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## Earnings Management in Corporate Governance: A Systematic Literature Review

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### ABSTRACT

*Increased profits will attract shareholders. In order to attract their attention, companies will conduct various ways about the financial health and company performance that are available in the public domain before they are publicized. Therefore, the company has the motivation to implement earnings management that can increase profits to improve its performance results. Therefore, this research aims to determine the impact of earnings management on corporate governance. This research method used a systematic literature review with Preferred Reporting Items for Systematic Reviews and Meta-analysis (PRISMA) guidelines for articles that have been published during 2010-2023. Around 170 articles were obtained from journal databases, such as Emerald Insight, Scopus, Science Direct, and others. Furthermore, data validation and testing were conducted to obtain 50 articles that could be used as the main research. The main point of this literature study is to examine the earnings management function in corporate governance in various published articles.*

**Keywords:** Corporate Governance, Earnings Management, Systematic Literature Review

## INTRODUCTION

Profit is an important factor in the business world. In addition, profit is the key to the success of company in attracting investors to invest their capital (Chiang et al., 2017a). The existence of profit in a company, the company can assess the company's financial performance. Earnings information is used to determine whether the company is profitable in its operational activities. Therefore, companies are motivated to manipulate profits. Increased profits will attract shareholders. In order to attract their attention, companies will conduct various ways about the financial health and company performance that are available in the public domain before they are publicized. Therefore, the company has the motivation to implement earnings management that can increase profits to improve its performance results (Baskaran et al., 2020). They will tend to report stable and improved financial results, while still complying with applicable accounting principles and standards.

Several surveys and studies have confirmed that agency theory indicates that the fundamental cause of earnings management is the conflict of interest between shareholders and management. Research focuses on how supervision of management through internal or external governance mechanisms such as compensation and capital structure can reduce earnings management (Wei et al., 2013). The concept of corporate governance is the company's benchmark system in controlling its operational activities. Good corporate governance can have a far-reaching effect on the company's management system and is expected to minimize fraud or manipulation in the company. Campa and Donnelly (2014) stated that corporate governance can limit earnings management as evidence of its effectiveness. It is also expected that the existence of corporate governance can increase supervision of corporate profits and reduce management manipulation and increase reliability in financial statements (Paminto et al., 2020).

Corporate governance is basically related to the control of top managers' behavior in a company, which intends to protect the interests of shareholders against information from various external and internal parties. The concept of corporate governance can obtain two important things, that is, shareholders can obtain correct and precise information; and the second is the company's obligation to disclose accurately all information regarding company activities, ownership, and stakeholders. Therefore, companies need to manipulate earnings on financial statements in a company. Several previous studies proved that many researchers are interested in the topic of earnings management in corporate governance, such as Leventis and Dimitropoulos (2012) found that companies with efficient governance report small positive earnings at a lower rate than companies with weak governance. Companies with good governance engage less in aggressive earnings management behavior through the usage of discretionary accruals, CKPN (Reserve for Impairment Losses), and RSGL (Realized Security Gains and Losses) compared to

companies with poor governance. In addition, this topic has received a lot of attention in various countries such as the UK from research of Iqbal and Strong (2010); Vietnam from research of Le et al (2021), Nguyen et al (2021); Saudi Arabia from research of Al-Thuneibat et al (2016), Habbash (2019), Al-Shattarat (2021); Japan from research of Nakashima (2019); China from research of Yuan et al (2022), Farag & Mallin (2018); New Zealand from research of Chapple et al (2018) ; Latin America from research of Mellado and Saona (2020); and Africa from research of Mensah and Boachie (2023), Musa et al (2023). This research aims to find out about earnings management in corporate governance with literature research procedures as literature in conducting this research.

## **LITERATURE REVIEW**

### **Earnings Management**

Earnings management occurs when managers use their assessment of financial statements that provide a description of company results that are not in accordance with the economy or predetermined targets. Bilan and Jurickova (2021) stated that earnings management allows information about the profit earned by the company to be less than optimal, making the company's performance worse. It aims to mislead stakeholders in calculating the accounting numbers reported in a company's financial statements (Roma et al., 2020). The managers of socially responsible companies publish more transparent and reliable financial reports to comply with stakeholder expectations and interests in their reputation (Yongtae et al., 2012).

Previous research on earnings management in corporate governance found mixed results. Cormier et al (2013) stated that the board of directors uses the supervisory role as corporate governance in committing less earnings management. In addition, Berry-Stölzle et al (2018) also stated that the negative relationship between CEO and earnings management. Saleh et al (2022) stated that board independence has a positive relationship with accrual-based and real earnings manipulation, board independence cannot control earnings manipulation practices. The research of Habib et al (2022) which found a relationship between Real Earnings Management (REM); Achleitner et al (2014); Purwaningsih & Kusuma (2020); and Accruals Earnings Management (AEM) on earnings quality. Jeong & Choi (2019) discovered a relationship between Real Earnings Management (REM) and earnings quality. While research from Sun (2020) discovered that accruals mispricing in Australia, the market overestimates the persistence of accruals and underestimates the persistence of cash flow which causes the market to be overpriced. The existence of earnings management can lead to a good reputation for the company. Furthermore, a good reputation will encourage companies to minimize earnings management practices so that they can generate higher profits (Harymawan & Nurillah, 2017). Therefore, investors will be interested in investing

if the company can get quality profits from good corporate governance (Ngamchom et al., 2018).

### **Corporate Governance**

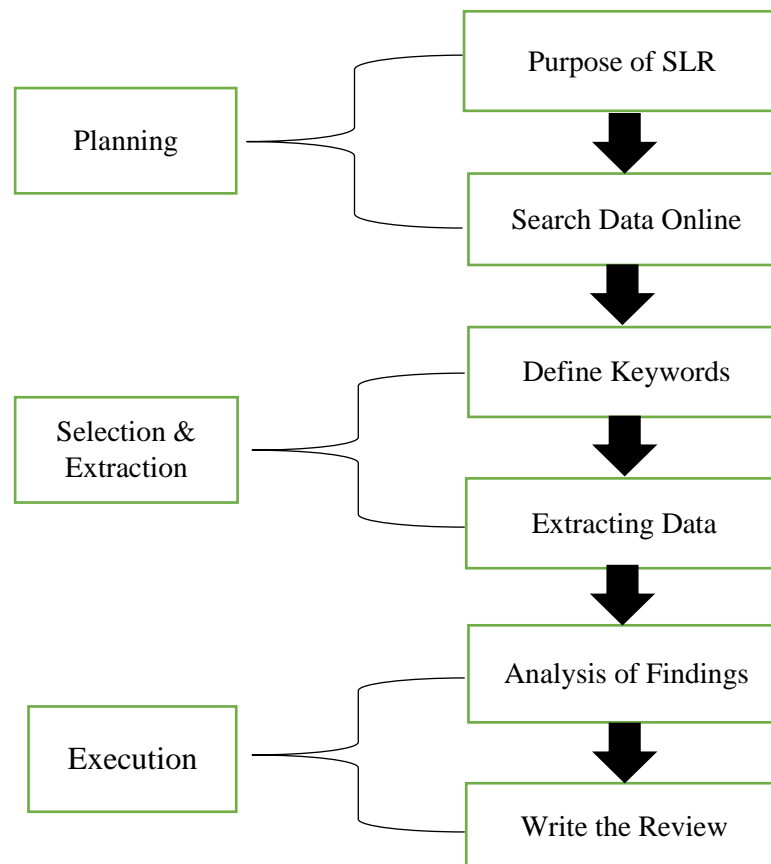
Corporate governance is a process or an organized set of work in company policy to ensure that company managers conduct their business in accordance with the interests, tastes, and tolerances of company owners (Suryanto & Grima, 2018). Corporate governance provides a structure to direct and control business with higher levels of efficiency, transparency, accountability and justice (Kumari & Pattanayak, 2017). Corporate governance mechanisms can assist companies to reduce problems that occur between management and shareholders (Asghar et al., 2020). Good corporate governance has a significant role to ensure business competitiveness and corporate sustainability (Tjahjadi et al., 2021). On the other hand, companies with weak corporate governance structures cannot guarantee sustainable wealth creation for shareholders as governance mechanisms will not be sufficient to hold them accountable for the management of the company (Puni & Anlesinya, 2020).

Conflicts of interest between shareholders and executives lead to severe agency problems and earnings manipulation, but effective corporate governance can inhibit earnings management activities (Yuan et al., 2022). Basically, the corporate governance system can be implemented in order to reduce agency risk by monitoring the manager's actions that can be detrimental to shareholders (Yeung & Lento, 2020). Nguyen et al (2021) stated that the corporate governance structure in Vietnam is characterized by the dominance of the largest shareholder who has a significant impact on management decisions either directly or indirectly. Therefore, the company's board will monitor risks, protect shareholders' interests, and ensure management aligns with company objectives (Ahmad et al., 2023).

The implementation of corporate governance can counter opportunistic behavior that undermines investor credibility in financial information (Sofia & Januarti, 2022). Corporate governance structures are considered to be effective in increasing the level of control within the firm and reduce earnings manipulation (U. Bajra & Čadež, 2018). In addition, Al-Haddad and Whittington (2019) stated that corporate ownership structure serves as a market that conducts empirical analysis to connect earnings manipulation with corporate governance. However, in contrast to the research conducted by Saleh et al (2022), companies in developing countries experience concentrated ownership, in which shareholders can use their control rights to gain personal benefits, which can affect earnings manipulation activities. A research conducted by Utama et al (2017) also discovered that the ownership structure of PLCs (public companies) in Indonesia is also concentrated. Concentrated ownership means that it provides incentives for large shareholders to monitor management in order for corporate governance to work properly (Mardnly et al., 2018).

## RESEARCH METHODOLOGY

The researchers used the Preferred Reporting Items for Systematic Reviews and Meta-analysis (PRISMA) guidelines to select and source the articles to be used. This research was conducted using a systematic literature review approach on earnings management in corporate governance. There are several selection processes in conducting this research, such as selecting online data sources as research literature, determining keywords as inclusion and exclusion criteria, extracting data, and examining and analyzing the results to answer research questions.



**Figure 1.** Data Selection Process

This data selection is used to find papers that are in accordance with the research topic, which is earnings management in corporate governance. These are the sources we used to source and select SLR data, such as Scopus, Emerald Insight, Science Direct, JSTOR, Taylor & Francis, and Wiley. The keywords used are researches related to the title of this research on earnings management in corporate governance. This research used published articles from 2010 to 2023 as an inclusion consideration. Articles were selected based on predetermined keywords regarding earnings management in corporate governance. This literature study reviewed 170 articles from all databases. Furthermore, from these 170 articles, this research selected 92 articles. These were categorized as research candidates based on the

titles and abstracts relating to the topic of this research. Furthermore, this research reviewed and checked until there were 50 articles to be used in this research. For further details, the following table can be observed as below:

**Table 1.** The Table of Data Extraction

No.	Description	Findings
1	Preliminary researches during 2010-2023	170
2	Candidate of Research	92
3	Articles used for research	50

Source: Processed Data by Researcher (2023)

These research questions were created based on the needs of the selected topic, as follows:

RQ1: What are the journals related to earnings management in corporate governance?

RQ2 : What are the variables used in research related to earnings management in corporate governance?

RQ3: What are the factors that affect earnings management in corporate governance?

RQ4: What methods are used in collecting data from this research?

RQ5: What are the results of earnings management research in corporate governance?

## RESULT AND DISCUSSION

### The Result of RQ1: The Journals related to The Variables in this Research

There are 50 journals related to earnings management in corporate governance in this research. These journals discussed earnings management in corporate governance during 2010-2023 using a quantitative approach.

**Table 2.** Journals Publication

No.	Publisher	Year	Total
1.	Journal of International Accounting, Auditing and Taxation	2013	1
2.	Economic Systems	2018	1
3.	Corporate Governance	2010-2023	5
4.	Pacific Accounting Review	2018	1
5.	Research in Corporate and Shari'ah Governance in the Muslim World: Theory and Practice	2019	1
6.	International Journal of Managerial Finance	2010	1
7.	The Accounting Review	2012	1

8.	Journal of Applied Accounting Research	2012	1
9.	Economic Research-Ekonomska Istrazivanja	2010-2023	2
10.	Cogent Business and Management	2010-2023	7
11.	Journal of Financial Economic Policy	2020	1
12.	Contemporary Studies in Economic and Financial Analysis	2018	1
13.	Chinese Management Studies	2013	1
14.	Asian Review of Accounting	2020	2
15.	Review of International Business and Strategy	2016	1
16.	International Symposia in Economic Theory and Econometrics	2020	1
17.	Asian Journal of Accounting Research	2017	1
18.	Research on Professional Responsibility and Ethics in Accounting	2019	1
19.	European Accounting Research	2014	1
20.	International corporate governance and regulation advances in financial economic	2018	1
21.	Review of Accounting and Finance	2017	1
22.	International Journal of Law and Management	2020	1
23.	International Journal of Islamic and Middle Eastern Finance and Management	2018	1
24.	International Journal of Accounting and Information Management	2016	1
25.	Emerging Markets Finance and Trade	2019,2020	2
26.	Journal of Financial Crime	2017,2020	2
27.	Total Quality Management and Business Excellence	2019	1
28.	Applied Financial Economics	2014	1
29.	International Review of Financial Analysis	2021	1
30.	Accounting and Finance	2022	1
31.	Journal of Family Business Management	2020	1
32.	North American Actuarial Journal	2018	1
33.	Asia-Pacific Journal of Accounting and Economics	2016	1



34.	European Journal of Finance	2018	1
35.	Accounting and Business Research	2022	1
36.	Public Money and Management	2023	1

Source: Processed Data by Researcher (2023)

### The Result of RQ2: Variables used in Earnings Management in Corporate Governance

Research variables are also used as topics that will be used in determining the discussion in the research. This research topic is earnings management in corporate governance which focuses on 5 topics will describe on the following table below:

**Table 3.** Research Topics

No.	Topics	Researcher
1.	Corporate governance as a determinant of earnings management	<ul style="list-style-type: none"> <li>• Al-Haddad &amp; Whittington, (2019)</li> <li>• Saleh et al, (2022)</li> <li>• Kumari &amp; Pattanayak, (2017)</li> <li>• Campa &amp; Donnelly, (2014)</li> <li>• Chapple et al, (2018)</li> <li>• Habbash, (2019)</li> <li>• Iqbal &amp; Strong, (2010)</li> <li>• Leventis &amp; Dimitropoulos, (2012)</li> <li>• Suryanto &amp; Grima, (2018)</li> <li>• Yusof &amp; Ismail, (2016)</li> <li>• Ngamchom et al, (2018)</li> <li>• Aboagye &amp; Otieku, (2010)</li> <li>• Chiang et al, (2017)</li> </ul>
2.	Earnings Management Measurement	<ul style="list-style-type: none"> <li>• Cormier et al, (2013)</li> <li>• Al-Shattarat, (2021)</li> <li>• Achleitner et al, (2014)</li> <li>• Salehi et al, (2020)</li> <li>• Manzano et al, (2019)</li> <li>• Harymawan &amp; Nurillah, (2017)</li> <li>• Nakashima, (2019)</li> <li>• Darjezi, (2016)</li> <li>• Ahmad et al, (2023)</li> <li>• Le et al, (2021)</li> <li>• Baskaran et al, (2020)</li> <li>• Musa et al, (2023)</li> <li>• Donatella et al, (2023)</li> </ul>
3.	Ownership of company structure	<ul style="list-style-type: none"> <li>• Puni &amp; Anlesinya, (2020)</li> <li>• Mellado &amp; Saona, (2020)</li> <li>• Wei et al, (2013)</li> <li>• Asghar et al, (2020)</li> <li>• Utama et al, (2017)</li> <li>• Mardnly. Z, Mouselli. S, (2018)</li> <li>• Nguyen et al., (2021)</li> </ul>



4.	Characteristics of the Board of Directors	<ul style="list-style-type: none"> <li>• Bajra, (2018)</li> <li>• Mensah &amp; Boachie, (2023)</li> <li>• Yeung &amp; Lento, (2020)</li> <li>• Berry-Stölzle et al, (2018)</li> <li>• Berry-Stölzle et al, (2018)</li> <li>• Farag &amp; Mallin, (2018)</li> <li>• Q. L. Le &amp; Nguyen, (2023)</li> </ul>
5.	Low values of REM (Real Earning Management) and AEM (Accrual Earning Management) reflect sustainable earnings management.	<ul style="list-style-type: none"> <li>• Chang et al, (2014)</li> <li>• Roma et al, (2020)</li> <li>• Sun, (2020)</li> <li>• Jeong &amp; Choi, (2019)</li> <li>• Habib et al, (2022)</li> <li>• Kim et al, (2012)</li> <li>• Jeong &amp; Choi, (2019)</li> <li>• Purwaningsih &amp; Kusuma, (2020)</li> <li>• Yuan et al., (2020)</li> <li>• Zhou et al, (2018)</li> <li>• Herusetya et al, (2023)</li> <li>• Choi et al, (2022)</li> </ul>

Source: Processed Data by Researcher (2023)

### Result of RQ3: The Factors that affect Earnings Management in Corporate Governance

According to research that has been published in journals, there are 5 factors that affect earnings management, such as earnings quality, good corporate governance, corporate ownership structure, real earnings management, and discretionary accruals. These factors can be found on the following table below:

**Table 4.** The Factors that affect Earnings Management in Corporate Governance

No.	Indicator	Researcher
1.	Discretionary Accrual & Total Accrual	<ul style="list-style-type: none"> <li>• Cormier et al, (2013)</li> <li>• Chang et al, (2014)</li> <li>• Roma et al, (2020)</li> <li>• Sun, (2020)</li> <li>• Al-Shattarat, (2021)</li> <li>• Le et al, (2021)</li> <li>• Donatella et al, (2023)</li> </ul>

2.	REM & AEM	<ul style="list-style-type: none"> <li>• Achleitner et al, (2014)</li> <li>• Al-Haddad &amp; Whittington, (2019)</li> <li>• Saleh et al, (2022)</li> <li>• Purwaningsih &amp; Kusuma, (2020)</li> <li>• Jeong &amp; Choi, (2019)</li> <li>• Habib et al, (2022)</li> <li>• Salehi et al, (2020)</li> <li>• Yuan et al, (2020)</li> <li>• Zhou et al, (2018)</li> <li>• Herusetya et al, (2023)</li> <li>• Choi et al, (2022)</li> </ul>
3.	Corporate Governance	<ul style="list-style-type: none"> <li>• Kumari &amp; Pattanayak, (2017)</li> <li>• Bajra, (2018)</li> <li>• Campa &amp; Donnelly, (2014)</li> <li>• Chapple et al, (2018)</li> <li>• Habbash, (2019)</li> <li>• Iqbal &amp; Strong, (2010)</li> <li>• Leventis &amp; Dimitropoulos, (2012)</li> <li>• Mensah &amp; Boachie, (2023)</li> <li>• Saleh et al, (2022)</li> <li>• Suryanto &amp; Grima, (2018)</li> <li>• Yeung &amp; Lento, (2020)</li> <li>• Yusof &amp; Ismail, (2016)</li> <li>• Ngamchom et al, (2018)</li> <li>• Aboagye &amp; Otieku, (2010)</li> <li>• Puni &amp; Anlesinya, (2020)</li> <li>• Manzano et al, (2019)</li> </ul>
4.	Earning Quality	<ul style="list-style-type: none"> <li>• Kim et al, (2012)</li> <li>• Harymawan &amp; Nurillah, (2017)</li> <li>• Purwaningsih &amp; Kusuma, (2020)</li> <li>• Nakashima, (2019)</li> <li>• Chiang et al, (2017)</li> <li>• Darjezi, (2016)</li> <li>• Jeong &amp; Choi, (2019)</li> <li>• Baskaran et al, (2020)</li> </ul>
5.	Ownership Structure	<ul style="list-style-type: none"> <li>• Mellado &amp; Saona, (2020)</li> <li>• Wei et al, (2013)</li> <li>• Asghar et al, (2020)</li> <li>• Utama et al, (2017)</li> <li>• Mardnly. Z, et al, (2018)</li> <li>• Ahmad et al, (2023)</li> <li>• Nguyen et al, (2021)</li> <li>• Berry-Stölzle et al, (2018)</li> <li>• Farag &amp; Mallin, (2018)</li> </ul>

		<ul style="list-style-type: none"> <li>• Q. L. Le &amp; Nguyen, (2023)</li> <li>• Musa et al, (2023)</li> </ul>
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Source: Processed Data by Researcher (2023)

#### Result of RQ4: Methods used in Previous Articles

The method often used in earnings management research in corporate governance is using a quantitative approach which can be found in table 5 below:

**Table 5.** The Method used in Research

No.	Topics	Methods
1.	Corporate governance as a determinant of earnings management	Quantitative
2.	Earnings Management Measurement	Quantitative
3.	Ownership of company structure	Quantitative
4.	Characteristics of the Board of Directors	Quantitative
5.	Low values of REM (Real Earning Management) and AEM (Accrual Earning Management) reflect sustainable earnings management.	Quantitative

Source: Processed Data by Researcher (2023)

#### Result of RQ5: Research Results

Based on the results of Research Question 5 (RQ5) about the research results regarding earnings management in corporate governance can be found in table 6. The findings are divided based on the findings that represent the entire research.

**Table 6.** The Research Results

No.	Title	Researcher	Results
1.	The incidence of earnings management on information asymmetry in an uncertain environment: Some Canadian evidence	Cormier et al, (2013)	In Canadian companies, corporate governance is associated with less earnings management, the board of directors takes a supervisory role so that ownership can be concentrated.
2.	The impact of corporate governance mechanisms on real and accrual earnings management practices: evidence from Jordan	Al-Haddad & Whittington, (2019)	This research discovered that the presence of large shareholders exacerbates earnings management (REM and AEM).
3.	An assessment of corporate governance reforms in Italy based on a	Campa & Donnelly, (2014)	Earnings management in the UK and Italy is on quite similar levels. Corporate governance in

	comparative analysis of earnings management.		Italy has improved substantially since 1990.
4.	The Role of Corporate Governance Regulations in Constraining Earnings Management Practice in Saudi Arabia	Habbash, (2019)	This research stated that agency theory offers several descriptions of the relationship between corporate governance and earnings management practices.
5.	The effect of corporate governance on earnings management around UK rights issues	Iqbal & Strong, (2010)	This research analyzes with regard to various corporate governance mechanisms such as the role of the board, and ownership, advisory, and capital structure in controlling firms from managing earnings around rights issues in the UK.
6.	Is Earnings Quality Associated with Corporate Social Responsibility	Kim et al, (2012)	CSR companies tend not to be aggressive in earnings management through discretionary accruals or real activity manipulation.
7.	Real earnings management and corporate governance: a study of Latin America	Mellado & Saona, (2020)	The research identified several ownership structure issues that cause some concern about the interests of minority shareholders.
8.	Corporate governance mechanisms and earnings management: The moderating role of female directors	Mensah & Boachie, (2023)	Corporate governance mechanisms contribute insignificant role in corporate earnings management practices. Gender diversity is a necessary condition for corporate governance mechanisms to have an impact on earnings management.
9.	Earnings management, policy uncertainty and firm life cycle stages: evidence from publicly traded companies in the USA and Brazil	Roma et al., (2020)	This research indicates that policy uncertainty is related to corporate discretionary accruals negatively, while throughout the life cycle stages, a significant positive relationship is identified at key stages but with different exposures.
10.	Internal corporate governance mechanisms and earnings manipulation practices in MENA countries	Saleh et al., (2022)	Institutional ownership in MENA countries has a negative impact on real earnings manipulation and accruals, the firm's board size affects the decision to participate in REM practices to enhance the firm's reputation in the market.
11.	Earnings opacity and corporate governance for Chinese listed firms: the	Yeung & Lento, (2020)	There is a negative correlation between formal governance mechanisms, such as council and audit quality, and revenue opacity

	role of the board and external auditors		for CLCs using two different types of proxies (i.e. equal weight and PCA weight).
12.	Association between earnings management and earnings quality: Comparative study between insider and outsider economics clusters	Purwaningsih & Kusuma, (2020)	Both AEM and REM earnings management are related to earnings quality. The negative correlation between AEM and earnings quality indicates that the greater the practice of AEM, the lower the earnings quality. REM is positively related to earnings quality. It indicates that the higher the REM practice, the higher the earnings quality.
13.	Do Reputable Companies Produce a High Quality of Financial Statements?	Harymawan & Nurillah, (2017)	The correlation between corporate reputation and earnings quality has a positive and significant relationship. Companies with a good reputation will be more motivated to minimize earnings management practices as an effort to maintain the company's reputation.
14.	Survey research on earnings quality: Evidence from Japan	Nakashima, (2019)	There were 6 points regarding earnings quality, such as the importance of earnings quality; high earnings quality; determinants of earnings quality; earnings management motivation; earnings-affecting accounting; and earnings misstatement through a comparison of managers' ideas between Japan and America.
15.	Corporate governance that influences an investment intention in the asean-stars thai listed companies: A marketing application for brokerage firms	Ngamchom et al, (2018)	The result of this research indicates that investors' perspective on good corporate governance affects the perception of earnings quality which leads to investment interest.
16.	Role of discretionary earning management in corporate governance-value and corporate governance-risk relationships	Asghar et al, (2020)	This research has several policy implications. First, directors make optimal use of their governance role. Second, managers should be aware of their accountabilities. Third, supervisory authorities should ensure that there is at least one independent member on the directors' board.
17.	Do non-staggered board elections matter to earnings	Chiang et al, (2017)	The research discovered that using discretionary accrual

	quality and the value relevance of earnings and book value?		activity in the presence of director elections leads to reduced earnings persistence, thus indicating that the discretionary accruals used exhibit a poorer quality of earnings accretion.
18.	Corporate governance and ownership structure: Indonesia evidence	Utama et al, (2017)	The results of this research indicated that CG practices have a positive impact on CFR and a slight negative impact on CFL. This finding suggested that companies with better CG practices tend to promote alignment of interests between controlling and non-controlling shareholders and inhibit shareholder entrenchment incentives.
19.	The role of accrual estimation errors to determine accrual and earnings quality	Darjezi, (2016)	This research indicated that greater volatility of sales, cash flows, accruals, and earnings results in lower accrual quality.
20.	Corporate Governance and Firm Performance : an Empirical Evidence From Syria	Mardnly. Z, et al, (2018)	The result of this research indicated that the ownership structure that affects firm performance is foreign ownership and not ownership concentration. Foreign ownership has a positive contribution to firm performance.
21.	Does Real Activities Management Influence Earnings Quality and Stock Returns in Emerging Markets? Evidence from Korea	Jeong & Choi, (2019)	Earnings management through manipulation of real activities reduces the persistence of earnings or cash flows.
22.	Ownership structure and earnings management: Empirical evidence from Vietnam	Nguyen et al, (2021)	This research is based on the finding that ownership concentration and state ownership have a positive impact on earnings management. Managerial ownership and foreign ownership have a negative impact on earnings management.
23.	CEO Overconfidence and Earnings Management: Evidence from Property-Liability Insurers' Loss Reserves	Berry-Stölzle et al, (2018)	The research discovered that overconfident managers tend to generate reserves for future losses and may caused an increase in reported earnings.
24.	Real Earnings Management, Manipulation Incentives	Yuan et al, (2020)	Real earnings management of companies with lower corporate governance quality has a more

	and Accounting Conservatism:Evidence from China		significant impact on accounting conservatism compared to companies with good corporate governance.
25.	The impact of board characteristics and ownership structure on earnings management: Evidence from a frontier market	Q. L. Le & Nguyen, (2023)	The result of this research indicated that all board characteristics variables except board age have no statistical significant relationship with earnings management. High managerial ownership tends to reduce earnings management.

Source: Processed Data by Researcher (2023)

## CONCLUSION

The objective of this research is to find out the earnings management in corporate governance. This research used 170 articles from 2010-2023, and there were 50 articles that were used as the main research. This research used systematic literature review method which aims to analyze the published journals, variables related to the topic of this research, factors affecting earnings management in corporate governance, methods used in the data collection of this research, and previous research results that are used as research materials in this research.

The result of RQ1, the journals used are vary, with a similarity of 36 journals. The results of RQ2, our research focused on 5 topics, such as corporate governance as a determinant of earnings management, earnings management measurement, ownership structure of the company, characteristics of the board of directors, and low values of REM (Real Earning Management) and AEM (Accrual Earning Management) reflect sustainable earnings management. The result of RQ3, there were 5 factors that affect earnings management in corporate governance, including Discretionary Accrual & Total Accrual, REM & AEM, Corporate Governance, Earnings Quality, and Ownership Structure. The result of RQ4, the method used in previous researches was using quantitative methods, which is a method that is related to numbers to find out about the profit generated by the company. The result of RQ5, the result of the research concluded that earnings management is very influential on corporate governance.

Our research has limitations in that our sample is quite small, considering the limited database and keywords in the selection of this research paper. Further research can expand the sample by adding keywords and a longer research period so that it can provide more accurate results.



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