THE CEO CHARACTERISTICS AND WOMEN ON BOARDS TOWARD EARNINGS MANAGEMENT

Abstrak
Tujuan Utama – Penelitian ini menginvestigasi karakteristik *chief executive officer* (CEO) dan *women on boards* terhadap manajemen laba.
Metode – Penelitian ini menggunakan metode regresi data panel. Sampel penelitian ini 23 perusahaan sektor industri konsumsi terdaftar di Bursa Efek Indonesia kurun 2016-2020.
Temuan Utama – Penelitian ini membuktikan karateristik CEO usia, masa jabatan, keanggotaan dewan, kompensasi, dan keahlian mempengaruhi perilaku manajemen laba. Dualitas, pergantian, kewarganegara tidak menimbulkan perilaku manajemen laba. Pada sisi lain *women on board* dengan proksi dewan direktur wanita dan dewan komisaris wanita juga tidak menimbulkan perilaku pengaruh tindakan manajemen laba.
Implikasi Teori dan Kebijakan – Penelitian ini mendukung teori keagenan. Selain itu, penelitian ini merekomendasikan bahwa karakteristik CEO, dan *women on board* dapat memberikan pengetahuan tentang kinerja direktur utama disuatu perusahaan terhadap perilaku manajemen laba.
Kebaruan Penelitian – Penelitian ini mengkonseptualisasikan semua karakteristik CEO dan women *on board* dengan proksi direktur utama wanita dan komisaris utama wanita di perusahaan sektor industri konsumsi.

Abstract - Article's Title (Maximum Word Count is 10 Words)
Main Purpose – *This study examines the characteristics of CEOs and women on boards related to earning management.*
Method – *This study uses panel data regression methods. The sample size includes 23 consumer goods companies listed on the Indonesian Stock Exchange from 2016 to 2020.*
Main Findings - *This study provides evidence that CEO age, tenure, board membership, compensation, and expertise characteristics influence performance management behavior. Duality, turnover, and citizenship do not lead to earning management behavior. In contrast, women on board also do not lead to behaviors that influence earning management.*
Theory and Practical Implications – *This study supports the agency theory and recommends that female characteristics of CEOs and boards provide insight into the performance of CEO within organizations in terms of earning management behavior.*
Novelty – *This study conceptualizes all the characteristics of CEOs and women on board in consumption industry sector companies.*

Kata kunci: Earnings management, CEO characteristics, women on boards

INTRODUCTION

One of the top managers with the most authority in the firm is the chief executive officer (CEO). The CEOs can increase the profits of the company by using managerial freedom to increase the company's remuneration (Chou & Chan 2018). Zouari et al, (2015) said the CEO's profile on the quality of operating profits is considered an unrestricted provision. Several previous studies have examined the characteristics of CEOs in companies (Hiebl, 2014; Kouaib & Jarboi, 2016; Nielsen & Nielsen, 2013). In other words, there is a relationship among CEO features for instance tenure, experience, compensation, and authority over the management of earnings. According to research by Hamdani & Hatan (2017), women on board are women who work as members of the board of directors of a company. Gender diversity tends to lead to higher quality creativity, innovation, and decision-making, both individually and as a team, so this aspect is key at the board level. The proportion of female directors in Indonesia is 11.6%, compared to less than 17% in Europe, 16.1% in North America, and 13.8% in Australia. This explains that female leaders are quite rare, and have a great influence on earnings management (Hala 2019). Women on board and women commissioners have been empirically proven to have an effect on earnings management as research conducted by (Adams et al. 2015; Hala, 2019; Putri & NR, 2019). The results of his research found that women and men have different principles in setting strategies in a company to improve company performance. The business owner-business leader relationship is the contract between the business leader and the business owner, known as the agent theory by Jensen & Meckling (1976). Echelon theory according to Hambrick & Mason (1984) organization reflects CEO characteristics that influence the company's strategic choices. This theory assumes that CEOs with individual features and special skills are capable of influencing creation of corporate value strategic selections, and decisions of reporting corporate financial Hambrick & Mason (1984). Thus, personality, experience, portion of the characteristics of CEO's influences the selection of strategy (Hambrick, 2007). Thus, CEO characteristics strongly influence management design and regulatory systems (Hiebl, 2014). Theory says CEOs and values influence strategic decisions (Hambrick, 2007). Therefore, the characteristics of CEO have a countless encouragement towards the management design and control systems (Hiebl, 2014).

Agency theory states that earnings management practices by the management of a business entity are influenced by conflicts of interest. Therefore, the CEO will try to maintain its performance to achieve the expected profit target by manipulating the financial statements of companies. Sial et al., (2019) said conditions where managers intervene in the process of preparing financial reports for external parties by changing accounting policies are called earnings management. Meanwhile, according to Bouaziz et al. (2020) earnings management is a manager's action carried out through the choice of accounting policies to obtain certain goals. Therefore, the goal of revenue management is to provide information that can influence stakeholders' decisions to invest capital in a company. Revenue management actions that intervene in information contained in our financial statements reflect information that may be misleading. A study conducted in France by Bouaziz et al. (2020) shows that CEO characteristics influence performance management. However, their research did not analyze women on broads with a female lead commissioner on earnings management. It is important to study because women and men have different principles in setting business strategies to improve company performance. Women on board with the main commissioner women are believed to have the principle and nature of reducing the possibility of earnings management practices. Until to date, there is no study on all the characteristics of CEOs, women on board towards earnings management in Indonesia. Several studies only tested some of the CEO characteristics including age and tenure of earnings management (Santoso & Rakhman 2013; Saputri 2021; Setyawan & Anggraita 2018; Sari, 2019; Yousef & Jamal 2021), the characteristics of CEO compensation on earnings management (Dewi & Reg 2018; Muhammad & Puguh 2020). Furthermore, the characteristics of CEO expertise (Muti'ah 2021), and the characteristics of CEO duality (Putri & Deviesa 2017). Likewise, Hala, (2019) has examined how female managers influence earnings management actions. However, the-above past studies did not comprehensively discuss all the characteristics of CEOs.

This research attempts to fill in the gap of knowledge due to the nonexistence of studies that comprehensively discuss the characteristics of CEOs, namely age, tenure, quality, board membership, compensation, turnover, expertise, and citizenship. Therefore, this research purpose to further examine the consequences of CEO characteristics in the area of earning management. The findings of this study will contribution understand the characteristics of CEOs and female executives to earning management. This study is an empirical study on the relationship between all indicators of CEO characteristics, including age, nationality, board membership, tenure, double pay, turnover, skills, board women, and earning management in Indonesia.

METHOD

The population of this study was taken from consumer goods industry companies for five years from 2016 to 2020. This study took 53 data from 23 total companies that met the criteria. Furthermore, the sampling method uses purposive sampling with several criteria. The research data is sourced from annual financial reports that have been published on the website of the Indonesia Stock Exchange (IDX) with the web name www.idx.co.id. The survey information test uses regression analysis with panel information to empirically demonstrate that all traits of the CEO and Women on Board metrics influence performance management. This test was carried out in various stages, namely: descriptive analysis, the selection of the panel data regression method and analysis, and testing the hypothesis. This study used panel data. This study uses panel data because the research topic uses numerical data. This data is in the formula of statistics that can predict trends, test correlation relationships, and other available forms of analysis. Meanwhile, data testing is carried out using the software Eviews 9. Therefore, the company's general sampling process is shown in Table 2 below.

Table 1. Sample Selection Procedure

No	Description	Total
1.	Consumer goods industry companies during 2016-2020	53

2.	The research data are consumer goods industry companies that publish annual financial reports on the Indonesian Stock Exchange from 2016 to 2020	(18)
3.	The research data are consumer goods industry companies that publish annual financial reports on the Indonesian Stock Exchange from 2016 to 2020.	(3)
4.	Consumer goods and industrial companies have a complete CEO profile regarding citizenship.	(4)
5.	Companies that have positive profits in financial statements during 2016-2020	(5)
6.	The company provides information on gender in the company's top management during 2016-2020.	(0)
7.	Total Sample	23
8.	Observation results (23*5)	115

The chief executive officer age can be used as an alternative for different traits and levels of cognitive development. Age in this research used the age of the CEO at the time he served in the company (Belot & Serving 2018). The company's CEOs are divided into three age groups: CEOs aged 18-40, 40-60, and over 60. The CEO tenure is the duration of a person has performed duties as CEO. Tenure in this study is proxied by duration of a person has performed duties as CEO of the company. Tenure is one of the key factors affecting a CEO's performance in a corporation. The calculation of tenure uses the number of years while serving in the company (Ali & Zhang 2015).

A dual CEO is a situation where the CEO and the CEO representing the company work at the same time. Measurement of this variable using a variable of dummy. If the CEO is chairman of the board, the value is 1, otherwise, the value is 0, (Wang & Lamon 2019).

A CEO board member holds an intermediate position between CEO and CEO while serving on the board of directors. CEO Board membership is on the company's Board of Directors, which consists of the CEO and a number of other officers or non-executive officers. The measurement uses a dummy variable that is 1 if the CEO holds a position on the board and 0 otherwise, (Li & Roberts 2018).

The compensation is an incentive or reward given to the board of directors or managers for achievements in improving company performance. Sun (2014) explain that the compensation measure used is the natural logarithm of the total compensation received by executives.

A change of CEO may be due to a General Meeting of Shareholders (GMS) decision or resignation (Cheng et al. 2021). Yousef & Jamal (2021) measuring CEO turnover using dummy variables. This variable is measured by comparing the CEO of the previous period to the CEO of the current period. The data scale uses a nominal scale with the following criteria: CEO turnover has a value of 1 and vice versa if the value is 0.

The chief executive's expertise is the financial or accounting knowledge whose judgments and decisions lead to superior financial reporting. CEO expertise in this study uses a dummy variable with CEOs having a top senior positions in another companies (President, CEO Chairman, CEO, CFO and COO) given a value of 1 and 0 otherwise (Zouari & Nekhili 2015).

The chief executive officer nationality is CEOs who are foreign nationals, have different cultures different language experiences, and even different skills. Measurement of citizenship according to (Idris & Ousama 2021) uses a variable of dummy variable having a criterion of 1 when CEO has Indonesian citizenship and 0 if the CEO (chief executive officer) is a foreign national.

The main director or often called the CEO has different principles between female CEOs and male CEOs in making decisions. CEO gender categorization uses a dummy, namely female and male. Female CEOs score 1, male CEOs score 0 (Sial 2019). Gender diversity of board members indicates the gender of the board and supervisory board. This indicator refers to studies that have been conducted. This variable is measured by dummy values of 1 (one) and 0 (zero). Meanwhile, the board of directors and commissioners are divided into two, namely the female and male boards. Companies that have women's boards in their ranks are given a value of 1 (one) and if they do not have a value of 0 (Razak & Helmy 2020). Dechow et al. (2010) measurement of earnings management using modified Jones. With measurement using discretionary accruals (DA). The regression model for this survey panel data can be seen with the following equation:

$$DA = \beta_0 + \beta_1 (AGD) + \beta_2 (TEN) + \beta_3 (DUAL) + \beta_4 (MEMB) + \beta_5 (COMP) + \beta_6 (TURN) + \beta_7 (EXPER) + \beta_8 (NATI) + \beta_9 (DIRECT) + \beta_{10} (COMMS) + e$$

Discretionary accruals as an indicator in measuring earnings management. On the other hand, the independent variables of CEO characteristics are *CEO age (AGD), CEO tenure (TEN), CEO duality (DUAL), CEO board membership (MEMB), CEO compensation (COMP), CEO turnover rate (TURN), CEO* *expertise (EXPER), CEO nationality (NATI), This female Executive Director (DIRECT), Female Chief Commissioner (COMMS).*

Based on the above literature review, a conceptual research framework was developed as shown in Figure 1 below. This research framework describes all characteristics of CEOs, including expertise, tenure, age, membership, compensation, duality, and turnover. In addition, women on board are proxied by the female managing director and female chief commissioner. In addition, the testing tool employed is panel data regression. A conceptual diagram of this research is shown in Figure 1:

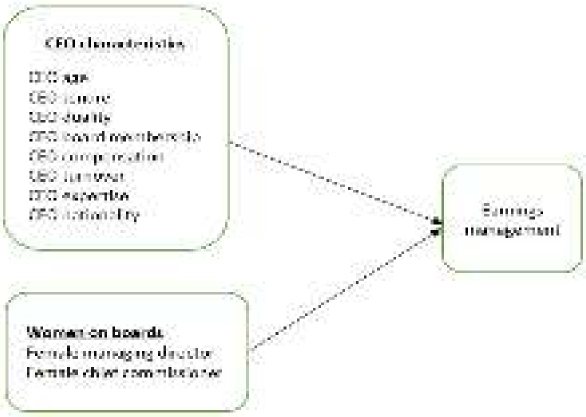

Figure 1. CEO characteristics, women on boards and earnings management

RESULTS AND DISCUSSION

This study uses panel data regression to test the indicator variable. Table 2 shows the results of the fixed effects model for panel data regression analysis.

Table 2 Results of Panel Data Regression Test

Variables	Coefficient	Std. Error	t-Statistic	P-Value	Results
Constanta	12.959	5.080	2.550	0.012	
AGD	3.899	1.325	2.942	0.004	received
TEN	0.021	0.038	0.564	0.013	received
DUAL	-0.130	0.399	-0.327	0.743	rejected
MEMB	0.711	0.352	2.016	0.046	received
COMP	0.133	0.072	1.846	0.007	received
TURN	-0.222	0.480	-0.462	0.644	rejected
EXPER	1.217	0.653	1.861	0.035	received
NATI	-0.255	0.542	-0.471	0.638	rejected
DIRECT	0.694	0.466	1.489	0.139	rejected
COMMIS	-0.374	0.362	-1.033	0.303	rejected
R-Square	0,860				
Adjust R-Square	0.870				
Prob F(Statistics)	0,027				

Source: Eviews Data Processing Results

Table 2 shows the results of testing the formula for this research model. Formulas formed based on Table 2 are shown below.

DA = 12.959 + 3.899AGD + 0.021TEN - 0.130DUAL + 0. 711MEMB + 0.134COMP – 0.222 TURN + 1.217EXPER - 0.255NATI + 0.695DIRECT – 0.375COMMS) + e

Referring the findings of testing the age of the CEO on earnings management, it is found that there is evidence that supports the link amid CEO age and the practices of earnings management. Results from Indonesia empirically showed that CEO age influences earning management practices. The findings of this study support research that suggests a negative association between CEO age and obtaining higher-quality business executive actions (Huang et al, 2012; Belot & Serving, 2018). Likewise, according to Davidson et al. (2007) CEOs of companies in France do more earnings management at the age of retirement because these older CEOs tend to have a lot of knowledge to manipulate the results of financial information. However, the results of this study differ from those of Bouaziz et al. (2020) found that CEO age does not affect performance management in preparing company financial statements. The research findings in Indonesia are supported by research (Nassem et al. 2019; Santoso & Rakhman 2013; Saputri 2021). The results of this study contradict the theory, namely the theory of moral development, developed by Kohlberg (1969). This theory explains that every moral that an individual has stages of development, and each stage is at a different age. Stages of moral development begin with the traditional stage of individual prioritization of personal interests. The conventional stage is when individuals begin to form morals according to rules, and the final stage is the post-conventional stage. Individuals have a high level of moral maturity and are therefore better able to deal with problems. and more responsibility for their performance. This theory also explains that the older the individual, the more conservative the attitudes and morals of the individual and less likely to commit fraud or deviant actions.

The length of tenure of a CEO in a company greatly contributes to the expansion and development of the company's matters than CEOs who are younger. The findings of this research confirm research showed (Bouaziz et al. 2020; Deng et al. 2018; Ghosh & Moon, 2005) in companies in France that CEOs at the beginning of their term of office until the end of their term of office manipulate the results of financial information by carrying out earnings management. According to the survey, CEOs in Indonesia have very strong managerial roles and responsibilities with a significant impact on earning management. The results of this study have also confirmed (Nassem et al. 2019; Saputri 2021; Sari 2019; Setyawan & Anggraita 2018) stated that the CEO is very influential on the usage of the corporation's financial statements. This is because the CEO of an individual has very strategic and organizational authority to determine when and what information must be carried out related to earnings management. However, the results of this study do not confirm the results reported by Alqatamin et al. (2017) in the Jordan company. The results of his research found that CEO dichotomy duality permits CEOs to become extra influential person. CEO with dual administrator capabilities to monitor business direction increasing agency problems and affecting board independence. This of course provides opportunities for CEO opportunistic behavior that will encourage earnings management actions. Furthermore, CEOs with long tenures are more serious about increasing the firm situation and contributing to business growth and development than younger CEOs, and CEOs with long tenures can develop more experience and control over the company. The length of the position held by a CEO has an impact on the amount of knowledge and information he gets about the company.

Therefore, CEO tenure is a serious issue for companies. The reason is that the CEO department needs more serious attention from investors. This is because CEOs perform profit management actions in different patterns during their tenure. CEO duality is the dual status in a company where the CEO is mandated as chairman of the board and CEO. The features of CEO duality in this study indicate that there is no significant association between CEO duality and earning management. Therefore, a company in which a key director serves as both company director and CEO may reduce the incidence of earning management or be irrelevant to improving the company's earning management. This study don't support studies that have shown that CEOs reporting end-to-end financial statement results (Ghosh & Moon, 2005; Baker et al. 2018; Ali & Zhang, 2015). Research results showed that multifunctional CEO traits have not been proven to yield results. This result does not support the study (Bouaziz et al. 2020; Baker et al. 2018) found that the duality of CEO and earning management has positive significant effects. Therefore, dual-level CEOs tend to manipulate financial data to determine that it performs well. This has a negative impact and undermines the CEO's independence as a director.

The results of the data review show that CEO board member has an important relationship with earning management. The results match with (Idode et al. 2018; Wang et al. 2019) who said that the practice of concurrent positions between the CEO and the board or organization in a company can weaken the supervisory capacity of financial reporting, so it is possible that CEOs with multiple positions as members are freer to manipulate earnings at a company. Adams et al. (2015) also said that from the point of view of CEOs who have multiple director positions as well as executive and non-executive boards of directors, it is easier to commit financial statement fraud. The CEO as well as the board of directors with their authority can increase the occurrence of earnings management (Salem et al. 2019). It was concluded that multiple CEO positions affect the financial communication quality and the firm functions performance. This study indicate that the characteristics of multifunctional CEOs have not been proven to be earning managers. This study do not support studies (Bouaziz et al. 2020; Baker et al. 2018) that mention a significant positive correlation between CEO duality and revenue management. This means that CEOs with multiple titles are more motivated to manipulate accounting information, as CEO duality undermines the independence of the board of directors. Therefore, the CEO's dual function within the enterprise cannot guarantee that he will perform profit management.

Based on agency theory stated that agency problems can be minimized by providing higher compensation to top managers (Salem et al. 2019). Furthermore, one of the success factors of the company is determined from the compensation policy. This research succeeded in proving that the characteristics of CEOs with greater compensation will be more daring to carry out earnings management than CEOs with a small compensation. This is funding research (Hsieh et al. 2018) that compensation of CEO reward is a major supplier to earnings management practices. Likewise with research (Bouazi et al, 2020; Dewi & Rego 2018) stated that compensation is one of the main factors in committing fraudulent acts in financial communication reporting. As a result, it may be said that agency theory can be used to demonstrate how CEO remuneration and earnings management are related. According to agency theory, principals and agents have different goals: the principal wants to prevent information asymmetry while the agent seeks to maximize his welfare. To overcome these differences in interests, the principal method is to provide bonus compensation. Thus, the greater the compensation received by the CEO, the more daring the CEO will be in carrying out earnings management because the CEO feels that his interest in getting a bonus has been fulfilled.

On the other hand, if the compensation received by the CEO is small, the CEO will take advantage of information asymmetry to increase the compensation he receives. The consequences of this study do not support Imen & Gana's (2021) research on Tunisian banking sector companies which states that the compensation received does not change the CEO's actions in managing earnings. Similarly,(Emmanuel et al. 2021; Cella et al. 2017) show that a CEO's base salary does not significantly affect earnings. Furthermore, Sun (2014) found that the main contribution to corporate earning management was strongly influenced by CEO compensation. Dechow et al., (2010) demonstration that reward and remuneration are for example much of an issue as high salaries for CEOs. The impact of CEO compensation and earning management lies in corporate policy to provide compensation that influences earning management (Li et al. 2016). It is concluded that managers keep control of earnings whether or not there is a bonus reward. The data review's impact on the CEO's earnings profile has no negative effects on the methods used by manufacturing firms in the consumer goods industry that are listed on the Indonesian Stock Exchange to manage earnings. This study is consistent with the findings of Hsieh et al. (2018) which says that companies that change CEOs within five years or a year have no relationship in earnings management. A study by Bouaziz et al. (2020) states that the presence or absence of a CEO change in a company has nothing to do with the company's discretionary supply. This suggests that the entry of a new CEO does not follow the practice of earnings management practices. The researcher suspects that the new CEO cannot get the maximum bonus because the old CEO has increased profits to the point of the maximum bonus so the new CEO tends to take action, with the purpose of getting the determined profit in a certain period. This phenomenon is in line with the Healy Bonus Scheme proposed by (Healy 1985). In addition, the basic assumption that must be met is that the company is in a stable financial condition. This study is consistent with the findings of (Cheng et al. 2021; Ghosh, 2019) who discovered that newly appointed CEOs are more likely to see their management's earnings drop, particularly in the first year. The study found that first-year CEOs were able to increase the value of their financial reports by practicing earning management. It is concluded that the study does not prove that CEO turnover can affect earning management.

CEO experience and management of earnings. An experienced CEO is the most valuable asset in the company, (Gounopoulos & Pham, 2018). The decision-making process of experienced CEOs is distinctly different from that used by inexpert CEOs. Actually, knowledge allows CEOs to make more fruitful decisions rather than less skilled CEO. The findings prove that experienced CEOs has influences towards earnings management. This result supports studies reported by (Baatwah et al. 2015; Call et al. 2017) that CEOs with accounting experience are more likely to continue to take earning management actions. Because the CEO, as a chief executive with special expertise in company accounting, can operate the revenue management system by choosing the appropriate accounting system to regulate the information contained in the financial statements. In addition, Jiang (2013) added that the CEO's comprehension of the accounting reporting process and the formulation of policies to raise the caliber of financial reports are indicators of his or her experience and skill. The suggestion is that a CEO with financial expertise can help companies manage resources. In other words, the CEO's financial expertise is an important factor in implementing applicable accounting standards as well as in overseeing the accounting process (Baatwah et al. 2015). The results of this study (Zouari & Nekhili, 2015; Bouaziz et al. 2020; (Gu et al. 2022) state that the CEO's expertise is irrelevant to revenue management. This means that inexperienced CEOs are less likely to take advantage of profits than experienced CEOs. Chyz (2013) shows that CEOs with slight experience have imperfect efficiency since it grasps time to understand the company. Finance-experienced CEOs are less likely to manage their actual bottom line (Gounopoulos & Pham, 2018). In summary, a CEO's experience does not necessarily affect overall company performance.

Every country has a different business culture (Idris & Ousman. 2021). CEO citizenship can affect earnings management by estimating total accruals in a company. The study found that the characteristics of CEO citizenship were independent of earning management. This justifies the study by Hooghiemstra et al. (2019) states that the CEO citizenship has nothing to do with earning management. In other words, the CEO's citizenship in a company has nothing to do with earning management practices (Terjesen et al. 2016). On the other hand, having a foreign CEO on the board may lead to less management oversight as foreign managers lack knowledge of legal regulations and language issues, resulting in higher yield control, (Hooghiemstra et al. 2019). This report contradicts that Piekkari et al. (2015) found that CEO citizenship is related to income control, and found those non-foreign CEOs were more motivated to exercise income control compared to foreign CEOs who tended not to manipulate their income. Likewise, the findings of Bouaziz et al. (2020) that French CEOs motivate income alteration and foreign nationals are less probable to employ earnings. This is because foreign CEOs do not understand local laws, accounting rules, leadership styles, and regulations (Piekkari et al. 2015). According to the study's findings, female commissioners have no impact on how results are managed. This shows that the presence of a female commissioner is expected to add value to the company. Female commissioners have different characteristics from male commissioners. According to Guedes & Casasa, (2021) this difference provides broader input and a more comprehensive perspective for the board of commissioners at the time of decision-making, resulting in better decisions. This means that the gender of the CEO has nothing to do with profit manipulation, a study supported by the work of Idris et al. (2021) stated that female presidents are not necessarily involved in revenue management. This is consistent with research findings that the gender of a supervisory board has nothing to do with a company's financial communications. Female Chiefs of Staff with higher ethical standards may not engage in revenue management.

According to Terjesen et al. (2016) companies with female CFOs will reduce the earnings management that occurs. This shows that female CEOs do not have an impact on earnings management changes because all decisions that have been made must obtain the approval of the CEO so the CFO cannot run alone without the approval of the CEO as the highest position The existence of female commissioners is expected to provide added value for the company. Female commissioners have different characteristics from male commissioners (Triki Damak, 2018). This difference provides broader input and a more comprehensive perspective for the board of commissioners at the time of decision-making, resulting in better decisions (Adams et al. 2015). This study does not support research (Hala 2019; Sial et al. 2019) that states that women can improve board oversight and tend to be better at detection revenue operation. According to (Gull et al. 2018) a female chief commissioner influences business management due to the different perspectives of men or women. Female chief executives in companies can reduce earning management practices. As a result, women, who are added cautious, ethical, and risk-averse than men when making financial decisions, are more willing to take risks in business processes, which can lead to conservative accounting in the business world.

CONCLUSION

This study was able to experimentally demonstrate the effects of CEO qualities and the presence of women on board on earnings management in Indonesia's manufacturing sector from 2016 to 2020. This study was able to demonstrate that the CEO characteristics, namely age, tenure, board membership, duality, and compensation, influence performance management. CEO duality, CEO turnover, and nationality are irrelevant to earning management. These results also provide empirical evidence that agency theory helps explain the impact of female characteristics in CEOs and boards on earning management. The results of this research process provide guidelines for good governance performance rules to regulate manager opportunistic behavior. Furthermore, Echelon theory reflects CEO characteristics that influence the company's strategic choices. This theory stated that CEOs with personal features and special proficiencies can affect the creation of corporate value, strategic selection, and corporate financial report.

Furthermore, women on board companies tend to have the nature and attitude of caution as well as not being careless and consistent, which may not necessarily reduce the occurrence of fraudulent acts in financial statements. This means that gender in a company has a different perspective, both men and women can take earnings management actions. In short, the survey offers an opportunity for various stakeholders to be more cautious when choosing CEOs. The consequences of this study are as follows, and they are based on agency theory and echelon theory. The first offer empirical proof in support of the growth and improvement of agency theory. Second, as a first-of-its-kind study on the phenomenon of all CEO traits, we provide detailed knowledge and insight into the performance of key directors influencing earning management practices in Indonesia. Finally, the presence of all these CEO features provides a valuable new dataset for future research.

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