

The Influence of the Independent Board of Commissioners, Institutional Ownership and Managerial Ownership on Profit Management

*Determinant of
Profit Management
in Manufacturers*

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ABSTRACT

This research aims to determine the influence of an independent board of commissioners, institutional ownership and managerial ownership on earnings management in various industrial and textile subsectors in 2018-2020. This type of research is quantitative research. The population in this research are various industrial and textile sector companies listed on the Indonesia Stock Exchange in 2018-2020. Sampling used the purposive sampling method. The number of samples is 30. The sampling method uses the purposive sampling method. The number of samples is 30. The data collection method in this research is documentation. Using SPSS 25 data testing. The data analysis techniques used are descriptive statistics, classical assumption tests and T statistical tests. Independent Board of Commissioners has a positive and insignificant effect on earnings quality, institutional ownership has no significant effect on earnings quality, managerial ownership has an insignificant effect on earnings quality. Meanwhile, simultaneously the influence of the independent board of commissioners, institutional ownership and managerial ownership on earnings management has no effect.

Keywords: board of commissioners, institutional ownership, managerial ownership, profit management

INTRODUCTION

Profit management is an action carried out by management that can influence how much profit is displayed. Earnings management is an agency problem that is often caused by a separation of roles or differences in interests between shareholders and company management. Both parties try to prioritize their own interests above the company's interests. As an agent, the manager is responsible for optimizing the owner's (principal's) profits. Economic growth is growing more rapidly, from time to time there are more and more companies and they need help from external parties. Therefore, in providing information, companies must provide reports that comply with applicable regulations.

The process of preparing financial reports involves the board of directors, audit committee and shareholders. Misuse of financial reports by management will affect the amount of profit displayed, this is known as Profit Management (Gustina & Wijayanto, 2015). According to Muetia (2004) Earnings Management is the manipulation of financial reports within deliberate limits by management within the limits of accounting principles to provide incorrect information to users of financial reports because of the manager's interests.

Earnings management appears as an effect of agency theory which occurs due to misalignment between managers and stakeholders. Results management is not detrimental as long as it is carried out within the corridor of opportunity, results management is not always determined by the process of manipulating financial reports because there are several selected methods that can be used and are not prohibited. One method used to monitor problems in company contracts and limit opportunity management behavior is corporate governance (Kusumawardhani, 2012). Corporate

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governance includes independent commissioners, institutional ownership and managerial ownership, which are the pillars of the company's top officials. According to Wulandari (2011).

An independent board of commissioners is someone who is not affiliated with the directors or other members of the board of commissioners and is free from business relationships. Apart from that, independent commissioners understand the laws and regulations regarding the capital market and are proposed by shareholders who are not controlling shareholders at the General Meeting of Shareholders (GMS). Institutional ownership in the ownership structure has a monitoring management role, institutional ownership is the most influential party in decision making because of its nature as the majority share owner, apart from that institutional ownership is the party that provides control over management in the company's financial policy and managerial share ownership is share ownership by Management will reduce agency problems between managers and shareholders, which can be achieved through aligning interests between parties with conflicting interests. This research takes the problem formulation as follows:

1. Does the Independent Board of Commissioners influence Profit Management?
2. Does Institutional Ownership have a positive effect on Earnings Management?
3. Does Managerial Ownership have a negative and insignificant effect on Earnings Management?

Profit Management is management intervention in the process of preparing financial reports whose aim is to report to external parties for certain purposes. Earnings management can reduce the credibility of financial reports because they do not reflect the actual condition of the company. Users of financial reports are likely to make wrong decisions because they obtain wrong financial information (Setiawati and Na'im, 2000 in Achmad, et al., 2009). In another sense, earnings management is an activity carried out by management with the aim of producing better earnings information (Ningsih, 2017:1). Earnings management is an action carried out by management during the process of preparing financial reports for external parties so that it can equalize, increase and decrease profit reporting, where management can use leeway in the use of accounting methods, create policies that can speed up or delay costs and income so that company profits are smaller or larger as expected.

In detecting the occurrence of earnings management, many models can be used to measure it, one of the models used to measure quantitative earnings management is the modified Jones model (1995), which assumes that non-discretionary accruals are fixed from one period to another so that changes in accruals occur. due to changes in discretionary accruals. This happens because management has the motivation to play games with accounting policies. That way, if there is a change in a particular post, management will be increasingly motivated to make changes to other posts (Sulistiawan et al., 2011: 18). If the results of discretionary accruals show large results, it can be seen that the company tends to increase company profits, while the results are increasingly negative, so they tend to reduce profits. Earnings management can cause investors not to receive what they expected at the beginning, namely returns. This may not happen if investors are not aware of earnings management practices, resulting in lower returns. Therefore, returns are considered to be able to attract investors to invest (Beylin, 2010:55).

In the general guidelines of Good Corporate Governance (2006:13) the definition of independent commissioner is a member of the board of commissioners who is not affiliated with the board of directors, other members of the board of commissioners and controlling shareholders, and is free from business relationships or other relationships that could affect their ability to act independently or act solely -eyes for the interests of the company.

According to Akhmad Riduwan and Enggar Fibria Verdana Sari (2013) independent commissioners: Members of the board of commissioners who have no financial, management, share ownership or family relationships with other members of the board of commissioners, directors or controlling shareholders or other relationships that could affect their ability to act independently. The existence of independent commissioners is

intended to encourage the creation of a more objective work climate and environment and place fairness and equality between various interests, including the interests of minority shareholders and other stakeholders.

Institutional ownership in the ownership structure has a monitoring management role. Institutional ownership is the party that has the most influence in decision making because of its nature as the majority share owner. Apart from that, institutional ownership is the party that provides control over management in the company's financial policy. According to Jensen and Meckling (1976) in Permanasari (2010) stated that institutional ownership has a very important role in minimizing agency conflicts that occur between managers and shareholders. The existence of institutional investors is considered capable of being an effective monitoring mechanism in every decision taken by managers. This is because institutional investors are involved in strategic decisions so they easily believe in earnings manipulation.

Managerial ownership is share ownership by company management. Ownership of shares by managerial parties can align the interests of shareholders with those of managers, because managers will directly experience the benefits of decisions taken and managers will also bear the risk if there are losses that arise as a consequence of making wrong decisions. The greater the managerial ownership in the company, the managerial party will try to improve its performance for the benefit of shareholders, so as to avoid earnings management carried out by company managers. Managerial ownership is the total share ownership owned by managers, commissioners and directors. Share ownership is shown by the shares controlled by investors in the form of a percentage of the total number of shares outstanding (Sugiarto, 2009: 38).

According to Jensen and Mekling (1986) in Gunawan (2016), ownership structures are divided into three, namely managerial ownership, institutional ownership and public ownership. In this research, researchers will use managerial ownership as one of the corporate governance mechanisms studied. In Imanta and Satwiko (2011:68) managerial ownership is ownership of company shares by the manager or in other words the manager is also a shareholder.

A hypothesis is a temporary statement or conjecture that is most likely to be correct, even though it must be proven by research to prove the continuation of the conjecture, whether the hypothesis or conjecture is correct or a different opinion. According to Limantauw (2018), he is a member of the board of directors who is not affiliated with the controlling shareholder, board of directors, 4 other board of commissioners, and the company itself, whether in the form of commercial, business or family relationships. This is different from research by Anggraeni and Hadiprajitno (2013) which confirms that independent commissioners have an influence on earnings management. Based on the framework of thought and results of previous research above, the researcher assumes that the temporary decision (Hypothesis) is as follows: H1 : The Independent Board of Commissioners influences Profit Management

According to Balsam et al., (2002) in Mahariana and Ramantha (2014) institutional ownership relates to company shares owned by institutions or organizations. Strong institutional ownership can reduce profit-based management practices, but depending on the size of ownership, monitoring management has the effect of reducing leadership motivation to manage according to results. According to Kusumawardhani (2012) who emphasized that institutional ownership simultaneously has a significant effect on profits and management. So that: H2 : Institutional Ownership has a positive effect on Earnings Management

According to Pujiati and Widanar (2009) management power is the proportion of shareholders on the management board who play an active role in company decision making, namely directors and auditors. Research by Sari and Putri (2014) shows that managerial ownership has a negative effect on earnings management. According to Kadek and Kristina (2013) Managerial Ownership has a significant negative influence on Profit Management. So that: H3 : Managerial Ownership has a negative and insignificant effect on Earnings Management.

METHODS

Type of research is used to analyze research regarding the Influence of Managerial, Institutional and Independent Board of Commissioners Ownership on Profit Management Studies in Various Sub-Textile and Garment Industry Sector Companies Listed on the Indonesia Stock Exchange for the 2018-2020 Period. This type of research is causal comparative, because this research aims to explain the causal relationship between variables by testing hypotheses that have been previously formulated. The data used in this research is secondary data obtained by downloading the company's annual financial report from www.idx.co.id (PT. Indonesia Stock Exchange).

The normality test aims to test whether the dependent and independent variables in the regression model are normally distributed (Ghozali 2006). A good regression model has a normal or close to normal data distribution. The normality test in this study is based on a simple statistical test by looking at the kurtosis and skewness values for all dependent and independent variables. Another test used is the non-parametric Kolmogorov-Smirnov (KS) statistical test. The KS test is carried out by creating a hypothesis.

H0 : Residual data is normally distributed

H1 : Residual data is not normally distributed

Multicollinearity Test aims to test whether there is a correlation between independent variables in the regression model (Ghozali 2006). "The multicollinearity test aims to test whether in the regression a correlation is found between the independent variables in the research" (Ghozali, 2011). Detection of the presence of multicollinearity can be seen from the tolerance value and its opposite Variance Inflation Factor (VIF). These two measures show which independent variables are explained by other independent variables. If the tolerance value is above 10 percent and the VIF is below 10, it can be concluded that the regression model is free from multicollinearity.

A good regression model should be free from multicollinearity. Detection of the presence or absence of multicollinearity, namely (a) The R square (R²) value produced by an empirical regression model estimate which is very high, but individually independent, (b) Analyzing the correlation matrix of independent variables. If there is a fairly high correlation between independent variables (more than 0.09), then this is an indication of multicollinearity. (c) Looking at the tolerance value and variance inflation factor (VIF), a regression model that is free from multicollinearity problems if it has a tolerance value that is less of 0.1 and a VIF value of more than 10 (Ghozali, 2006).

The Heteroscedasticity Test aims to test whether there is an inequality of variance from the residuals of one observation to another in the regression model (Ghozali 2006). Heteroscedasticity can be seen through a graphic plot between the predicted value of the dependent variable and its residual. The heteroscedasticity test is used to test whether in a regression model there is an inequality of variance from the residuals of one observation to another observation. Whether or not there is heteroscedasticity in this research is tested using the Glejser test. The Glejser test is the most commonly used statistical test. According to Gujarati (2003) in Ghozali (2011), the Glejser test proposes to regress the absolute value of the residual on the independent variable. A regression model is said to not contain heteroscedasticity if the probability of significance is above the 5% confidence level or > 0.05 and vice versa. If the pattern on the graph is shown by points spread randomly (without a clear pattern) and spread above or below the number 0 on the Y axis, then it can be concluded that heteroscedasticity does not occur in the regression model. Apart from using scatterplot graphs, the heteroscedasticity test can also be carried out using the Glejser Test. If the significant probability is > 0.05 , then the regression model does not contain heteroscedasticity.

The autocorrelation test aims to test whether the multiple linear regression model has a correlation between the confounding error in period t and the confounding error in period $t-1$ (previously). If there is a correlation, it is called an autocorrelation problem (Ghozali 2006). Autocorrelation arises because successive observations over time are related to each other. The autocorrelation test aims to test whether in the linear regression model there is a correlation between confounding errors in period t and confounding

errors in t-1 (previously) (Kartika, 2009). If correlation occurs, then there is an autocorrelation problem. Autocorrelation arises because successive observations over time are related to each other. To detect whether there is autocorrelation, the Durbin-Watson (DW) test is carried out.

The formula is as follows: $dw = (\sum(e_n - e_{n-1})) / \sum e_n^2$

Information:

dw = Durbin Watson value

$e = Y - \hat{Y}$

n = Number of Samples

The results of the Durbin Watson value are compared with the upper limit value (dU) and lower limit value (dL) to be divided by the values n (number of samples) and k (number of independent variables) contained in the Durbin Watson table with the following conditions:

1. Positive autocorrelation detection:
 - a. If $dw < dL$ then in the regression model there is positive autocorrelation.
 - b. If $dw > dU$ then in the regression model there is no positive autocorrelation.
 - c. If $dL < dw < dU$ then the regression model testing is inconclusive or cannot be concluded.
2. Negative autocorrelation detection
 - a. If $(4 - dw) < dL$ then in the regression model there is negative autocorrelation.
 - b. If $(4 - dw) > dU$ then in the regression model there is no negative autocorrelation.
 - c. If $dL < (4 - dw) < dU$ then the regression model testing is inconclusive or cannot be concluded.

The analytical method used to assess the magnitude of variability in risk disclosure is multiple regression analysis. Multiple regression analysis is used to test the impact of independent variables on the level of company risk, size and industry on the dependent variable of company risk disclosure. The regression model developed to test the hypothesis that has been formulated in this research is:

$$Y = \beta_0 + \beta_1 X_1 - \beta_2 X_2 - \beta_3 X_3 + e$$

Information:

Y = Profit Management 3

β_0 = Constant

$\beta_1, 2, 3$ = Coefficient of each variable

X1 = Managerial Ownership

X2 = Institutional Ownership

X3 = Independent Board of Commissioners

e = Residual error.

Descriptive statistical analysis is a descriptive technique that provides information about data that is and is not used to test hypotheses. This analysis is only used for data presentation and analysis, with calculations to reveal the status or characteristics of the data in question (Nurgiyantoro et al., 2004). The measurements used in this research are mean, standard deviation, maximum and minimum. Mean is used to determine the average of the data in question. Standard deviation is used to determine the average of relevant data. Standard deviation is used to determine how far the relevant data deviates from the mean. Maximum is used to determine the maximum amount of data in question. The minimum value is used to determine the minimum amount of data that meets the requirements.

The Coefficient of Determination (R²) is used to measure how far the dependent variable is capable. The coefficient of determination (R²) has a value between 0 and 1. A small R² value means that the independent variable has a very limited ability to explain the dependent variable. If the coefficient of determination is equal to zero, then the independent variable has no effect on the dependent variable. If the coefficient of determination is close to 1, then the independent variable has a perfect effect on the dependent variable. By using this model, interruption errors are minimized so that R² approaches 1, and the regression estimate will be closer to the actual situation.

1. Simultaneous Significance Test (F Statistical Test)

The F statistical test is used to determine whether all independent variables included in the regression model have a simultaneous influence on the dependent variable (Ghozali, 2006). If the probability value of the significance difference is <0.05, then the independent variable also influences the dependent variable.

2. Individual Parameter Significance Test (T Statistical Test)

According to Ghozali (2016) "The t statistical test is used to determine the extent of the influence of individual independent variables in explaining variations in the dependent variable." If the probability value of a significant difference is <0.05, then an independent variable is a significant explanation of the dependent variable.

FINDING AND DISCUSSION

Descriptive Statistical Test

The following are the results of descriptive analysis of research variables via SPSS:

Table 1.1 Descriptive Statistics Test Results

	N	Minimum	Maximum	Sum	Mean	Std. Deviation
	Statistics	Statistics	Statistics	Statistics	Statistics	Statistics
QualityProfit_Y	30	-0.138	0.306	5.123	0.17077	0.084692
Independent Board of Commissioners_X1	30	0.200	0.500	11,345	0.37817	0.092015
Institutional Ownership_X2	30	0.410	0.972	20,335	0.67783	0.194137
Managerial Ownership_X3	30	0.000	0.000	6.402	0.21340	0.331274
Valid N (listwise)	30					

Sumber : Output SPSS 25

Based on the data in table 1.1. It can be explained that from 10 companies in various sectors of the sub-textile and garment industry listed on the Indonesia Stock Exchange with 30 observations, the average value (*mean*) of profit quality showed 0.17077 with a standard deviation value of 0.084692. The minimum value of the earnings quality variable is -0.138, while the maximum value is 0.306. This means that the company's highest level of profit quality is 30.6%. The average value (*Mean*) of the independent board of commissioners variable shows the number 0.37817 with a standard deviation value of 0.092015. The minimum value is 0.200, while the maximum value is 0.500. This means that the highest percentage of members of the company's independent board of commissioners is 50% and the lowest is 20%.

The average (*Mean*) value of the institutional ownership variable shows the number 0.67783 with a standard deviation value of 0.194137. The minimum value is 0.410, while the maximum value is 0.972. This means that the lowest percentage of share ownership owned by institutions reached 41.0% and the highest reached 97.2%.

The average (*mean*) value of the managerial ownership variable shows the number 0.21340 with a standard deviation value of 0.331274. The minimum value is 0, while the maximum value is 0.972. This means that the lowest percentage of share ownership owned by management reaches 0% and the highest reaches 97.2%.

The results of the normality test can be seen from the *Unstandardized Residual value* in table 1.2 below:

Table 1.2 Normality Test Results

		Unstandardized Residuals
N		30
Normal Parameters ^{a, b}	Mean	0.0000000
	Std. Deviation	0.08072306
Most Extreme Differences	Absolute	0.159
	Positive	0.125
	Negative	-0.159
Statistical Tests		0.159
Asymp. Sig. (2-tailed)		0.052^c

Source: SPSS 25 output

From table 1.2 it can be seen that the significance value is > 0.05 , namely 0.052. This value indicates that the data is normally distributed.

Table 1.3 Heteroscedasticity Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.159	0.080		1,976	0.059
	Independent Board of Commissioners_X1	0.107	0.139	-0.167	-0.774	0.446
	Institutional Ownership_X2	0.093	0.070	-0.304	-1,323	0.197
	Managerial Ownership_X3	0.006	0.042	-0.033	-0.774	0.888

a. Dependent Variable: RES2

From table 1.3, it is known that the significance values for variables $x_1 = 0.446$, $x_2 = 0.197$, and $x_3 = 0.888$, which means that heteroscedasticity does not occur because the significance value is > 0.05 , thus indicating that the non-heteroscedasticity assumption of the regression model is met.

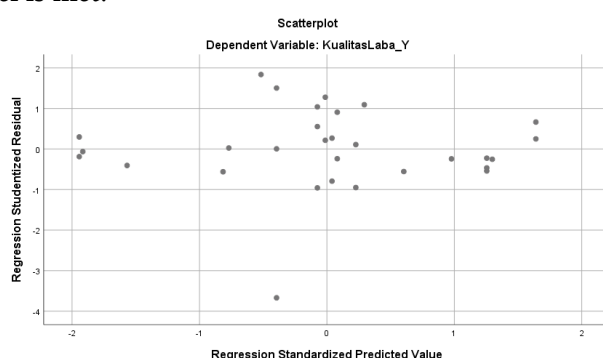


Figure 1. 1 Scatterplot

Table 1.4 Autocorrelation Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.303 ^a	0.092	-0.013	0.085253	1,762
Testing Criteria	DW	dL	Two	4-dU	Results
	1,762	1.2138	1.6498	2.7862	There is no autocorrelation

Source: SPSS 25 output

The results from the table above are that the DW value is between $dU \leq DW \leq 4 - dU$ means. It can be concluded that there is no autocorrelation disorder.

Determination Coefficient Test (R^2)

Table 1.5 Coefficient of Determination Test Results (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.332 ^a	0.110	0.008	0.05902

a. Predictors: (Constant), Independent Board of Commissioners, Institutional Ownership_X2, Managerial Ownership_X1

Source: Data processed with SPSS 25

Based on table 1.5, the *adjusted R-squared value* obtained is 0.008. This means that 0.8 % of the earnings quality variable is explained by the managerial ownership variable (X_1), institutional ownership (X_2), independent board of commissioners (X_3). Meanwhile, the rest is explained by other variables outside the research.

Partial Analysis Hypothesis Test (t Statistical Test)

The calculated t-value of each independent variable will be compared with the t-table determined by: $t\text{-table} = t(\alpha/2; nk-1) = t(0.025; 26)$, so the t-table value is 2.0555.

Based on the results of the calculated t-test in table 1.6, the partial influence of the independent variable on the dependent variable can be analyzed as follows:

- a. Variable X_3 (Independent Board of Commissioners) has a coefficient value of 0.210 which is positive. This means that institutional ownership partially has a positive and insignificant effect on the quality of profits in companies in the various sub-textile

and garment industry sectors listed on the Indonesia Stock Exchange. This can be seen from the t-count value $< t\text{-table}$ ($0.964 < 2.0555$) and the significance value $0.344 > 0.05$

- b. Variable X_2 (Institutional Ownership) has a coefficient value of 0.254 which is positive. This means that institutional ownership partially has a positive and insignificant effect on the quality of profits in companies in the various sub-textile and garment industry sectors listed on the Indonesia Stock Exchange. This can be seen from the t-count value $< t\text{-table}$ ($1.094 < 2.0555$) and the significance value of $0.284 > 0.05$.
- c. Variable X_1 (Managerial Ownership) has a coefficient value of -0.376 which is negative. This means that managerial ownership partially has a negative and insignificant effect on the quality of profits in companies in the various sub-textile and garment industry sectors listed on the Indonesia Stock Exchange. This can be seen from the t-count and t-table values which are ($-1.588 > -2.0555$) and significance value $0.124 > 0.05$.

Table 1. 6 t test results

Model		Unstandardized Coefficients		Standardized Coefficients	Q	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.043	0.116		0.372	0.713
	Independent Board of Commissioners_X1	0.193	0.200	0.210	0.964	0.344
	Institutional Ownership_X2	0.111	0.101	0.254	1,094	0.284
	Managerial Ownership_X3	-0.096	0.061	-0.376	-.1588	0.124

Source: SPSS 25 output

Simultaneous Significance Test (F Statistical Test)

The results of the F test in the research can be seen in the table below:

Table 1. 7 F Test Results

Model	Sum of Squares	Df	Mean Square	F	Sig.	
1	Regression	0.019	3	0.006	0.873	0.468 ^b
	Residual	0.189	26	0.007		
	Total	0.208	29			

Source: SPSS 25 output

Based on table 1.7 , it can be seen that $F\text{-table} = f(k ; n - k) = F(3; 27)$, so that the f-table value is 2.96. F -test in table 1.8 , the simultaneous influence of the independent variable on the dependent variable can be analyzed as follows:

- 1. The prob (F-statistic) value of $0.468 > 0.05$ states that the independent variable does not have a simultaneous effect on the dependent variable.
- 2. F - value $< F\text{-table}$ ($0.873 < 2.96$) states that the independent variable does not have a simultaneous effect on the dependent variable.

The Influence of the Independent Board of Commissioners on Profit Management

From the research results it is known that the independent board of commissioners (X3) has a coefficient value of 0.210 which is positive with a significance value of 0.344 greater than 0.05 and a t-count value of $0.964 < 2.0555$ (table 1.7) so it can be concluded that the independent board of commissioners does not has a significant effect on earnings quality. The reason for this could be because many companies appoint independent commissioners as a form of fulfilling obligations under the regulations set by the stock exchange, namely that registered companies must have independent commissioners. Meanwhile, the fact is that many independent commissioners do not have the ability and carry out their independence well. The results of this research are in line with the research results of Yendrawati (2015).

This research is in line with research by Rian Pangabean (2011) which states that independent commissioners have no influence on earnings management and is not in line with research conducted by Anggraeni and Hadiprajitno (2013) which confirms that "independent commissioners have an influence on earnings management".

The Effect of Institutional Ownership on Earnings Quality

From the research results, it is known that institutional ownership (X2) has a positive and insignificant effect on earnings quality with a t-statistic value (table 1.7) of $1.094 < 2.0555$. The significant probability number in the table is 0.284, which is greater than 0.05, which means that institutional ownership has no significant effect on earnings quality. The reason this relationship is not significant is because this research does not differentiate between institutional size and institutional ownership, so that all institutional ownership is considered to have the same influence. According to Pradita (2010) "Small institutions are less active in putting pressure on management activities compared to larger institutions. The greater the share ownership held by institutional parties, the more it encourages management to carry out earnings management." This can happen because institutional investors who own a large number of shares have a strong incentive to develop private information.

The results of this research are in line with research by Subhan (2011) and Agustia (2013) with research results showing that institutional ownership does not have the ability to control management so it cannot reduce earnings management practices. This large share ownership should give institutional investors more power in controlling the company's operational activities. But in reality, institutional ownership cannot limit the occurrence of earnings management. This is because institutional investors do not act as sophisticated investors who have more ability and opportunity to monitor and discipline managers to be more focused on company value, and limit management policies in manipulating profits, but rather act as temporary owners who are more focused on current earnings (Yang et al., 2009 in Agustia, 2012). Apart from that, institutional investors do not act as decision makers in the company. Transient investors will actually make managers take policies to achieve the profit targets desired by investors. Therefore, the existence of institutional ownership will not necessarily have an impact on improving the monitoring process which will reduce management actions in carrying out earnings management (Chew & Gillan, 2009: 176 in Agustia, 2013). The results of this research are in line with Madiastuty and Mahfoedz (2003) whose results show that institutional ownership can reduce earnings management actions.

The Influence of Managerial Ownership, Institutional Ownership, and Independent Board of Commissioners on Profit Management

The results of this research show that managerial ownership, institutional ownership and an independent board of commissioners simultaneously do not have a significant effect on earnings quality. The F test carried out produced a significance level of 0.468 which was greater than the significance level of 0.05. The coefficient of determination test result (adjusted r-square) was 0.008. This means that as much as 8% of the earnings quality variable can be explained by the managerial ownership, institutional ownership and independent board of commissioners variables. Meanwhile, the rest is explained by other variables outside the research.

CONCLUSION

Based on the results and discussion above, it can be concluded that the independent Board of Commissioners has a positive and insignificant effect on earnings quality, institutional ownership has no significant effect on earnings quality, managerial ownership has an insignificant effect on earnings quality. Meanwhile, simultaneously the influence of the independent board of commissioners, institutional ownership and managerial ownership on earnings management has no effect

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