

The Effect of Corporate Governance as a Moderating Variable Influence the Relationships between Asymmetry Information and Earning Management

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The more the transparency of information in the stock exchange, the lower the information asymmetry and the more efficient capital market will be. The purposes of this research are twofold: to examine the effect of information asymmetry on earnings management and to examine the influence of mechanism of corporate governance related to information asymmetry and earnings management. Information asymmetry is measured by relative bid-ask spread, earnings management is measured by modified Jones model and mechanism of corporate governance as moderating variables is measured by size of commissioner, size of audit committee and audit quality. Size of company is used as control variable in this research. The samples consists of 154 Accepted Companies at Tehran Stock Exchange over 5 year (2011-2015). Results show that information asymmetry has positive effect on earnings management. Audit quality is able to moderate relation between information asymmetry and earnings management. While size of audit committee and size of commissioner have no effect on relation between information asymmetry and earnings management. In addition, the company size as control variable has no effect on earnings management.

Keywords : Key words: Corporate governance, size of commissioner, size of audit committee, audit quality, information asymmetry, earnings management.

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