The Effect Of Financial Distress, Leverage, And Audit Committee On Earnings Management

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Abstract

This study aims to examine the effect of financial distress, leverage, and the audit committee on earnings management practices in food and beverage sector companies listed on the Indonesia Stock Exchange. This quantitative research utilizes secondary data from financial statements and annual reports for the 2023–2025 period. Through purposive sampling, a sample of 71 companies was selected, yielding 213 balanced panel observation units. The earnings management variable is measured by discretionary accruals using the Modified Jones Model, financial distress via the Altman Z-Score, leverage using the Debt to Equity Ratio (DER), the audit committee through audit committee quality divided by the total number of audit committee members, and firm size as a control variable. Panel data regression analysis was processed using STATA version 17 software. Based on the Chow test and Lagrange Multiplier test, the Common Effect Model (CEM) was selected as the best-fitting model. The hypothesis testing results indicate that financial distress, leverage, and the audit committee do not have a significant partial effect on earnings management practices. These findings suggest that earnings management decisions in the sample companies are more influenced by other factors beyond the variables examined in this study.

***Keywords**: Earnings Management, Financial Distress, Leverage, Audit Committee*

Pengaruh *Financial Distress*, *Leverage*, dan *Audit Committee* terhadap Manajemen Laba

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Abstrak

Studi ini bertujuan untuk menguji pengaruh kesulitan keuangan, *leverage*, dan komite audit terhadap praktik manajemen laba pada perusahaan sektor makanan dan minuman yang terdaftar di Bursa Efek Indonesia. Penelitian kuantitatif ini memanfaatkan data sekunder berupa laporan keuangan dan laporan tahunan periode 2023–2025. Melalui metode *purposive sampling*, diperoleh sampel sebanyak 71 perusahaan dengan total 213 unit observasi *balanced panel*. Variabel manajemen laba diukur menggunakan *discretionary accruals* model Modified Jones, kesulitan keuangan dengan Altman Z-Score, *leverage* melalui *Debt to Equity Ratio* (DER), komite audit melalui kualitas komite audit dibagi jumlah anggota komite audit dan ukuran perusahaan (*firm size*) sebagai variabel kontrol. Analisis regresi data panel diolah menggunakan perangkat lunak STATA versi 17. Berdasarkan Uji Chow dan Uji *Lagrange Multiplier*, model terbaik yang terpilih adalah *Common Effect Model* (CEM). Hasil pengujian hipotesis menunjukkan bahwa kesulitan keuangan, *leverage*, dan komite audit secara parsial tidak berpengaruh signifikan terhadap praktik manajemen laba. Temuan ini mengindikasikan bahwa keputusan manajemen laba pada perusahaan sampel lebih dipengaruhi oleh faktor-faktor lain di luar variabel yang diteliti.

Keywords: Manajemen laba, kesulitan keuangan, *leverage*, dan komite audit