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by Aulia Intan Purnama

THE CEO CHARACTERISTICS AND WOMEN ON BOARDS IN 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 investigates the characteristics of CEO and women on boards regarding earnings management.*
Method – *This research uses the panel data regression method. The sample size is 23 companies in the consumption industry sector listed on the Indonesia Stock Exchange during the 2016-2020 period*
Main Findings - *This study proves that the CEO characteristics of age, tenure, board membership, compensation, and expertise influence earnings management behavior. Duality, turnover, and citizenship do not lead to earnings management behavior. Contrastingly, women on board also do not cause behavior to influence earnings management actions.*
Theory and Practical Implications – *This research supports agency theory and recommends that the characteristics of the CEO and women on board provide knowledge about the performance of the president director in a company on earnings 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 most powerful top managers in the company is called the chief executive officer (CEO). CEOs are able to increase the profits of the company by using managerial freedom to increase the company's remuneration (Chou & Chan 2018). Zouari et al, (2015) stated that the characteristics of CEOs on the management earnings quality as considered unrestricted accruals. 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 boards are representatives of women who serve on the board of directors. 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. Indonesia has a lower percentage of female board members 11.6% compared to Europe 17%, North America 16.1%, and Australia 13.8%. This explains that female leaders are quite rare, and have a great influence on earnings management (Hala 2019). Several previous studies have proven that women on boards with female commissioners have an effect on earnings management (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 concept of agency theory according to Jensen & Meckling (1976) the relationship between the owner of the company and management is a contract that occurs between the manager and the owner of the company which is regulated in an employment contract by mutual agreement.

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 choice of strategy (Hambrick, 2007). So that the characteristics of the CEO greatly influence the design of management and regulation systems (Hiebl, 2014). The theory proposes that CEOs and values effect their strategic choices (Hambrick, 2007). Therefore, CEO characteristics have a countless encouragement on 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. Thus, the purpose of earnings management is to provide information that can influence the decisions of stakeholders in order to invest their capital in the company. The action of earnings management to intervene in the information presented in the company's financial statements reflects information that can be misleading. Bouaziz et al. (2020) studied the characteristics of CEOs and earnings management, empirical evidence in France. 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 have 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 a lack of studies that comprehensively discuss the characteristics of CEOs, namely age, tenure, quality, board membership, compensation, turnover, expertise, and citizenship. Therefore, this research purposes to further inspect the outcome of the characteristics of chief executive officer women on boards in earnings management. The results of this research would give more understanding of the characteristics of CEOs and women on boards relating to earnings management. This study can contribute to providing empirical evidence of the relationship between all indicators of CEO characteristics including age, nationality, board membership, tenure, compensation duality, turnover, skills, women on the board and earnings management in Indonesia.

METHOD

The population of this research is a manufacturing company in the consumer goods industry. The data was taken five years during the 2016-2020 period. The sample in this study uses purposive sampling, namely with several criteria for the company sample in the relevant observation year, which is obtained from as many as 23 companies with 53 data that meet the criteria. This study uses annual financial reports listed on the Indonesian Stock Exchange (IDX) website www.idx.co.id. Testing the research data using panel data regression analysis to prove empirically the impact of all of the characteristics of the CEO and women on board indicators have an effect on earnings 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. Thus, in general, the company sample collection process can be seen in table 2 below:

Table 1. Sample Selection Procedure

No	Description	Total

1.	Consumer goods industry companies during 2016-2020	53
2.	Consumer goods industry companies that publish annual reports on the Stock Exchange for 2016-2020	(18)
3.	Consumer goods industry companies that present financial reports in rupiah currency for 2016-2020.	(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

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 age grouping of CEOs in the company is grouped into three groups, namely CEOs aged 18-40 years, ages 40-60 years and those over 60 years old. Chief executive officer tenure is the length of time a person has served as CEO. Tenure in this study is proxied by the length of time a person has served as CEO of the company. The term of office is one of the important things in influencing CEO performance in the company. The calculation of tenure uses the number of years while serving in the company (Ali & Zhang 2015).

Chief executive officer duality is a condition where there is a dual position between the chairman of the board and the CEO (chief executive officer) who represents the company. Measurement of this variable using a dummy variable. A value of 1 if the CEO is the chairman of the board and a value of 0 otherwise (Wang & Lamon 2019).

Chief executive officer board member is the CEO who concurrently holds a position between the CEO and sits on the board of directors. CEO board membership is a company board that includes the CEO and a number of other board members, who can be executives or non-executives. The measurement uses a dummy variable identical to 1 as the CEO sits on the board of directors and 0 otherwise (Li & Roberts 2018).

Compensation is an incentive or reward given to the board of directors or managers for achievements in improving company performance. Sun (2014) explained that the compensation measurement used is the natural logarithm of the total compensation received by the executive.

Chief executive officer turnover can occur due to the decision of the general meeting of shareholders (GMS) or due to resignation (Cheng et al. 2021). According to (Yousef & Jamal 2021) measuring CEO turnover using a dummy variable. This variable is measured by a comparison between the CEO of the previous period and the CEO of the current period, where the data scale uses a nominal scale with the following criteria: CEO turnover has a value of 1 and vice versa where the value is 0.

Chief executive officer expertise skills are knowledge of finance or accounting that can produce superior financial reporting because of their judgments and decisions. 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).

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 dummy variable with a criterion of 1 if the 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 are given a score of 1 while male CEOs are scored 0 (Sial 2019). Gender on the board of directors and the board of commissioners is seen in gender diversification in board members. This indicator refers to the research 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).

According to Dechow et al. (2010) measurement of earnings management using modified Jones. With measurement using discretionary accruals (DA). The regression equation model for this research panel data can be seen as follows:

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

Discretionary accruals as an indicator for measuring earnings management. Meanwhile, the independent variable of chief executive officer characteristics uses eight indicators, namely, chief executive officer age (AGD), chief executive officer tenure (TEN), chief executive officer duality (DUAL), chief executive officer board membership (MEMB), chief executive officer compensation (COMP), chief executive officer turnover (TURN), chief executive officer expertise (EXPER), chief executive officer nationality (NATI), this female managing director (DIRECT) and Female Chief Commissioner (COMMS).

Based on the literature review above, a conceptual research framework was prepared as shown in Figure 1 below. This research framework describes all the 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 used in this study is panel data regression. The conceptual diagram of this research can be seen in Figure 1 as follows:

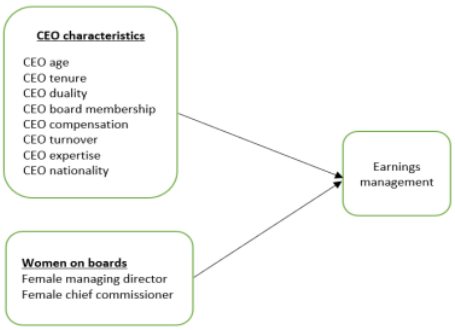

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Figure 1. chief executive officer characteristics, women on boards and earnings management

RESULTS AND DISCUSSION

This study uses panel data regression testing data testing. Table 2 shows the fixed effect model results of the 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

Model test results. Table 2 presents the results of the equation model testing. Based on Table 2, the results of the equation formed are

$$DA = 12.959 + 3.899AGD + 0.021TEN - 0.130DUAL + 0.711MEMB + 0.134COMP - 0.222TURN + 1.217EXPER - 0.255NATI + 0.695DIRECT - 0.375COMMS) + e$$

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. The findings in Indonesia empirically proven that CEO age has an effect on the practice of earnings management The outcome of this research support research (Huang et al, 2012; Belot & Serving, 2018) stating that there is a negative connection between chief executive officer age and earnings management actions on higher quality financial statements. 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 are different from Bouaziz et al. (2020) which proves the age of the CEO does not affect earnings management in preparing the company's financial statements. The results of this study in Indonesia are supported by research conducted by (Nassem et al. 2019; Santoso & Rakhman 2013; Saputri 2021). The findings of this research 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. The stages of moral development start from the pre-conventional stage where individuals prioritize their personal interests, then the conventional stage of individuals begins to form morals by obeying the rules and the last stage is the post-conventional stage where individuals have high moral maturity so that they can better respond to issues. and more responsible 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. The results of this study prove that the CEO in Indonesia with the function and responsibility as a very powerful manager has an important outcome on earnings management. The findings of this study are also in confirm (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 findings of this research do not confirm the research conducted 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. Thus, a serious concern for the company is the length of the CEO's tenure. This is due to the fact that during this tenure the CEO can carry out earnings management in different phases and patterns so he needs to get more attention from investors.

CEO duality is a dual position in a company, where a CEO obliges as the board of directors' chairman and as CEO. The characteristics of CEO duality in this study have shown the negative has no significant connection amid CEO duality and management of earnings. Thus, a company whose main director serves as a director, as well as a CEO in the company, can reduce the occurrence of earnings management, or have nothing to do with improving earnings management in the company. The outcomes of this research confirm research showed (Ghosh & Moon, 2005; Baker et al. 2018; Ali & Zhang, 2015) who do not support a CEO manipulating the results of financial statements from starting to get a position until the end of the term of office. The study results showed that the characteristics of CEOs with multiple functions are not proven to perform management of earnings. The results do not support the studies (Bouaziz et al. 2020; Baker et al. 2018) who found a positive and significant effects amid chief executive officer duality and management of earnings. The implication is that CEOs who have multiple functions are more motivated to manipulate accounting information because the duality of the CEO affects the independence of the board. Thus, the dual function of the CEO within the company cannot be ensured that it performs earnings management.

The findings of the data examination indicate that the membership of the CEO's board has a significant correlation on earnings management. The results are agreeing 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 quality of financial communication and the performance of firm functions. The results of this study prove that the characteristics of CEOs with multiple functions are not proven to perform earnings management. The results of this study do not support research (Bouaziz et al. 2020; Baker et al. 2018) found a positive and significant relationship between CEO duality and earnings management. The implication is that CEOs who have multiple functions are more motivated to manipulate accounting information because the duality of the CEO affects the independence of the board. Thus, the dual function of the CEO within the company cannot be ensured that it performs earnings 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. Therefore, it can be concluded that the existence of agency theory can be proven in explaining the association between CEO compensation and earnings management. Agency theory explains that principals and agents have dissimilar interests, where the agent wants to maximize his welfare and the principal has a desire so that the agent does not carry out information asymmetry. 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 results 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. Likewise, (Emmanuel et al. 2021; Cella et al. 2017) shows that CEO base salary has no significant effect on income. Furthermore, Sun (2014) states that the main contributors to earnings management to the companies are strongly influenced by the compensation received by the CEO. Dechow et al., (2010) proved that compensation or reward is problematic as high the CEO salaries. The influence of compensation of CEO and earnings management lies on company policies in providing rewards so that it has an impact on earnings management (Li et al. 2016). It is concluded that managers will continue to manage earnings even if there is bonus compensation or not.

The consequences of data examination on the characteristics of CEO turnover does not give a opposite result towards earnings management practices in manufacturing companies in the consumption industry sector listed on the Indonesia Stock Exchange. This research is in line with the research of Hsieh et al. (2018) which says that companies that change CEOs within five years or a year have no relationship in earnings management. Research by Bouaziz et al. (2020) also states that the presence or absence of CEO turnover in a company has nothing to do with discretionary accruals in the company. 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. The study outcomes are not in line with the findings by by (Cheng et al. 2021; Ghosh , 2019) which found that new CEOs are more likely to experience a decline in earnings management, particularly during the first year. The study found that CEOs who served during the first year were able to progress the value of financial reports by practicing earnings management. It is concluded that this study does not prove that CEO turnover can affect earnings 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. The findings confirm the studies reported by (Baatwah et al. 2015; Call et al. 2017) which states that CEOs who have accounting expertise are more expected to take earnings management actions. This is because the CEO as the highest official who has special expertise in accounting in a company can perform earnings management by choosing the right accounting to regulate what information should be included in the financial statements. In addition, Jiang (2013) also said that the experience and expertise of the CEO is indicated by an understanding of the accounting reporting process and policy making in improving the standard of financial reports. The suggestion is that CEOs who have financial expertise can assist companies in managing company resources. In other words, the CEO's financial expertise is an important factor in implementing the applicable accounting standard policies and at the same time overseeing the financial reporting process (Baatwah et al. 2015). The results of this study do not support research conducted by (Zouari & Nekhili, 2015; Bouaziz et al. 2020; (Gu et al. 2022) which says that CEO expertise does not influence on earnings management. This means that less experienced CEOs are less probable to deploy earnings than experienced CEOs. Chyz (2013) shows that CEOs with slight experience have imperfect efficiency since it grasps time to understand the company. Money-wise experienced CEOs having less inclined towards actual management of earnings (Gounopoulos & Pham, 2018). In conclusion, the experience of the CEO will not necessarily have an impact on the company's performance as a whole.

Every country has a different business culture (Idris & Ousman. 2021). CEO citizenship can affect earnings management by estimating total accruals in a company. CEO citizenship characteristics in this study proved having insignificant consequence on earnings management. This justifies the research by Hooghiemstra et al. (2019) says that CEO citizenship does not affect earnings management, meaning that whatever CEO citizenship in a company has nothing to do with earnings management practices. In other words, CEOs who are foreign nationals will find it difficult to adapt to other countries because each country has a different business culture compared to CEOs who are not foreign nationals (Terjesen et al. 2016). In the other hand, the attendance of a foreign CEO on the board can reduce management oversight due to the foreign manager's shortage of knowledge of statutory regulations and linguistic issues, consequently leading to higher earnings management (Hooghiemstra et al. 2019). This report is not agreeing with Piekkari et al. (2015) which state that CEO citizenship is related to earnings management and finds that non-foreign CEO is motivated to perform earnings management, compared to CEOs of foreign citizenship who tend not to manipulate earnings. 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-citizen CEOs lack of understanding of local laws, accounting rules , governance styles and regulations, (Piekkari et al. 2015). The results of this study prove that there is no effect of female commissioners on earnings management. This shows that the presence of female commissioners is expected to provide added value for 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 CEO gender has nothing to do with earnings manipulation and this research is corroborated by the findings proposed by Idris et al. (2021) who says that women president directors do not necessarily carry out earnings management. This is in line with a study that says that the gender of the board of commissioners has nothing to do with financial communication in the company. Female chief commissioners who have higher ethical standards may necessarily not do earnings 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 the results of research (Hala 2019; Sial et al. 2019) which says that women can increase board oversight and tend to be better at detecting earnings manipulation. According to (Gull et al. 2018) female lead commissioners influence earnings management because of the different perspectives between men and women. It can be said that female lead commissioners in companies are able to reduce earnings management practices. The findings prove the women who are more careful, ethical and avoid risks in making financial decisions than men are more willing to take risks in business processes, leading to accounting conservatism in business.

CONCLUSION

This study aims at obtaining practical evidence regarding he characteristics of CEOs effect and women on board on management of earnings in the consumer industry of manufacturing companies during years 2016-2020 in Indonesia. This study succeeded in proving that the characteristics of the CEO namely age, tenure, board membership, duality and compensation affect earnings management. While the characteristics of CEO duality, CEO turnover and nationality have no effect on earnings management. These results also prove empirically that agency theory can be function to explain the influence of the characteristics of CEOs and women on board on earnings management. The results this research process provide guidelines for well-manner governance performance rules to regulate the opportunistic behavior of managers. 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. The implication is that this research provides an opportunity for various parties to be more careful in making CEO choices. Based on agency theory and echelon theory, this study provides the following implications. The first provides empirical evidence for the development and refinement of agency theory. Second, as the first research on the phenomenon of all CEO characteristics, it provides in-depth knowledge and insight into the performance of the main directors that influence earnings management practices in Indonesia. Finally, having all of these CEO characteristics provides a valuable new data set for future research.

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