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The Effect of Information Asymmetry, Financial Performance, Financial Leverage, Managerial Ownership on Earnings Management with the Audit Committee as Moderation Variables

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ABSTRACT

Earnings management is a very interesting topic to discuss. As long as management prepares financial reports in accordance with accounting standards in Indonesia, it cannot be said to do earnings management. However, on the other hand accrual-based accounting can cause distortion. This study aims to analyze the effect of information asymmetry, financial performance, financial leverage and managerial ownership as factors that affect earnings management in companies implementing Initial Public Offering (IPO) policies for the 2014-2018 period. This study will also test the audit committee variable which is used as a moderating variable in the research model. The population is companies that carry out Initial Public Offering (IPO) policies for the 2014-2018 period. The population of this study was 149,α5%, information asymmetry and managerial ownership have a significant effect on earnings management, while financial performance and financial leverage do not have a significant effect on earnings management. The results of this study also indicate that the audit committee is able to moderate the effect of information asymmetry on earnings management, on the other hand, the audit committee is unable to moderate financial performance and financial leverage on earnings management.

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1. Introduction

The standard used in Indonesia is accrual accounting used at this time, but on the other hand accrual-based accounting can cause distortion, therefore it is necessary to identify and adjust its use, so that accounting information can reflect good business activities. Subramanyam & Wild, (2009). This accounting distortion is a deviation from the information reported in a financial report to the existing business conditions, therefore earning management is one of the results of accrual accounting distortion.

Earnings management is the most troublesome outcome of accrual accounting. The case that had become tranding in Indonesia in 2002 was Lippo Bank in an effort to disguise losses, allegations of manipulating credit card data, modification of credit card data in Bukopin, and also the latest case related to PT Garuda Indonesia in 2018 by accepting income at the same time in one year , or recognizes income on a distributed basis over the term of the agreement. In the same year, PT Perusahaan Listrik Negara and also PT Pertamina managed to show attractive performance at the end of 2018, of course, with the same pattern, namely the recognition of income that was still in the form of receivables.

Scott (2014) stated that there are several company motivations as the basis for conducting earnings management actions, namely bonus motivation, tax motivation, political motivation, long-term debt contracts, IPO, and initial bond offering. Ari and Gumanti (2011) several factors that influence earnings management, namely information asymmetry, operating cash flow, audit quality, changes in earnings, and leverage.Suriyani et al., (2015) The factors that can affect earnings management are leverage, percentage of public shares, the board of commissioners, the audit committee, and institutional ownership.

Information asymmetry is a condition in which differences in the acquisition of internal information will affect the future between managers and investors. More knowledge of this information makes managers as internal parties tend to be opportunistic in carrying out these earnings management practices. Financial performance is related to the company's ability to generate profits and keep profits in a good trend, this is one of the management benchmarks in motivation to get bonuses. Financial Leverage can encourage earnings management practices within the company to the extent that the company or management takes risks by

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utilizing borrowed money, but adds a significant risk to shareholders and creditors due to additional interest obligations.Dong, (2015). Managerial ownership is one way that can be used to anticipate that managers will not manipulate earnings, of course, by providing offers to managers to participate in owning shares. This compensation aims to make management feel that they have increased their ownership by Prempanichnukul and Krittaya (2012).

Weak implementation of good corporate governance will trigger financial scandals. The implementation of good corporate governance helps the director to limit the opportunistic behavior of managers to reduce agency costsConnolly et al., (2012). Currently, the issue of government regulation is a concern in the academic world. The reasons for the issuance of regulations are because, new technology, globalization, culture and the social environment encourage better corporate governance and financial information transparency.Zgarni et al., (2016). The presence of SOX in America, there was also in Tunisia in 2005 called the financial security law no. as well as the financial security law contained in France, which strengthens the existence of good corporate governance in global discussions. One aspect of good corporate governance that is often debated by various groups, both the government and other related parties, is the existence of an audit committee. in Indonesia, the regulation that regulates all of this is the Indonesian Audit Committee Association (IKAI) which focuses on improving the quality of good corporate governance.

The author takes data samples from companies conducting IPO (Initial Public Offering). The author's reason is that generally companies that conduct IPOs or are better known as initial offerings will always experience difficulties in determining the initial share price and can cause Information Asymmetry because it tends to be determined based on the interests of either the Underwriter or Eimten (Principal).

2. Literature review

2.1 Good Corporate Governance (GCG)

Good corporate governance is a concept proposed to improve company performance by controlling internal performance Widyaningrum et al., (2018). Control plays an important role in maintaining company stability both financially and non-financially, so it requires a concept that is able to maintain company stability. Every agency or government needs synergy in striving to implement deep and sustainable change through codes of good corporate governanceKrenn, (2015). Recent regulatory reforms in continental Europe in the 2005s have concentrated on improving the quality of corporate governance.

Current regulations provide significant suggestions for a role and responsibility to all parties involved in the corporate governance process. in particular, the regrouping of the audit committee and external auditors. The audit committee in its role is to see the reasonableness in the company's financial statements which is made as a guarantor of protection for the company's stakeholders so that earnings management can be minimizedZgarni et al., (2016); Wilbanks et al. (2017); De Vlaminck and Sarens, (2015).

2.2 Agency Theory

If there is a barrier between the owner and manager in running a business within the company, who will always try to maximize each utility function so that it raises agency problems caused by friction of the interests of the party Astria & Ardiyanto, (2011). Today's business development has the effect of conflict between owner and management. In an effort to reduce the occurrence of agency problems that can occur, there will be agency costs incurred by the company to control it Godfrey et al, (2010).

2.3 Review of Literature

A. Signal Theory

Wolk et, al., (2001) Signaling theory shows the importance of companies providing an overview of information to the public. Signal theory is very relevant when used in this study because the information circulating from the signal given will influence investors' decisions. In the process of initial public offering of the company, company management performs earnings management by utilizing the good name of third parties, such as the use of auditors.

B. Profit management

Kieso (2011) defines related planning of time used from expenses, income, losses and profits to smooth out lumps in income. WhileScott, (2011). It is defined as an action taken when choosing accounting policies to achieve certain goals, both in increasing the value of the company and in the personal interests of company management. Therefore, erroneous economic benefits obtained from misinformation as a result of an action affecting earnings reported by company management by intervening in policies for specific purposes, will have an effect in the long run and will be very disruptive and dangerous in the long term. company length. Fodio et al., (2013) Various methods of estimating earnings management use discretion accruals,

The method of preparing financial statements, namely accrual basis, is used because it is more fair and rational in reflecting the actual financial condition of the company; however, the use of the accrual basis also

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creates wider space for management to use accounting methods provided they do not deviate from current Financial Accounting Standards. If management is in a condition where they do not reach the targets they have set, management has the potential to use the advantage of the flexibility allowed by accounting standards to influence changes in earnings. Rahman et al., (2013) Some of the techniques commonly used by management in carrying out earnings management are; Technique "cookie jar reserve", technique "big bath", technique "big bet on the future", Technique "flushing" the investment portfolio, technique "throwing out" a problem child, "introducing new standard" technique, Elimination of long-term operating assets, Sale / lease back, Operating income vs. non operation, Early maturity of debt, Use of derivatives,Technique "shrink the ship. Earnings management measurement tool adopts the Modified Jones model. In this model where to measure earnings management discretionary accruals are used as a proxy, as for the steps in finding the discretionary accrual value:

C. Calculating total accruals using the cash flow approach

$$TAC_{i,t} = NI_{i,t} - OCF_{i,t}$$

Information

$TAC_{i,t}$ = Total Akrual Peruahaan i pada tahun ke t $NI_{i,t}$ = Laba bersih setelah pajak perusahaan i pada tahun ke t

$OCF_{i,t}$ = Arus kas operai perusahaan i pada tahun ke t

D. Finding the coefficient value based on the total accrual regression

The use of this regression is to detect discretionary accruals and non discretionary accruals. Discretionary accrual is used to see the difference between total accrual and non-discretionary accrual.

$$\frac{TAC_{it}}{TA_{it-1}} = \beta_1\left(\frac{1}{TA_{it-1}}\right) + \beta_2\left(\frac{\Delta REV_{it} - \Delta REC_{it}}{TA_{it-1}}\right) + \beta_3\left(\frac{PPE_{it}}{TA_{it-1}}\right) + \varepsilon_{it}$$

Information :

TAC_{it} = Total akrual perusahaan pada tahun t

TA_{it-1} = Total asset perusahan pada akhir tahun t − 1

ΔREV_{it} = Perubahan total pendapatan pada tahun t

ΔREC_{it} = Perubahan total piutang bersih pada tahun t

PPE_{it} = $Property, plant, and\ Equipment$ perusahaan pada tahun t

E. Discretionary accrual calculation

This model assumes a relationship between non-discretionary accruals and explanatory variables. So to calculate discretionary accruals using the following equation:

$$DAC = \frac{TAC}{TA_{it-1}} - \left(\alpha_1\left(\frac{1}{TA_{it-1}}\right) + \beta_1\left(\frac{(\Delta REV_{it} - \Delta REC_{it})}{TA_{it-1}}\right) + \beta_2\left(\frac{PPE_{it}}{TA_{it-1}}\right)\right)$$

F. Information Asymmetry

Suwarjono (2014), Information asymmetry is a condition in which management is the superior party in controlling information when compared to investors / creditors. Bodie et al., (2014)Asymmetric information is the potential for a trader to have private information about the value of a security that his trading partner does not know. Jogiyanto (2010), Information asymmetry is a condition that describes some investors having excess information while other investors do not. This information asymmetry variable can be measured by the relative bid-ask spreadMustikawati & Cahyonowati, (2015). The bid-ask spread usually reflects a picture of asymmetry of information when compared to the following returns:

$$BidAsk_{i,t} = \frac{(ask_{i,t} - bid_{i,t})}{\left\{\frac{(ask_{i,t} + bid_{i,t})}{2}\right\} \times 100\%}$$

Information :

$ask_{i,t}$ = $closing\ ask\ price$ tiap akhir tahun pada perusahaan i $bid_{i,t}$ = $closing\ bid\ price$ tiap akhir tahun pada perusahaan i

G. *Financial Performance*

In general, investors prefer earnings information that we can see in the financial statements by ignoring the process of obtaining profits, especially when analyzing or looking for information on a company's financial statements. on the profitability ratio which is a picture of financial performance.Brigham &

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Houston, (2014)Profitability ratio is the ratio between net income to total assets in measuring its return. (Kasmir, 2015) Also to determine the ability of each company to generate profits. Return on assets is used in this study, because ROA is one of the company's financial ratios related to the level of profitability.

$$ROA = \frac{Laba\ bersih}{Total\ Asset}$$

H. *Financial Leverage*

This ratio is used to determine the extent to which the company's assets can be financed with debt, and in a broad sense, the company's ability to meet its cashmere obligations (2015). Managing sources of funds that have a fixed burden due to these sources of funds in the hope that they will get additional profits provided that they must be greater than the existing fixed costs, so that more profits will be obtained for shareholders, Sartono (2008). In this case, it can be interpreted that the use of debt allows for greater profit than the company's expenses which are fixed.

*Financial leverage*is the level at which a corporation takes risks by utilizing borrowed money in the form of debt financing and it is hoped that leverage will increase the increase in profit, in addition to fixed costs, an increase in operating income can occur due to the tax benefits of debt, even though it has the risk of increasing interest liabilities. therefore leverage is a measure of the risk behavior of managers in corporate policy makingTran & Ashraf, (2018) In this study, researchers used the DAR ratio in their measurements as follows:

$$Leverage = \frac{Total\ Debt}{Total\ Asset}$$

I. Managerial ownership

Faizal (2011) managerial ownership is a level of share ownership and at the same time actively participates in decision making. According toImanta & Satwiko, (2011)where ownership is in the form of company shares given to the manager or you can say the manager is an agent in the company as well as a shareholder. One or the things that can be done to stretch the conflict caused by the separation of ownership and agent between the two parties, the goal is clear, to minimize managers from practicing earnings management by offering managers to participate in stock-based compensation programs such as Prempanichnukul and Krittaya (2012).). The measurement of managerial ownership is measured by the percentage of shares which we can see as follows:

$$Kepemilikan\ Manajerial = \frac{Jumlah\ Saham\ yang\ Dimiliki\ Pihak\ Manajemen}{Total\ Saham\ yang\ Beredar} \times 100\%$$

J. Audit Committee

(Bapepam, 2012) Is a committee formed to be directly responsible to the board of commissioners to carry out the duties and functions of the Board of Commissioners to build supervisory responsibility on behalf of the board of directors. So that financial reports become increasingly quality, improve the integrity of financial statements and act as a deterrent to internal control manipulation which has an impact on earnings management Järvinen and Myllymäki, (2016). Detection in fraud certainly cannot be separated from internal control which greatly affects the company, as expected, all parties expect the audit committee to play a maximum role in internal control, related to supervision, risk management, internal audit, ethics and code of ethics, accounting and financial reporting, auditing independentKartal et al., (2018). The audit committee can be measured by measuring the frequency of the audit committee as follows:

KA = Number of Audit Committee Meetings in the Company

2.4 Research Framework and Hypotheses

A. Framework of Mind

The framework of thinking in this study can be described as follows:

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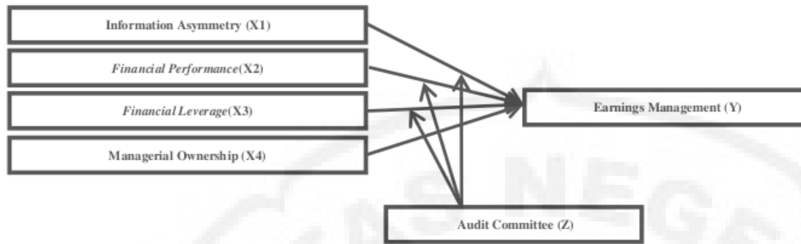

Fig 1. Framework of Mind

B. Research Hypothesis

Hypothesis 1: Information Asymmetry has a positive effect on Earnings Management.
Hypothesis 2: Financial performance has a positive effect on earnings management.
Hypothesis 3: Financial leverage has a positive effect on earnings management.
Hypothesis 4: Managerial Ownership has a negative effect on Earning Management.
Hypothesis 5: The Audit Committee weakens the influence of Information Asymmetry on Earnings Management.
Hypothesis 6: The Audit Committee weakens the influence of Financial Performance on Earnings Management.
Hypothesis 7: Audit Committee weakens the effect of Financial Leverage on Earnings Management.

3. Research methods

The type of research used in this study is classified as associative-causal research. Causal associative is a study that uses the characteristics of the problem of a cause-and-effect relationship between several variables. This study is aimed at being able to see the effect of disclosure of information asymmetry, financial performance, financial leverage and managerial ownership on earnings management with the existence of an audit committee as a moderating variable in companies conducting IPOs on the Indonesia Stock Exchange for the period 2014-2018.

The population chosen was companies that conducted IPOs on the Indonesia Stock Exchange in 2014-2018, totaling 149 companies. Purposive sampling is a technique used in sampling in this study, the sample taken has the following characteristics:

A. The population of companies (issuers) is all companies that made initial public offerings (IPO) on the Indonesian stock exchange for the period 2014 - 2018.
B. The company publishes complete financial statements for the period 31 December 2014-2018 on the Indonesian stock exchange website.
C. The company has complete financial statement data related to the research variables studied in the financial statements.

After being given the criteria then The sample in this study were 119 companies. The tool used in this research is the Eviews software. Regression analysis methods and moderating testing are techniques for analyzing it.

3.1 Research result

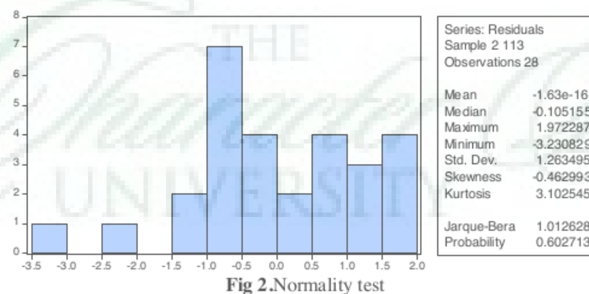

Fig 2. Normality test

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Judging from the picture above, it does not form a perfectly symmetrical bell, but it can be seen that the probability value is 0.602713 where the probability value is greater than 5% so that 0.602713> 0.05, then the data already has a normal distribution.

Table 1
Autocorrelation

Brusch-Godfrey Serial Correlation LM Test:			
F-statistic	0.038101	Prob. F	0.9970
Obs * R-squared	0.222806	Prob. Chi-Square	0.9942

The Chi-Square probability value in the autocorrelation table is 0.9942, it can be concluded that prob. Chi-Square 0.9942> 0.05. This indicates that this regression does not have autocorrelation so that the data used can be used to see the level of earning management at the time of the initial public offering on the IDX.

Table 2.
Multicollinearity

Variance Inflation Factors

Variable	CenteredVIF
ASY	1,218965
FP	1.422145
FL	1,384168
KM	1.139052

The value of Cntered Variance Inflation Factors on the multicollinearity table is above the information asymmetry of 1.218965, financial performance of 1.422145, financial leverage of 1.384168 and managerial ownership of 1.139052. where the VIF value of each variable is <10, so it is stated that there is no multicol problem in the prediction model.

Table 3
Heteroscedasticity

Heteroscedasticity Test: Glesjer			
F-statistics	0.651921	Prob. F	0.6314
Ob * R-squared	2.851298	Prob. Chi-Squar 0.5830	

The results of heteroscedasticity using the Glejser test in table 5.4 above the available data, the value of F and Ob * R-Squared is 0.5830. Therefore, the p value is 0.5830> from 0.05, so there is no heteroscedasticity or the regression model is homoscedastic.

Table 4
Partial Test Results

Variable	Coeficient	Std. Error	t-Statistics	Prob.
C	2,911559	1.929939	1,508628	0.145000
X1	-1.279214	0.473966	-2.698957	0.012800
X2	-0.008858	0.056678	-0.156282	0.877200
X3	-2.147228	1,730521	-1,240799	0.227200
X4	-0.222264	0.082919	-2,680508	0.013400

The results of the regression analysis reveal that the information asymmetry variable partially has a negative and significant effect on earnings management, as well as the managerial ownership variable partially has a negative and significant effect on earnings management, while the financial performance and financial leverage variables have a negative and insignificant effect. on earnings management.$(x_1)(y)(x_4)(y)(x_2)(x_3)(y)$

Information asymmetry has a prob value of 0.0128 <0.05, meaning that information asymmetry partially has a significant effect on earnings management. financial performance has a prob value of 0.877> 0.05, meaning that financial performance partially does not have a significant effect on earnings management. Financial leverage has a prob value of 0.2272> 0.05, meaning that financial leverage also partially does not have a significant effect on earnings management. Managerial ownership has a prob value of 0.0134 <0.05, meaning that managerial ownership partially has a significant effect on earnings management.$(x_1)(x_1)(y)(x_2)(x_2)(y)(x_3)(x_3)(y)(x_4)(x_4)(y)$

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Table 5
Simultaneous Test Results

F-statistics	3,381286
Proba. (F-statistic)	0.025758

Based on the F test, it shows the prob value of 0.025 <0.05. The results prove the information asymmetry of financial performance financial leverage, managerial ownership simultaneously has a significant effect on earnings management.$(x_1), (x_2), (x_3)(x_4)\ (y)$

Table 6
Determinant Coefficient

R-squared	0.3702
Adjusted R-squared	0.2607

Based on the results of the Adjust R-squared is 0.2607, which means the independent variable consisting of information asymmetry of Financial performance and Financial leverage, managerial ownership is able to explain earnings management of 0.2607. apart from that it can be explained by other variables that are not in the research model amounting to 0.74 or 74%.$(x_1),\ (x_2), (x_3)(x_4)$

Table 7
Regression Results with Moderation Variables

Variable	Coeficient	Stad. Error	t-Statistics	Proba.
C	2.648049	1.900683	1.393209	0.1788
X1	-1.700420	0.519393	-3.273860	0.0038
X2	0.081937	0.072130	1.135961	0.2694
X3	-0.073116	2.384901	-0.030658	0.9758
X4	-0.189200	0.084879	-2.229046	0.0374
X1_Z	0.181841	0.080745	2,252043	0.0357
X2_Z	-0.041267	0.021417	-1,926846	0.0683
X3_Z	-0.785902	0.489663	-1.604986	0.1242

The Information Asymmetry variable provides a coefficient value of -1,700 with a significant value of 0.0038 smaller than α (0.05) Meanwhile Information Asymmetry * The Audit Committee provides a coefficient value of 0.181 with a significance value of 0.035 smaller than α (0.05). Based on the results obtained, partially that the audit committee variable as a moderating variable can strengthen the relationship between information asymmetry on earnings management and is expressed as moderation. The audit committee variable can be placed as an independent variable as well as a moderating variable.$quasi$

The financial performance variable provides a coefficient value of 0.081 with a significant value of 0.269 greater than α (0.05). Meanwhile, the financial performance * of the Audit Committee provides a coefficient value of - 0.041 with a significance value of 0.068 which is smaller than α (0.05). Based on the results obtained, partially that the audit committee variable as a moderating variable cannot moderate the relationship between financial performance and earnings management and is expressed as Potential Moderation (Homologous Moderator). This means that the potential audit committee variable becomes a moderating variable.

The financial leverage variable provides a coefficient value of -0.073 with a significant value of 0.975, greater than α (0.05). Meanwhile financial leverage * The Audit Committee provides a coefficient value of -0.785 with a significance value of 0.124 greater than α (0.05). Based on the results obtained, partially that the audit committee variable as a moderating variable cannot moderate the relationship between financial leverage and earnings management and is expressed as Potential Moderation (Homologous Moderator). This means that the potential audit committee variable becomes a moderating variable.

4. Discussion

4.1 The Effect of Information Asymmetry on Earnings Management

In this study, the asymmetry relationship is not in accordance with the existing theory, where information asymmetry has a negative effect on earnings management. Veronica & Bachtiar, (2005)also revealed a negative correlation between the bid-ask spread, as a proxy for information asymmetry on earnings management. most likely occurred due to the decrease in Spreads for companies conducting IPOs

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from 2014-2018, as evidenced by the fact that in 2017 and 2018 many companies experienced low spreads. The low spread of the thinning of transactions in the stock market, reinforced by the 2018 capital market statistics, the OJK shows the comparison of value with the number of public offerings in 2017 and 2018 getting an average value of 252.6 and 283.2, while 2015 and 2016 get an average value of 706 , 8 and 862.1 respectively (in billions) will certainly be felt by companies that are eager to increase equity,Zhang et al., (2020), Holderness, (2018) asymmetrical relationships that rely more on equity than relying on debt financing. Ghani et al., (2017) Information asymmetry is caused by the thinness of stock transactions on the Stock Exchange for the technology industry in Malaysia, this implies that investors' decisions in buying shares are not affected by the presence or absence of earnings management practices.

The company's expectations were not achieved in the IPO to increase equity, so that it had a bad impact on the company and also the company's performance decreased after the IPO due to an increase in agency costs, company size, window-dressing and also due to market timming problems before issuing shares. This can also be caused because the decision to go public is a complex decision, therefore it will lead to new losses and costs,Doski, (2014) Pastusiak et al., (2016)., Alanazi et al., (2011)also revealed decreased performance due to increased costs that cause losses. Of course this research is inconsistent with,Andika & Sukartha, (2015); Yamaditya and Raharja (2014);Mustikawati & Cahyonowati, (2015); Zhang et al., (2020); Regards (2015);Bar-yosef & Prencipe, (2013); Wardani & Wahyuningtyas, (2018); which suggests that information asymmetry has a positive and significant effect on earnings management. But in line withWiyadi et al., (2015), Sunarto & Sundarta, (2015) that information asymmetry has a significant negative effect on earnings management while several studies have shown that information asymmetry has no significant effect on earnings management Firdaus, (2013)Wiryadi & Sebrina, (2013).

4.2 Effect of Financial performance on Earnings Management

Financial performance(ROA) Does not affect earnings management, high (ROA) does not motivate management to act opportunistically. (ROA) is only shown to determine the level of profitability generated by management, meaning that the high (ROA) makes management feel more comfortable with this situation so that management does not need to carry out earnings management techniques to influence its profits. Extrinsic motivation makes management tend to do earnings management, perhaps to meet their needs such as competition, recognition, and evaluation, while management with high intrinsic motivation does not do earnings management too much.Achilles et al., (2013). Extrinsics aim at a different outcome and not innate enjoymentHofeditz et al., (2017). Extrinsic assessment, of course, is not always seen from the ability of management to increase the ROA ratio alone. Another view, from an investor's point of view, fundamental analysis is not very attractive to investors to influence their decisions. Most investors are more interested in technical analysis, this could happen because it is difficult to read financial reports, which generally investors do not have the same knowledge in reading financial statements. This research in line withKalbuana et al., (2019); Raihan & Herawaty, (2019) Karina & Sutandi, (2019), Widyaningrum et al., (2018)also suggests that financial performance (ROA) has no significant effect on earnings management. Another discoveryAmalia et al., (2019); Guna et al (2010);Amertha, (2013); Alves, (2012); Astari & Suryanawa, (2017); Haini & Andini, (2014); Okougbo & Okike, (2015); Zakia et al., (2019); Asyati & Farida, (2020); Sufiana & Karina, (2020)financial performance (ROA); has a significant influence on earnings management.

4.3 Effect of financial leverage on earnings management

*Financial leverage*has no effect on earnings management. This means that companies that conduct IPO 2015-2018 generally do not maximize debt adequacy for their assets to be used as working capital, the most likely management is only to maximize ownership of equity they own to multiply profits. It can be seen that the average leverage ratio is below 0.5. Management does not want to take risks in increasing profits by relying on the company's ability to raise capital by going into debt. Do not want to take risks, high interest, failure in the agreement are the determining factors in management's decision to take this option. Management that uses this facility in obtaining capital also cannot use its earnings management policies. this is due to the tight supervision of third parties who provide loans so that there is no breach of contract. Apart from the habits of investors who are not too interested in fundamental analysis, it encourages management to not pay too much attention to financial leverage.Okougbo & Okike, (2015), Annisa & Hapsoro, (2017); Zakia et al., (2019); Habib & Jiang, (2012); Amalia et al., (2019); Raihan & Herawaty, (2019); Asyati & Farida, (2020); Sufiana & Karina, (2020)also argued that financial leverage has no significant effect on earnings management. Other studies we can know AS Christie, (1990);Wijaya & Christiawan, (2014); Indeswari, (2015); Yang et al., (2008); Lin et al., (2009); Alves, (2012); Kusumawardani & Dewi, (2016); Astari & Suryanawa, (2017); Houqe et al., (2017); Partayadnya & Suardikha, (2018); Al-haddad & Whittington, (2019); Widyaningrum et al., (2018); Kalbuana et al., (2019); Orazalin & Rassul, (2019)financial leverage; has a significant effect on earnings management.

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4.4 The Effect of Managerial Ownership on Earnings Management

Managerial ownership has a negative and significant effect on earnings management. Ownership of shares owned by management can minimize earnings management practices because there is a sense of belonging that arises from the number of shares they own, as expressed by Prempanichnukul and Krittaya (2012), giving stock compensation to management, having the impact of increasing managerial ownership, of course, will increase the sense of belonging. The average percentage of share ownership by managers is quite high in the company, which is above 10%, which has a very significant effect in controlling management behavior in managing earnings. Apart from affecting earnings management, it will indirectly affect the long term in terms of agency costs and others. Agency costs will have an impact on decreasing welfare by the owner Godfrey, (2010). Common agency costs include establishing the best financial information system, the cost of selecting the best public accounting office, providing incentives to management, reshuffling members of the commissioners, costs of supervising management, expenses for organizing the organization so that there are no deviations and opportunity costs that must be borne due to limitations. both from shareholders and creditors Sartono (2010).Sintyawati & Dewi S, (2018) The existence of managerial ownership can indirectly reduce the costs of monitoring management behavior so that agency costs can be minimized. Yang et al., (2008); Khan et al. (2012);Alves, (2012); Habib & Jiang, (2012); Good et al., (2010); Yegon et al. (2014); Amir and Nozari (2015);Astari & Suryanawa, (2017); Andika & Sukartha, (2015); Kouki et al (2011); Wiryadi & Sebrina, (2013); Mahariana & Ramantha, (2014) High enough managerial ownership causes managers to also suggest that managerial ownership has a significant negative effect on earnings management. WhilePrayadnya & Suardikha, (2018); Zakia et al., (2019); Asyati & Farida, (2020) Managerial ownership has no significant effect on earnings management.

4.5 The Effect of the Audit Committee as a Moderator of the Effect of Information Asymmetry on Earnings Management.

The test results show that the interaction between information asymmetry and the audit committee has a significant effect on earnings management. The audit committee strengthens the relationship between asymmetry and earnings management. This is because the audit committee in this case strengthens the effect of information asymmetry on earnings management, showing that the existence of the audit committee is only to fulfill its obligations to be able to convince investors.Wiyadi et al., (2015), Septiadi S & Mimba H, (2015), Ermaya & Astuti, (2018) where the audit committee is able to moderate information asymmetry and earnings management. Different research by Wisnumurti (2010); Lestari (2015);Wardani & Wahyuningtyas, (2018); Sri, et al., (2018); In his research, the audit committee was able to moderate by weakening the relationship of information asymmetry with earnings management, this is because the audit committee has indeed maximized its role and the existence of the audit committee does not only fulfill the demands of fulfilling the obligation to disclose company reports made by the Indonesian stock exchange regulations. In every meeting that is held, the audit committee has a significant effect on weakening the relationship between information asymmetry and earnings management.

4.6 The Effect of the Audit Committee as a Moderator of the Influence of Financial Performance on Earnings Management.

The test results show that the interaction between financial performance and the audit committee does not have a significant effect on earnings management. The implementation of the audit committee meeting which is an obligation in GCG shows that the audit committee in the company is expected to have carried out its duties properly. One of the main duties of the audit committee is to review the financial information that will be issued by the Issuer or indirectly through the recommendation of a good public accountant. Thus, the increase in profitability as a result of management actions to get bonuses can be minimized in the financial statements.In this case the information provided in financial performance is good for publication and avoids earnings management practices, especially in bonus motives. Therefore, the audit committee that reviews the financial information issued by the Issuer does not put significant pressure on the financial performance ratios. In this case, the information provided in financial performance has no effect on the existence of the audit committee. In line withRaihan & Herawaty, (2019); Widyaningrum et al., (2018); Zakia et al., (2019)where the audit committee is not a moderator between ROA and earnings management. And contrary toAmertha, (2013) where the audit committee is able to moderate ROA on earnings management.

4.7 The Effect of the Audit Committee as a Moderator of the Effect of Financial Leverage on Earnings Management.

The test results show that the interaction between financial leverage and the audit committee does not have a significant effect on management. The low financial leverage ratio (DAR) does not make management to do earning management and maximize the equity they have. Earnings management increases with leverage, generally high leveraged companies where management has more incentive to manage their financial performanceOrazalin & Rassul, (2019)however, we can see in the descriptive table that the average

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value of the leverage ratio was brought below 0.5. Management who does not want to take risks in increasing profits by relying on the company's ability to obtain capital by way of debt, this is fully understood by the audit committee so that in this study the low average ratio that is owned makes leverage does not have a major effect on change. profit management. The implementation of the audit committee meeting which is one of the main duties of the audit committee is to review the financial information that will be issued by the Issuer or Public Company to the public and / or authorities such as financial reports, in this case the information provided in financial leverage does not affect the existence of the audit committee. .Widyaningrum et al., (2018), Zakia et al., (2019) where the audit committee was unable to moderate financial leverage with earnings management.

5. Conclusion

1) Information asymmetry has a negative and significant effect on earnings management in companies that do IPO.
2) *Financial performance and Financial performance* same-sama has a negative and insignificant effect on earnings management in companies that do IPO
3) Managerial ownership has a negative and significant effect on earnings management in companies that do IPO
4) The Audit Committee strengthens information asymmetry on earnings management in companies conducting IPOs.
5) The Audit Committee cannot moderate financial performance on earnings management in companies conducting IPOs.
6) The Audit Committee cannot moderate financial leverage on earnings management in companies conducting IPOs

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