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# Determinants of Earnings Management in Banking Companies Listed on the Indonesia Stock Exchange in 2013 - 2017

TitaDjuitaningsih, HannyHomiNahomi
*Bakrie University - Jakarta - Indonesia*
*Bakrie University - Jakarta - Indonesia*

***Abstract:*** *This study aims to examine the determinants that influence earnings management. Determinants of earnings management in this study are institutional ownership, managerial ownership, the proportion of independent commissioners, the performance of the audit committee, and board interlocks. The research population is banking companies listed on the Indonesia Stock Exchange in 2013-2017, amounting to 215. The sampling technique uses purposive sampling method and based on the method obtained a sample size of 160, but after the trimming data process (because there are 55 sample sizes that produce outlier data) then the sample size becomes 105. The hypothesis in this study was tested by multiple regression analysis using SPSS version 24. The results showed that managerial ownership, audit committee performance, and board interlocks had a negative effect on earnings management. While institutional ownership and the proportion of independent commissioners have no effect on earnings management.*

***Keywords:****earnings management, institutional ownership, managerial ownership, proportion of independent commissioners, audit committee performance, board interlocks.*

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## I. Introduction

Management behavior to manage earnings according to his wishes is known as earnings management (Wirawan and Novialy, 2012). According to Zeptian and Rohman (2013) earnings management is used to influence the level of income at a certain time for the benefit of management and stakeholders. In this regard, Healey and Wahlen (1998) stated that earnings management occurs when management uses judgment in financial reporting and in structuring transactions to alter financial reports to either mislead some stakeholders about underlying economic performance of the company, or to influence contractual outcomes that depend on reported accounting numbers.

Earnings management still occurs in companies in Indonesia even in banking companies that are highly regulated. The case that indicates earnings management related to Allowance for Impairment Losses (AIL) is the case of Bank Bukopin which revised its net income in the 2016 financial statements from Rp1.08 Trillion to Rp183.56 Billion. The biggest decrease lies in the portion of fee and commission income which is income from credit cards. This income decreased from Rp1.06 Trillion to Rp317.88 Billion. Revision also occurred in the financing of a subsidiary of Bank SyariahBukopin (BSB) related to the addition of a specific debtor's impairment reserve (AIL) balance (https://finance.detik.com). The addition of the AIL balance to cause the financial statements to be revised is an example that in the process of providing AIL, the company can still adjust the amount of AIL according to management's wishes.

Another case in the financial sector which is quite attractive to the public is the case of default on one of the funding companies. Finance company PT Sunprima Nusantara Financing (SNP Finance) is known to harm 14 banks in Indonesia to trillions of rupiah. In its activities, SNP Finance receives financing sourced from bank loans. One of the banks that extends credit and has quite large receivables is PT Bank MandiriTbk. President Director of Bank Mandiri,KartikaWirjoatmojo said, the total receivables of Bank Mandiri to SNP Finance reached Rp1.4 Trillion. For this incident Bank Mandiri downgraded the status of credit to SNP Finance Rp1.4 Trillion into bad credit and was forced to allocate 100% AIL on SNP Finance loans (https://keuangan.kontan.co.id). This case shows that AILis an item that is very full with the risk of default and can raise fraud intentions.

Some of these cases show that earnings management practices by carrying out accounting treatments such as changing AIL are still carried out. This is an error in the financial statements that is difficult to detect by external auditors, Bank Indonesia, and the Financial Services Authority. Sulistyanto (2008) explains that the existence of rules in accounting standards is one of the tools that accommodates and gives companies the opportunity to commit fraud.

The factors that influence earnings management have been studied by previous researchers. Factors that negatively affect earnings management are institutional ownership (Indriastuti, 2012; and Ratnaningsih&Hidayati, 2012), managerial ownership (Ratnaningsih&Hidayati, 2012; Rahardi&Prastiwi, 2014), the proportion of independent commissioners (Zeptian&Rohman, 2013) and the frequency of audit committee meetings (Sharma et al., 2009; Xie et al., 2003).

This study tries to further develop research that has been done previously by Indriastuti (2012) by adding a new independent variable, board interlocks. Thus, what is meant by determinans that influence earnings management in this research are institutional ownership, managerial ownership, the proportion of independent commissioners, the performance of the audit committee, and board interlocks.

## II. Theoritical Framework

**EarningsManagement**

Several definitions of earnings management have been stated by experts with different meanings. According to Sulistyanto (2008: 6) in general earnings management is defined as an effort by managers to intervene or influence information in financial statements with the aim of tricking stakeholders who want to know the performance and condition of the company. Meanwhile, according to Scott (2003: 369) earnings management is the choice by a manager of accounting policies so as to achieve some specific objectives. In line with Scott (2003) Subramanyam (2014: 108) explains that the use of judgment and estimation in accrual accounting allows managers to draw on their inside information and experience to enhance the usefulness of accounting numbers. Thus, earnings management can be interpreted as a neutral thing and can also be interpreted as a bad thing to do.

**Institutional Ownership**

Institutional ownership is ownership of company shares owned by institutions such as insurance companies, banks, and other institutions. Institutional ownership can increase oversight of management because share ownership represents a source of power that can be used to support or vice versa on the performance of management. High institutional ownership will lead to greater oversight efforts by institutional parties, so that it can hinder opportunistic behavior of company managers (Kusumawardhani, 2012). Chew and Gillan (2009: 176) in Agustia (2013) explained that there are two types of institutional investors, namely institutional investors as transient investors (temporary owners of companies) and institutional investors as sophisticated investors (experienced investors).

**Managerial Ownership**

According to Griffin and Ebert (2008: 113) managerial ownership is an arrangement in which a company holds its own shares in the form of a trust fund for its employees or management, who slowly accept ownership of shares and gain control over their voting rights. According to the Indonesian Institute of Commissioners and Directors (IICD, 2010) share ownership by management will reduce agency problems between managers and shareholders which can be achieved through aligning interests between parties that conflict with their interests. Companies with profit sharing systems (managers and other key employees) can reduce the possibility of moral hazard and opportunistic behavior within the company through several types of managerial ownership (Hisrich et al. 2008: 77).

**Proportion of Independent Commissioners**

Independent commissioners have the responsibility for the quality of information from financial statements. According to the National Committee on Good Corporate Governance Policy (2006), an independent commissioner is a member of the commissioner who is not affiliated with management, other members of the board of commissioners and controlling shareholders, and is free from business and other relationships that can affect his ability to act independently or act solely eyes for the benefit of the company. The number of independent directors must be proportional to the number of shares owned by parties who are not controlling shareholders, provided that the number of independent directors is at least 30% (thirty percent) of the total number of commissioners (IICD, 2010).

**Audit Committee Performance**

In carrying out their duties, the audit committee has the function of assisting the board of commissioners to improve the quality of financial statements, and improve the effectiveness of internal and external audits (Sutedi, 2015: 144). Based on the Regulation of the Minister of Finance of the Republic of Indonesia Number 88 / PMK.06 / 2015, the Audit Committee consists of at least three members, one of whom is an independent commissioner who is also concurrently the chairman of the audit committee, while the other members are independent external parties, in where at least one of them has the ability in accounting or finance and public

sector business. The Audit Committee holds regular meetings at least once in 3 (three) months. The frequency of these meetings must be clearly structured and well controlled by the chair of the committee. Collier and Gregory (1999) in Rahmat& TM (2008) revealed that audit committees that hold more frequent meetings provide a more effective mechanism for supervision and monitoring of financial activities, including preparation and reporting of corporate financial information.

**BoardInterlocks**

According to Boubaker,et, al., (2006: 290) board interlocks is a link between organizations in which at least one individual simultaneously holds a formal position of responsibility in two or more organizations. The interlocks board is the practice of directors sitting on each other's corporate board. According to Smith and Lyles (2011: 390) board interlocks provide managers with an additional source of knowledge regarding the latest business practices and development in the broader business environment. The social networks created by common board memberships have some specific characteristics that differentiate them from other informal exchange mechanisms. Board appointments enable executives to acquire and discuss knowledge related to new business and environmental trends at the highest organizational level. This high level interaction can be useful for benchmarking, identifying the adoption of new or different practices, and helping to clarify and evaluate these new practices.

**Research Design**

Population and Sample

The population used in this study is banking companies listed on the Indonesia Stock Exchange (IDX) during 2013-2017, amounting to 215. The sample selection is done by purposive sampling. The criteria used for determining the sample is that the company must be listed on the IDX during the study period (no suspension and delisting). Based on these criteria a sample size of 160 was obtained.

**Data Collection Sources and Techniques**

This study uses secondary data in the form of annual financial reports (annual report) of banking companies listed on the Indonesia Stock Exchange during 2013-2017. Data obtained from the IDX website, and the website of each company. The data collection technique used in the study is the documentation method, which is the technique of collecting data obtained by taking data from records that are carried out systematically against certain phenomena of an object under study, or called secondary data.

**Definition of Variable Operations**

**Earnings Management**

This research uses the special accrual earnings management detection model by Beaver and Engel (1996). The accrual basis has two components, namely, discretionary accrual (DA) and non-discretionary accrual (NDA). NDA contains information about default risk and uncollectible accounts that cannot be controlled by managers, while DA is an accrual basis that can be controlled by managers so that it can be the object of manager manipulation because it involves management judgment that has personal information about default risk in the portfolio loan.

$NDA_{it} = \alpha + \beta_1 CO_{it} + \beta_2 LOANit + \beta_3 NPA_{it} + \beta_4 \Delta NPA_{it+1} + \varepsilon_{it}$ …..(1)

In accordance with the definition that:

$TA_{it} = NDA_{it} + DA_{it}$ then,

$TA_{it} = \alpha + \beta_1 CO_{it} + \beta_2 LOANit + \beta_3 NPA_{it} + \beta_4 \Delta NPA_{it+1} + Z_{it}$ …..(2)

Where, $Z_{it} = DA_{it} + \varepsilon_{it}$ ….(3)

Because the value of $NDA_{it}$ cannot be directly observed, the research is carried out by regressing Total Accruals ($TA_{it}$) which is indicated by equation (2). The residual value of the equation (Z_it) is taken as an estimate of the value of $DA_{it}$.

Where:

| | |
|---|---|
| $TA_{it}$: | Total Accrual (calculated based on the total allowance for possible losses on earning assets) |
| $DA_{it}$: | Discretionary Accrual |
| $NDA_{it}$: | Non-Discretionary Accruals |
| $CO_{it}$: | Loan charge Off (written off loan) |
| $LOANit$: | Outstanding Loan (total loans granted) |
| $NPA_{it}$: | Non-Performing Assets (problematic productive assets) |
| $\Delta NPA_{it+1}$: | Difference between nonperforming asset $t_{+1}$ with nonperforming asset t |

**Institutional Ownership**

Ujiyantho and Pramuka (2007) stated that institutional ownership is the percentage of voting rights held by the institution. In this study, institutional ownership is measured using an indicator of the percentage of the number of shares owned by an institution from all outstanding share capital. Institutional ownership can be measured using the formula:

IO = SOI / TOS X 100%…(4)

Where:

IO: Institutional Ownership
SOI: Number of Shares Owned Institutionally
TOS: Total Outstanding Shares

**Managerial ownership**

Managerial ownership is the percentage of the number of shares owned by management of the total outstanding shares (Boediono, 2005). The formula for calculating managerial ownership:

MO = SOM / TOS X 100%…(5)

Where:

MO: Managerial ownership
SOM: Total Shares Owned by Management
TOS: Total Outstanding Shares

**Proportion of Independent Commissioners**

Independent commissioners are members of the board of commissioners who are not affiliated with management, other members of the board of commissioners, and controlling shareholders, and are free from business relationships or other relationships that can affect their ability to act independently or act solely in the interests of the company (KNKG, 2006). The proportion of independent commissioners is measured using an indicator of the number of commissioners from outside the company divided by all members of the board of commissioners of the company (Ujiyantho and Pramuka, 2007).

The formula calculates the proportion of independent commissioners:

PIC = (NIC) / ABC x 100%…(6)

Where:

PIC: Proportion of Independent Commissioners
NIC: Number Independent Commissioners
ABC: All Members of The Board of Commissioners

**Audit Committee Performance**

According to Siallagan and Machfoedz (2006) the audit committee is the responsible party to the board of commissioners in order to help carry out the duties and functions of the board of commissioners in terms of company accounting policies, internal controls, and financial reporting systems. Based on Fatmawati(2018) the audit committee performance variable in this study was measured by the number of audit committee meetings. Audit committee meetings in this study are measured quantitatively, which is seen from the number of meetings conducted by the audit committee in the current year.

**Board Interlocks**

Board interlocks used in this study include members of the board of commissioners and members of the board of directors. According to Nazarudin, et., al, (2014) the existence of board interlocks can be stated with a dummy variable where a value of 1 will be given if there are members of the board of commissioners / directors who are also members of the board of commissioners / directors in other companies, or 0 (zero) if not.

**Research Methods**

Before testing the hypothesis, first the classical assumption test consists of a normality test, a multicollinearity test, a heteroscedasticity test, and an autocorrelation test. Data analysis method is carried out by multiple linear analysis test with the following equation model:

$Y = \alpha + \beta1X1 + \beta2X2 + \beta3X3 + \beta4X4 + \beta5X5 + e$…(7)

Where:

Y = earnings management
α = constant
β = regression coefficient
X1 = institutional ownership
X2 = managerial ownership

X3 = proportion of independent board of commissioners
X4 = audit committee performance
X5 = board interlock
e = standard error

The hypothesis test is done by t test. According to Ghozali (2011), the t statistical test basically shows how far the influence of one independent variable on the dependent variable. The test was carried out using a significance level of 0.05 (α = 5%). If the significance value of t is less than 0.05, it can be said that the independent variable influences the dependent variable and vice versa. While the research model can be seen in the following figure:

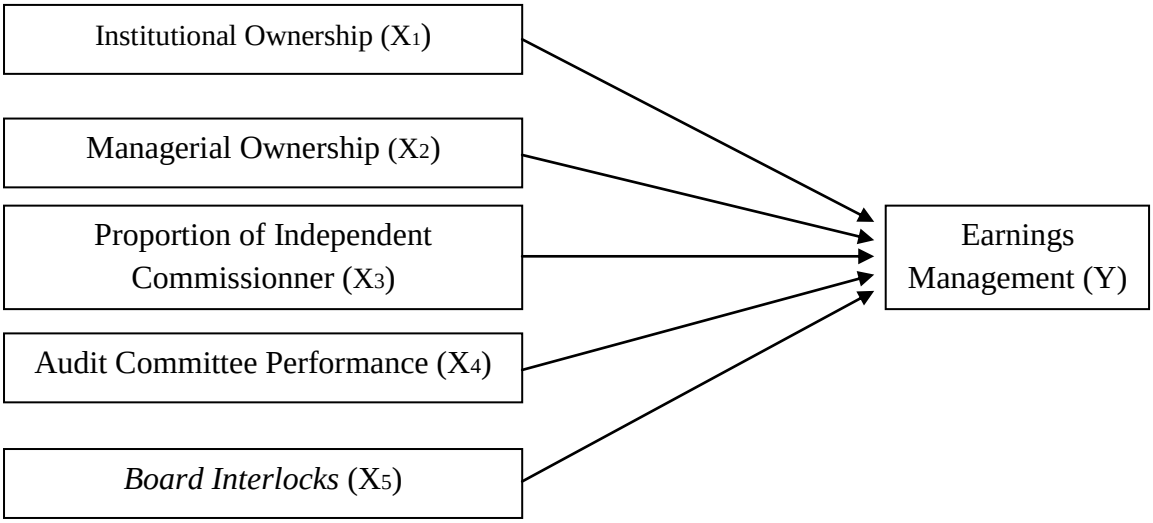


**Figure 1.** Research Model

## III. Result

The population in this study are banking companies listed on the Indonesia Stock Exchange in the period 2013-2017. Sampling uses a purposive sampling technique, namely the selection of samples using certain criteria. Based on the sampling technique obtained a sample size of 32 banking companies with a period of five years, namely 2013-2017, bringing the total to 160. From 160 observational data there were 55 outlier data derived from managerial ownership variables. This makes the data not normally distributed so that it needs to be trimmed by removing data whose values are included in the outlier category. After that, the number of observational data becomes 21 (see appendix 1) with a period of 5 years so that the final sample size becomes 105.

**Descriptive statistics**

Descriptive statistics can be seen in Table 1. which gives an overview of the descriptive statistics of variables from the research sample.

**Tabel 1.**Deskriptive Statistics

| Descriptive Statistics | | | | | |
|---|---|---|---|---|---|
| | N | Minimum | Maximum | Mean | Std. Deviation |
| IO | 105 | .33 | .99 | .8087 | .18684 |
| MO | 105 | .00 | .28 | .0187 | .04948 |
| PIC | 105 | .33 | .80 | .5819 | .09578 |
| ACP | 105 | 4.00 | 43.00 | 13.7905 | 8.53916 |
| BI | 105 | .00 | 1.00 | .6381 | .48286 |
| EM | 105 | -2.96 | 2.48 | .0078 | .64948 |
| Valid N (listwise) | 105 | | | | |

Source: Appendix 2
Where:
IO: Institutional Ownership;
MO: Managerial ownership;
PIC: Proportion of Independent Commissioners;
ACP: Audit Committee Performance;
BI: Board Interlocks
EM: Earnings Management

**Test Results of Classical Assumptions and Hypotheses**

The classic assumption test results show that the data successfully passed all the classic assumption tests (see appendix 3). The results of hypothesis testing with multiple linear regression using SPSS software show the following data:

**Table 2.** Results of Multiple Linear Regression Tests

| | | Coefficients | Std. Error | T | Sig. |
|---|---|---|---|---|---|
| 1 | (Constant) | -0.168 | 0.301 | -0.556 | 0.579 |
| | IO | 0.324 | 0.408 | 0.796 | 0.428 |
| | MO | -3.546 | 1.398 | -2.537 | 0.013 |
| | PIC | 0.070 | 0.060 | 1.170 | 0.245 |
| | ACP | -1.902 | 0.944 | -2.015 | 0.047 |
| | BI | -0.392 | 0.137 | -2.865 | 0.005 |

Source: Appendix 4

Based on Table 2 above, the multiple linear regression equation is:

$$EM = –0,168 + 0,324IO - 3,546MO + 0,070PIC - 1,902ACP - 0,392BI + e$$

Based on the coefficient and the significance test results in Table 2 above it can be seen that institutional ownership has no effect on earnings management; managerial ownership has a negative effect on earnings management; the proportion of independent commissioners has no effect on earnings management; audit committee performance has a negative effect on earnings management; and board interlocks have a negative effect on earnings management.

## IV. Discussion

**Effect of Institutional Ownership on Earnings Management**

The first hypothesis states that institutional ownership influences earnings management. Based on the test results, positive coefficient and significance values are obtained which exceeds the 0.05 significance level that is 0.428, which means institutional ownership variable does not affect earnings management. Thus the first hypothesis is rejected. The results of this study indicate that ownership of shares by institutions is not a management consideration for earnings management. This can occur because management considers other factors in managing earnings, including managerial ownership.

**Effect of Managerial Ownership on Earnings Management**

The second hypothesis states that managerial ownership affects earnings management. Based on the test results, obtained a negative coefficient with a significance value below 0.05, i.e. 0.013, which indicates that managerial ownership variables negatively affect earnings management. Thus it can be concluded that the second hypothesis is accepted. The results of this study indicate that the ownership of shares by management will bring the alignment of the interests of management as the owner of the company with management as the manager of the company. In other words, the intention of management to manipulate or cheat fraud will be lost because the impact of the fraud will be felt by the management who owns the company's shares. When these interests are aligned, the control mechanism can effectively suppress fraud that arises from conflicts of interest between shareholders and company management.

**Effect of Proportion of Independent Commissioner on Earnings Management**

The third hypothesis states that the proportion of independent directors influences earnings management. Based on the test results, obtained a positive coefficient with a significance value exceeding the 0.05 significance level that is 0.245, which means that the variable proportion of independent directors has no effect on earnings management. Thus it can be concluded that the third hypothesis is rejected. The results of this study indicate that the function of independent commissioners is not optimal because its existence is intended to meet regulatory requirements.

**Effect of Audit Committee Performance on Earnings Management**

The fourth hypothesis states that the performance of the audit committee influences earnings management. Based on the test results, obtained a negative coefficient with a significance value below 0.05, i.e. 0.047, indicating that the audit committee performance variable has a negative effect on earnings management. Thus it can be concluded that the fourth hypothesis is accepted. The results of this study indicate that the more frequent meetings of the audit committee, the tendency for earnings management to decrease, because it will increase the chances of the audit committee to find errors and policy violations by management.

**Effect of Board Interlocks on Earnings Managemen**

The fifth hypothesis states that board interlocks affect earnings management. Based on the test results, obtained a negative coefficient with a significance value below 0.05, i.e. 0.005 indicates that the board interlocks variable has a negative effect on earnings management. Thus it can be concluded that the fifth hypothesis is accepted. The results of this study indicate that with the existence of board interlocks, the tendency for earnings management to decrease because the board of commissioners or directors who also occupy board positions in other companies will have extensive experience and insight regarding earnings control practices, so that in conducting board oversight it will be easier to detect mistakes and potential cheating.

## V. Conclusions

Based on the discussion above, some of the conclusions of this study are as follows. (1) Institutional ownership has no effect on earnings management. This shows that the size of share ownership by institutions does not determine the size of earnings management. (2) Managerial ownership has a negative effect on earnings management. This shows that the greater the shares owned by management, the smaller the earnings management, and conversely the smaller the shares owned by management, the greater the earnings management. (3) The proportion of independent commissioners has no effect on earnings management. This shows that the size of the proportion of independent directors does not determine the size of earnings management. (4) Audit committee performance negatively affects earnings management. This shows that the better the performance of the audit committee can be, the smaller the earnings management, and conversely the worse the performance of the audit committee, the greater the earnings management. (5) Board interlocks negatively affect earnings management. This shows that the existence of board interlocks can reduce earnings management, and conversely the absence of board interlocks increases earnings management.

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## Appendix:

**Appendix 1. List of Sample Companies:**

| No. | Bank Name | Code |
|---|---|---|
| 1 | Bank Rakyat Indonesia Agro NiagaTbk | AGRO |
| 2 | Bank Capital Indonesia Tbk | BACA |
| 3 | Bank Central Asia Tbk | BBCA |
| 4 | Bank BukopinTbk | BBKP |
| 5 | Bank Negara Indonesia Tbk | BBNI |
| 6 | Bank Rakyat Indonesia Tbk | BBRI |
| 7 | Bank Tabungan Negara Tbk | BBTN |
| 8 | Bank Danamon Indonesia Tbk | BDMN |
| 9 | Bank Pembangunan Daerah BantenTbk | BEKS |
| 10 | Bank JabarBantenTbk | BJBR |
| 11 | Bank Pembangunan Daerah JawaTimurTbk | BJTM |
| 12 | Bank MandiriTbk | BMRI |
| 13 | Bank CIMB NiagaTbk | BNGA |
| 14 | Bank Sinarmas Indonesia Tbk | BSIM |
| 15 | Bank of India Indonesia Tbk | BSWD |
| 16 | Bank Tabungan PesiunanNasionalTbk | BTPN |
| 17 | Bank Victoria InternasionalTbk | BVIC |
| 18 | Bank MayapadaInternasionalTbk | MAYA |
| 19 | Bank China Construction Bank Ind. Tbk | MCOR |
| 20 | Bank OCBC NISP Tbk | NISP |
| 21 | Bank Woori Saudara Indonesia 1906 Tbk | SDRA |

**Appendix 2.Descriptive Statistics**

**Descriptive Statistics**

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| IO | 105 | .33 | .99 | .8087 | .18684 |
| MO | 105 | .00 | .28 | .0187 | .04948 |
| PIC | 105 | .33 | .80 | .5819 | .09578 |
| ACP | 105 | 4.00 | 43.00 | 13.7905 | 8.53916 |
| BI | 105 | .00 | 1.00 | .6381 | .48286 |
| EM | 105 | -2.96 | 2.48 | .0078 | .64948 |
| Valid N (listwise) | 105 | | | | |

**Appendix3: SPSS Output for the Classical Assumption Test**

**a. Normality Test**

**Descriptive Statistics**

| | N | Skewness | | Kurtosis | |
|---|---|---|---|---|---|
| | Statistic | Statistic | Std. Error | Statistic | Std. Error |
| IO | 105 | -.333 | .236 | -.234 | .467 |
| MO | 105 | -.408 | .236 | -.184 | .467 |
| PIC | 105 | .083 | .236 | .088 | .467 |
| ACP | 105 | .300 | .236 | -.335 | .467 |
| BI | 105 | -.463 | .236 | -.693 | .467 |
| EM | 105 | .409 | .236 | .905 | .467 |
| Valid N (listwise) | 105 | | | | |

**b. Multikolinearity Test**

**Coefficients[a]**

| Model | | Unstandardized Coefficients B | Unstandardized Coefficients Std. Error | Standardized Coefficients Beta | T | Sig. | Collinearity Statistics Tolerance | Collinearity Statistics VIF |
|---|---|---|---|---|---|---|---|---|
| 1 | (Constant) | -.168 | .301 | | -.556 | .579 | | |
| | IO | .324 | .408 | .080 | .796 | .428 | .883 | 1.132 |
| | MO | -3.546 | 1.398 | -.268 | -2.537 | .013 | .789 | 1.267 |
| | PIC | -1.902 | .944 | -.207 | -2.015 | .047 | .837 | 1.194 |
| | ACP | .070 | .060 | .119 | 1.170 | .245 | .854 | 1.171 |
| | BI | -.392 | .137 | -.292 | -2.865 | .005 | .852 | 1.173 |

a. Dependent Variable: EM

**c. Heterokedasticity Test**

**Coefficients[a]**

| Model | | Unstandardized Coefficients B | Unstandardized Coefficients Std. Error | Standardized Coefficients Beta | t | Sig. |
|---|---|---|---|---|---|---|
| 1 | (Constant) | .365 | .220 | | 1.657 | .101 |
| | IO | .577 | .298 | .203 | 1.937 | .056 |
| | MO | -.880 | 1.023 | -.095 | -.860 | .392 |
| | PIC | .016 | .691 | .003 | .024 | .981 |
| | ACP | -.012 | .044 | -.030 | -.285 | .777 |
| | BI | -.058 | .100 | -.062 | -.579 | .564 |

a. Dependent Variable: EM

d. **Autocorrelation Test**

**Model Summary[b]**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|---|---|---|---|---|---|
| 1 | .355[a] | .126 | .082 | .62242 | 2.193 |

a. Predictors: (Constant), BI, ACP, IO, PIC, MO
b. Dependent Variable: EM

## Appendix 4. SPSS Output for Regression Test Results

**Model Summary[b]**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .355[a] | .126 | .082 | .62242 |

a. Predictors: (Constant), BI, ACP, IO, PIC, MO
b. Dependent Variable: EM

**ANOVA[a]**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 5.516 | 5 | 1.103 | 2.848 | .019[b] |
| | Residual | 38.354 | 99 | .387 | | |
| | Total | 43.870 | 104 | | | |

a. Dependent Variable: EM
b. Predictors: (Constant), BI, ACP, IO, PIC, MO

**Coefficients[a]**

| Model | | Unstandardized Coefficients B | Unstandardized Coefficients Std. Error | Standardized Coefficients Beta | t | Sig. |
|---|---|---|---|---|---|---|
| 1 | (Constant) | -.168 | .301 | | -.556 | .579 |
| | IO | .324 | .408 | .080 | .796 | .428 |
| | MO | -3.546 | 1.398 | -.268 | -2.537 | .013 |
| | PIC | .070 | .060 | .119 | 1.170 | .245 |
| | ACP | -1.902 | .944 | -.207 | -2.015 | .047 |
| | BI | -.392 | .137 | -.292 | -2.865 | .005 |

a. Dependent Variable: EM

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