International Social Sciences and Humanities
UMJember Proceeding Series (2023) Vol. 2 No 3: 1388-1395

Proceedings of the ICON 2023
International Conference

The Influence Of Institutional Ownership, Public And Share Presentationleverage On Profit Management Idx 2016-2018

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Accepted: Juli, 2023
Published:September,2023

Abstract: The aim of this research is to investigate the influence of institutional ownership, percentage of public shares and*leverage* on earnings management of manufacturing companies listed on the IDX for the 2016-2018 period. This research is a type of quantitative research using sampling techniques*purposive sampling* with a population of 123 companies. There were 34 selected companies with a sample of 102 companies used. The data analysis technique used is multiple linear regression analysis. The results of this study are that the institutional ownership variable has no effect on earnings management in manufacturing companies listed on the IDX for the 2016-2018 period. The percentage of public shares shows that there is no influence on the earnings management of manufacturing companies listed on the IDX for the 2016-2018 period. While variables*leverage* effect on earnings management in manufacturing companies listed on the IDX for the 2016-2018 period. The coefficient of determination test yields 11.5% earnings management variable influenced by institutional ownership, percentage of public shares and*leverage* while the remaining 88.5% earnings management is influenced by other factors not included in this study.

Keywords: Kepemilikan Institusional, Presentase Saham Publik, Leverage Manajemen

INTRODUCTION

Every company has an obligation to provide information to investors about the company's performance both from management and financial reports. Financial reports are a tool for measuring company performance with the aim of providing useful information for business decisions. If an investor is going to make a business decision, then the consideration is to analyze financial statements. Analyzing financial statements must be done carefully so as not to be wrong in making a decision.

The management is a party that is responsible and has an interest in the company's performance and will try to reduce fluctuations in the company's profits. Profit information as part of financial statements, is often the target of opportunistic management engineering actions to maximize satisfaction, but it will be detrimental to shareholders or investors because the profit information presented can lead to wrong investment decisions. In addition to profitability, the thing that gets attention is the company's financial performance (Qomariah et al., 2021). Opportunistic actions are carried out by choosing certain accounting policies, so that company profits can be regulated, increased or decreased according to their wishes. . In addition to profitability, the thing that gets attention is the company's financial performance. (Indarto et al., 2018). The action of management to regulate profits as they wish is known as management. Earnings management is an action taken by management to increase profits (income increasing) or lower profits (income decreasing) which is reported from the unit under his responsibility which has no relationship with the increase or decrease in the company's profitability for the long term. Earnings management as an intervention with a specific purpose in the process of external financial reporting by intentionally obtaining personal gain. earnings management's motivation is to deceive true economic performance. The economy in a company increases when the company earns a profit. (Dwi Cahyono & Aulia Rachmaniyah, 2020). This will driveagent to carry out earnings management. The occurrence of earnings management is the impact of weak supervision or monitoring so as to provide opportunities foragent to deviate from doing earnings management in the opinion of (Andayani, 2010) in the opinion of Raja (2014). Earnings management is carried out by managers or financial report makers in the financial reporting process of an organization because they expect a benefit from the actions taken. In principle, this earnings management does not violate generally accepted accounting principles, but there are earnings management practices to erode public confidence in external financial reports and hinder the competence of capital flows in the capital market according to the opinion (Antonia, 2008).

With the practice of increasing profit managers' actions to increase profits if there is a violation of the credit agreement to report good performance to creditors, maximize compensation based on accounting performance, gain or maintain control of the company, capital market considerations in initial public offerings, and considerations to improve reported performance An investor must consider the performance of a company that will be the object of his investment by collecting information in the company's financial statements, which can later assist in making investment decisions. (Qomariah et al., 2022). Managers reduce profits to save taxes, for example to minimize the amount of fines by obtaining government facilities and considering competition to prevent the entry of new competition.

METHOD

The type of research used is a quantitative descriptive research. The object of this research isexternal fraudulent financial reports on companies listed on the Kompas 100 index on the Indonesia Stock Exchange. The type of data used in this research is secondary data, and the data source used is internal data. In this study, the population used was all companies on iDX Kompas 123 which were listed on the Indonesia Stock Exchange for the 2017-2018 period. Considerations for selecting companies listed on IDX Kompas 123 as research objects because of the companies listed on the Kompas 123 index. The sampling technique used in this research is methodpurposive samplingso that the sample in this study as many companies. The data analysis steps of this study consist of the Classical Assumption Test, the Multiple Linear Regression Model and the Hypothesis Test.

RESULTS AND DISCUSSION

Based onoutput obtained from the graph normality test shows that the points are near the horizontal line, it can be concluded that the data is normally distributed. In addition, to find out the normality of the data can also use statistical methodsone sample kolmogorov-smirnov. If the Asymp. Sig. (2-tailed) is above α 0.05, it can be concluded that the data is normally distributed. Asymp value. Sig. (2-tailed) is 0.448 meaning that the data is normally distributed because it is more than the sig value. α 5% = 0.05.

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Multicollinearity Test Results

Table 4.8 Multicollinearity Test

Variable	*Tolerance*	VIF	Information
Institutional Ownership	0,769	1,301	Multicollinearity Does Not Occur
Percentage of Public Shares	0,768	1,302	Multicollinearity Does Not Occur
THE	0,989	1,011	Multicollinearity Does Not Occur

Source: Data processed by SPSS, 2020.

The table above shows VIF values and*Tolerance* dependent variable, VIF value of institutional ownership variable is 1.301, VIF the public share percentage is 1,302, as well as VIF DER is 1.011. The VIF value of each variable is below 10 meaning that there is no multicollinearity. Meanwhile, value*Tolerance* institutional ownership variable of 0.769, the variable percentage of public shares is 0.768, and DER of 0.989. This value is above 0.1, it can be concluded that there is also no multicollinearity.

Heteroscedasticity Test Results (Park Test)

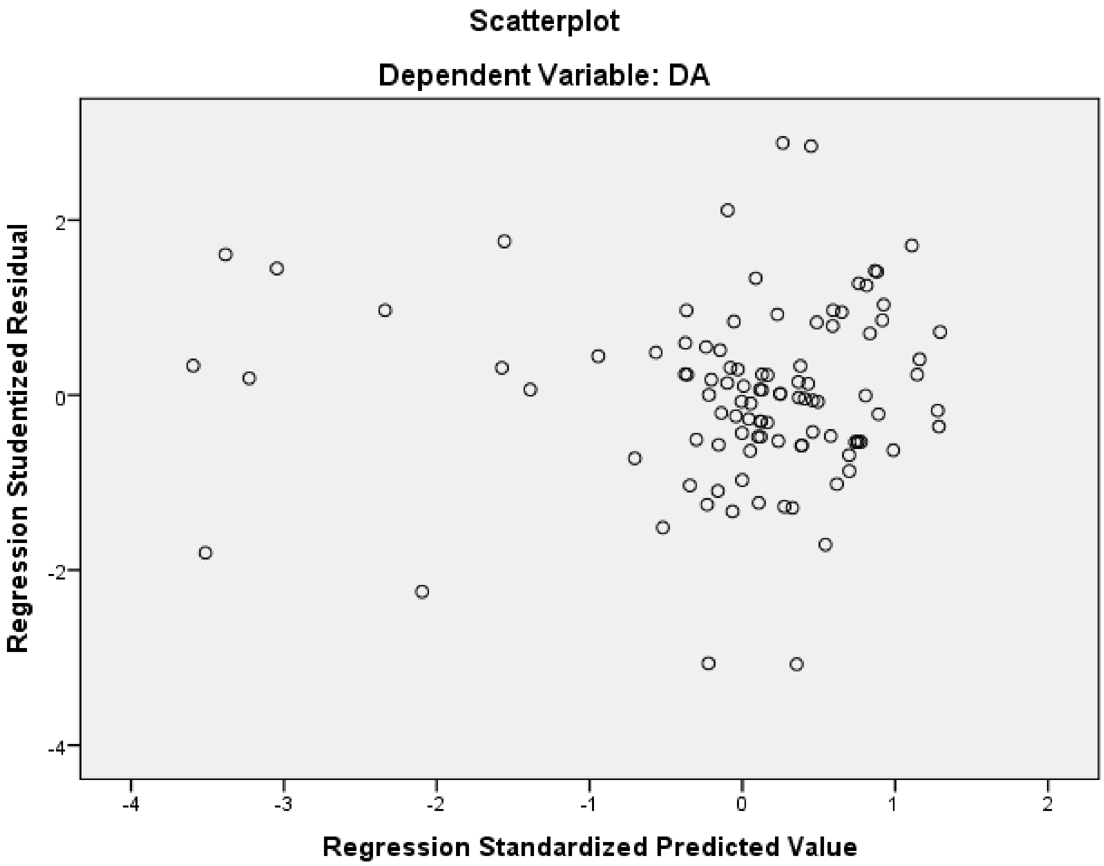

Figure 4.2*Scatter Plot*

Source: SPSS data, 2020.

The picture above shows the dots spread above and below the number 0 on the Y axis and do not form a pattern, meaning that there is no heteroscedasticity. Autocorrelation Test Results In this study, autocorrelation was tested using Durbin-Watson (DW). The criterion of a good regression model is the absence of autocorrelation problems. The Durbin-Watson test has the following criteria:

Table 4.9 Autocorrelation Test Results

Model	*Durbin-Watson*	Information
1	1,691	There is no autocorrelation

Data source SPSS, 2020.

As for the testing criteria*Durbin-Watson* according to Gunawan (2017: 100) as follows:

Table 4.10 Criteria for testing Autocorrelation on*Durbin-Watson*

Durbin Watson	Information
<1,10	There is autocorrelation
1,10 s.d 1,54	No knots
1,55 s.d 2,46	There is no autocorrelation
2,46 s.s 2,90	No knots
>2,91	There is autocorrelation

Source: Gunawan (2017:100)

Based on the test criteria table*durbin-watson*. Mark*durbin-watson* of 1.691 which means there is no autocorrelation. Thus that the linear regression model can be continued for the heteroscedasticity test.

Multiple Linear Regression Analysis Test Results

The results of calculating the value of the regression coefficient and t test are illustrated in the following table:

Table 4.11 Regression Coefficient

Information	*Unstandardized Coefficients*		*Standardized Coefficients*
	B	*Std. Error*	*Beta*
Constant	0,014	0,013	
TO	0,027	0,027	0,109
PSB	0,001	0,006	0,011
THE	-0,016	0,005	-0,325

Source: Data processed by SPSS, 2020.

Based on the table, the following equation is obtained:

$Y = 0{,}014 + 0{,}027X_1 + 0{,}001X_2 + (-0{,}016)X_3$

Information : Y = Managemen Laba

X_1= Institutional Ownership

X_2 = Percentage of Public Shares

X_3 = *Leverage* (THE)

From these equations can be explained as follows:

1) Mark*constant* of 0.014 indicates that the value of Y will be equal to 0.014 if the value is X_1, X_2, X_3 equals zero (0).
2) Institutional ownership coefficient (X_1) of 0.001 (positive indicating a unidirectional relationship) indicates that for every increase of one (1) institutional ownership will increase earnings management by 0.001 and conversely each decrease in one (1) institutional ownership will decrease earnings management by 0.001.
3) Public share percentage coefficient (X_2) of 0.027 (positive indicating a unidirectional relationship) states that every increase of one (1) percentage of public shares will increase earnings management by 0.027 and conversely every decrease of one (1) percentage of public shares will decrease earnings management by 0.027.

4) Coefficient*leverage* (X_3) of -0.016 (negative indicates a relationship in the opposite direction) states that every decrease of one (1)*leverage* will decrease earnings management by 0.016 and vice versa every increase of one (1)*leverage* will increase earnings management by 0.016.
5) The coefficient of determination (R^2)
The coefficient of determination provides an illustration of how much influence the X variable has on the Y variable in percentage. The value of this coefficient is between 0 and 1. The closer to 1 it means that the better the X variable is in providing almost all the information needed to predict the Y variable. The coefficient of determination in this study is as follows:

Table 4.13 Coefficient of Determination

R	R *Square*
0,340	0,115

Source: Data processed by SPSS, 2020.

The table shows the value of the coefficient of determination of 0.115. This figure shows the magnitude of the influence of variable X, namely institutional ownership, the percentage of public shares and*leverage* on earnings management which can be explained in this regression model is 11.5%, while the remaining 88.5% is influenced by other factors not included in the regression model such as managerial ownership,*good corporate governance*, board of Commissioners.

Hypothesis testing

The hypothesis test in this study tested the independent variables partially to the dependent variable. The independent variables consist of institutional ownership (X_1), the percentage of public shares (X_2), *leverage* (X_3) to the dependent variable earnings management (Y). The following will explain the partial test of each variable.

Table 4.12 Test Results t

No	Information	T	Say	Information
1	Institutional Ownership	1,001	0,319	Significant
2	Percentage of Public Shares	0,105	0,917	Significant
3	*Leverage*	-3,398	0,001	Significant

Source: Data processed by SPSS, 2020.

Discussion

Institutional Ownership Influences Earnings Management (Wedari 2014) states that institutional ownership is the proportion of shares owned by institutional investors with a lower tendency for managers to carry out earnings management activities due to a better supervisory function than investors. Institutional ownership is the proportion of shares owned by institutions at the end of the year as measured in the percentage of total institutional ownership to the total number of shares.

The results of this study indicate that institutional ownership has no effect on institutional earnings management manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2016-2018 period. Thus this study rejects the first hypothesis (H1). The results of this study are in contrast to the theory which states that institutional ownership influences earnings management, where large institutional share ownership makes investors have more power in exercising control over the company's operational activities (Sudiyanto, 2016). The results of this study indicate that high institutional ownership does not necessarily affect earnings management because institutional investors do not carry out their role effectively as a sophisticated investor, who can supervise or monitor management performance to limit management in taking actions or policies that will have an impact on management actions. profit. Institutional investors only carry out their role as temporary company owners who only focus on short-term profits, so that the existence of institutional ownership does not necessarily increase effective monitoring of management which will affect management policies in reducing earnings management.

The results of the research are according to previous research conducted by Sudiyanto (2016). The results of this research show that institutional ownership has an effect on earnings management. However, it is different from the results of Nazir's research (2014) which shows that institutional ownership has no significant effect on earnings management. Percentage of Public Shares Affects Earnings Management Putri (2017) states that public share ownership(public shareholding) is the proportion of share ownership held by the public or the public to the company's shares. The size of the percentage of shares that the public wants to offer usually has an influence on the amount of information that issharing to the public. Information in sharing formprivate information, i.e. internal information previously known only to managers.

The results of this study indicate that the percentage of public shares has no effect on institutional earnings management manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2016-2018 period. Thus this study rejects the second hypothesis (H2). The results of this study contradict the theory which states that a high percentage of public shares will control earnings management activities (Raja, 2014). This causes the public ownership of shares in the companies sampled in this study in the capital market to tend to be small so that they cannot be used as monitoring and intervention tools, or have not been able to influence the discretion of managers to act in accordance with the interests of shareholders. So it can be said that the percentage of public ownership cannot yet be an effective tool to deter actionopportunisticmanagement to carry out earnings management. However, this research is not in line with research conducted by Rita & Pipin (2014) which results that the percentage of public shares has an effect on earnings management

Leverage Influence on Profit Management. Fakhrudin (2018: 109) leverage is the amount of debt used to finance or buy company assets. Companies that have greater debt than equity are said to be companies with high levels of leverage. Ratioleverage which is used in this research isdebt equity ratio (THE).Debt equity ratio (DER) is measured based on a comparison of debt and equity.

The results of this study showleverage measured usingdebt equity ratio (DER) effect on earnings management. institutional manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2016-2018 period. Thus this study accepts the third hypothesis (H3). The results of this study support the opinion of Gunadi and Kesuma (2015) levelleverage anything less than 50 percent is a safe level. The lower the value ofleverage then the better or safer the obligations that must be fulfilled by own capital, this can result in the application of earnings management practices. So, leverage have not been able to control earnings manipulation actions carried out by management because of the resultsleverage does not significantly influence earnings management. This is because most of the manufacturing companies that are the research sample have a percentageleverage above 50 percent. Thus, the results are less able to be used to control earnings manipulation actions contained in the company. The results of this study are in line with previous research conducted by (Utami, 2016) whose results stated thatleverage effect on earnings management. However, contrary to the research conducted by Rita & Pipin (2014), it was found thatleverage no effect on earnings management.

CONCLUSION

The purpose of this study is to determine the effect of institutional ownership, the percentage of public shares andleverage which is measured withdebt equity ratio (DER) on earnings management in institutions manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2016-2018 period. The conclusions that can be drawn are as follows:

1. The results of the study show that institutional ownership has no effect on earnings management of manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2016-2018 period.
2. The results of the study show that the percentage of public shares has no effect on the earnings management of manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2016-2018 period.
3. The results of the research areleverage measured usingdebt equity ratio (DER) affects the earnings management of manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2016-2018 period.

Suggestion

Based on the results of the research that has been done, the authors try to provide the following suggestions:

1. For further research it is expected to add other variables that affect earnings management as well as increase the number of samples and extend the research period.
2. Future research can use other methods of measuringdiscretionary accruals, so that it is possible to get different results in analyzing the existence of earnings management
3. Practitioners, accounting and finance academics must be more serious in dealing with earnings management practices. Because earnings management practices can destroy the economic, ethical and moral order. In addition, failure to detect earnings management practices can destroy public trust in the company and cast doubt on the credibility and integrity of accountant

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