The Effect of Dividend Policy, Capital Structure and Audit Committee on Profit Management with Profitability as a Moderation Variable

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Abstract. This research aims to test and analyze the effect of Dividend Policy, Capital Structure and Audit Committee on Profit Management with Profitability as a moderating variable. The object of this research is mining companies listed on the Indonesia Stock Exchange (BEI) in 2018-2022. The sample was determined using a purposive sampling method with a total sample of 31 companies for five years so that the total observations of this research were 155 annual reports, which then became 127 annual reports were analyzed after outliers due to extreme data. The data analysis techniques used are multiple linear regression and moderated regression analysis (MRA). The research results found that dividend policy, capital structure and audit committee had a negative effect on earnings management, while profitability was able to moderate the influence of dividend policy, capital structure and audit committee on earnings management. The influence of dividend policy, capital structure and audit committee on earnings management will be stronger in companies with high profitability.

Keywords: Earnings Management, Dividend Policy, Capital Structure, and Audit Committee.

1. Introduction
The industrial world is currently developing rapidly, seen from the many businesses that have emerged, resulting in competition between industries. Business actors use various methods to ensure their companies remain established and develop, as do companies that have gone public. Communication and information tools for interested parties, namely business actors, can be in the form of financial data and company activity financial reports. Profit information is often the target of engineering through opportunistic management actions to maximize satisfaction. These self-interested (opportunistic) actions are carried out by choosing certain accounting policies known as earnings management. Where earnings management is interesting to study because it can provide an overview of the behavior of managers in reporting their business activities in a certain period, namely the possibility of the emergence of certain motivations that encourage them to manage the reported financial data.

“Earnings management is a form of intervention that is carried out intentionally to increase personal profits during the external financial reporting process (Lidiawati and Asyik, 2016). The reliability and credibility of financial reports can be reduced by earnings management (Sebastian and Handojo, 2020). So that the information produced by financial reports to support communication between managers, shareholders,
investors and the public becomes inaccurate. On the other hand, earnings management practices in Indonesia have a fairly high ranking, namely 2nd among ASEAN countries. Earnings management is interesting to research because it can provide an overview of manager behavior in financial reporting in a company. In Indonesia itself there are several cases that lead to earnings management in mining companies, including the case that occurred at PT Perusahaan Gas Negara (PGAS) which was related to violations of the principles of financial statement disclosure. In fact, management had known about this decrease in gas volume since September 12 2006, but was only made public in March 2007, because of the delay, the information provided by the company could mislead investors (Sulistiawan, Januarsi, & Alvia, 2011).

The profit management case that is currently still being discussed is the profit management case that befell the company PT Timah Persero Tbk, which is a state-owned company (BUMN) that operates in the tin mining sector. In January 2016, the PT Timah financial reporting scandal surfaced after the chairman of the Timah Employees Association (IKT) from the provinces of Bangka Belitung and the Riau Islands held a speech in front of the Ministry of BUMN. The directors of PT Timah Persero Tbk have lied to the public through the media by saying that efficiency and strategy have resulted in positive performance in the financial reports for semester 1-2015. However, in reality, in semester 1-2015 PT Timah's operating profit experienced a loss of IDR 59 billion. Not only did it carry out fictitious financial reports, PT Timah Persero Tbk also recorded that there had been an increase in debt of almost 100% compared to 2013. In 2013, the company's debt only reached IDR 263 billion, but in 2015 the amount of PT Timah Persero Tbk's debt increased to IDR 2.3 trillion in 2015. It is hoped that the existence of earnings management cases that have occurred in publicly traded companies can provide an understanding of fraudulent practices in financial reports. Thus, earnings management actions cannot be separated from several factors that influence them. One factor that can influence earnings management is dividend policy. Dividend policy is a decision whether the profits earned by the company at the end of the year will be distributed to shareholders in the form of dividends or retained to increase capital to finance future investments. The realization of the amount of dividend policy in Indonesia is determined by the General Meeting of Shareholders (GMS) and is not a management decision. The company prospectus explains the size of the dividend policy planned by the company in the form of a percentage of cash dividends linked to total net profit. The results of this research are supported by Dahayani et al. (2017) which shows that dividend policy has a significant effect on earnings management. However, it is different from the results obtained by Wirawati et al. (2018) that dividend policy has no effect on earnings management.

Capital structure is funding consisting of debt and capital. Dharmastuti et al. (2003) stated that debt is a source of external financing used by companies to finance their funding needs. When making decisions on the use of debt, you must consider the large fixed costs arising from debt in the form of interest, which will lead to increasing financial leverage and increasing uncertainty in the rate of return for ordinary shareholders. The level of debt use of a company can be shown by using the debt to equity ratio (DER), namely the ratio of the amount of debt to the amount of own capital (Nurainia, 2012). The audit committee has an important role in creating good corporate governance, the committee provides formal communication between the board,
management, external auditors and internal auditors. Formal communication between the audit committee, internal auditors and external auditors is carried out well. A good internal and external audit process will produce a high level of accuracy in financial reports and increase trust in financial reports. The greater the number or size of the audit committee, the greater the management oversight function (Angelina, 2015). These findings are supported by research by Lidiawati and Asyik (2016) that audit committees have a negative effect on earnings management, meaning that the larger the audit committee, the smaller the practice of earnings management. However, it is inconsistent with research conducted by Dewi and Triani (2018) that the audit committee has no effect on earnings management. The profitability value of a company can generally be used as an indicator to measure a company's performance. The higher the profitability of a company, the company's ability to generate profits can also increase. The relationship between profitability and earnings management is when the profitability obtained by a small company in a certain period of time will trigger the company to carry out earnings management so that it will show shares and retain existing investors.

This research is a replication of research by Ammar Husain and Minhas Akbar (2022) who examined The Impact of Dividend Policy on Earnings Management: Evidence from China. The difference between this research and previous research lies in the variables and research objects used. This research adds capital structure and audit committee variables which aim to make a new contribution to the literature by examining the influence of dividend policy, capital structure and audit committee on earnings management practices in a more comprehensive and in-depth manner and expanding understanding of the relationship between variables. This research is also expected to can provide valuable insight for investors and decision makers in interpreting dividend policy, capital structure and audit committees as well as analyzing the quality of company financial reporting. Based on the phenomenon previously explained in the mining sector, there have been many profit management practices, so researchers changed the object of research to the mining sector.

2. Literature Review and Hypothesis Development
2.1 Earnings Management
Panjaitan and Muhamad (2019) stated that earnings management according to Fisher and Rosenzweig (1995) is the action of decreasing or increasing profits in a certain period by management without causing a decrease or increase in the company's long-term economic profits. Meanwhile, according to Schipper (1989) earnings management is the preparation of financial reports in which there is intervention that leads to one's own benefit. Healy and Wahlen (1999) explain that earnings management actions occur when managers make decisions according to their personal needs in reporting and compiling the company's financial reports which have the effect of misleading stakeholders in the use of these reports.

Supriyono (2018) said that earnings management is all actions used by managers to influence profits in accordance with their objectives. Earnings management can occur because we are given the freedom to choose the accounting method that will be used to record and disclose private financial information. Apart from that, this manipulation behavior also occurs because of high information asymmetry between management and other parties who do not have adequate resources, encouragement, or access to
information to monitor management. So management will try to manipulate company performance for its own interests. According to Scott (2015:455) there are four patterns of earnings management as follows.

- *Income Minimization*
- *Income Maximization*
- *Income Smoothing*

### 2.2 Dividend Policy

Dividends are the right of ordinary shareholders (common stock) to get a share of the company's profits. If the company decides to distribute profits in dividends, all common shareholders receive the same rights. According to Dahayani et al. (2017), dividends are the distribution of a company's profits to its shareholders, whereas according to Hasty and Herawaty (2017) dividends are cash flows paid to shareholders. So it can be concluded that dividends are profits distributed to shareholders for the profits obtained by the company. The dividend payout ratio determines the amount of profit that can be retained as a source of funding. The greater the retained earnings, the smaller the amount of profits allocated for dividend payments (Abbadi et al., 2020). Understanding the dividend payout ratio according to Dahayani et al. (2017) state that the dividend payout ratio is the percentage of profits paid in the form of dividends, or the ratio between profits paid in the form of dividends and the total profits available to shareholders. Dividend Payout Ratio is the percentage of profits distributed as dividends, where the greater the Dividend Payout Ratio, the smaller the portion of funds available to be reinvested in the company as retained earnings.

### 2.3 Capital Structure

Capital is the first foundation in starting a business and capital is the most important element in carrying out the company's daily operational activities. Having capital will make it easier for the company to carry out its activities optimally and effectively. The following is the definition of capital structure according to experts. Sudana (2011) said that capital structure is related to the long-term expenditure of a company which is measured by the ratio of long-term debt to its own capital. Meanwhile, according to (Subramanyam, 2017) in Financial Report Analysis, capital structure is equity and debt funding in companies which is often measured in terms of the relative size of various funding sources. From the definition above, it can be concluded that the capital structure is the amount of funds given to the company and used to finance the company's debts and also finance the company's activities.

### 2.4 Audit Committee

In accordance with the decision of the Chairman of Bapepam Number Kep-29/PM/2004, the audit committee is a committee formed by the board of commissioners to carry out supervisory duties on company management. Apart from that, the audit committee is considered as a liaison between shareholders and the board of commissioners and management in handling control issues. Based on BEI Circular Letter Number SE-008/BEJ/12-2001, the audit committee membership consists of at least three people including the chairman of the audit committee. There is only one member of this committee who comes from the commissioners, the committee member who comes from the commissioners is an independent commissioner of the listed company and is also the chairman of the audit committee. Other members who are not independent commissioners must come from independent external parties. One aspect that is quite important in the success of the audit committee in carrying out its duties is
the issue of communication. Therefore, the audit committee must improve communication with the board of commissioners, company management, internal auditors and external auditors (Sundari and Amiruddin, 2015).

2.5 Profitability
Profitability is the company's ability to seek profits (Kasmir, 2016: 196). This ratio also provides a measure of the level of effectiveness of a company's management. This is shown by the profits generated from sales and investment income. In general, the profitability value of a company can be used as an indicator to measure the performance of a company. Hasibuan (2019) The higher the profitability of a company, the higher the company's performance and ability to generate profits. The relationship between profitability and earnings management is when the profitability obtained by a small company in a certain period of time will trigger the company to carry out earnings management by increasing the income obtained so that it will show shares and retain existing investors. In this research, profitability is proxied by Return on Assets (ROA).

2.6 The Influence of Dividend Policy on Earnings Management
Dividend policy is related to agency theory. Agency theory explains that conflicts of interest occur because of information asymmetry between the principal and the agent. Asymmetry regarding dividend announcement information will cause agency conflicts. Scott (2015) also states that management has several motivations for carrying out earnings management and one of them is providing information to investors (communicate information to investors). One of the interesting pieces of information for investors is information regarding dividend announcements.

In implementing the company's goal, namely maximizing shareholder wealth, agency problems may occur. Agency problems are problems that arise due to conflicts of interest between managers (shareholder agents) and shareholders due to the separation of duties of company management and shareholders (Keown et al., 2008: 18). Assuming that dividend payments require management to fund new investments, new investors may be attracted to the company only if management provides convincing information that the capital will be used in a profitable manner. So dividend payments indirectly result in tighter monitoring of management's investment activities. Dividends can be a significant contribution to company value.

Dividend policy is a policy concerned with determining the distribution of income between income users to be paid to shareholders as dividends or to be used within the company, which means that the income must be invested within the company (Riyanto, 2011:265). Consideration of the relationship between dividend policy and earnings management is also a separate concern. Mlilo et al (2013) explain that companies that pay higher dividends may have an incentive to improve earnings quality in order to access needed external financing at a lower cost of capital. Companies that pay high dividends are believed to have low earnings management practices because of control from shareholders.

Research by Mlilo et al. (2013) provide results, namely that factors at the company level, one of which is dividend policy, is a determinant of earnings management. Furthermore, Putri's research (2021) found empirical evidence that dividend policy has an effect on earnings management with a negative coefficient. Putri (2021) explains that the conflict that occurs between management and shareholders caused by dividend policy can affect earnings management. Based on previous
research, researchers want to know more about the influence of dividend policy on earnings management. Based on the description and explanation above, the following hypothesis can be formulated.

**H1: Dividend policy has a negative effect on earnings management**

### 2.7 The influence of capital structure on earnings management

Agency theory and capital structure involve consideration of how conflicts of interest between owners (principals) and management (agents) within a company can influence decisions about how the company should finance its operations. Agency theory identifies that conflicts of interest between owners and management are common in companies. Owners want to maximize the value of their shares, while management usually has incentives to pursue personal goals or avoid risks that could harm their positions. The capital structure uses the Debt to equity ratio, which is a ratio that shows the comparison between the debt provided by creditors and the amount of own capital provided by the company owner (Husnan, 2008).

A capital structure dominated by debt can create incentives for management to carry out earnings management in a certain way. Management may try to avoid reporting significant losses by delaying interest payments or manipulating interest expense. This can increase net income, which can then give shareholders or analysts a better impression of the company’s performance. According to Van Horne (2005:261) who states that it is important to determine how much debt and capital a company has to determine the level of use of debt as a source of company financing, which includes short-term and long-term liabilities, in assessing financial performance. In addition, an increase in debt will affect the size of the net profit available to shareholders including dividends received because the obligation to pay debt takes priority over dividend distribution. This can encourage management to carry out earnings management practices because the company must finance its shareholders with the profits it earns, so the company must maximize the use of capital to get the maximum profit. So the company will get a good image from existing or future investors who will continue to want to invest in the company. The results of research conducted by Saragih (2017) show that there is a positive relationship between capital structure and earnings management. Thus the hypothesis is formulated as follows.

**H2: Capital structure has a positive effect on earnings management**

### 2.8 The Influence of the Audit Committee on Earnings Management

Agency theory in this research will be used by researchers to support the existence of an audit committee in a company so that it can provide an understanding of the possibility of conflicts of interest between shareholders and company management. Based on this, it is hoped that an audit committee in a company that has members with good independence criteria will not experience various risks of fraud that could possibly occur in the process of submitting financial reports, so that the independence of the audit committee can reduce the possibility of audit report lag. An independent audit committee is also expected to help evaluate the performance of existing management so that this can help improve the quality of financial reports with results and information that investors can use to manage their financial expectations and plans as best as possible (Wijaya, 2012).
The audit committee is tasked with supporting the supervisory function of management, this is done so that management is not opportunistic (Reynard and Firdausi in Susanti and Iswara, 2023). The more members of the audit committee will improve the performance of the audit committee. This will result in the supervisory function increasing, so that the quality of reporting carried out by management is guaranteed (Prasetyo, 2014) Several studies have proven the role of the audit committee in improving the quality of financial reporting. Yang and Khrisnan (2005), Lin (2006) and Putri (2021) prove that there is a negative relationship between audit committee size and earnings management. This shows that the large size of the audit committee can minimize the occurrence of earnings management. Thus the hypothesis is formulated as follows.

**H3: audit committee has a negative effect on earnings management**

### 2.9 Profitability Moderates the Effect of Dividend Policy on Earnings Management

Dividend payments are made when the company earns high profits (Pontoh, 2014). So profitability has an influence on dividend distribution to shareholders (Hanim et al., 2015; Setiawan et al., 2013). The higher the profitability obtained by the company, the higher the dividends that shareholders will receive (Agustina & Andayani, 2016; Mayogi and Fidiana, 2016; Setiawan et al., 2013; Zakiyah, 2017). Conversely, the lower the profitability of a company, the lower the dividend distribution will be or there will be no dividend distribution at all (Agustina and Andayani, 2016; Ishaq and Asyik, 2015). With high profitability, a company can increase its Dividend Payout Ratio (DPR) thereby minimizing the occurrence of earnings management. Based on the description and explanation above, the following hypothesis can be formulated.

**H4: Profitability can moderate the influence of dividend policy on earnings management**

### 2.10 Profitability Moderates the Effect of Capital Structure on Profit Management

The main focus of agency theory is on issues of conflict of interest that can arise between company owners and managers or other agents. When company owners assign managers to manage the company, there is the potential for differences in goals and incentives that can affect the company's profitability. Agency theory notes that managers who have incentives are able to optimize their personal interests rather than the interests of shareholders. This can influence the actions and decisions taken by managers, which in turn can affect the company's profitability. Profitability refers to the level of profit or net profit of a company, while capital structure refers to the mix of own capital and loans used by a company to finance its operations.

Companies that are more profitable will be better able to finance their operations with internal funds (for example, retained earnings) rather than having to rely on external debt. More profitable companies are more likely to pay dividends to shareholders, which can reduce internal sources of funds available for financing. This may result in a lower capital structure in terms of debt when a company has a high level of profitability, management will have less incentive to carry out earnings management. This is because the company has generated sufficient profits to meet its operational needs and pay loan interest if any. In this case, high profitability can moderate earnings
management practices. The results of research conducted by Tala and Karamoy (2017) found that profitability has a positive effect on the practice of income smoothing.

**H5: Profitability can moderate the influence of capital structure on earnings management**

**2.11 Profitability Moderates the Influence of the Audit Committee on Profit Management**

High profitability shows that the company in which you invest can generate high profits for investors and reflects an increase in company efficiency, so this shows that the company's performance is getting better. With high profit conditions, an issuer can recruit audit committee members with a high level of performance superior so that the presence of an audit committee can help the board of commissioners to supervise management in preparing financial reports. Therefore, the audit committee is expected to have a high time commitment. The audit committee is expected to have a lot of time to supervise the company's financial reporting process so that the possibility of earnings management can be reduced. Based on the description and explanation above, the following hypothesis can be formulated.

**H6: Profitability can moderate the influence of the audit committee on earnings management”**

### 3. Research Methods

![Conceptual Framework](image)

Hypothesis testing is carried out to determine the extent to which the results of statistical tests determine whether or not the proposed hypothesis is accepted. The model used in this research is a multiple linear regression model. This model tests...
Dividend Policy (X1), Capital Structure (X2), and Audit Committee (X3) on Earnings Management (Y). Testing was carried out using the SPSS program.

Table 1. Results Table Multiple Linear Regression Test Results

<table>
<thead>
<tr>
<th>Coefficientsa</th>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Constant)</td>
<td>4.368</td>
<td>.325</td>
<td>13.443</td>
<td>.000</td>
</tr>
<tr>
<td>Kebijakan Dividen</td>
<td>- .242</td>
<td>.064</td>
<td>- .255</td>
<td>-3.766</td>
<td>.000</td>
</tr>
<tr>
<td>Struktur Modal</td>
<td>- .582</td>
<td>.111</td>
<td>- .367</td>
<td>-5.263</td>
<td>.000</td>
</tr>
<tr>
<td>Komite Audit</td>
<td>- .744</td>
<td>.083</td>
<td>- .625</td>
<td>-8.949</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Income Smoothing

Sumber: hasil olah SPSS (2023)

Technically, this test is carried out by comparing the t-count and t-table values at a significance level of α of 0.05. The test results can be seen in the following table

Table 2. MRA T Test Results

<table>
<thead>
<tr>
<th>Coefficientsa</th>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Constant)</td>
<td>1.070</td>
<td>.598</td>
<td>1.790</td>
<td>.076</td>
</tr>
<tr>
<td>Kebijakan Dividen</td>
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<td>.085</td>
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<td>-1.922</td>
<td>.057</td>
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<tr>
<td>Struktur Modal</td>
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<td>.216</td>
<td>- .241</td>
<td>-1.778</td>
<td>.078</td>
</tr>
<tr>
<td>Komite Audit</td>
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<td>.157</td>
<td>.107</td>
<td>1.091</td>
<td>.277</td>
</tr>
<tr>
<td>X1.Z</td>
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<td>.608</td>
<td>.281</td>
<td>5.417</td>
<td>.000</td>
</tr>
<tr>
<td>X2.Z</td>
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<td>.207</td>
<td>.776</td>
<td>3.290</td>
<td>.000</td>
</tr>
<tr>
<td>X3.Z</td>
<td>-1.650</td>
<td>.066</td>
<td>-1.281</td>
<td>-3.387</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Income Smoothing

Sumber: hasil olah SPSS (2023)

1. **Dividend policy has a negative effect on earnings management**

Hypothesis testing is carried out to prove that dividend policy has a negative influence on earnings management. The test results show that dividend policy has a negative effect on earnings management. This indicates that dividend policy can encourage companies to reduce earnings management. This can happen because dividend policy can increase the company's transparency and accountability to shareholders. A high dividend policy can increase pressure on management to report higher profits. This is
because management will want to maintain shareholder confidence and avoid accusations that they are not paying enough dividends.

2. **Capital structure has a positive effect on earnings management.**
   Hypothesis testing is carried out to prove that capital structure has a positive influence on earnings management. The test results show that capital structure has a negative effect on earnings management. This indicates that capital structure can encourage companies to carry out earnings management. This can happen because the capital structure can increase conflicts of interest between the principal and the agent. A high capital structure can increase a company's leverage, namely the ratio between debt and equity. High leverage can increase company risk, thereby increasing pressure on management to increase profits. This is because management will want to reduce the company's risk and avoid bankruptcy. Apart from that, a high capital structure can also increase the cost of equity, namely the costs that the company must pay to attract capital from shareholders. A high cost of equity can increase pressure on management to increase profits, so that the company can pay the cost of equity.

3. **The audit committee has a negative effect on earnings management.**
   Hypothesis testing is carried out to prove that the audit committee has a negative influence on earnings management. The test results show that the audit committee has a negative effect on earnings management. This indicates that the audit committee can encourage companies to reduce earnings management. This can happen because the audit committee can increase the company's transparency and accountability to shareholders.

4. **Profitability is able to moderate the influence of dividend policy on earnings management**
   Hypothesis testing was carried out to prove that profitability can moderate the relationship between dividend policy and earnings management. The test results show that profitability can moderate the relationship between dividend policy and earnings management. This indicates that companies that have high profitability, high dividend policies will further reduce earnings management. This is because companies that have high profitability will have more profits to distribute to shareholders. Therefore, management will have less pressure to carry out earnings management, in order to meet dividend targets.

5. **Profitability is able to moderate the influence of capital structure on earnings management**
   Hypothesis testing was carried out to prove that profitability can moderate the relationship between capital structure and earnings management. The test results show that profitability can moderate the relationship between capital structure and earnings management. This indicates that companies that have high profitability and high capital structures will further reduce earnings management. This is because companies that have high profitability will have more profits to cover the high cost of equity. Therefore, management will have less pressure to carry out earnings management, in order to meet profit targets. In companies that have low profitability, a high capital structure will not have much influence on earnings management. This is because companies that have low profitability will have less profit to cover the high cost of equity.
equity. Therefore, management will continue to have pressure to carry out earnings management, in order to meet profit targets.

6. Profitability is able to moderate the influence of the auditor committee on earnings management

Hypothesis testing was carried out to prove that profitability can moderate the relationship between dividend policy and earnings management. The test results show that profitability can moderate the relationship between dividend policy and earnings management. This indicates that for companies with high profitability, earnings management is not needed to fulfill obligations to creditors or to maintain the company's financial ratios. This is because companies with high profitability have the ability to generate sufficient profits to fulfill these obligations. High profitability shows that the company you invest in can generate high profits for investors and reflects an increase in company efficiency, so this shows that the company's performance is getting better. With high profit conditions, an issuer can recruit audit committee members with a superior level of performance so that the presence of an audit committee can help the board of commissioners to supervise management in preparing financial reports. Therefore, the audit committee is expected to have a high time commitment. The audit committee is expected to have a lot of time to supervise the company's financial reporting process so that the possibility of earnings management can be reduced.

4. Conclusion

Based on the results of data analysis, hypothesis testing and discussion of research results described in the previous chapter, conclusions can be drawn regarding the influence of dividend policy, capital structure and audit committee on earnings management with profitability as a moderating variable in mining companies listed on the Indonesian Stock Exchange in 2018-2022, as follows.

1. Dividend policy has a negative effect on earnings management. This explains that a high dividend policy can reduce management's motivation to carry out earnings management.
2. Capital structure has a negative effect on earnings management. This explains that the higher the capital structure of a company, generally there will be a decrease in earnings management practices carried out by company management.
3. The audit committee has a negative effect on earnings management. This explains that an effective audit committee can help reduce unethical or manipulative earnings management practices.
4. Profitability moderates the influence of dividend policy on earnings management. This shows that high profitability usually reflects good financial performance and the company's ability to generate adequate profits.
5. Profitability moderates the influence of capital structure on earnings management. This shows that capital structure refers to the composition of a company's capital between debt and equity.
6. Profitability moderates the influence of the audit committee on earnings management. This shows that the audit committee is an independent body responsible for supervising and ensuring the company's compliance with applicable accounting policies and procedures.
References


