The Effects of Corporate Governance, Firm Size and Leverage to Earnings Management on Manufacture Firm in Indonesia Stock Exchange Period 2017-2019

Putu Indah Purwanti[1], *Putu* Kepramareni[1], *Sagung Oka* Pradnyawati[1]

[1]Faculty of Economics and Business, Mahasaraswati University Denpasar

Abstract. Earnings management is a behavior or action taken by manager to manipulate accounting data or information so that the amount of profit recorded in the financial statements is good. Earnings management is carried out to influence decisions made by stakeholders and the results of contractual agreements based on the amount of profit. This study aims to test and obtain empirical evidence of the effect of independent board structure, institutional ownership, managerial ownership, firm size and leverage on earnings management in manufacturing companies listed on the Indonesia Stock Exchange for the period 2017-2019.The sample selection was done by using a purposive sampling method. The data analysis technique used in multiple linear regression analysis. Data population in this study were all manufacturing companies listed on the Indonesia Stock Exchange for the period 2017-2019, totaling 152 companies. The sample in this study were 47 companies with 141 companies observed.The results of this study indicate that the variable composition of the independent board of commissioners and managerial ownership has a negative effect on earnings management, while institutional ownership, firm size and leverage have no effect on earnings management.

1 Introductions

Financial reports are communication media used to connect interested parties to the company. The parameter used to measure management performance in the financial statements is the earnings information contained in the income statement. The income statement is one of the components of financial statements which is very important because it contains profit information that is useful for users of financial statement information to find out the company's financial capabilities and performance. Disclosure of earnings will be an important assessment of management's performance, so that management can exercise its prerogatives in relation to the preparation of financial statements, besides that it can take advantage of gaps in the use of the accrual basis when preparing financial statements, so that management can manage earnings by reducing or leveling the profit. known as earnings management.

As stated by Veronica and Bachtiar (2003) corporate governance is one way to control opportunistic actions by management. Corporate governance can be proxied into three, namely the composition of the independent board of commissioners, institutional ownership and managerial ownership (Sasono, 2014). According to Sulistyanto (2008: 141) the composition of the independent board of commissioners is the party that has the responsibility to encourage the implementation of the principles of good corporate governance in the company through empowering the board of commissioners so that they can perform supervisory duties and provide advice to managers effectively and provide added value to the company . According to Jensen and Meckling (1976) institutional ownership is the percentage of shares owned by institutional investors. The greater the institutional ownership in the company, the lower the tendency for managers to carry out earnings management activities due to a better supervisory function.

Managerial ownership is the percentage of shares owned by management. Management is the manager of the company, such as directors, managers and employees (Boediono, 2005). Earnings management is largely determined by the motivation of the company manager. In addition to corporate governance mechanisms, one of the factors influencing earnings management practices is company size. . According to Azlina (2010), company size is a measure used to determine whether a company has more complex operational activities so that earnings management is possible. Company size is a scale in which can be classified as large as small companies according to various ways, including total assets, log size, sales and stock market value. Leverage is the ratio used to measure the extent to which the company's assets are financed by debt. This means, how much debt the company should bear. The higher the debt, the higher the creditors' demands of the company and management to ensure that it can return the loan principal and interest.

2 Literature review

2.1 Agency Theory

The explanation of the concept of earnings management uses an agency theory approach related to relationships or contracts among company members. Agency relationships are the basis used to understand good corporate governance. Jensen and Meckling (1976) state that the agency relationship is a contract between the manager (agent) and the investor (principal). Agency theory assumes that a manager as a company manager knows more about the company's internal information and prospects in the future than the company owner (investor).

2.2 Profit management

Earnings management is a behavior or action taken by managers to manipulate accounting data or information so that the amount of profit recorded in the financial statements is good. Earnings management is carried out to influence decisions made by stakeholders and the results of contractual agreements based on the amount of profit.According to Sulistyanto (2008), earnings management is an effort by company managers to influence information in financial reports with the aim of tricking stakeholders who want to know the company's performance and condition. According to Silaban and Siallagan (2012), earnings management is management's intervention in the preparation and reporting of a company's financial statements to achieve a certain level of profit.

2.4 The Effect of the Composition of the Independent Commissioner on Earnings Management

The relationship between the composition of the board of commissioners and fraudulent financial reporting shows that companies that commit fraud have a significantly lower percentage of external commissioners than companies that do not commit fraud. The existence of a board of commissioners guarantees transparency and informativeness of financial statements thus facilitating the rights of shareholders to obtain quality information. The composition of the independent board of commissioners limits managers to perform earnings management, because the company demands transparency.

H1: The composition of the independent board of commissioners has a negative effect on earnings management.

2.5 The Effect of Institutional Ownership on Earnings Management

Ownership concentration is used by the company to eliminate agency problems. The concentration of ownership from the institution and from the managerial side is considered to reduce the tendency of managers to manipulate earnings. Institutional ownership is one way to monitor the performance of managers in managing the company so that ownership by other institutions is expected to reduce earnings management behavior by managers.

H2: Institutional ownership has a negative effect on earnings management.

2.6 Managerial Ownership on Earnings Management

Managerial ownership is considered as one of the factors that influence the manager's earnings management. Managerial ownership is the number of shares owned by management in a company. Share ownership by management is expected to reduce earnings management practices, because management has the same interests as shareholders. Thus, there will be no more differences in interests that cause management as the more informed party to undertake earnings modification actions to the detriment of shareholders. Theoretically, when management ownership is low, the incentives for opportunistic manager behavior will increase.

H3   : Managerial ownership has a negative effect on earnings management.

2.7 Company Size on Earnings Management

Company size is a value that shows the size of the company. There are various proxies that are usually used to represent the size of the company, namely the number of employees, total assets, total sales, and market capitalization (Sudarmadji and Sularto, 2007). Company size is a basic measure that reflects the size of the sales level and the company's internal controls. In large companies, the level of stability tends to be higher and involves more parties. Decision making by large companies will affect public perceptions compared to decision making by small companies (Azlina, 2010).

H4: Firm size has a positive effect on earnings management.

2.8 Leverage on Earnings Management

The level of corporate debt (leverage) can affect earnings management actions. High leverage is caused by mismanagement in managing the company's finances or the implementation of an inappropriate strategy from the management. Leverage is the ratio between total liabilities and total assets. The greater the leverage ratio, the higher the company's debt value. High obligations make it more difficult for company management to predict the future course of the company. The greater the debt owned by the company, the tighter the supervision exercised by creditors, so that management flexibility to perform earnings management decreases (Veronica and Bachtiar, 2003).

H5: Leverage has a positive effect on earnings management.

3 Method

The research sample is part of the number and characteristics of the population (Sugiyono, 2018: 81). The sample used in this study is a manufacturing company listed on the IDX as of December 31, 2017-2019, the sampling technique used in this study is purposive sampling technique. Purposive sampling is a sampling technique with certain considerations (Sugiyono, 2018: 85). The reason for selecting samples using purposive sampling is because not all samples have the criteria according to what the authors have determined. From the purposive sampling carried out on all manufacturing companies, obtained as many as 47 samples.

Operational definition is a description of the limit of the variable in question, or what is measured by the variable in question. The operational definition referred to in this research is:

1)Corporate governance, Where the proxies used in this study are the composition of the independent board of commissioners, institutional ownership, managerial ownership.

a.   Composition of the Independent Commissioner

An independent board of commissioners is a board of commissioners from outside a company that is not affiliated with a company that is influenced by the structure of the board of commissioners (Agustia, 2013). The formula for the composition of the independent board of commissioners is as follows:

$$\diamond\diamond I = \frac{\text{Jumlah komisaris independen}}{\text{Jumlah anggota dewan komisaris}} \ldots \ldots \ldots \ldots \ldots (1)$$

b.   Institutional Ownership

Institutional ownership is the portion of the outstanding share owned by investors against the total share capital outstanding. Institutional ownership is measured by the number of share ownership owned by the institution divided by the total shares (Gideon, 2005). The institutional ownership formula is as follows:

$$\diamond\diamond\diamond = \frac{\text{Saham yang dimiliki institusi}}{\text{Total saham perusahaan yang beredar}} \ldots \ldots \ldots \ldots \ldots . . \ldots (2)$$

c.   Managerial ownership

Managerial ownership is the percentage of share ownership owned by management (Gideon, 2005). To see the percentage of managerial ownership in a company, it can be formulated as follows (Antonia, 2008):

$\textbf{◇◇}$ = Jumlah saham y ang dim il iki m anajemen … . … … … … … … … … …
….(3)
Total saham perusahaan yang beredar

2) Firm Size

Firm size describes the size of a company which is indicated by total assets, total sales and market capitalization. In this study, company size is measured using the natural logarithm of total company assets (Astuti, 2017).

$\textbf{SIZE}$ = (Ln) total aset … … … … … … … … … … … … … … … … … . (4)

3) Leverage

Leverage is the ratio between total liabilities and total assets of the company. The leverage ratio is proxied by the debt to equity ratio. According to Kasmir (2014) the debt to equity ratio formula is:

$\textbf{Debt to equity ratio}$ = T otal utang .... (5)

4) Earnings management

Earnings management is a condition in which management intervenes in the process of preparing financial reports for external parties so as to level, increase and decrease earnings reporting (Sulistyanto, 2008: 163). Measurement of earnings management using discretinary accruals (DA).

a) Measure total accruals using the modified Jones model

Tait = Nlit-CFOit .... (6) Information :
Tait   : Total accruals of company i in year t NLIT   : Net profit of company i in year t CFOit   : Cash from company i in year t

b) Calculating the nondiscretionary accrual model (NDA) is as follows:
NDAit = $\beta 1$ (1 / Ait-1) + $\beta 2$ (ΔREVit-ΔRECit / Ait-1) + $\beta 3$ (PPEit / Ait-1)
.... (7) Information :
NDAit : Non discretionary accrual company i in year t
Ait-1   : Total assets of company i in year t-1
REVit   : Company i revenue in year t

RECit   : Net receivables of company i in year t
PPEit   : Fixed assets of company i in year t
$\beta 1, \beta 2, \beta 3$: Jones model regression coefficient c)   Calculate discretionary accruals
DAit = (Tait / Ait-1) -NDAit .... (8) Information :
Dait   : Discretionary accrual company i in period t
TAit   : Total accrual in period t
Ait-1   : Total assets of company i in year t-1
NDAit   : Non discretionary accrual company i in year t

4 Results and Discussion

4.1 Descriptive Statistic

Table 1. Descriptive Statistics

	N	Minimu	Maximu	Mean	Std.
DA	141	-.28	.25	-.0711	.07860
KKI	141	.25	.50	.3943	.07589
KI	141	.02	.96	.6174	.21443
KM	141	.00	.87	.1279	.19175
UP	141	12.60	30.58	25.2057	4.61531
LEV	141	.10	786.93	6.7207	66.18812
Valid N (lis	141				

1) Earnings Management (DA)

The earnings management variable has a minimum value of -0.28 and a maximum value of 0.25 with an average (mean) value of -0.0711. The standard deviation value is 0.07860.

2) Variable Composition of the Independent Board of Commissioners (KKI)

The variable composition of the independent board of commissioners has a minimum value of 0.25 and a maximum value of 0.50 with an average value (mean) of 0.3943. The standard deviation value is 0.07589.

3) Institutional Ownership Variable (KI)

The institutional ownership variable has a minimum value of 0.02 and a maximum value of 0.96 with an average (mean) value of 0.6174. The standard deviation value is 0.21443.

4) Managerial Ownership Variable (KM)

The managerial ownership variable has a minimum value of 0.00 and a maximum value of 0.87 with an average value (mean) of 0.1279. The standard deviation value is 0.19175.

5) Variable Firm Size (UP)

The firm size variable has a minimum value of 12.60 and a maximum value of 30.58 with an average (mean) value of 25.2057. The standard deviation value is 4.61531.

6) Variable Leverage (LEV)

The leverage variable has a minimum value of 0.10 and a maximum value of 786.93 with an average value (mean) of 6.7207. The standard deviation value is 66.18812.

4.2 Multiple Linear Regression Test

Table 2. Multiple Linear Regression Test

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	ics
1	(Constant)	.041			-2.179	.031		
	KKI	.007		-.229	-2.833	.005	.989	1.011
	KI	.040		-.012	-.114	.909	.537	1.861
	KM	.042		-.288	-2.611	.010	.529	1.890
	UP	.001		.069	.830	.408	.926	1.080
	LEV	.000		-.015	-.180	.857	.990	1.010

DA = -0.089–0.020KKI – 0.005KI – 0.109KM + 0.001UP – 0.000017LEV + e

Based on the regression equation above, the following can be explained:
1) The constant value (α) of -0.089 indicates that if the value of independent commissioners, institutional ownership, managerial ownership, company size and leverage are equal to zero, then earnings management is equal to -0.089 units.
2) The regression coefficient value for independent commissioners (β1) = -0.020 indicates that if the value of independent commissioners increases by one unit, the earnings management practices carried out by a company will decrease by 0.020 units assuming the other variables are constant.
3) The regression coefficient value of institutional ownership (β2) = -0.005 indicates that if the value of institutional ownership increases by one unit, the earnings management practices carried out by a company will decrease by 0.005 units assuming the other variables are constant.
4) The regression coefficient value of managerial ownership (β3) = -0.109 shows that if the value of managerial ownership increases by one unit, the earnings management practices carried out by a company will decrease by 0.109 units assuming the other variables are constant.
5) The regression coefficient value of company size (β4) = 0.001 indicates that if the value of the company size increases by one unit, the earnings management practices carried out by a company will increase by 0.001 units assuming the other variables are constant.
6) The leverage regression coefficient value (β5) = -0.000017 shows that if the leverage value increases by one unit, the earnings management practices carried out by a company will decrease by 0.000017 units assuming the other variables are constant.

4.3   Classic assumption test

Table 3. One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		141
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.07330236
Most Extreme Differences	Absolute	.097
	Positive	.097
	Negative	-.052
Kolmogorov-Smirnov Z		1.154
Asymp. Sig. (2-tailed)		.139

a. Test distribution is Normal.
b. Calculated from data.

Based on the normality test using the Kolmogorov-Smirnov One-Sample which is shown in the table 5.3It can be seen that the Kolmogorov-Smirnov value is 1.154 with the Asymp level. Sig (2-tailed) 0.139 is greater than the level of significant, which is 5 percent (0.05).This shows that the residual value in the regression model tested is normally distributed.

385

4.4 Multicollinearity Test

Table 4. Multicollinearity Test

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statist	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	-	.041		-2.179	.031		
	KKI	-	.007	-.229	-2.833	.005	.989	1.011
	KI	-	.040	-.012	-.114	.909	.537	1.861
	KM	-	.042	-.288	-2.611	.010	.529	1.890
	UP		.001	.069	.830	.408	.926	1.080
	LEV	-1.7E-	.000	-.015	-.180	.857	.990	1.010

a. Dependent Variable: DA

The collinearity statistical value of the variable composition of the independent board of commissioners (KKI) has a tolerance value of 0.989 and a VIF value of 1.011, the institutional ownership variable (KI) has a tolerance value of 0.537 and a VIF value of 1.861, the managerial ownership variable (KM) has a tolerance value of 0.529 and a VIF value of 1.890, the company size variable has a tolerance value of 0.926 and a VIF value of 1.080 and the leverage variable has a tolerance value of 0.990 and a VIF value of 1.010. So that all variables have a tolerance value that is more than 0.10 (10 percent) or a VIF value that is less than 10. Therefore, based on the tolerance and VIF values in the regression model in this study, there is no multicollinearity symptom.

4.5 Autocorrelation Test

Table 5. Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Es	Durbin -
1	.361[a]	.130	.098	.07465	1.963

a. Predictors: (Constant), LEV, KKI, KM, UP, KI
b. Dependent Variable: DA

The Durbin-Watson score of 1.963 is greater than 1.7988 (du) so that the 4 – du (4-1.7988) value is 2.2012. The calculation of the statistical value is obtained from the number of data samples of 141 (n = 141) and the number of independent variables as much as 5 (k = 5), it can be concluded that there is no autocorrelation between the residual values in the regression model.

4.6 Heteroscedasticity Test

Table 6. Heteroscedasticity test

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.011	.028		.405	.686
	KKI	.004	.005	.080	.935	.351
	KI	.029	.027	.123	1.062	.290
	KM	.024	.028	.098	.840	.402
	UP	.001	.001	.072	.813	.418
	LEV	-6.9E-005	.000	-.091	-1.069	.287

The significance value of the variable composition of the independent board of commissioners(KKI) of 0.351, variable institutional ownership (IP) equal to 0.290, variable managerial ownership (KM) of 0.402, firm size variable(UP) of 0.418, and variable leverage (LEV) of 0.287. The test results have a significance value greater than $\alpha = 0.05$. Therefore, it can be concluded that there are no symptoms of heteroscedasticity in the regression model.

4.7 Simultaneous Significance Test (Test Statistic F)

Table 7. ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.113	5	.023	4.044	.002[a]
	Residual	.752	135	.006		
	Total	.865	140			

a. Predic tors : (Const ant), LE V, K KI, KM, UP, KI
b. Dependent Variable: DA

The results of the F test (F test) show that the calculated F value of 4.044 with a significance value of P value 0.002 which is smaller than $\alpha = 0.05$, this means that the model used in this study is feasible to use. This result means that the five independent variables are able to predict or explain earnings management practices in the manufacturing companies studied during the 2017-2019 period. This means that simultaneously the composition of the board of commissioners is independent, institutional ownership, managerial ownership, company size, and leverage significant effect on earnings management practices carried out by a company.

4.8 Determination Coefficient Test

Table 8. Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.361[a]	.130	.098	.07465	1.963

a. Predictors: (Constant), LEV, KKI, KM, UP, KI
b. Dependent Variable: DA

The amount of adjusted R2 (the adjusted coefficient of determination) is 0.098. This means that earnings management in manufacturing companies during the 2017-2019 period can be significantly influenced by the variable composition of the independent board of commissioners, institutional ownership, managerial ownership, company size, and leverage 9.80 percent, while the remaining 90.20 percent is explained by other variables outside of the regression model used.

4.9 Significance Test of Individual Parameters (t Statistical Test)

Table 9. t Statistical Test

Model		Unstandardized Coeffic ient s		St andardiz ed Coeffic ient s	t	Sig.
		B	St d. Error	Beta		
1	(Const ant)	-.041			-2. 179	.031
KKI		-.020	.007	-.229	-2. 833	.005
KI		-.005	.040	-.012	-.114	.909
KM		-.109	.042	-.288	-2. 611	.010
UP		.001	.001	.069	.830	.408
LEV		-1. 7E-005	.000	-.015	-.180	.857

a. Dependent Variable: DA

1) Composition of the Independent Commissioner (KKI)

   Hypothesis H1 in this study states that the composition of the independent board of commissioners has a negative effect on earnings management. The results of the t test calculation in table 5.9 show that the regression coefficient value of the composition of the independent board of commissioners is -0.020 with a significance level of 0.005 which is smaller than the significance level of $\alpha = 0.05$. This shows that the composition of the independent board of commissioners has a negative effect on earnings management, which means that hypothesis 1 in this study is accepted.

2) Institutional Ownership (IP)

   The hypothesis H2 in this study states that institutional ownership has a negative effect on earnings management. The results of t-test calculations in table 5.9 show that the regression coefficient value of institutional ownership is -0.005 with a significance level of 0.909, greater than the significance level of $\alpha = 0.05$. This indicates that institutional ownership has no effect on earnings management, which means that hypothesis 2 in this study is rejected.

3) Managerial Ownership (KM)

   The hypothesis H3 in this study states that managerial ownership has a negative effect on earnings management. The results of the t test calculation in table 5.9 show that the managerial ownership regression coefficient is -0.109 with a significance level of 0.010 which is smaller than the significance level $\alpha = 0.05$. This shows that Managerial Ownership has a negative effect on earnings management, which means that hypothesis 3 in this study is accepted.

4) Company Size (UP)

   The hypothesis H4 in this study states that firm size has a positive effect on earnings management. The results of the t test calculation in table 5.9 show that the regression coefficient value of the company size is 0.001 with a significance level of 0.408 which is greater than the significance level of $\alpha = 0.05$. This indicates that firm size has no effect on earnings management, which means that hypothesis 4 in this study is rejected.

5) Leverage (LEV)

   Hypothesis H5 in this study states that leverage has a positive effect on earnings management. The results of t-test calculations in table 5.9 show that the leverage

regression coefficient is -0.000017 with a significance level of 0.857, greater than the significance level of $\alpha = 0.05$. This shows that leverage has no effect on earnings management, which means that hypothesis 5 in this study is rejected.

5 Conclusion and Recomendation

Based on the results of data analysis, it can be concluded that the composition of the Independent board of commissioners has a negative effect on earnings management, institutional ownership has no effect on earnings management, managerial ownership has a negative effect on earnings management, firm size has no effect on earnings management. Leverage has no effect on earnings management.

Research limitations

The limitations in writing this study are as follows:

1.   The results of this study indicate that the variables of the composition of the board of Commissioners are independent, institutional ownership, managerial ownership, company size, and leverage significant effect 9.80 percent, while the remaining 90.20 percent is explained by other variables outside of the regression model used. The results of this study that can suppress earnings management are only the composition of the independent board of commissioners and managerial ownership, while other variables that are not proven to influence earnings management practices are institutional ownership, company size and leverage, so that further research can add other independent variables that can affect earnings management practices, such as information asymmetry, number of audit members, and profitability.

Recomendation

Based on the results of the research that has been done and from the existing
Conclusions, the suggestions used for further research are as follows:
1.   For further research that uses the same variable topic, it is better to expand the research sample by expanding the company sector, for example using a sample of all companies listed on the idx in order to be able to represent the overall state of the company.
2.   The observation period used in this study only uses a time period of three years, namely from 2017-2019, so for further research it is recommended to use a longer time period in order to obtain different results.

References

1.   Adi, Sasono. 2014. The Effect of Independent Commissioners and Audit Committee on Agency Problems in Determining the Financing Structure and Managerial Ownership of the Company. BPPK Journal. Vol. 7 No. 2.pp.123-134.
2.   Azlina, Nur. 2010. Analysis of factors affecting earnings management. (studies on companies listed on the IDX). Pekbis Jurnal, Vol. 2, No.3, November 2010: 355-363.

3. Agustia, D. 2013. The Influence of Good Corporate Governance, Free Cash Flow, and Leverage Factors on Earnings Management. Journal of Accounting and Finance, 15 (1), 27-42.

4. Antonia, E. 2008. Analysis of the Effect of Auditor Reputation, Proportion of Independent Commissioners, Leverage, Managerial Ownership and Proportion of Independent Audit Committee on Earnings Management. Thesis: Master of Management Study Program, Postgraduate Program, Diponegoro University, Semarang.

5. Astuti. 2017. The Effect of Profitability, Company Size, Leverage, and Audit Quality on Earnings Management. Thesis. Muhammadiyah Surakarta university.

6. Boediono, Gideon. 2005. Earnings Quality: Study of the Effect of Corporate Governance Mechanisms and the Impact of Earnings Management Using Path Analysis. Solo: National Symposium on Accounting (SNA) VIII.

7. Ghozali, Imam. 2016. Multivariete Analysis Application with IBM SPSS 23 Program (8th Edition).VIII printing. Semarang: Diponegoro University Publishing Agency.

8. Gideon, SB Boediono, 2005. Earnings Quality; Study of the Effect of the Good Corporate Governance Mechanism and its impact on earnings management using Path Analysis. VIII National Symposium on Accounting, IAI, 2005.

9. Jensen, Michael C. and WH Meckling. 1976. Theory of The Firm: Managerial Behavior, Agency Cost and Ownership Structure. Journal of Financial Economics 3. Thing. 305-360. Cashmere. 2014. Financial Statement Analysis, 7th printing. Jakarta: PT RajaGrafindo Persada.

10. Siallagan, H., and M. Machfoedz. 2006. Corporate governance mechanisms, earnings quality and firm value. National Accounting Symposium IXPadang.

11. Silaban, Adanan and Siallagan, Hamonangan. 2012. Accounting Theory. Medan: HKBP Nommensen University.

12. Sudarmadji, Ardi Murdoko and Sularto, Lana, 2007. The Influence of Company Size, Profitability, Leverage, and Company Ownership Type on the Area of Voluntary Disclosure of Annual Financial Statements. PESAT Proceedings, Volume 2.

13. Sugiyono. 2018. Quantitative, Qualitative, and R & D Research Methods. Bandung: Alfabeta, CV.

14. Sulistyanto, H. Sri. 2008. Earnings Management, Theory and Empirical Models. Jakarta: Grasindo.

15. Wahid Sulaiman, 2004, Regression Analyzes using SPSS, Yogyakarta: ANDI.

16. Veronica, Sylvia and Yanivi S. Bachtiar. 2003. The Relationship between Earnings Management and the Level of Financial Statement Disclosure. SNA 6, session 3 / b, Solo. Surabaya.