THE EFFECT OF GOOD CORPORATE GOVERNANCE ON PROFIT MANAGEMENT IN PROPERTY AND REAL ESTATE COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE (IDX) IN 2018 – 2020

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ABSTRACT

This study aims to examine the effect of good corporate governance as proxied by managerial ownership, institutional ownership, foreign ownership, and independent commissioners partially on earnings management. The number of samples for this research is 60 data from 20 property and real estate sector service companies listed on the Indonesia Stock Exchange for the period 2018-2020 which were obtained using the purposive sampling method. This study uses descriptive statistical analysis techniques, classical assumption tests, multiple regression analysis, and hypothesis testing. The results of this study indicate that managerial ownership has a negative effect on earnings management, institutional ownership has a negative effect on earnings management, foreign ownership has a negative effect on earnings management and independent commissioners have a negative effect on earnings management.

Keywords: *Good Corporate Governance, Managerial Ownership, Institutional Ownership, Foreign Ownership, Independent Commissioner, Earnings Management.*

INTRODUCTION

Various problems related to accounting fraud are very common when preparing financial statements related to profit and loss management activities. Financial statements are a source of information about the status and performance of the company for external parties. A financial statement is a report that describes the financial position of the results of an accounting process during a certain period and is used as a communication tool for interested parties (Suteja, 2018). The financial position of an enterprise is used for a large number of users in making economic decisions. One of the important elements in the financial statements used to measure management performance is profit.

Profit information is also used by investors or other interested parties as an indicator of the efficiency of the use of funds embedded in the company embodied in the rate of return and indicators for the increase in prosperity (Ghozali and Chariri, 2007). The tendency of interested parties, namely investors, to pay more attention to profit information as a measure of company performance, will encourage management to take manipulation actions in showing profit information, which is referred to as earnings management.

Profit management is all actions used by managers to influence profits in accordance with their goals. Profit management is carried out by the company due to conflicts between investors (principals) and managers (agents), where this is explained in agency theory. Agency theory is an agreement between the manager (agent) and the owner (principal). Agency theory explains that agency relationships occur when the principal hires another person (agent) to provide a service and then delegates decision-making authority to the agent. Thus agents can manipulate reporting about the company to be conveyed to the principal, this is because each manager has great economic needs, including maximizing his compensation by conducting profit management practices. In this theory, it discusses the separation of rights between company owners and managers which can cause agency conflicts (agency problems). This conflict occurs because in carrying out the duties and authorities of each individual, it puts his own interests first. So that the act of manipulation in the form of profit management carried out by company managers due to agency conflicts can be overcome with good corporate governance.

The mechanism of good corporate governance is characterized by the presence of managerial ownership, institutional ownership, foreign ownership and independent commissioners.

Managerial ownership managerial ownership can act as a party that can unite interests between managers and shareholders, so as to overcome conflicts of interest between the two and suppress the occurrence of profit management. Furthermore, share ownership by institutional investors can improve the monitoring function of managers' performance, thus encouraging managers to focus more on company performance which will be able to reduce opportunistic behavior. According to Chung, et al (2004) explained that knowledge brought by foreign parties can have a positive influence on the company. Foreign investors can bring knowledge of how to practice good governance in the company. Independent commissioners have the task of ensuring the implementation of corporate strategies, supervising management in managing the company and requiring the implementation of the principle of accountability to provide protection to stakeholders.

A case that has been tainted in the company PT. The Three Pillars of Prosperous Food Tbk (AISA). AISA also carried out manipulation, namely the existence of six affiliated distributor companies written as third parties, and there was an overstatement of receivables from the six companies with a value of up to Rp 1.4 trillion. As well as the flow of funds from the company worth IDR 1.78 trillion to the management. (www.detik.com).

Researchers conduct research on property and real estate companies because they are long-term investments. The increase in property prices is due to the increase in land prices that tend to increase, and the supply of land is fixed while the demand will always increase in line with the increase in population and the increasing human need for housing, offices, shopping centers, amusement parks and others. It is appropriate if the development company gets a large profit from the increase in property prices , and with the profits it obtains, the development company can improve its financial performance so that it can increase the stock price.

Some previous research that examined the influence of good corporate governance on profit management. According to Hastuti (2017) which state that managerial ownership positive influence on profit management as well as foreign ownership has a negative influence on profit management. Institutional ownership and Independent commissioners have no influence on management profit. The results of this study are almost the same as research from Pratomo & Alma (2020) which states that the independent board of commissioners has a negative but not partial effect on profit management variables, institutional ownership has a positive and partially significant effect on profit management variables, managerial ownership has a partial insignificant positive influence on profit management variables and foreign share ownership has a positive effect partially significant to the profit management variable.

THEORITICAL BASIS

1. Agency Theory

According to Jensen and Meckling (1976) said that agency theory is a relationship or contract between one or more people (principals) involving other people (agents). Within the company there is a separation of interests between the principal and the agent. Earnings management. According to Eisenhardt (1989) in Suswanti (2018), Agency theory is based on three assumptions, namely (1) Assumptions about human nature emphasize that humans have the nature to be selfish, have limited rationality and do not like risks. (2) Assumptions about organization are the existence of conflicts between members of the organization, efficiency as a criterion of proactivity and the existence of asymmetry between principals and agents. (3) The assumption about information is that information as a commodity that can be traded.

2. Stakeholders Theory

The stakeholders theory says that companies are not entities that only operate for their own interests but must provide benefits for their stakeholders. Thus, the existence of a company is greatly influenced by the support provided by stakeholders to the company (Ghozali and Chariri, 2007).

In general, stakeholder theory is based on assumptions: (1) the company has relationships with many stakeholder groups that influence and are influenced by company decisions, (2) This theory emphasizes the nature of relationships in processes and outputs for companies and stakeholders, (3) The need for all stakeholder legislation has value in essence, and does not make interests dominated by each other, (4) This theory focuses on managerial decision making.

Stakeholders theory is generally related to the methods used by companies to regulate stakeholders (Ghozali and Chariri, 2007). The ways in which the company regulates stakeholders depend on the strategy adopted by the company (Ullman, 1985 in Probosari, 2014).

3. Organizational Theory

Organizational theory is a number of thoughts and concepts that explain or estimate how organizations/groups and the individuals in them "behave", in certain types of structures and conditions (Shafritz & Ottin Levy, 2009).

According to Scott in Legaard (2010) who divides organizational theory into three levels of analysis, namely: (1) Socio-psychological level, namely organizational theory that focuses on individual and interpersonal / individual relationships in organizations. (2) Structural level, namely organizational theory that focuses on organizations in general and subdivisions of organizations such as departments, teams and so on. (3) Macro level, namely organizational theory that focuses on the role of organizations in relation to other organizations and communities.

Profit Management

According to Sulistyanto (2008) said in general profit management is defined as an effort by company managers to intervene or influence information in financial statements with the aim of deceiving stakeholders who want to know the performance and condition of the company. The term intervention and elaboration is used as the basis for some parties to judge profit management as fraud.

The forms of profit management according to Rahmawati (2012) in Suryawan (2012) there are four, namely:

1. Taking a bath: this pattern is carried out when the company is in a depressed state or is reorganizing or appointing a new CEO.
2. Income Minimizing : this pattern is carried out if the company is in a condition of high profit then to reduce the vasibilitation he carries out a policy of profit minimization.
3. Income Maximization : this pattern is carried out if the manager wants to increase his bonus, and is faced with a debt agreement that is almost violated.
4. Income Smoothing : this pattern is most often done to anticipate the conditions that will be faced by the company.

Profit management is measured through discreationary accrual which is calculated by disputing total accruals with non discreationary accruals. The model uses Total Accruals (TA) classified into Discreationary Accruals (DA) and Non Discreationary Accruals (NDAs).

Good Corporate Governance

According to Effendi (2016) stated that good corporate governance is a system designed to guide companies professionally , guided by the principles of transparency, accountability, accountability, independence, fairness and equality.

Good Corporate Governance is a structure that regulates the pattern of harmonious relations in relation to the roles of the board, directors, shareholders and other stakeholders involved in the management structure and balance of power over the control of the company. It can be concluded by going through a transparent process to determine company goals, performance, and performance measurement, so as to limit the emergence of two tools: mismanagement and misuse of company assets.

Corporate governance mechanisms include internal mechanisms (board structure of directors and managerial ownership) and external mechanisms (institutional ownership). In addition, to build an effective supervision and control system in a company there are two necessary parties, namely the audit committee, and the independent commissioner.

a. Managerial Ownership

Based on agency theory, the difference in interests between management and shareholders creates a conflict commonly known as agency problems. This very potential conflict of interest gives rise to the importance of mechanisms to protect the interests of shareholders (Jensen and Meckling, 1976 in Indra, 2018). The purpose of management ownership is to align the interests of management with those of the shareholders because they own the shares of the company. Ownership is also owned by the company, encouraging them to improve its performance. The company's increasing performance will increase the company's value (Lestari, 2015).

b. Institutional Ownership

According to Raharjo, et al (2016) stated that institutional ownership is a percentage of institutional equity ownership, measured as a percentage of institutional equity at the end. Institutional ownership has an important function in the management of monitoring. This is because ownership from institutions facilitates a better level of monitoring. Institutional investor oversight guarantees shareholder prosperity. The impact of institutional ownership as a supervisor is highlighted by considerable investment in the capital market.

c. Foreign Ownership

According to Anggraeni (2011) in Rahayu (2015) states that foreign ownership is the share ownership of multinational companies. Foreign ownership of an enterprise is a party to which it is considered a convention on the disclosure of corporate social responsibility. Foreign shareholding provides effective oversight of managerial discretion over the company's profits in order to improve the assessment of financial statements. Companies with high foreign ownership will present reliable financial statements and change the level of information asymmetry to a lower one. Increased knowledge of accounting and corporate governance strengthened by all foreign investors will allow the company to oversee a more efficient financial reporting system and operating activities.

d. Independent Commissioner

The independent board of commissioners is responsible and authorized to supervise the actions of the board of directors, by providing advice to the board of directors if deemed necessary by the board of commissioners, supervising and protecting parties outside the management of the company, mediating disputes that occur between internal managers and supervising management policies and providing advice to the management of the company. The influence of the board of commissioners in a company is more emphasized on the monitoring function of the implementation of the board of directors' policies. The role of the commissioner is expected to minimize agency problems that arise between the board of directors and shareholders.

HYPOTHESES

1. The Effect of Managerial Ownership on Profit Management

According to Majid (2016), managerial ownership is shareholders from the management who actively participate in decision making within the company, for example directors and commissioners. If the managerial ownership is large then it is unlikely that the manager will carry out profit management practices

In accordance with the theory of stakeholders related to corporate responsibility, which originally focused on economic indicators in financial statements, it can shift and take more into account social factors to stakeholders, both internal and external. This theory says that all stakeholders have the right to be provided with information about how the organization's activities affect them.

The results of research conducted by Andria et al., (2022) and Astari & Suryanawa (2017) which prove that managerial ownership negatively affects profit management. This is because when managers also have an ownership portion, they will act the same as general shareholders and ensure that the financial statements have been presented reasonably and disclose the real condition of the company. Based on the description, the hypothesis can be drawn as follows:

H1: Managerial ownership negatively affects profit management.

2. The Effect of Institutional Ownership on Profit Management

According to agency theory (Jensen and Meckling, 1976) explains that the greater the percentage of shares owned by institutional investors, the more effective supervisory activities will be because the opportunistic behavior carried out by managers can be controlled. The existence of institutional investors is considered to be able to optimize the supervision of management performance by monitoring every decision taken by the management as the manager of the company. Institutional ownership is the shares of a company owned by an institution or institution such as a pension fund, insurance company, investment company, and government, offshore investor, or bank except for individual ownership.

The results of research conducted by Astari & Suryanawa (2017) prove that institutional ownership negatively affects profit management. This is in line with research conducted by Roskha (2017) which proves that institutional ownership negatively affects profit management. Based on the description, the hypothesis can be drawn as follows:

H2: Institutional ownership negatively affects profit management

3. The Effect of Foreign Ownership on Profit Management

Based on agency theory, the difference in interests between managers and shareholders results in the emergence of a conflict commonly called agency conflict. Foreign ownership is also believed to be one of the mechanisms to reduce agency conflicts that occur between managers and shareholders. According to Chung, et al (2004) explained that knowledge brought by foreign parties can have a positive influence on the company. Foreign investors can bring knowledge of how to practice good governance in the company. In addition, foreign investors also have more expertise and experience in reducing agency conflicts through management interventions (Becht, et al., 2010). Share ownership by foreign parties can be used as a supervisory tool in carrying out their performance and limiting behavior for company management. The larger the portion of share ownership by foreign parties can reduce the occurrence of profit management practices.

This result is supported by research conducted by Hastuti (2017) which proves that foreign ownership negatively affects profit management. Based on the description, the hypothesis can be drawn as follows:

H3: Foreign ownership negatively affects profit management

4. The Effect of Independent Commissioners on Profit Management

According to agency theory (Jensen & Meckling, 1976), independent commissioners are considered the highest internal control mechanism responsible for monitoring top management policies. In agency theory, it is stated that the large number of members of the independent board of commissioners will make it easier to control top management and the monitoring function will be more effective. The task of an independent board of commissioners is to ensure the implementation of the company's strategy, supervise management in managing the company and require the implementation of the principle of accountability to provide protection to stakeholders.

This is supported by research by Pratomo & Alma, (2020) proving that independent commissioners have an insignificant negative effect on profit management. Another study conducted by Putri (2020) also proved that independent commissioners also have a significant negative effect on profit management. The more independent commissioners there are, the higher the level of supervision of management, so that profit management actions are reduced. The reason underlying the results of this study is because independent parties have no ties or interests to the management, so they are free from managerial pressure and intervention.

Based on the description, the hypothesis can be drawn as follows:

H4: Independent commissioners negatively affect profit management.

METHOD

This study using quantitative research methods with a descriptive approach. The population used in this study is all property and real estate sector companies listed on the Indonesia Stock Exchange (IDX) for the 2018-2020 period. Then the selection of samples using the purposive sampling method with the criteria only using property and real estate companies listed on the Indonesia Stock Exchange (IDX) in 2018-2020 and not delisted. The company issues financial statements in full and earns profit in the observation period.

In this study, the dependent variable used is profit management while the independent variable is used for foreign ownership and independent commissioners.

In this study, profit management was measured using discretionary accruals using the Modifield Jones Model (Dechow et al., 1995). Research related to profit management uses accrual-based measures in detecting the presence or absence of management actions in data manipulation.

Steps in the calculation of discretionary accruals with modifications of the jones model :

(1) Total accruals (TAC) i.e. net income for year t minus operating cash flow for year t with the following formula:
TAC = NIit – CFOit

(2) Total accrual (TA) is estimated with Ordinary Least Square as follows:
$$TAit\ /Ait{-}1 = \beta1\ (1/\ Ait{-}1\ ) + \beta2\ (\ \Delta Revit/\ Ait{-}1\ ) + \beta3\ (\ PPEit\ /\ Ait{-}1\ ) + \varepsilon$$

(3) The regression coefficient as in the formula above, then non discretionary accruals (NDA) is determined by the following formulat:
$$NDAit = \beta1\ (\ 1/\ Ait{-}1\ ) + \beta2\ (\ \Delta Rev\ it\ /\ Ait{-}1\ -\ \Delta Rec\ it\ /\ Ait{-}1) + \beta3\ (PPE\ it\ /\ Ait{-}1\ )$$

(4) Discretionary accruals (DA) as a measure of profit management is determined by the following formula:

$DAit = TAit / Ait{-}1 - NDAit$

Information:

DAit = Discretionary Accruals of the company i in the period of the year t

NDAit= Nondiscretionary Accruals of the company i in the period of t years

TAit = Total accruals of the company i in the period of year t

NIit = Net profit of company i in the period of year t

CFOit = Cash flow from the operating activities of the company i in the period of year t

Ait-1 = Total assets of the company i in the period of the year t-1

ΔRevit= Company I's revenue in year t is reduced by company I's revenue in year t-1

PPEit = Property, factory and equipment of the company i in the period of t year

ΔRecit = Accounts receivable of company I in year t minus revenue company I in year t-1.

ε = Error Model

The managerial ownership variable is measured by a ratio scale by dividing the shares owned by management, directors and commissioners who actively participate in company decisions by the number of shares outstanding (Asfufi et al., 2018).

(KM) = Total Managerial Ownership/Total Shares of rx 100%

According to Cahyono et al., (2016) in Winda, (2020) argue that Institutional Ownership is a proportion of institutional share ownership whose shares are measured by the percentage of the number of shares owned. Institutional ownership is measured by a ratio scale through the number of shares owned by institutional investors compared to the total shares of the company.

(KI) = Total Institutional Ownership Shares /Total Shares Outstanding x100%

Foreign ownership is the portion of the outstanding share owned by foreign investors or financiers, namely companies owned by individuals, legal entities, the government and its parts that have foreign status to the total amount of share capital outstanding (Wiranata, 2013). Foreign ownership variables measured by a ratio scale

(KA) = Total Foreign Ownership/Total Shares Outstanding x 100%

Using indicators of the number of independent commissioners and the overall number of commissioners within the company. The calculation is by dividing the number of independent commissioners by the number of commissioners in the company. The composition of independent commissioners is measured using the percentage of the number of independent commissioners to the total number of commissioners in the s usunan board of the company sample year (Rosalia & Sapari, 2017) and is measured by a ratio scale.

(DKI) = Total Independent Board of Commissioners/Total Board of Commissioners x 100%

In this study using data analysis methods, namely descriptive statistical analysis, classical assumption test, multiple linear regression analysis and hypothesis test

A. Descriptive statistical analysis

According to Ghozali (2018), descriptive statistics are statistics that are used to analyze data by providing an overview or descriptive of a data seen from the average, maximum, minimum, standard deviation values.

B. Test classical assumptions

According to Ghozali (2018) the classical assumption test is the initial stage used before multiple linear regression analysis. This test is carried out to be able to provide certainty so that the regression coefficient is not biased and consistent and has accuracy in estimation. Classical assumption tests are carried out to show that the tests carried out have passed data normality, multicolonierity, autocorrelation, and heteroskedasticity so that the test can be carried out to linear regression analysis.

1. Normality Test

According to Ghozali (2018) in Nadia (2019) posits that the normality test aims to test a regression model, the disruptive or residual variable has a normal distribution. To test the normality of the data is carried out with the kolmogorov-smirnov test.

2. Multicholineritas Test

According to Ghozali (2018) in Nadia (2019) states that the multicholinearity test aims to test whether the regression model found a correlation between free (independent) variables. You do this by looking at the Variance Inflation Factor (VIF) value and the Tolerance value .

3. Autocorrelation Test

According to Ghozali (2018) in Santoso (2019) states that the autocorrelation test serves to test whether in a linear regression model there is a correlation between the intruder error in the t period and the disruptor error in the previous period or the t-1 period. A good regression model is free of autocorrelation. A type of autocorrelation test that is often used is the Durbin-Watson test (DW-test).

4. Heteroskedasticity Test

According to Ghozali (2018) in Nadia (2019) states that the heteroskedasticity test aims to test whether in the regression model there is a variance inequality from the residual of one observation to another. If the variance from the residual of one observation to another is fixed, then it is called homoskedasticity and if it is different then it is called heteroskedasticity. In this test, the method to detect hoteroskedasticity through testing with Scatter Plot.

C. Multiple Linear Regression Analysis

According to Ghozali (2018), multiple linear regression analysis is used to find out the direction and how much influence independent variables have on dependent variables. This multiple linear regression aims to test the influence of two or more independent variables against one dependent variable. The double linear regression equation is expressed in the form:

$$Y = a + b1X1 + b2X2 + b3X3 + b4X4 + e$$

Information:
Y = Profit Management
α = Konstanta
b1 – b4 = Koefisien Regresi
X1= Managerial Ownership (KM)
X2= Institutional Ownership (IP)
X3= Foreign Ownership (KA)
X4= Independent Commissioner (DKI)
e = Error

D. Partial Test (T test)

According to Ghozali, (2018) states that statistical tests show how far the influence of one explanatory/independent variable individually affects in explaining the variation of the dependent variable.

RESULTS AND DISCUSSION

In this study, property and real estate companies listed on the Indonesia Stock Exchange for the 2018-2020 period were used. With a total population of 65 companies, then the selection of samples using the purposive sampling method was obtained by as many as 20 companies with a period of 3 years of research so that in this study, the number of data was 60 data.

Table 1. Descriptive statistical test results

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
DA	60	-.2616	.6966	.024747	.1050507
KM	60	.00000	.29442	.0210940	.05945495
KI	60	.093	.966	.67487	.217191
KA	60	.000	.966	.11732	.221954
DKI	60	.1667	.8000	.404267	.1315714
Valid N (listwise)	60				

(Source: SPSS output data, self-processed data)

Table 2 . Normality test results

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		60
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.10375756
Most Extreme Differences	Absolute	.248
	Positive	.248
	Negative	-.203
Test Statistic		.232
Asymp. Sig. (2-tailed)		.207[c]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

(Source: SPSS output data, self-processed data)

The Value of Kolmogorov-Smirnov is 0.232 and the value of Asympii. Sig. (2-tailed) of 0.207, where the value is greater than the significance value of 0.05, it can be concluded that the data is distributed normally.

Table 3. Multicholineritas test results

Coefficients[a]			
Model		Collinearity Statistics	
		Tolerance	BRIGHT
1	(Constant)		
	KM	.724	1.382
	WHICH	.740	1.351
	THAT	.882	1.134
	DKI	.866	1.155
a. Dependent Variable: DA			

Source: SPSS output data, self-processed data

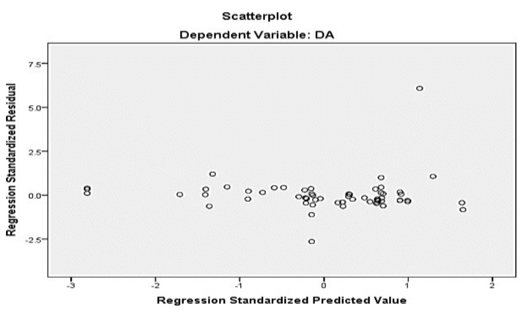
Where it is seen in the table that the VIF value of all independent variables is less than 10 and the tolerance number is more than 0.10, it can be concluded that there is no multicholinearity between independent variables in the regression model or free from multicholinearity problems. Therefore regression models are worth using.

Table 4. Autocorrelation test results

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin - Watson
1	.156[a]	.024	-.046	.10746435	1.789
a. Predictors: (Constant), DKI, KI, KA, KM					
b. Dependent Variable: DA					

(Source: SPSS output data, self-processed data)

So from the results of the analysis that has been carried out, a dU value of 1.7274 is smaller than DW 1.789 and smaller than 4-dU 2.2726, it can be concluded that there was no autecorrelation in this study.



Source: SPSS output data, self-processed data

Figure 1. Heteroskedasticity test results

Indicating that the data points spread above and below or around the number 0, the spread of the data points does not form a clear pattern. Then it can be concluded that the data did not occur heteroskedasticities problems

Table 5. Multiple linear regression analysis

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Itself
		B	Std. Error	Beta		
1	(Constant)	.094	.076		2.877	.025
	KM	-.122	.277	-.079	2.334	.033
	WHICH	-.025	.075	-.057	2.305	.046
	THAT	-.066	.067	-.139	2.840	.047
	DKI	-.044	.114	-.125	2.734	.028
a. Dependent Variable: DA						

(Source: SPSS output data, self-processed data)

The linear regression equation in this study is as follows:

They = 0,094 – 0,122 (KM) – 0,025 (KI) – 0,066 (KA) – 0,044 (DKI) + e

From the equation above, it can be seen that:

- The constant value of 0.094 means that if the value of KM, KI, KA, and DKI is equal to 0, then the amount of profit management is 0.094.
- The KM value has a regression coefficient of -0.122. This shows that each increase in one unit of managerial ownership will have an impact on reducing the value of profit management by -0.122.
- KI has a regression coefficient of -0.025. This shows that any increase in one unit of institutional ownership will have an impact on reducing the value of profit management by -0.025.
- The KA value has a regression coefficient of -0.066. This shows that each increase in one unit of foreign ownership will have an impact on reducing the value of profit management by -0.066.
- The DKI value has a regression coefficient of -0.044. This shows that each increase in one independent

commissioner unit will have an impact on reducing the value of profit management by -0.044.

Partial Test (T test)

1. The effect of managerial ownership (KM) on profit management (DA)

In the statistical test t the managerial ownership value has a negative regression coefficient value of -0.122 and a Sig value. of 0.033 which means it is smaller than the significance level α = 0.05. So it can be concluded that managerial ownership partially has an influence on profit management (DA). Thus H1 stating that managerial ownership has a negative influence on profit management (DA) is accepted.

2. The effect of institutional ownership (IP) on profit management (DA)

In the statistical test t the value of institutional ownership has a negative value of regression coefficient of -0.025, with Sig. of 0.046 which means that it is smaller than the significance level α = 0.05, so it can be concluded that institutional ownership partially has an influence also on profit management (DA). Thus H2 stating that institutional ownership has a negative influence on profit management (DA) is accepted.

3. The effect of foreign ownership (KA) on profit management (DA)

In the statistical test t the value of foreign ownership has a negative value of regression coefficient of -0.066, with Sig. of 0.047 which means that it is smaller than the significance level of α = 0.05, so it can be concluded that foreign ownership has partial influence on profit management (DA). Thus H3 stating that foreign ownership has a negative influence on profit management (DA) is accepted.

4. The influence of independent commissioners (DKI) on profit management (DA)

In the statistical test t the independent commissioner value has a negative regression coefficient value of -0.044, with Sig. of 0.028 which means that it is smaller than the significance level α = 0.05, so it can be concluded that the independent commissioner has partial influence on profit management (DA). Thus H4 stating that independent commissioners have a negative influence on profit management (DA) is accepted.

CONCLUSION

This study aims to determine the influence of variables of managerial ownership, institutional ownership, foreign ownership, and independent commissaries on profit management in property and real estate companies listed on the Indonesia Stock Exchange for the 2018-2020 period. So the conclusion of this study is that the variables of managerial ownership, institutional ownership, foreign ownership and independent commissioners partially have a negative influence on profit management. So that all these variables have been proven and in accordance with the hypotheses and theories used.

The advice given to the next study is expected to add or replace independent variables other than the variables that have been used in this study and use a longer observation period, so that it can get better results. For companies, this research can be used as reference material that it is important to know whether the company has implemented good corporate governance in carrying out every company activity.

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