α (5%), the selected model is the fixed effect.

2. Hausman Test

This test is used to select a model, namely a random effect model with a fixed effect model. The conclusion of the Hausman test is as follows (www.statistikian.com):

H0: If the calculated chi square value <chi square table and the p-value is significant, then the appropriate model is the random effect model.
H1: If the calculated chi square value> chi square table and the p-value is not significant, the fixed effect model is the correct model.

3. Lagrange Multiplier test.

Langrangge Multiplier test is used to determine the best approach model between common effect and random effect. With the following hypothesis:

H0 : if the Prob Breusch-Pagan value is> 0.05, the appropriate model for panel data regression is the Common Effect model.
H1: if the value of Prob Breusch-Pagan is <0.05, the appropriate model for panel data regression is the Random Effect Model.

3.4. Classic Assumption Test

The classical assumption test is used to determine whether the results of the multiple linear regression analysis used to analyze in this study are free from deviations from classical assumptions or not (Ghozali, 2018: 107).

Normality test

The normality test is a test carried out to find out whether the data is normally distributed or not. The regression model is said to be good if it has a residual value that is normally distributed or close to normal. The normality test that can be used to test the residual normality is Jarque-Bera. The Jarque-Bera test is carried out by making a hypothesis:

a. The data is normally distributed if the Jarque-Bera results> chi square at α = 0.05
b. The residual data is not normally distributed if Jarque-Bera <chi square at α = 0.05

Multicollinearity Test

Multicollinearity test aims to test whether the regression model found a correlation between the independent variables. How to detect whether there is multicollinearity is by paying attention to the Variance Inflation Factor (VIF) number and tolerance. The cut off value that is commonly used to indicate multicollinearity is a tolerance value less than 0.10 or equal to a VIF value of more than 10 (Ghozali, 2018: 108).

Autocorrelation Test

The autoceralation test aims to test the linear regression model whether there is a correlation of confounding errors in period t with errors in period t-1 (previous) or not. If there is a correlation, it is called an autocorrelation problem. The way to detect autocorrelation problems is to use the Durbin Watson (DW) test then compare the test results with the Durbin Watson table (Ghozali, 2018; 112). If the value of DW> DU and the value (4-DW)> DU, it is stated that there is no autocorrelation problem, both positive and negative autocorrelation (www.statistikian.com).

Heterocedasiticity Test

The heteroscedasticity test aims to test whether in the regression model there is an inequality of the variance of the residuals between one observation and another. To test whether there is heteroscedasticity or not, the White Heteroscedasticity test is available in the Eviews program. In this test, the observed results are the F and Obs * R-Squared values. The basis of the analysis is as follows:
a. If the value of Obs * R-Squared <α is 0.05, it can be concluded that heteroscedasticity occurs.
b.If the value of Obs * R-Squared> 0.05, it can be concluded that heteroscedasticity does not occur.

3.5. Hypothesis Test

The model used to analyze the data in this study is panel data regression analysis with the help of Eviews software. Regression analysis is a statistical method that explains the relationship pattern of two or more variables through an equation. The purpose of regression modeling is to explain the relationship between two or more variables and to predict or predict conditions in the future. The model is as follows:

$$DA = \alpha + \beta 1KD_{it} + \beta 2KI_{it} + \beta 3Ka_{it} + \beta 4L_{it} + e$$

Information :
DA = discretionar accruals (proxies for earnings management)
α = constant
β1,2,3,4 = regression coefficient
KDit = Number of boards of directors at company i in period t
KIit = percentage of independent commissioners at company i in period t
KAit = number of audit committees at company i in period t
Lit = Leverage at company i in period t

Coefficient of Determination (R^2)

The coefficient of determination (R2) is used to predict how much the contribution of the influence of the independent variable to the dependent variable. The coefficient of determination is between zero and one. A value close to one means that the independent variables provide almost all the information needed to predict the variation in the dependent variable. On the other hand, a small coefficient of determination indicates that the ability of the independent variable to explain variations in the dependent variable is very limited (Ghozali, 2018: 97).

Statistic Test F

The simultaneous F test is used to determine whether there is a joint influence between the independent variables (Board of Directors, Independent Commissioners, Audit Committee and Leverage) on the dependent variable (earnings management).

Statistic Test T

T test is used to show how far the influence of one independent variable individually in explaining the dependent variable (Ghozali, 2018; 99).

IV. RESEARCH RESULT

4.1. Descriptive statistics

Table 1: Descriptive Statistics Results

	Y	X1	X2	X3	X4
Mean	0.023278	5.433333	0.395532	2.933333	0.432944
Median	0.021055	6.000000	0.400000	3.000000	0.390000
Maximum	0.155553	9.000000	0.571429	4.000000	0.970000
Minimum	-0.120498	3.000000	0.250000	2.000000	0.100000
Std. Dev.	0.064868	1.533432	0.076306	0.311729	0.235230
Skewness	0.023628	0.411288	0.519366	-1.599937	0.620700
Kurtosis	2.304472	2.460193	2.314466	9.290427	2.235957
Observations	60	60	60	60	60

Source: Data processed using eviews9, 2020

The N value in the table shows that the sample numbers used in the 2015-2018 study were 15 samples of manufacturing companies, resulting in 60 data samples, according to observations in this study. The table can be seen that the board of directors has a value between 3.00 to 9.00 with an average of 5.43 and a standard deviation of 1.53, while the amount of earnings management in the table shows that earnings management is between -0.12 to 0.15 with an average of 0.02 and a standard deviation of 0.06, the commissioner independent yields an average value of 0.39 with a standard deviation of 0.07 and a minimum value of 0.25, the results of the Audit Committee an average value of 2.93 with a standard deviation of .31 and a minimum value of 2.0.

4.2. Regression Model Determination

Table 2: Chow Test Result

Effects Test	Statistic	d.f.	Prob.
Cross-section F	2.516410	(14,41)	0.0109
Cross-section Chi-square	37.210780	14	0.0007

Source: Data processed using eviews9, 2020

Based on Table 2.Chow test results above, it is known that the value of Prob. The Chi-square cross-section in the test is 0.0007 with a significance value of 0.05. Based on this indicates Prob. Chi-square cross-section (0.0007) <significance value (0.05), so it can be concluded that H0 is

rejected and H1 is accepted. So it can be concluded that the right model to use in this study is the fixed effects model.

Table 3: Hausman Test Result

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	5.116041	4	0.2756

Source: Data processed using eviews9, 2020

Based on Table 3.Husman test results above, it can be seen that the calculated chi-square value obtained in this test is 5.116041, while the chi-square table obtained in this test is 9,487 (0.05.4) by looking at the chi-square table list. . This shows that the calculated chi-square (5.116041) < chi-square table (9.487), so it can be concluded that H0 is rejected and H1 is accepted. This shows that this study is better off using a random effect model.

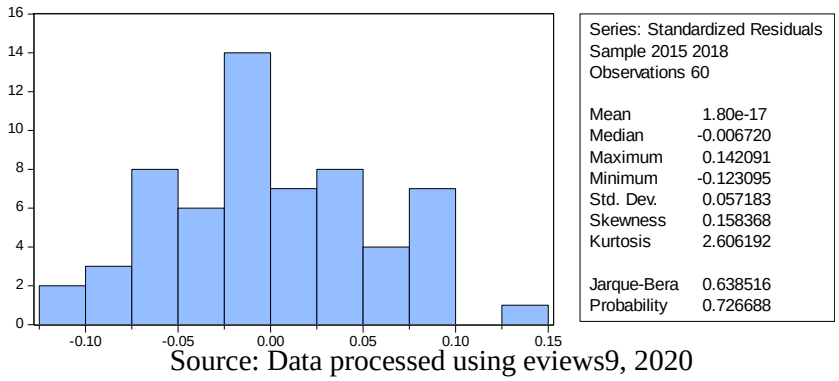
Table 4: Lagrange Multiplier Test Result

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	3.310905 (0.0688)	0.396277 (0.5290)	3.707182 (0.0542)

Source: Data processed using eviews9, 2020

Based on the results of the lagrange multiplier test using the omitted random effect that has been carried out, the Breusch-Pagan Prob value is 0.0688 with a significant level of $\alpha = 0.05$, it can be concluded that the value of Prob Breusch-Pagan> $\alpha = 0.05$ so that H0 is rejected and H1 is accepted. This shows that this study is better off using a random effect model.

4.3. Classic Assumption Test Results



Source: Data processed using eviews9, 2020

Figure 1: Normality Test Results

Based on Figure 1. above shows that the Jarque-Bera value is 0.638516 with a Probability of 0.726688. With a Probability value of 0.726688 it can be stated that the data has been normally distributed because the Probability value is greater than 0.05.

Table 5: Multicollinearity Test Results

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.007889	134.9369	NA
X1	0.019457	14.32274	1.095259
X2	0.014278	39.60751	1.398370
X3	0.028612	59.64860	1.113101
X4	0.001467	6.068463	1.365261

Source: Data processed using eviews9, 2020

Based on Table 5 above, it can be seen that the value of Centered VIF (Variance Inflation Factors) on the Board of Directors variable is 1.095259, the Independent Commissioner variable is 1.398370, the Audit Committee variable is 1.113101, and the Leverage variable is 1.365261. From all the results of the Centered VIF value for each variable in the table above, it shows that nothing exceeds the value of 10, it can be concluded that there is no multicollinearity in the three independent variables.

Table 6: Autocorrelation Test Results

Du	**4-DW**	**DW**	**Interpretasi**
1.6498	2.284027	1.715973	Tidak ada autokorelasi

Source: Data processed using eviews9, 2020

Based on Table 6. above, it can be seen that the DW value of 1.715973 is greater than the value of du 1.6498 and the value of 4-DW 2.284027 is greater than the value of du 1.6498. then it is stated that there is no autocorrelation problem, both positive and negative autocorrelation.

Table 7: Heteroscedasticity Test Results

Heteroskedasticity Test: White

F-statistic	0.487623	Prob. F(4,55)	0.7447
Obs*R-squared	2.054936	Prob. Chi-Square(4)	0.7257
Scaled explained SS	1.386719	Prob. Chi-Square(4)	0.8465

Source: Data processed using eviews9, 2020

Based on Table 7, it can be seen that the Obs * R-Squared value is 2.054936 with a Prob value. Chi-Square is 0.7257, it can be concluded that the value of Obs * R-Squared> α (0.05) so that H0 is rejected and H1 is accepted. This shows that heteroscedasticity does not occur.

4.4. Results of Panel Data Regression Analysis

This regression analysis is used to obtain a form regarding the relationship between the variables of the Board of Directors, Independent Commissioner, Audit Committee and Leverage on earnings management. Referring to the research of Nuryana and Surdanjari (2019), the panel data regression equation is as follows:

$$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \varepsilon$$

Following are the results of panel data regression analysis using the random effect (RE) model:

Table 8: Results of Panel Data Regression Analysis with Random Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.583826	0.095861	6.090351	0.0000
X1	-0.205854	0.169491	-1.214542	0.2297
X2	0.163651	0.146888	1.114122	0.2701
X3	-0.124405	0.169898	-0.732230	0.4671
X4	-0.095200	0.048038	-1.981765	0.0525
Weighted Statistics				
R-squared	0.095158	Mean dependent var		0.315984
Adjusted R-squared	0.029352	S.D. dependent var		0.051577
S.E. of regression	0.050815	Sum squared resid		0.142018
F-statistic	1.446028	Durbin-Watson stat		2.094516
Prob(F-statistic)	0.231248			

Source: Data processed using eviews9, 2020

Based on Table 8, the panel data regression equation obtained is:
Earnings management = 0.583826 - 0.205854X1 + 0.163651X2 - 0.124405X3 -0.095200X4

Coefficient of Determination (R^2)

Based on Table 4.14. It can be seen that the adjusted R-square is 0.029352 or 2.9352%, which means that the independent variable can explain the dependent variable by 2.9352% and the rest is influenced by other variables not used in this study.

T Test

Based on the table, it can be seen that the probability number of each independent variable is greater than 5% (0.05), so it can be concluded that each independent variable has no effect on earnings management.

F Test

Based on Table 4.14. It can be seen that the Probability (F-Statistic) or statistical F value is 0.231248 (0.231248> 0.05), it can be concluded that the Board of Directors, Independent Commissioners, Audit Committee and Leverage together do not affect earnings management.

V. DISCUSSION OF RESEARCH RESULTS

5.1. The Effect of the Board of Directors on Earnings Management

The first hypothesis (H1) states that the Board of Directors has a negative influence on earnings management. The panel data regression statistically shows a regression coefficient value of -0.205854 and a significant result on the Probability value of the Board of Directors (X1) which is greater than α (0.2297> 0.05). This value indicates that the board of directors does not have a significant negative effect on earnings management so that the first hypothesis is rejected. It can be concluded that the Board of Directors has no effect on earnings management, so the existence of the Board of Directors is deemed incapable of reducing earnings management practices.

According to Warsono et al., (2010: 55) states that the Board of Directors is a corporate organ which has the main function of giving responsible attention (oversight function) to the implementation of corporate governance in order to achieve company goals. This explains the importance of the role of the board of directors in the company. The number of the Board of Directors is very important in a company, however, if the number of Directors in a company exceeds the limit, the performance of the board of directors will not be controlled properly. Meanwhile, the number of boards of directors that is too small will also make it difficult for the company to control because a director will not only focus on one division but also be responsible for other divisions. However, the number of boards of directors that is neither too many nor too few will be more efficient in terms of both performance and wages.

5.2. The Effect of Independent Commissioners on Earnings Management

The second hypothesis (H2) states that the Independent Commissioner has a negative influence on earnings management. The panel data regression statistically shows a regression coefficient value of 0.163651 and a significant result on the Independent Commissioner Probability value (X2) which is greater than α (0.2701> 0.05). This value indicates that the Independent Commissioner does not have a significant negative effect on earnings management so that the second hypothesis is rejected. It can be concluded that the Independent Commissioner does not have a significant effect on earnings management.

This means that the Independent Commissioners have not maximized their duties in ensuring transparency and openness of the company's financial statements. This can be explained that the size of the proportion of independent commissioners in the company is not a major determinant of the effectiveness of supervision carried out on company management. This is because the existence of independent commissioners in public companies in Indonesia is still only fulfilling regulatory requirements, so that the existence of independent commissioners in companies cannot limit earnings management practices (Simangunsong, 2015).

5.3. The Effect of the Audit Committee on Earnings Management

The third hypothesis (H3) states that the Audit Committee has a negative influence on earnings management. The panel data regression statistically shows a regression coefficient value of -0.124405 and a significant result on the Audit Committee Probability value (X3) which is greater than α (0.4671> 0.05). This value indicates that the Audit Committee does not have a significant negative effect on earnings management so that the third hypothesis is rejected. It can be concluded that the Audit Committee has no negative effect on earnings management.

Based on the Kep. 29 / PM / 2004 Audit Committee membership consists of at least three members, one of whom is an Independent Commissioner who also doubles as chairman of the Audit Committee and the average mining company in this study has a total of 3 Audit Committees so that the company may use the Committee. Audit only to meet the requirements proposed by the

government. With the formation of the Audit Committee only as a fulfillment of regulations, so that the duties and functions of each element are unclear or unclear so that the existence of the Audit Committee is less effective in monitoring management performance and in the aspect of company control.

5.4. The Effect of Leverage on Earnings Management

The first hypothesis (H4) states that leverage has a positive effect on earnings management. The panel data regression statistically shows a regression coefficient value of -0.095200 and a significant result on the Probability Leverage (X4) value which is greater than α (0.0525> 0.05). This value indicates that Leverage does not have a significant negative effect on earnings management so that the first hypothesis is rejected. It can be concluded that Leverage has no positive effect on earnings management.

According to Kasmir (2015: 156): This ratio is a debt ratio used to measure the ratio between total debt and total assets. In other words, how much influence the company's assets have on asset management. Leverage has no effect on earnings management, meaning that the company is not motivated to increase profits for the purpose of showing good company liquidity. Companies with high levels of leverage due to total debt to total assets will face a high risk of default, namely the company is threatened with failing to fulfill its obligations. This means that earnings management measures cannot be used as a mechanism to avoid this default. Fulfillment of obligations must be carried out and cannot be avoided by carrying out earnings management paracets.

VI. CONCLUSION

Broadly speaking, this study aims to determine whether the Board of Directors, Independent Commissioners and the Audit Committee are able to reduce earnings management practices and whether leverage can influence managers to practice earnings management. Based on the results of data analysis, hypothesis testing and discussion, conclusions can be drawn as follows:

1. Based on the regression results with a probability value of 0.2297 where the probability value is greater than the significant value (0.05), it can be concluded that the variable of the Board of Directors has no significant effect on earnings management. This shows that the existence of the Board of Directors cannot reduce earnings management practices in the company. Thus, the hypothesis H1 which states that the Board of Directors has a negative effect on earnings management is rejected.
2. Based on the regression results with a probability value of 0.2701 where the probability value is greater than the significant value (0.05), it can be concluded that the Independent Commissioner variable has no significant effect on earnings management. This shows that the Independent Commissioners are not doing their job properly in ensuring transparency and openness in the company's financial statements. Thus the H2 hypothesis which states that the Independent Commissioner has a negative effect on earnings management is rejected.
3. Based on the regression results with a probability value of 0.4671 where the probability value is greater than the significant value (0.05), it can be concluded that the Audit Committee variable has no significant effect on earnings management. This shows that one of the roles of the Audit Committee is not going well, namely examining, advising and supervising the company's financial information. Thus, the hypothesis H3 which states that the Audit Committee has a negative effect on earnings management is rejected.
4. Based on the regression results of the probability value of 0.0525 where the probability value is smaller than the significant value (0.05), it can be concluded that the leverage variable has no effect on earnings management. This shows that the size or size of leverage in a company does

not affect the occurrence of earnings management practices. Thus, the hypothesis H4 which states that leverage has a positive effect on earnings management is rejected.

6.1 Limitations of Research and Further Research Development

This study has limitations, so it needs to be considered for further researchers. The limitations of existing research are as follows:

1. This study produces a very small R2 of 0.029352 or 2.9352% and still leaves 97.0648%, which might make this research not optimal. In this study, the practice of Good Corporate Governance is proxied by only 3 variables, namely the Board of Directors, Independent Commissioners, and the Audit Committee. In this case the researcher recommends replacing or adding other proxies in corporate governance which are variables in the study.
2. The companies that were the samples of this study were only 15 mining companies with a short observation year period of 4 years. Therefore, researchers recommend adding to the sample of companies under study and increasing the period of observation.

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