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Implications of Good Corporate Governance and Company Size on Profit Management (Study of Lq45 Companies Listed on the Indonesian Stock Exchange)

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Abstract

The purpose of this study is to influence *good corporate governance* and size company on earnings management in LQ45 listed companies Indonesia stock exchange. The type of research used in this study is quantitative. Sample in study This is company LQ45 Which registeredon the Indonesia Stock Exchange using *purposive sampling method* namely sampling technique with certain criteria that produce a number sample 28, Type data Which used form report finance annual. Source data Which used is data secondary. Technique analysis data use assumption classic. Results study show that *good corporate governance* consists ownership managerial, ownership institutional And committee audits No effect on earnings management, while the independent commissioners and size company influential to management profit, And size company influential significant to management profit

1. INTRODUCTION

Companies listed on the IDX are required to issue financial reports year This. Report finance is Wrong One media in convey information to internal or external parties who have financial interest in a company. Owned financial reports by investors And creditor as base consideration For do investment or give loan. As a result, report finance must provide information that is relevant to the current state of the company. Profit is one of the important elements in financial statements used For measure performance management. Various case Which show weak integrity report finance Which served The company involves many parties, ranging from internal parties to external parties external.

Some of these cheating scandals probably wouldn't have happened if The company implements a regular good management system known as *Good Corporate Governance.* This system is expected can be a system that regulates the relationship between holders share, board commissioner, And board directors in prevent happeningerrors that occur can be corrected immediately. So that companies that implement this system properly will be spared all practice fraud or mistakes significant in strategy company (Mais And Nuari, 2016).

Implementation of *Good Corporate Governance* correctly and consistently in the company can increase mark company in period through improving company performance. In *Good Corporate Governance* there is *agency theory* Which background. Besides good implementation of *Good Corporate Governance* , company size as well influential in achievement performance finance company. Size The company can be seen from the total *assets* owned by the company. The bigger *the assets* owned by the company, the bigger it is financial performance company the (Fahmi And Rahayu, 2017).

The size of the company is highlighted in the presentation of the report integrity finance. The larger the size of the company, usually information Which available For investors in taking decision in connection with the investment in the shares of these companies increasingly Lots And company Which big more noticed by public so that will more be careful in do reporting finance, different with company small Which tend want to show the condition of the company that always performs well so that investors invest capital on company the. According to study (Fajaryani, et al, 2015), shows that company size has an effect positive against integrity report finance.

corporate Governance will become issue Which important for *going concern* company, as tool *monitoring* performance company For reach profit or vision company period long. Mechanism *corporate Governance* If run in a manner Good And appropriate from vision company will can minimize action management so that No lead to practice management profit so that No damage climate company (Schiehll, et al., 2014). (Faishal And Hadiprajitno, 2015) argued that theory agency assume all individual Act on interest they each so that try increase profits For self Alone by raising portion profit and dividends from shares owned. Conflict of interest between the principal and agent occurs because the possibility of the agent does not always act accordingly the desire of the principal, giving rise to agency costs (*agency cost*). As a result of the existence of unbalanced information can cause two problems caused by *principal difficulties* in monitoring and do control over actions agent.

Management profit is A phenomenon Where report finance is no longer of good quality because it does not describe condition company Actually. Wrong One form from management profit is earnings management accruals which is a form of manipulation report finance For increase profit company in framework looks good in the perception of investors. Triggers of earnings management practices Because investors And candidate investors tend notice profit Which there is in report finance without notice How profit the obtained. Profit used by para taker decision as a parameter of company performance because they use profit For evaluate performance management. Besides That management profit Also arise Because exists conflict interest between owner company (*Principal*) and manager (*Agent*). The owner of the company as the owner of capital want management can ensure interest they And exists increase in profits as an indication of a return on capital that has been implanted, temporary management want evaluation performance Which both indicated by the profit that continues to increase so that can increase incentives them (Yusnita, 2017).

Based on previous studies conducted by Anissa Aurora with the results of research showing that managerial ownership (kmhm) own influence Which significant to management profit. Whereas on size company (*size*) No own influence Which significant effect on earnings management. In the research of I Made Karma Cahyadi DanI Made Mertha state that *Good Corporate Governance* and Company Size has an effect on Earnings Management. Next there research conducted by Mhd. Hidayat gets the result that is existence board independent, ownership institutional, size committee audits company And influential significant to profit management. Whereas ownership managerial No influential significant to profit. Next study Which done by Delitha Magfira EG And Murtanto state that commissioner independent influential negative to aggressiveness tax. Committee

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audits No influential to aggressiveness tax. ownership institutional influential positive to aggressiveness tax. Size company influential positive to tax aggressiveness. Profitability has no effect on tax aggressiveness. And Which final on study Theresia english H And Easter Ika Nugroho state that ownership managerial, ownership institutional, and independent board of commissioners have no effect on management profit Because own mark significance more small from 0.05. Meanwhile, the company size variable has an effect on management profit Because mark significance more big from 0.05.

Based on the results study on, so will done testing return about Implications *good corporate Governance* And Size Company to Management Profit with consider studies previously so that cause researcher interested to research again. Based on the results of the explanation above, the author interested in conducting research with the title " *Good Corporate* Implications *Governance* and Company Size on Earnings Management (Study On Company LQ45 Registered In IDX Year 2019-2020)"

2. LITERATURE REVIEW

2.1 Agency Theory (Agency theory)

Agency theory is the basis used company to understand corporate governance. The essence of the relationship agency is there is separation between ownership And management company. Theory agency makes connection A contract between owner And manager Where owner company delegate something task taking decision to manager according to the employment contract. According to agency theory, the relationship between owner And manager on in fact difficult awakened Because exists conflict of interest (conflict of interest). Potential problems that arise in the perspective of agency theory, namely the existence of information asymmetry (Desy Helena sluggish King, 2016).

Theory agency is application separation Work between holder share with management Where management as Managers who handle the company directly are believed to be more know information about condition company compared to with holder share. Condition thereby, can cause emergence conflict between both of them Which caused Because exists differences of interest, particularly regarding financial reporting issues made by management.

Information about the condition of the company it is more that management knows that can give chance to management For do action Which can benefit himself. The profit rate is often the target management to achieve certain goals because profit is often used by para holder share as indicator For evaluate performance company. By Because That, management will motivated For take accounting policies that can have an impact on changes number profit in report finance Which often called as action management profit.

2.2 Good Corporate Governance

Corporate Governance is system or procedure Where something company directed as well as controlled And For give accountability to *stakeholders* and *shareholders* . Objective important from *corporate Governance* is For ensure accountability And transparency For they Which involved in implementation policy organization through something mechanism with objective For reduce conflict agency (Subing, 2017).

According to Forum *corporate Governance* in Indonesia (FCGI) There is some of the benefits that we can take from the implementation of *Good Corporate governance* which Good, among others:

a. Increase performance company through

creation process taking decision Which more Good, increase efficiency company operations and further improve services to *stakeholders.*

b. Simplify he got fund financing Which more cheap Which on Finally will increase *Corporate Values*.
c. Restore trust investors to re-invest capital in Indonesia.
d. Holder share will feel satisfied with performance company Because at a time will increase *Shareholders's value* And dividend.

According to the National Committee on Governance Policy (2006:5), there is five basic principles that can be applied to every aspect of business and in all levels of the company in *Good Corporate Governance*.

As for fifth principle the is as following :

a. *transparency* (transparency)
b. *Accountability* (Accountability)
c. *Responsibility* (responsibility)
d. *Independence* (independence)
e. *Fairness* (Equality and Fairness)

Company Which expect *corporate Governance* Which Good is Wrong One matter Which very important in build market confidence *and* encourage investment flows more stable and long-term international (Muhammad Fahmi And Dessy Rahayu, 2017).

According to IICG (2000), the benefits that can be taken by the company if apply draft *good corporate Governance* is:

a. Minimize *Agency cost*
b. Reducing capital costs (*Cost of Capital*)
c. Maximizing mark share company
d. Push Board Commissioner, member directors, holder share in making decisions and carrying out actions based on morality Which tall And obedience to legislation Whichapply.
e. Guard *Going Concern* company.

2.3 Ownership managerial

Ownership managerial is party manager Which own shares in a company. According to (Fajar and Nurbaiti, 2020) Managerial Ownership is a situation where managers own shares company or in other words the manager as well as holder share company. In financial statements, circumstances This indicated by the large percentage of company share ownershipby the manager. Because this is important information for users financial statements, this information will be disclosed in the notes on report finance.

According to Shierly Pricili And Liana Susanto (2017) that in presentation of earnings in financial statements is largely determined by motivation company manager. Different motivations will produce magnitude management profit Which different, like between manager Which Also at a time as holder share and manager Which No as holder share. Two matter the will influence management profit, because ownership a manager will follow determine policy and decision making on the company.

Managerial ownership is measured by the total percentage of shares owned manager. Tool For measure ownership manager can be measured from percentage ownership share by manager company on the companies concerned (Ni Made Apsari Dwijayanti and I Ketut Suryanawa, 2017).

2.4 Ownership institutional

Institutional ownership is the ownership of shares owned company by institution finance non bank or institution, Which manage fund on person other. The more tall level ownership institutional so the more strong level control Which done external parties to the company so that *Agency Costs* occur in in company the more reduce And mark company Also more increasing. Institutional ownership is proxied by INST, namely the ratio of the number of shares owned by the institution to the total share Which circulating

(Widianingsih, 2018).

According to Subing (2017) put forward that Ownership institutional is the proportion of shares owned by institutional parties end year Which be measured in presentation . Ownership institutional own ability For control party management through process monitoring in a manner effective so that reduce action management performs earnings management (Dewa Gede Yudha Dananjaya And Putu Agus Ardiana, 2016).

Institutional Ownership has the function of controlling parties management through process monitoring in a manner effective so that can reduce management profit (Dewa Gede Yudha Dananjaya and Putu Agus Ardiana, 2016). According to Chew and Gillan (2009) that there is two type investors institutional, that is investors institutional as transient investors (temporary owners of companies) and investors institutional as *sophisticated investors.*

2.5 Committee audits

In accordance with Kep.29/PM/2004, committee audits is committee Which formed by board commissioner For do task supervision company management. The existence of an audit committee is very important for company management. The audit committee is a new component in system control company. Besides That committee audits considered as liaison between holder share And board commissioner with party management in handle problem control (Marihot Nasution, 2013).

Committee audits Also is committee Which formed by board commissioner company recorded, Which its members lifted And dismissed by the listed company's board of commissioners to help the board of commissioners of a listed company to carry out an inspection or study Which considered need to implementation function directors in management company recorded (Octavia, 2017).

The audit committee is responsible for overseeing financial reports, supervise external audits and observe internal control systems (including internal audit) can reduce the opportunistic nature of management Which do management profit with method supervise report finance And do supervision on external audit (Octavia, 2017).

2.6 Commissioner Independent

Independent Board of Commissioners (*Board independent*) is a commissioner Which No have bond business or connection family with shareholders and directors. The interests of managers and shareholders shares can be aligned by the existence of a board of commissioners, because they represent mechanism internal main For supervise behavior exploit opportunity or profit period short And ignore profit period long management, matter This can seen from perspective theory agency (Widianingsih, 2018).

The more Lots commissioner independent so supervision management will the more strict. Management often characteristic opportunistic where they have a motive to maximize profit net to increase profits. Profit has been used as the main indicator success manager (Krisnata Dwi Suyanto And supramono, 2010).

In general, the board of commissioners is assigned and given responsibility on supervision quality information Which contained in report This is important considering the management's interest to carry out earnings management which has an impact on reducing earnings trust investors. For get over it board commissioner allowed to have access to company information (Shierly Pricilia, And Liana Susanto, 2017).

2.7 Company Size

Size company is Wrong One variable important in company management. The size of the company reflects how big total *assets* Which owned And managed company. Total *Assets* Which owned company describe capital, as well as right And its obligations. The bigger the company size, the better certainly the greater the funds managed and the more complex also management.

Another definition of company size according to Mega Sekarwigati and Bahtiar Effendi (2019), namely, company size is a scale Which used to determine the size a company. In general, large companies will disclose more information Lots from on small company. Matter This Because company big will face greater political risk than the company small.

Company big tend get attention more from wide community. Thus, usually large companies have tendency to always maintain the stability and condition of the company. For guard stability And condition This, company Of course just will trying to maintain and continue to improve its performance (Fahmi, 2018).

2.8 Management Profit

According to Scott (2006) explain that management profit is a way of presenting profits or also called presentation profit Which own objective For maximizing function management and increase market value through election policy procedure accountancy by management. According to Heni Yusnita (2017) there are two aspects of understanding management profit Which done manager company: First, aim For maximizing function management (*opportunistic behavior*). Second, aim For give profit to all party Which related in contract (*efficient contracting*).

There are four pattern profit management according to Scott (2007), namely:

a. *Taking a bath* is a pattern of earnings management that is done with method make profit company on period walk become very extreme low (even make a loss) or very extreme tall compared to with profit on period previously or afterwards.
b. *Income minimization* is the pattern of earnings management that is carried out with method make profit on report finance period walk lower than profit indeed.
c. maximization profit (*income maximization*) is pattern management profit Which done with method make profit on report finance period run higher than real profit.
d. *Income smoothing* or income smoothing is one form management profit Which done with method make profit accountancy relatively consistent (flat or *smooth*) from period to period.

2.9 hypothesis

Hypothesis is statement or guess temporary Which based on results study nor theories Which has put forward previously on question in problem study. Based on formula problem review theory, review study previous research, and the framework, the hypothesis of this study is as following:

a. **Influence Ownership managerial to Management profit**

According to theory agency conflict between principal And agent Which resulted emergence practice management profit can reduced by aligning the interests of the principal and the agent. Presence ownership share by manager resulted manager For reduce activity management profit or make report finance according to the actual situation, because the manager also acts as holder share Which want information Which Correct related to company profits. By increasing shareholding by manager, it is expected that the manager will act in accordance with the wishes principal Because manage motivated For increase Work. Study earlier Which done by Aurora (2018) ownership managerial (KMJM) own influence Which significant tomanagement profit.

H_1 : It is suspected that managerial ownership has a significant positive effect to management profit.

b. **Influence Ownership institutional to Management profit**

Investors institutional often called as investors Which advanced so that should more can use information period present in predicting future earnings than non-investors institutional. Ownership institutional own ability For reduce the incentives of self-serving managers through level supervision Which intense. According to study previously by Magfira and Murtanto (2021) institutional ownership has a positive effect to aggressiveness tax.

H_2 : It is suspected that institutional ownership has a significant positive effect to management profit.

c. **Commissioner's Influence independent of Profit management**

Board commissioner as peak from system management internal company, has a very important role in the company, especially in implementation *good corporate governance*. Board commissioner is core from *corporate governance* Which assigned For ensure implementation strategy company, supervise management in manage company, as well as oblige implementation of accountability. The role of the board of commissioners is expected to: improve earnings quality by limiting the level of earnings management through the monitoring function of financial reporting. Research on the existence of the board of commissioners has been carried out by Fahmi and Rahayu (2017) commissioners partially influence financial performance company.

H_3 : It is suspected that the independent commissioner has a significant positive effect to management profit.

d. **Committee Influence audit against Management profit**

Companies that have an audit committee will inhibit behavior management profit by party management. Existence committee audits expected can find since early practices Which contrary with principle openness information, so that expected can reduce practice management profit. According to previous research by Fajar and Nurbaiti (2020) audit committee and influential in a manner positive to integrity financial statements.

H_4 : It is suspected that the audit committee has a significant positive effect on management profit.

e. **Effect of Firm Size to Management profit**

Size company is mark Which show big the size of the company. There are various projections that are usually used For represent size company, that is total asset. The more big asset then the more capital invested, the more sales the more money circulation and the greater the capitalization market, the greater it is known in society. According to research by Cahyadi and Mertha (2019) company size has an effect on management profit.

H_5 : Allegedly size company influential positive significant to management profit.

3. RESEARCH METHODS

3.1 Statistics Descriptive

Statistics descriptive used For describe or describe variablel-variable in study. Analysis statistics descriptive in this research aim for analyze data Which fulfil condition For made sample study with method describe data Which has collected as exists without mean make conclusion Which apply general. In matter This, will put forward ways presentation data with see from mark average (*means*), standard division, minimum, and maximum.

3.2 Test Assumption Classic

In testing equality regression double there is a number of assumption base Which must fulfilled especially formerly. A number of assumption base the between other test normality, test heteroscedasticity, test multicollinearity, And test autocorrelation. Following explanation in a manner detail about test assumption classic.

a. **Test Normality**

Test normality done For test is it deep model regression, variable bully (residual) own distribution normal (Ghozali, 2011). In testing normality, it can be done with plot probability normal, analysis chart histogram, And Test Kolmogorov-Smirnov. Normality can detected with see spread of data (points) on the diagonal axis of the graph or with see the histogram of the residuals. Normality is met when the data points cluster around a straight line. Internal normality testing this study will use the *Kolomogrov-Smirnov test* with α = 0.05.

b. **Test Multicollinearity**

Test multicollinearity aim For test is in model regression found exists correlation between variable independent (Ghozali, 2011). Models regression Which Good is regression where there is no correlation between the independent variables or free from multicollinearity. For test multicollinearity in study This done with see mark *tolerance* And mark *variance inflation factor* (VIF). If the *tolerance value* < 0.1 or value VIF > 10, multicollinearity occurs. If the *tolerance value* > 0.1, and the value VIF< 10, No multicollinearity occurs.

c. **Test Heteroscedasticity**

Test heteroscedasticity aim For test is in model regression happen inequality *variances* from residual One observation to observation Which other (Ghazali, 2011). Models a good regression is a regression that has homoscedasticity or not exists heteroscedasticity. For test heteroscedasticity in study This used tool test glejser. Test glejser propose For regress mark *absolute residual* (AbsUt)to variable independent. If variable independent significant in a manner statistics influence variable dependent, so There is indication happen heteroscedasticity. Heteroscedasticity happen If on *scatterplot* the dots have pattern Which regular.

d. **Autocorrelation Test**

Test autocorrelation aim For test is model regression linear There is correlation between error bully on period t with error bully on period t-1 (previously). If happen correlation, so named There is problem autocorrelation. Autocorrelation appear Because observation Which appear sequentially throughout time related One The same other. The test use Test Durbin Watson (DW test). Test This only used for level autocorrelation one (*first order autocorrelation*) And require exists *intercepts* (constant) in model regression And No There is variable lag between variable independent.

3.3 Test hypothesis

a. Regression linear Double

Regression linear double aim For know is there is a relationship between the dependent and independent variables. Analysis This For know direction connection between variable dependent

And variable independent, is each variable independentpositively or negatively related to predicting the value of the variable dependent if happen increase or decline on variable independent. Equality Which used in this research are:

$$\hat{Y} = a + \beta_1 X_1 + \beta_1 X_2 + \beta_1 X_3 + \beta_1 X_4 + \beta 2 X_2 + e$$

Where:

$\hat{Y}$ = Manajemen Laba
a = Constant
β = Coefficient Regression
$X_{1.1}$ = Managerial ownership
$X_{1.2}$ = Institutional Ownership
$X_{1.3}$ = Commissioner Independent
X1.4 = Committee audits
X_2 = Size Company
e = Error term

Analysis to results regression done with use steps as follows:

b. Test hypothesis F (F-test)

Test F on basically show is all variable independent Which entered in model have influence in a manner together to variable dependent (Ghozali, 2011). The F test in this study was carried out by looking at the significance value of F with level significance is 10%. Base taking decision is:

- If significance t < 0.1 so hypothesis accepted, Which means There is regression models influential significant.
- If the significance of t > 0.1 then the hypothesis is rejected, which means there is model regression No influential significant.

c. Test Coefficient Regression in a manner Partial (t-test)

Test statistics t done For show how much Far influence variable independent in a manner individual in explain variation variable dependent with consider variable other constant (Ghozali, 2011). Test t in study This done with see mark significance t each variable with level significance is 10%. Base taking decision is:

- If the significance of t <0.1 then the hypothesis is accepted, which means there is model regression influential significant.
- If the significance of t > 0.1 then the hypothesis is rejected, which means there is model regression does influential significant.

i.

d. Coefficient determinant (R^2)

Coefficient determination (*Adjusted* R^2) used For measure ability in explain variation variable independent. Mark coefficient determination is between zero And One. Mark coefficient determinant R^2 can seen through *square multiple correlation* . If mark coefficient determinant R^2 small It means ability the independent variable in explaining the dependent variable is limited, whereas mark Which approach One means that variable needed For explain variation variable dependent. Study it uses the value of *Adjusted* R^2 because the value will not be change if there are additional independent variables that are *irrelevance* . In other words, the value of *Adjusted R* ^{2} will only change if variable independent Which added related with variable dependent model regression.

4. RESULTS AND DISCUSSION

4.1 Results Study

a. Statistics Descriptive

Objective study This For know influence good corporate Governance And Size Company to Management Profit on LQ-45 companies listed on the IDX for the 2017-2019 period. This research using LQ-45 company annual and financial report data listed on the IDX for the 2017-2019 period. The understanding of descriptive statistics provides an overview of the data seen from the minimum value, maximum value, average value and standard deviation. Based on variable that There is in study, so statistics descriptive as following: Table 4.1

Test statistics Descriptive

descriptive Statistics					
	N	Minimum	Maximum	Means	std. Deviation
$X1._1$	84	.00	.01	.0010	.00295
$X1._2$	84	.06	.99	.6105	.17010
$X1._3$	84	.22	.80	.4275	.11956
$X1._4$	84	.14	1.00	.4068	.17161
X2	84	.32	16.49	2.8756	3.35050
Y	84	-2.62	1.53	.2006	.68522
Valid N (listwise)	84				

Source: Results processed Data 2022

Based on table 4.1 above, it can be seen that there are 84 samples originating from 28 LQ-45 companies that meet the criteria for 2017-2019 year. Furthermore, based on table 4.1 above also explains as following:

1) Ownership managerial ($X\ 1._1$)

Based on table 4.1 can is known that mark minimum Ownership managerial as big 0.00 And mark maximum as big 0.01. This shows that the size of Managerial Ownership is becoming sample. Study This range between 0.00 (minimum) until 0.01(maximum), with average (*mean*) 0.0010 on lean deviation0.00295.

2) Ownership institutional ($X\ 1._2$)

Based on table 4.1 can is known that mark minimum Institutional Ownership is 0.06 and the maximum value is 0.99. This shows that the size of Institutional Ownership is becoming sample. Study This range between 0.06 (minimum) until 0.99 (maximum), with average (*mean*) 0.6105 on lean deviation0.17010

3) Commissioner Independent ($X\ 1._3$)

Based on table 4.1 it can be seen that the minimum value of the Commissioner Independent as big 0.22 And mark maximum as big 0.80. Matter This shows that there are a large number of Independent Commissioners who are sampled. This study ranged from 0.22 (minimum) to 0.80 (maximum), with average (*mean*) 0.4275 on the lean deviation 0.11956.

4) Committee audits ($X\ 1._4$)

Based on table 4.1 it can be seen that the minimum value of the Committee Audit is 0.14 and the maximum value is 1.00. It shows that the size of the Audit Committee being sampled. This research ranges between 0.14 (minimum) to 1.00 (maximum), with an average (*mean*) 0.4086 on the lean deviation 0.17161.

5) Company Size (X 2)

Based on table 4.1 it can be seen that the minimum value is Size Company as big 0.32 And mark maximum as big 16,49. Matter This show that great The size of the company being sampled. This study ranged from 0.32 (minimum) to 16.49 (maximum), with average (*mean*) 2.8756 on the lean deviation 3.35050.

6) Management Profit (Y)

Based on table 4.1 can is known that mark minimum Profit Management is -2.62 and the maximum value is 1.53. This matter show that big Management Profit Which become sample. This study ranged from -2.62 (minimum) to 1.53 (maximum), with average (*mean*) 0.2006 on the lean deviation 0.68522.

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b. Results Testing Assumption Classic

Test assumption classic done For make sure is model regression the No there is problem normality, multicollinearity, heteroscedasticity, and autocorrelation. If all tests are met then the model analysis worthy For used.

1) Test Normality

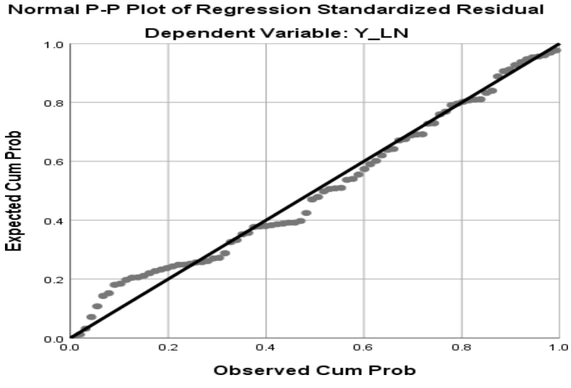
The normality test was carried out to see whether it is in the regression model variable bound And variable free both of them have distribution normal or not. A good regression model is a regression model distributed normal or approach normal. Procedure test done with test Kolmogorov-Smirnov, with provision that is H 0 : residual spread norm and H1 : residual No spread normal

Table 4.2 Test Normality

One-Sample Kolmogorov-Smirnov test		
		Unstandardized residual
N		84
Normal Parameters [a,b]	Means	.0000000
	std. Deviation	1.82820507
MostExtremeDifferences	absolute	093
	Positive	093
	Negative	-.072
test Statistics		.090
asymp. Sig. (2-tailed)		092 [c]
a. test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Source: Results processed Data 2022

Based on table 4. 2 shows (sig 0.092) which means the value greater than 0.05, it can be concluded that the variable is *Good Corporate Governance* (X1), Company Size (X2), and Profit Management (Y) state that information from each study has distributed normal in a manner statistics And worthy used as information study.



Picture 4.1 Test pp Plot

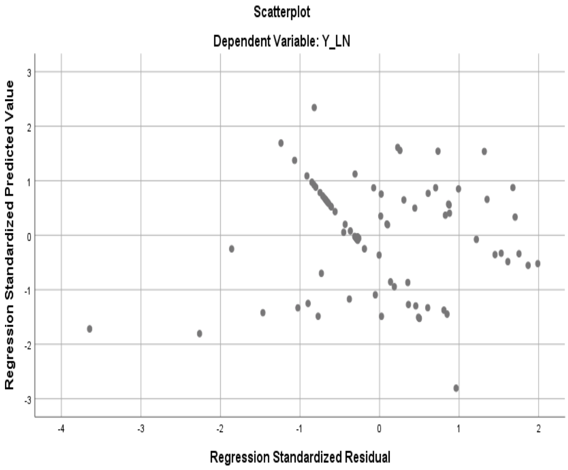
Based on test pp Plot obtained that dot, dot, dot data Already spreads following a diagonal line, so it is said that the residual Already spread in a manner distribution normal. According to (Ghozali, 2018) the data is not normally distributed can be transformed to become normal. There is a form of transformation Which used in study This is Natural logarithm (L.N.).

2) Test Heteroscedasticity

The heteroscedasticity test aims to test whether it is in the model regression happen inequality variances from residual One observation another. Heteroscedasticity shows that variable variation is not The same For all observation. On heteroscedasticity error

Which happen No in a manner random but showing connection Which systematically according to the magnitude of one or more variables. Regression models Which Good is Which homoscedasticity or No happen heteroscedasticity (Ghozali, 2018). Based on results processing data,so results catter plots can seen on picture following:

Picture 4.2 ***Scatter plots***



Source: Results processed Data 2022

From the Scatterplot graph in the image above it can be seen that dot, dot, dot spread in a manner random, as well as spread Good in on or below zero on the Y axis. This can be concluded that No happen heteroscedasticity on model regression.

Table 4.3 Test Heteroscedasticity

Model		Sig.
1	(Constant)	.015
	X1.1	.860
	X1.2	.574
	X1.3	.297
	X1.4	.312
	X2	.405

Source: Results processed Data 2022

Based on 4.3 results Which obtained mark significant show on the independent variable X1. $_1$ of 0.860 X1. $_2$ of 0.574 X1. $_3$ as big 0.297 And X1. $_4$ as big 0.312 And variable independent X2 has a significant coefficient of 0.405 which of the variables above greater than the 0.05 significance level therefore it can be concluded model regression No happen symptom heteroscedasticity.

3) Test Multicollinearity

Test Multicollinearity own objective For test is model regression found exists correlation between variable independent. Model regression Which Good should No happen multicollinearity (Ghozali, 2018). If mark tolerance > 0.1 And mark VIF < 10, so can concluded that there is no multicollinearity between the independent variables in the regression model. But vice versa if the tolerance value < 0.1 and the value VIF > 10, it can be concluded that there is multicollinearity between variable independent in model regression

Table 4.4 Test Multicollinearity

Model		Collinearity Statistics	
		tolerance	VIF
1	(Constant)		
	X1.1	.949	1,054
	X1.2	.786	1,272
	X1.3	.655	1,527
	X1.4	.848	1,180
	X2	.889	1,124

Source : Results processed Data 2022

Based on the test results table 4.4 above it is known that the value tolerance on variable X1. $_1$ as big 0.949, X1. $_2$ as big 0.786, X1. $_3$ of 0.655 and X1. $_4$ of 0.848 and the tolerance value of the variable X2 as big 0.889 Where mark the more small from 10. So can concluded that No There is symptom multicollinearity between variable independent and model regression and can used in research.

4) Test Autocorrelation

Test Autocorrelation own objective For know is in the linear regression model has an error relationship in period t with t_1 (previously). If happen correlation so named exists problem autocorrelation. Model regression Which Good that is regression Which free from autocorrelation. So from That For know There is or No exists autocorrelation needs to be tested using the Dubrin- Waston (DW). Following This can seen table of results from the Autocorrelation Test:

Table 4.5
Test Autocorrelation

Model Summary [b]					
Model	R	R Square	adjustedR Square	std. Error ofthe Estimates	Durbin-Watsons
1	.487 [a]	.237	.188	.61729	1934
a. Predictors: (Constant), X2, X1.2, X1.1, X1.4, X1.3					
b. dependent Variables: Y					

Source: Results processed Data 2022

Based on table 4.5, it explains the results of the autocorrelation test with a *Dubrin-Waston value* of 1.934. So you can say no autocorrelation occurs. Because the DW value is between -2 towith +2 so it can be concluded that in this study it was not contain autocorrelation.

c. Test hypothesis

1) Regression linear Double

Regression linear double aim For know is there is a relationship between the dependent and independent variables. Analysis This For know influence *good corporate Governance* And
Size Company against Management Profit. Following results analysis multiples performed using SPSS version 25 are as following:

Table 4.6
Test hypothesis Linear Regression Double

Coefficients [a]						
Model		UnstandardizedCoefficients		Standardized Coefficients	Q	Sig.
		B	std.Error	Betas		
1	(Constant)	.963	.309		3.118	003
	X1.1	40,806	23,558	.176	1,732	087
	X1.2	.510	.449	.127	1.135	.260
	X1.3	-2,282	.700	-.398	-3,258	002
	X1.4	-.665	.429	-.166	-1,550	.125
	X2	046	.021	.227	2.167	.033
a. dependent Variables: Y						

Source: Results processed Data 2022

Based on table 4.6 results analysis regression linear double in on so obtain equality regression linear double as following:

$$\mathbf{Y = 0.963 + 40,806X_{1.1} + 0.510X_{1.2} - 2,282X_{1.3} - 0.665X_{1.4} + 0.046X_{2} + 0.05}$$

Equality The regression above can be explained as follows:

a) A constant value of 0.963 indicates that the constant is from management profit (Y) with assumption If variable ownership managerial ($X1._1$), ownership institutional ($X1._2$), commissionerindependent ($X1._3$), audit committee ($X1._4$) and company size (X2) The same with zero so mark management profit (Y) experience increase as big 0.963.
b) Mark constant ownership managerial ($X1._1$) as big 40,806 state that every change ownership managerial as big 1% so management profit will increase as big 40,806. There is connection positive This means that between ownership managerial with management profit show connection Which in the same direction, It means every increase ownership managerial so will go up also management profit.
c) Mark constant ownership institutional ($X1._2$) as big 0.510 state that every change ownership institutional as big 1% management profit will increase as big 0.510. There is connection positive This, means that connection between ownership institutional with management profit show connection in the same direction, It means if institutional ownership go on so management profit Also experience increase.
d) Mark cash commissioner independent ($X1._3$) as big -2,282 state that every change commissioner independent as big 1% so management profit will tend decrease of -2.282. The existence of this negative relationship means that between independent commissioners with earnings management have a relationship Which opposite.
e) Mark constant committee audits ($X1._4$) as big -0.665 state that each change in managerial ownership by 1% then management profit tend decrease as big -0.665. There is connection negative This means that between committee audits with management profit show connection Which opposite, It means with experience decline on committee audits so will reduced also management profit.
f) The firm size constant value (X2) is 0.046 that every increase size company as big 1 so earnings management will increase by 0.046. There is a relationship positive This means that size company with management Profit shows unidirectional, meaning that every increase in company sizeso will go on also earnings management.

1) F test

Test F on basically show is all variable independent Which entered in model have influence in a manner together to variable dependent. Test F in This research was conducted by looking at the significance value of F with level significance is 10%.

Table 4.7 Test hypothesis F

ANOVA [a]						
Model		sum of Squares	Df	Means Square	F	Sig.
1	Regression	9,249	5	1,850	4,854	.001 [b]
	residual	29,722	78	.381		
	Total	38,971	83			
a. dependent Variables: Y						
b. Predictors: (Constant), X2, X12, X11, X14, X13						

Source: Results processed Data 2022

Based on Table 4.7 it is known that the F-count value of 4.854 of F-table value and significant value 0.00 <0.05, it can be concluded that whole variable Independent, ie ownership managerial, ownership institutional, commissioner independent, committee audits And company size simultaneously has a significant effect on variable management profit .

2) Test Q

Test statistics t done For show how much Far influence variable independent in a manner individual in explain variation variable dependent with consider variable other constant (Ghozali, 2011). Test t in study This done with see mark significance t each variable with level significance is 10%.

Table 4.8 Test hypothesis Q

Coefficients ^{a}						
Model		ıstandardizedCoefficients		Standardized Coefficients	t	Sig.
		B	std.Error	Betas		
1	(Constant)	.963	.309		3.118	003
	X1.1	40,806	23,558	.176	1,732	087
	X1.2	.510	.449	.127	1.135	.260
	X1.3	-2,282	.700	-.398	-3,258	002
	X1.4	-.665	.429	-.166	-1,550	.125
	X2	046	.021	.227	2.167	.033
a. dependent Variables: Y						

Source: Results processed Data 2022

a. Variable ownership managerial ($X1._1$) have mark t test as big 1,732 with level significant as big 0.087 (in on 0.05). Notice results test t, so matter This state that managerial ownership statistically has no effect on management profit, so the hypothesis 1 (H_1) rejected.
b. Institutional ownership variable ($X1._2$) has a value of t 1.135 with level significant as big 0.260 (in on 0.05). Notice results test t This, so can interpreted that institutional ownership statistics No influence on management profit, so that hypothesis 2 (H_2) rejected.
c. Variable commissioner independent ($X1._3$) have mark t -3,258 with level significant as big 0.002 (in lower 0.05). Notice results test t This, so can that commissioner statistically independent has a significant negative effect to profit management, so that hypothesis 3 (H_3) can accepted.
d. Variable committee audits ($X1._4$) have mark t -1,550 with significant level of 0.125 (above 0.05). Pay attention to results test t This, so so can interpreted that committee audits in a manner statistics No influence to management profit, so that hypothesis 4 (H_4) rejected.
e. The company size variable (X2) has a value of t 2.167 with level significant amount 0.033 (below 0.05). Notice the results of this t test, then H_5 which states that the size of the company statistically has a positive influence on management profit can accepted.

3) Test R^2

Coefficient of determination test can be used to measure how much Far model can explain variation from variable Which independent. The coefficient of determination used is equal to 0 to 1. If R^2

is small, it means the ability of the independent variable operate all variable limited, However If mark coefficient approach 1 so variable independent give information Which almost perfect that will be needed for predict variables dependent. Following results test coefficient of determination:

Table 4.9 Test R^2

Model Summary				
Model	R	R Square	djusted RSquare	Error of theEstimates
1	.487 [a]	.237	.188	.61729
a. Predictors: (Constant), X2, X12, X11, X14, X13				

Source: Data Results processed 2022

Based on table 4.9 above shows that the calculation results coefficient regression in study This produce mark correlation as big 0.487 Which show that connection between variable independent with variable dependent have connection Which fall into the medium category. From the results of *R Square* , namely 0.188 or 18.8%.

4.2 Discussion

This research was conducted using financial report data as many as 84 in the company. The purpose of this research is to test influence *corporate governance* Which consists from ownership managerial, institutional ownership, independent commissioners and audit committees and company size on earnings management in LQ45 companies in Exchange Effect Indonesia period 2017-2019.

The hypothesis testing performed on the regression analysis showsThere is nope influence variable independent Which entered into the model regression with variables dependent. Based on test hypothesis Which done results obtained as following:

a. Managerial ownership has no effect on earnings management

Results variable calculation managerial ownership $(X1._1)$ obtain mark t positive, with level significant on 0.05. So results test t Thisstate that hypothesis H_1 that is ownership managerial in a manner statistics worth positive but No influential against management profit, so that H_1 rejected. Results analysis This show that ownership managerial No influential to profit management.

So on study prove that enhancement nor impairment of managerial ownership does not affect the change on management profit. Mark ownership managerial Which small or low cannot be used as a pooling of interests between parties management with investors because party management Which at a time Act as investors Not yet can control company in accordance his wish as investors.

Results study This in accordance with results study Which done Amalia Utami, Siti Nur Azizah, Azmi Fitriati and Bima Cinintya Pratama (2021), state that ownership managerial No influential to management profit.

b. Ownership institutional no effect to managementprofit

Results calculation variable ownership institutional $(X1._2)$ obtain mark t positive, with level significant on 0.05. So results test t This state that hypothesis H_2 that is ownership institutional in a manner statistics worth positive but No influential against management profit, so that H $_2$ rejected. Results analysis This show that institutional ownership has no effect on management profit.

This shows that small institutional ownership cannot influence on earnings management so that they play less of a role in taking decision about management company, including in the integrity report finance. Amount ownership institutional Which small will make investors No can increase function supervision to management. Institution Which small show not enough active institution in give pressure on activity management compare with institution the big one.

The results of this study are in accordance with the results of research conducted by Novi Lidiawati and Nur Fadjrih Fun (2016) who argue that institutional ownership No influential to management profit.

c. Commissioner independent influential negative significant to management profit

Results calculation variable ownership institutional (X1. $_3$) obtained a negative t value, with a significant level below 0.05. So results test t This state that hypothesis H $_3$ that is commissioner independent statistically has a negative effect on earnings management acceptable. The results of this analysis indicate that changes proportion board commissioner independent will give contribution to change management profit.

Matter This show that commissioner independent influential to management profit look coefficient negative Which means show the more Lots commissioner independent will capable reduce earnings management actions. This condition can occur because independent commissioners have been effective in carrying out their responsibilities supervise reporting quality finance for limit management profit in company. Matter the due with more many independent commissioners, hence the monitoring process The quality of this council is carried out by increasing the number of parties independent in company Which demand exists transparency in reporting finance company, so that will reduce possibility fraud in serve report finance Which done management.

Results study in accordance with results study Which done Kharisma Senoaji and Sri Opti (2021) which states that the commissioners independent negative effect significant towards management profit..

d. Committee audits influential positive significant to managementprofit

Results calculation variable committee audits (X1. $_4$) obtain mark t negative, with level significant on 0.05. So results test t This States that hypothesis H $_4$ that is committee audits statistically worth negative and has no effect on earnings management, so H $_4$ rejected. Results analysis This show that committee audits No influential to management profit.

This matter means reducing or increasing the number of audit committees does not own influence to increase or decline management profit. This happens because the company's goal is to form a committee audits only just For fulfil regulation government. Matter This indicates that the audit committee has failed to perform its duties in supervising the management of the company and assisting the board of commissioners especially those related to company accounting policies. Member committee audits No active operate his job as committee audits so function supervision No walk Good.

The research results are in accordance with the results of research conducted by Amalia Utami, Siti Nur Azizah, Azmi Fitriati and Bima Cinintya Pratama (2021) stated a that committee audits No influential to management profit. Matter the show that reduce or increase amount committee audits No own influence to increase or decline management profit.

e. Company size has a significant positive effect onmanagement profit

The results of the calculation of the company size variable (X2) obtain the value of t positive, with level significant under 0.05. So results test t This states that the hypothesis H $_5$ is the size of the company statistically have influence positive significant against management profit can accepted. Results analysis This show that change size company will influence management profit.

Large companies will be more careful inside report condition his finances because will seen performance by the public so that it must report the condition of financial statements accurate, whereas company Which sized small have trend do management profit with report profit Which big so that can show performance company Which satisfying. Company Which the more big chance carry out company earnings management if supervision is not carried outwell.

Results study in accordance with result study Which done Evi Octavia (2017) state that size company influential positive significant to management profit. Where If size company admit enhancement so will give chance company for do management profit.

5. CLOSING

5.1 Conclusion

Study This test influence *good corporate governance* And company size on earnings management in LQ45 companies Which registered in Exchange Effect Indonesia. *good corporate governance* proxied with ownership managerial, ownership institutional, commissioner independent and committee audits.

Based on results study And discussion, so can pulled conclusion that is as following:

1) Results test data show that Ownership managerial No influential And worth negative to Management Profit company LQ45 Which registered in Exchange Effect Indonesia. Matter This prove that exists ownership managerial in the company cannot guarantee increased supervision on the company. Both companies with managerial ownership Which tall nor low own opportunity Which The same For do management profit.
2) Results test data show that Ownership institutional No directed with direction negative to Management Profit company LQ45 Which registered in Exchange Effect Indonesia. Matter This proves that small institutional ownership cannot influential to management profit so that not enough role in taking decision about management company, including in the integrity report finance. Amount ownership institutional Which small will make investors No can increase function supervision to management.
3) Results test data show that Commissioner Independent influential significant with direction negative to Management Profits of LQ45 companies listed on the Indonesia Stock Exchange. This matter show the more Lots commissioner independent will capable lower action management profit. Condition This can happen Because commissioner independent has effective in operate responsibility supervise quality reporting finance by limit management profit in company.
4) The results of the data test show that the audit committee is not influential and negative value on the LQ45 company's Profit Management registered in Exchange Effect

Indonesia.. Matter the showing thatif the reduced or increased number of audit committee does not have influence on increasing or decreasing earnings management. Matter This occurs because the company's goal is to form an audit committee only just For fulfil regulation government. Matter This indicates that the audit committee has failed to perform its duties in supervising the management of the company as well as assisting the board commissioner especially Which relate policy accountancy company.

5) The results of the data test show that there is a significant positive effect Size Company to Management Profit company LQ45 which are listed on the Indonesia Stock Exchange period 2019-2020. This matter show that company Which sized big will more be careful in reporting its financial condition because performance will be seen by the public so it must report the condition report finance Which accurate, whereas company Which small size have a tendency to do management profit with report profit Which big so that can show company performance Which satisfying.

5.2 Suggestion

Based on conclusion on, researcher can give suggestion for the company, potential investors, investors and further researchers. As for suggestions the as following :

1) For company, Where known practice management profit detrimental to all parties, it is hoped that investors and creditors will not only focuses on profit information and manipulates it financial reports to seek personal gain so that it can create *conflict of interest* in the company. Second, should consider the model to be used in determining management profit so that can see exists management profit with an angle view Which different
2) For potential investors it is suggested that consideration of the importance transparency and accountability in the preparation of financial reports, And can give information about performance from something company And help investors in matter taking decision Which appropriate For planting investment.
3) For study furthermore expected notice object study This No only on company LQ45 just, but can take sample company other, And year study added from this research. This research can be further developed by adding other variables. So the results of the research will the more widespread And better from research result This.

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