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Effect of Earning Management and Return on Asseton Bonds Rate in Indonesia Stock Exchange

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Abstract: *This studywith the aim to analyze the effect ofearnings managementandreturn on assetonbond ratings.This studyusesquantitative data54qualified financialreportsfrom18companiessampledand dataresearchcompanybondratingonCapital Market Information Centerandbond ratingcompanies listedon theOTC-FISStockIndonesia Stockforthe period2013 to 2015.Of theseatselectanalysisdata usedis multiple regression analysis.The results showedthatearnings managementsignificantnegative effectonbond ratings, andreturn on assetspositive and significant effectonbondratings.*

Keywords: *earning management, ROA, bond ratings*

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I. Introduction

Companies that areprofit orientedin Indonesia of coursepreparing financial statements based on Financial Accounting Standards (FAS), as well aspreparingfiscalfinancial statementsbased on legalapplicabletaxation.Therefore, there are two types of reports:commercial reportsby companiesandfiscalfinancial statementsby the government in this case the taxation agencies.Commercial financial statements are financial statements that are preparedinbaseStatementof Financial Accounting Standards(SFAS)that presents information that occurs during a certain period and is intended to assess the performance of the economic andfinancialsituationof the company.

The information contained in the financial statements is a source of decision-making bystakeholders,where the financial statements areshould describe theperformance of the company astrue.Disampingingit, information finance is said to be useful if they meetseveralqualificationsamong other things relevant andreliable.However,the company's financial statementscould potentiallybecome irrelevantandunreliablebecausethe act ofmodifying or evenmanipulating the informationcontained inthe financial statements.This can bedone bywayof corporate managementraising the reported earnings bydoingcreative accountingwhich is often calledearnings management.Company management does this to maximize profits generated by the company so that the company's performance will look good forthe stakeholders.Beattieat al.(1994) also suggests investors are often centered on earnings information regardless of the procedures used to generatecorporate earnings information.This has encouraged managers to manage earningsor manipulation of earnings(Salno and Baridwanin Mursalim,2006).The goal isto encourage an increase in bond ratings a company as well as forpositive signal for investor to invest in the company.

The problem is therise of bonds one of them determinedbased onthe financial statementspresented according to applicable standards.That is,whenthe company's performanceisgood,then the bonds have a good rating as welland canboostinginvestorinterestin the bonds.This is what motivates the management company earning management by financial statementslook good.Sari and Bandi (2010) that management profit is a deviation in the preparation of financial statements, which affects the level of profit displayed in the financial statements.One objective of earnings management practices are ranked in order of bonds to be issued by a rating agency in the category of companies worthy ofinvestmentObjectivet(investment grade)for investorsand potential investors.The case of companies that do earnings management quite a lot happens, one of which is Worldcom.In a report to Worldcom admitted that the company classified more than $ 3.8 billion for network expenses as capital expenditures.By transferring the expense account to the capital account, Worldcom is able to increase revenues or profits.Worldcom is able to increase profits because the load account is recorded lower, while the asset account is recorded higher because the capitalization expense is presented as investment expense.With such an increase in earnings the market performance of Worldcom became well before the unfolding of earnings management practices undertaken by the company.While the case regarding the rating of bonds one of them is the cheating of debt ratingby bond rating agencies such as Moody's andStandard&Poors (in the United States), orPT.The rating of Indonesia Securities (FEPINDO) and Moody's Indonesia (in Indonesia) areincreasingly needed to assist in estimating the unpaid risks of loan principal and bond interest (Christinaet al., 2010).

Management earnings also affect a company's bond issuance.In the issuance of bonds, the company will clearly state the amount of funds needed known as the amount of bond issuance.Determination of the small amount of bond issuance based on the company's cash flow flow, needs, and business performance of the company.If the business performance of the company looks good then the amount of bond issuance can also be increased, while good company performance can be generated one of them with earnings management practices.In addition to earnings management as one of the factors affecting the rating of bonds.Siagian (2001) prediction bond ratings maybeformed of financial ratios such as profitability.In the sense thatthe better the financial ratios the higher the bond rating of a company.

Thisresearch develops researchpreviously donein Indonesia, such asSiagian (2001)and Nurhasanah (2003)who reviewed the relationship of financial ratios with bond ratings.Similarly, Sari and Bandi (2010) who reviewed theearningsmanagement practicesrelated to bond ratings, as well asresearchChristinaet al.(2010) which concerns on the association ofbook-tax differenceswith oblogation ratings.Besides that,this researchalsodevelopsresearchabroad that examines theearning managementsuch as;Dye (1988), Dechowet al.(1995), Dhaliwalet al.(2004), and Crabtree and Maher (2005).However,this researchdifferent from previous research, because this researchcombines twoindependent variableearnings managementand profitability ratiosare proxied byreturn on assets(ROA)associatedwith the bond rating on Indonesia Stock Exchange.Thepurposeof this study is toprovide empirical evidence of theinfluenceofmanagementactionsor behaviorsinearning managementandreturn on assetsagainst bond ratings as a measure ofcompanyperformancefor a positivesignalto investorsinmaking investment.

II. Literatur review and research hypotheses

2.1 Agency theory

Agency theoryfirstproposedBerleand Means (1932), thendevelopedJansen and Meckling (1976) used asgrounded theoryin this study.The agency theory can be viewed as a version ofgame theory, which creates a contractual model between two or more parties, in which one party is called the agent and the other is called the principal.Principals delegate authority and accountability todecision makingto agents(Scott,1997).This relationship often causes problems when each party has a different purpose(agency problem).The coreofagency theory is the existence of a conflict of interest between agents and principals thatresultedarisemonitoring costs,bonding costs,andresidual loss.

Agency conflictsarise between the different parties in the companychapterright betweenmanagers andshareholders,as well as betweentheshareholders andthecreditor.The agency problemin this study werebetween the manager(agent)to the shareholders(principal), whicharises becausetheaim to maximize shareholder wealth, while the manager aimsfor growthandcorporatevalue(value of the firm).

2.2 Signaling theory

Insignalingtheorydescribedvariousreasons companies to provide financial statement information on external parties associated with theoccurrence ofinformation asimetrybetween the management company with the outside where the management company to have more information and to find out the company's prospects in the future, compared to external parties(Sari and Bandi, 2010).Besides it is said that thecompany can provide information related to bonds for examplebyrating bonds.

The rating of bondsmayprovide informationor describe the financial performance andbusinessconditionsof listed companies.This means thatratings assessments take into account financial factors,particularly those relating to the ratio of propitability, so thatcompany managementhas the potentialtoearnings managementfor the purpose of raisinghigh bond ratingsas one of the positive signals for investors in investing in the company.

2.3 Earning management

Financial report is one of thegnal of the companyforexternal partiesis goodinvestorandcreditorsasprimary users of financial statements,whichdescribe thedownloadingof these financial statementsinformationaboutthe company'sprofit.However,investorsoften focus on earnings information, but do not pay attention to the procedures used to generate profits(Beattieet al., 2010).This situation is well understood by management so that for certain purposes managementhas the potentialtoearnings management.

Scott (2000) defines earnings management as a means of profit presentation that aims to maximize management utility or increase themarketvalue ofa company, through the selectionof accounting procedures.Furthermore,Scott states that there are two perspectives in understanding the earnings management of a company manager,maximize management utility (opportunistic behavior), andprovide benefits to all parties involved in the contract (efficient contracting*)*.Scott (2000)alsostatesthatearnings management is more likely foropportunistic behaviorpurposes.There are several motivations for conductingmanagement arebonus programs, debt agreements, political costs, taxes, CEO changes (Chief Executive Officer), and IPO (Initial Public Offering).Earnings management is done through the selection of accounting policies or by controlling accrual transactionswhichare transactions that have no effect on cash inflows or cash out of thecompany.Accrued transactions consist of discretionary and non-discretionary transactions.Earnings management can be doneby managersby taking advantage of opportunities to make accounting estimates, altering and choosing accounting methods, andreverse current by shifting period transactions costs or incomefrom periodto periodbad and vice versa with the aim of giving a positive signal to attract investorsininvesting.

2.4 Profitability

Profitability ratio measures how big the company's ability to generate profits.Profitability is a factor that should get important attention because to be able to carry on his life, a company must be in a profitable state (profitable).Without profit, it will be difficult for companies to attract capital from outside.In conducting company analysis, in addition to looking at the financial company,canalsobe done by using financial ratio analysis.Ratioprofitability is the financial ratios that link profits with the sale of investments in the firm.

In measuring the financial performance of the company, each unit of organization in the company can useReturn on Asset(ROA)to know the profitability of each business unit.In measuring the performance of companies with ROA also has weaknesses in addition to having an advantage that is in measuring performance with ROA management tend to focus on short-term goals and not long-term goals.A project in performance measurement with ROA can improve short-term goals, but the projectshas negative consequences in the long run.It couldbe the termination of some of the sales force, the reduction of marketing budget, and the use of relatively cheap raw materials thereby degrading the product quality in the long term.Therefore, division managers have a tendency to skip over long-term projects, although in reality they can increase overall corporate profits.

2.5 Bond rating

Bondis a term used in the financial world which is a debt statement from the bond issuer to the bondholders and the promise to repay the principal and interest coupon on the due date of payment.One important indicator to know the level of risk faced by bond issuers, reflected in the ratings of its bonds.Low-rated bonds are more risky, and vice versa.Bond rating is important because it providesinformativestatementsand gives signalsabout the probability ofdefaultof corporate debt.The debt rating also serves to help public policy to limit speculative investment of institutional investors such as banks, insurance companies and pension funds.The quality of a bond can be monitored from its ranking information (Nurfauziah and Setyarini, 2004).Theratinggiven by therating agencywill state whether the bond is in theinvestment gradeornon investment grade grade.A bond that obtainsa non-investment grade ratingthen the bond is referred to asjunk bond.While a bond that previously includedinvestment gradebut after review and its rank down tonon investmentgrade, such bonds are usually calledfalling angels(Ang, 1997).The bond rating process is performed by arating agencyandrating agencythat exist in Indonesia is PT.Pefindo,whoalso workswith Standars& Poor's.Bond rating companies produce bond ratings in some bond symbols where each symbol has a different meaning.As for thebondrating symbol, can be seen in table 1 below:

INSERT TABLE 1 ABOUT HERE

2.6 Relationshipearningmanagementwith bond rating

Karyani and Manurung (2006) examined the effect of change of rating of bond tostockreturnof company in Jakarta Stock Exchange to prove that partially, variable ofearnings per share ofcompany thatupgradedbond rating significantly influence toaverage abnormal return ofstock.Researchshows therating of bonds containing information content that mayaffect investors' perceptions due to theassessment of bond ratings one of which includes the financial performance of the company, then earnings management is seen as a rational action managers to influence the rating ofcorporatebonds, where therating reflects the risk of bond issuers.

Belkaoui (1980) states that if managers can predict corporate bond ratings, then they can estimate the premium risk at the time of issuing bonds.Further, confirmed manajerconductearnings managementbehaviorin the period around the bond issuance so that the company's performance looks good because it will impact on the acquisition of bond rating so that will increase the attractiveness of the company in the eyes of investors.Research Klinger and Sarig (1999)that the information content in the rankings has no impact on the value of the company but has an impact on the increase (decrease) value of debt and equity value.Zuhrotun and Baridwan (2005)alsofoundthatthere are differences in the performance of bonds before and after the rating ondowngradedbonds, meaning thatdowngradeannouncementscontain information.From the above description, can be formulated alternative hypothesis as follows:

Hypothesis 1 (H1):Earning managementhaveasignificantinfluenceon thebonds

2.7 Relationship ratio profitability(ROA)with bond rating

Ratio profitabilityin this casea highROA proxy forthe bond isentered inpositionsfeasible investments by investors(investment grade),due to higher operating income whichcouldindicatethat companies work efisienand effective.This is consistent with Brotman's (1989),BoustitaandYoung,andAdamandHardwick (1998)statementsin Siagian (2001) where it isstated thatthe higher the profitability of firms the lower the risk of inability to payand the better the ranking given to the company.High profitability alsoan enterprise to survive,it indicates the company can provide a sense of security both to the owners, investors orpotential investors.In addition,profitability ratios are derived from the calculation of the figures in the financial statements, therefore profitability ratioscan have implications on the achievementofcorporateprofits, which in turn potentially increase the rating of bonds.The higher level of corporate profitability, especiallyreturn on assetsthe higher the company's ability to earn income, and therefore will have an impact on improvements in the overall ranking ofbonds to be acquiredthe company.Thus,thefollowingalternativehypothesiscan be formulated:
Hypothesis 2 (H2):Return on assethavea significant influence on bond rating

III. Data sources and research design

3.1 Population and sample

The population used in this study are all corporate bonds listed on theOTC-FISIndonesia Stock Exchange, emissions from 2009to2011as many as 97company, while sample determinedusingpurposive samplingmethod,criteriaitis;1) company are included in the non-financial industries,2) company that does Bond and ranking published by the Stock Exchangeduring the study periodyearsof2009-2011, 3)company that publishanauditof financial statementsduring the observation period,4) the company did not sufferlosses during the observation period, 5) didnot include companies in the delisting listduring the study period.

3.2 Operational definition ofvariables and their measurements

The bond rating is an indicator of the timeliness of payments on bonds principal and interest that reflect the risk scale of the traded bonds (Hadimukti, 2010).This scale shows how secure a bond is to a financier indicated by his ability to pay interest and loan principal.Long-term bond rating represents an opinion on the relative credit risk of fixed income bonds with a maturity of one year or more than one year.Ratingratings areperformed to estimate the ability of the issuer to pay interest and principal on the basis of financial analysis and creditworthiness.The higher theratinglevel, then it shows the high ability of the issuer to pay its debt (Manurunget al.,2006).Measurement of bond rating using interpretation from Gu and Zhao (2006) research using code 19 to 1,itsmeanhigh weight more represents higher rank(Sari and Bandi, 2010).Therefore, use the same scale as research,asshown inTable 2 below:

INSERT TABLE 2 ABOUT HERE

To measure earnings managementwere usedestimated accruals managedbymodels Healy (1985) and model developed a predictive model to estimate the accrual managed unpackingtotal accruals(Dechowet al.,1995).It is further explained that theaccruals are calculated by deducting the accounting earnings gained during a specified period with the operating cash flows of the period.In this model it is assumed that non-managed accruals in period are estimated to be zero.Estimated accruals are standardized with total assets in order to anticipate company size distortion.Measurements of estimated accruals using the Healy(1985)model areas follows:

$$EDAit=TAit / Ait-1$$

Where:
EDAit :Estimated accruals for the period t,
TAit : Total accrual period t,
Ait-1 : Total assets in period t-1

Profitability ratio shows the level of financial performance of a companyin a certain period, where profitabilitas shows the ability ofacompany to profit in relation to sales, total assets and own capital.In this research thatis used is the ratioassociated with the investment isReturn On Assets (ROA).Return On Assetis the ratio between net retained earnings after tax with total assets of the company.Return On Assetratios are often used by management to measure the company's financial performance and assess the operational performance in utilizing resources owned by the company, in addition to consider the issue of financing of these assets.Return On Asset value is getting closer to 1, it means the better profitability of the company because every existing assetcan generate profit.Therefore,ROA canformulated:

ROA =(Net Profit / Assets Totals) x 100%

3.3 Data analysis

This research usesthe analystismultiple regression,with the equation:

$$\mathbf{Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e}$$

Where:

Y : Bond Rating
α :Constants
β_1-β_2 :Regression Coefficient
X_1 :Profit management
X_2 : Profitability Ratio(ROA)
e : Residualerrors

IV. Empirical results

Population used in this research is all bonds of companies listed onOTC-FISIndonesia Stock Exchangefrom2009to the year2011as many as97 companies, andsamplesstudies weredeterminedusingpurposive samplingmethod.Table 3 below shows thesample used in this study.

INSERT TABLE 3 ABOUT HERE

Thus the amount ofdata used in this study is as many as 54 data financial statements that meet the requirements obtained from 18companies with3years study period.In addition, thedescriptivestatisticshowing the mean, maximum, minimum and standarddeviations foreachvariablecan be seen in table4below:

INSERT TABLE 4 ABOUT HERE

Based on the results of the calculationsshown in table 4aboveshowsthe rating of the bondorratinghas aminimumvalueof 10.00 and amaximumvalueof 18.00 in themeantime, thestandard deviation for theratingvariableis 2.20303smallerthan themeanof14.6322.This meansthat the data slotratio for bond ratingstend to begood.Whileearnings management (EM)has a minimum value of0.01 andits maximum valueis 0.23anditsstandard deviationof0.02792 is stillsmallerthanthe meanof 0.0582 whereinthe dataalso shows thatthe deviationis stillisgood.In addition,ROAwith a meanof 6.2250 which has a minimum valueof 0.85and amaximum of18.24and standard deviation4.57222,so it can also be said that thedata deviationis also still relatively good.

4.1 Multiple regression analysis

Based on the processed data is t hewas done, then the summaryresults are shown in Table 5 below:

INSERT TABLE 5 ABOUT HERE

From resultofregressiontestin table 5 aboveshows thatsimultaneouslyearningreturn on assetmanagementandsignificant effect onbond ratings.This isshownfrom thesignificancevalueofF-ratioof 70.310with aprobabilityvalueof significanceof 0.000, which is less than alpha5% orless than 0.05.In addition, adjusted R^2valueof0.723whichshows that variations of bond ratings can be explained byearnings managementandreturn on assetsof 72.3% and the remaining 27.7% predicted byothervariablesoutsideof this research model.Based on the above test results can be made regression equation by looking at the test of the significance of individual parameters or statistical t test, in particular the value ofunstandardized coefficientsas follows:

$$Y = 0.205 - 0.025 X_1 + 0.875 X_2 + e$$

From the equation aboveshows also that the most dominant influence on bond rating isreturn on asset(ROA) with coefficient value equal to 87.5% compared withearnings managementwhich only equal to-2.5%.

4.2 Discussion

4.2.1 The effect ofearning managementagainst bond ratings

The results of hypothesis testing foundempiricalevidencethat earnings management has a negative and significant impact on the rating of bonds.The result of the research showsthat the relationship is not unidirectional, in the sensethat the greater thebehaviorof earnings management practicesby choosing certain accounting methodswill result in lower rating ofcorporatebonds.Similarly, when managementdodiscretionary accrualsin determining the amount of profit, then investors will see this as a negative signal that could potentially lower the rating of bonds.Furthermore, it can be said that theactions of managersinraisingormenurunkancurrent period earningsas desired may be implicated in a decrease in lower bond ratings.This also means that management's interference in managing excessive earnings to signal investors is responded negatively, ultimately lowering the rating of corporate bonds.As noted by Schipper (1989) earnings management is a deliberate intervention undertaken with a particular intention to theexternalfinancial reporting processforpersonal gain.Similarly Healy and Wahlen (1999) earnings management occurs when managers usejudgmentin financial reporting and the preparation of transactions to alter misleading financial statements to shareholders on the basis of the economic performance of the organization or to influence results in accordance with contracts which depend on the accounting figures reported.Furthermore Kusuma (2006) states two main motivations of managers to make earnings management that isopportunistic and information (signaling) to investors.

These resultsalsoseroad withagencytheorythat managers asagentshave more comprehensive information than theprincipal, thus encouraging managers performopportunisticbehaviorin moving costs and revenues on a bad period to stabilize the company's profit.However, this profit management technique is responded negatively by shareholders, which in turn will lower bond ratings.

The results of this study are also in line with Sari and Bandi (2010)assertionthata company's bond raises can be affected by earnings management in the same way as bond emissions is to increase a company's earnings so that the company's performance looks good in the eyes of investors,and investors ultimately entrust memprovide debt to the company, so thatthe company's performance look good and many investors who entrust their funds to the company the agency will provide a good bond peringkan also to the company.Gumanti (2006) also states theability of profit is one variable that can affect the size of the manager's motivation to make earnings management.The results of this study supportSari andBandi (2010) who found that there is a significant relationship in the periodwhen the bonds emission to the bond rating.According to him, the pattern of earnings management with income decreasing accruals isdone when the profitability of the company is very high, so that if the period that comes dating profit is expected to fall drastically can be overcome by taking profit period earlier. The results of this study are also consistent with research Gu and Zhao (2006) indicates that the bond ratings were significantly associated with the effect of accruals and income smoothing, where income smoothingis one part of earnings management.

4.2.2 The effect of ROA on bond rating

The results of this study evidence empirically that profitability ratios are proxied by return on assets(ROA) positive and significant impact on bond ratings. These results indicate that the ability of the company are high to make a profit, will be responded positively by investors or potential investors, so the impact on the increase in bond ratings to be obtained. This is due to the high return to invested assets, and this is a good signal for the company to become an investment grade. In addition, the high profitability ratio indicates that the company is well managed. The results of this study are consistent with Siagian (2001) research indicating the financial ratios have an influence on the rating of bonds, where companies with good financial ratios will make the outsider assume that the company's performance is also good, and good corporate performance will increase the high bond rating where the company deserves to be the object of investment for investors and potential investors. The results of this study support the research of Mark (2001) and Burton (2000) which shows that profitability measured by using return on assets(ROA) significantly influence the prediction of bond rating. In addition, financial ratios are also useful for analyzing securities, evaluating the benefits of investing in stocks and bonds (Weston and Copeland, 1996). However thus, the results of this study contradict the research Almilia et al. (2007) who found that the profitability ratios do not have the influence that is significant to the bond rating companies.

V. Conclusion

This study aims to provide empirical evidence about the influence of managers in managing profit (earnings management) and the ratio of profitabilitas are proxied by return on assetsto the bond rating companies in Indonesia Stock Exchange.Resultsresearchshows that when management performs earnings management with various approaches, it will potentially lower the rating of corporate bonds. This research also showed that the return on assetsare high can push bond rating of a company.This study only included return on asset (ROA) as a proxy of variable financial ratios or profitability ratios to predict variations in variable return on investment(ROI) and other variables in the model study, so the bond rating can be explained more comprehensif.

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Attachment:
Sample Research

NO	CODE	COMPANY NAME
1	ADHI	Adhi Karya
2	BSDE	BumiSerpongDamai
3	DUTI	Duta Pertiwi
4	ELTY	Bakrieland Development
5	EXCL	XL Axiata
6	INDF	Indofood Sukses Makmur
7	ISAT	Indosat
8	JPFA	JapfaComfeed Indonesia
9	LTLS	Wide Ocean
10	MAIN	MalindoFeedmill
11	MEDC	Madco Energy International
12	MPPA	Matahari Putra Prima
13	MYOR	Mayora Indah
14	PJAA	Pembangunan Jaya Ancol
15	PWON	Pakuwon Teak
16	RMBA	Bentoel International Investama
17	RUIS	Radian Utama Interinsco
18	SMRA	Summarecon Agung

Source: Indonesia Stock Exchange, 2016.

Table 1.BondRating Symbol

Symbol		Kategori
Long-term	Short-term	
AAA A A A BBB	A1 A2 A3 A4	*Investment Grade* (worth the investment)
BB B CCC D	B C D	*Non Investment Grade* (not worth the investment)

Source: PT. Pefindo, 2016.

Table2.Bond Rating Scale

Bond Rating	Scale	Bond Rating	Scale	Bond Rating	Scale
AAA	19	BBB +	12	B +	6
AA +	18	BBB +	11	B	5
A A	17	BBB-	10	B-	4
A A-	16	BB +	9	CCC +	3
A +	15	BB	8	CCC +	2
A	14	BB-	7	CCC-	1
A-	13				

Source: PT. Pefindo, 2016.

Table3.SampleResearch

The crown	Sample	Population
Population **Criteria:** 1 . Non-financial industry, 2 . Bond rating issues from 2009-2011, 3 . Publication an audit of financial statements during the study period 4 . There was no loss during the study period 5 . Not delisting during the study period	- 50 42 36 25 18	97 - - - - -
Samplecompanyused	**18**	-
Number of Observations (18 x 3 years)	**54**	-

Source: Data processed, 2016.

Table4. Descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
RATING EM ROA Valid N (listwise)	54 54 54 54	10.00 .01 .85	18.00 .23 18.24	14.6322 .0582 6.2250	2.20303 .02792 4.57222

Source: Data processed, 2016.

Table 5. Summary of<u>Regression</u>Test Results

Variables	Coefficient	t-ratio	Prob.Sig.	Results
Earning management (EM)	-0.025	-2.407	0.020	Significant
Return on Assets (ROA)	0.875	11.149	0.000	Significant
Constants	0.205	0.977	0.031	Significant
Adjusted R^2	0.723			
F-ratio (Prob. Sig.)	70.310 0.000			
N	54			

Source: Data processed, 2016

<u>Model Summary</u>^{b}

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.857	.734	.723	.08464	.734	70.310	2	51	.000	1.698

	a									

a. Predictors: (Constant), ROA, EM
b. Dependent Variable: Rating

ANOVA [b]

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	1,007	2	.504	70.310	.000 [a]
Residual	.365	51	.007		
Total	1.373	53			

a. Predictors: (Constant), ROA, EM
b. Dependent Variable: Rating

Coefficients [a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics			
	B	Std. Error	Beta			Partial	Part	Tolerance	VIF
1 (Constant)	.205 -.025	.209	-.176	.977	.031	-.319	-.174	.980	1.021
EM		.011		2.407	.020	.842	.805		
ROA	.875	.078	.814	1114 9	.000			.980	1.021

a. Dependent Variable: rating

Residuals Statistics [a]

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.2965	2.8631	2.6501	.13787	54
Std. Predicted Value	-2.565	1.544	.000	1,000	54
Standard Error of Predicted Value	.012	.032	.019	.005	54
Adjusted Predicted Value	2.2955	2.8608	2.6502	.13803	54
Residual	-.26077	.08842	.00000	.08303	54
Std. Residual	-3.081	1,045	.000	.981	54
Stud. Residual	-3.166	1,084	.000	1,009	54
Deleted Residual	-.27533	.09522	-00011	.08793	54
Stud. Deleted Residual	-3.497	1.086	-.021	1,070	54
Expensive. Distance	.036	6,720	1.963	1.507	54
Cook's Distance	.000	.187	.020	.044	54
Centered Leverage Value	.001	.127	.037	.028	54

a. Dependent Variable: Rating

Nurlinda, et. al "Effect of Earning Management and Return on Asseton Bonds Rate in Indonesia Stock Exchange." *IOSR Journal of Business and Management (IOSR-JBM)*, 22(5), 2020, pp. 36-44.