THE INFLUENCE OF FINANCIAL DISTRESS, COMPANY SIZE AND AUDIT COMMITTEE ON INCOME MANAGEMENT IN COMPANY COMPASS 100 LISTED ON IDX 2016-2019

[1]Sani Ernadi, [2]Krishna Kamil
Department of Accounting
Indonesian College of Economics
Jakarta, Indonesia
saniernadii@gmail.com; krishnakamil@gmail.com

Abstract - *This study aims to determine the effect of the financial distress, company size and audit committee on earning management at the kompas100 company listed on the IDX in 2016-2019. This research is an causal study with a quantitative approach. The population of this study were all companies indexed by kompas100 listed on the IDX. The samples were determined using purposive sampling method so that the number of samples selected was 25 companies so that the total observations in this study were 100 observations. The data used in this study are secondary data. The data collection technique uses the documentation method through the websitewww.idx.co.id and the company website. The results of this research that (1) the financial distress has a positive and significant effect on earning management. (2) The size company has a negative and insignificant effect on earning management. (3) The audit committee has a negative and insignificant effect on learning management. (4) The financial distress, company size and audit committee has an positive and significant effect on earning management*

Keywords: *Financial Distress, Company Size, Audit Committee, Earning Management*

Abstrak–*Penelitian ini bertujuan untuk mengetahui pengaruh financial distress, ukuran perusahaan dan komite audit terhadap manajemen laba pada perusahaan kompas100 yang terdaftar pada BEI tahun 2016-2019. Penelitian ini merupakan penelitian kausalitas dengan pendekatan kuantitatif. Populasi penelitian ini adalah seluruh perusahaan terindex kompas100 yang terdaftar di BEI. Penentuan sampel dengan menggunakan metode purposive sampling sehingga jumlah sampel yang terpilih sebanyak 25 perusahaan dengan total observasi dalam penelitian ini sebanyak 100 observasi. Data yang digunakan penelitian ini berupa data sekunder. Teknik pengumpulan data menggunakan metode dokumentasi melalui situs www.idx.co.id dan website perusahaan. Hasil penelitian ini menunjukkan bahwa (1) Financial distress* *berpengaruh positif dan signifikan terhadap manajemen laba. (2) Ukuran perusahaan berpengaruh negatif dan tidak signifikan terhadap manajemen laba. (3) Komite audit berpengaruh negatif dan tidak signifikan terhadap manajemen laba. (4) Financial distress, ukuran perusahaan, komite audit bersama-sama berpengaruh positif dan signifikan terhadap manajemen laba.*

Kata Kunci: *Financial Distress, Ukuran Perusahaan, Komite Audit, Manajemen Laba*

I. Introduction

Financial reports are very important for companies as a means of communication between internal parties (companies) and external parties (investors). Therefore, the main objective of financial statement reporting is to provide information on the company's annual financial statements for stakeholders. Earnings information is a component that is the center of attention in financial reporting for decision making, therefore management manages earnings figures.

Earnings management is an attempt by the manager of a company to intervene or influence the information in the financial statements with the aim of tricking stakeholders who want to know the company's performance and condition.

Table 1
The phenomenon of earnings management

No.	Year	Company name	Earnings Management Activities
1	2018	PT. Garuda Indonesia	Garuda Indonesia recorded a net profit of US $ 809,850 in 2018, compared to 2017 which recorded a loss of US $ 216.5 million. This is because the management of Garuda Indonesia admits that Mahata's revenue is US $ 239.94 million, with details of US $ 28 million being part of the revenue sharing obtained from Sriwijaya Air. In fact, income is still in the form of receivables or claims for Garuda Indonesia.
2	2018	PT Sunprima Nusantara Financing (SNP Finance)	On May 9, 2018 because one of the Medium Term Notes (MTN) coupons issued by SNP failed to pay. As a result, the Financial Services Authority (OJK) froze SNP's business activities because the company failed to pay MTN interest of IDR 6.75 billion on May 14 2018 through the Letter of the Deputy Commissioner for Supervision of IKNB II No. S-247 / NB.2 / 2018.
3	2019	PT Bank Maybank Indonesia Tbk	Net profit after tax and non-controlling interests (PATAMI) was IDR 757 billion in the first semester of 2019. This figure grew by around IDR 933 billion compared to the previous year. The net profit was due to an increase in provisions due to the bank taking a conservative step. As well as making backups for business credit

4	2015	PT Toshiba	Toshiba inflated its financial statement profit to an overstated profit of 1.2 Billion US Dollars since fiscal year 2008. By reporting revenue early or delaying the recognition of expenses for a certain period.
5	2018	PT PLN	PLN managed to score a net profit of IDR 11.56 trillion throughout 2018. That profit increased from 2017's profit of IDR 4.42 trillion. In fact, in the third quarter of 2019, PLN lost IDR 18.48 trillion due to foreign exchange losses of IDR 17.32 trillion. The first thing that affects earnings management is the compensation income post, that this income has not appeared on the 2017 balance sheet but is recorded in the compensation income account of IDR 23.17 trillion. Derived from the company's compensation receivables amounting to IDR 23.17 trillion. The second net other income increased from IDR 3.40 trillion in 2017 to IDR 15.66 trillion in 2018. The increase in net other income items came from revenue from the government.
6	2018	Bukopin Bank	Bank Bukopin must revise its net profit in 2016 from the previous IDR 1.08 trillion down to IDR183.56 billion. The largest decrease was in the portion of fees and commissions, which represents income from credit cards and is related to additional allowance for impairment losses on assets. As a result, the allowance for impairment losses on financial assets was revised up from Rp649.05 billion to Rp797.65 billion. This caused the company's expenses to increase by Rp 148.6 billion.

Source: Secondary data processed, 2020

One of the factors in the emergence of earnings management practices is financial distress. Financial distress is a condition where a company is experiencing irregularities and financial pressures which will gradually lead to bankruptcy (Ware, 2015) (Puri and Gayatri, 2018). So the earnings management makes a way to manipulate the financial statements to attract investors who will invest in the company, so that they hope to return back the company's operations. Companies experiencing financial difficulties tend to practice earnings management to always give good signals to investors.

The size of the company will affect the company's funding structure. This causes a tendency for companies to require more funds than smaller companies. The large need for funds indicates that the company wants profit growth and also growth in the level of controlling shares. The size of the company which indicates the size of the company is an important factor in the formation of earnings management. (Zurriyah, 2017). In addition, to be able to produce good quality reports, an independent audit committee is also needed.

This study uses the object of research on the Kompas100 indexed company listed on the Indonesia Stock Exchange 2016-2019. The reason the researchers chose the research object was because the Kompas100 index company had high liquidity and a large market capitalization value, as well as stocks that had good fundamentals and performance.

Based on the background and the phenomena that occur in the field, the author takes the title: "The Effect of Financial Distress, Company Size and the Audit Committee on Earnings Management at Kompas100 Companies listed on the Indonesia Stock Exchange in 2016-2019"

II. THEORETICAL BASIS

Financial Distress

According to Arifin (2018) financial distress is a condition where the company's operating cash flow is not sufficient to pay for current obligations and the company is forced to carry out corrective activities for its business.

Financial distress in a company occurs when the company cannot meet the payment schedule or when cash flow projections indicate that the company will soon be unable to fulfill its obligations (Brigham and Daves, 2014). Often financial distress is equated with bankruptcy, even though financial distress and bankruptcy are very different. Financial distress is an early indication prior to company bankruptcy. Meanwhile, the definition of bankruptcy according to Toto (2011) is a condition in which a company is unable to pay off its obligations. This condition usually does not just appear in companies, but there are early indications of the company which can usually be recognized earlier if the financial statements are analyzed more carefully in a certain way.

Altman's Z-score or Altman Bankrupty Prediction Model Z-score is a model that provides a formula for assessing when a company will go bankrupt (Tsvetanov, 2015):

$$\boxed{Z = 1{,}2X1 + 1{,}4X2 + 3{,}3X3 + 0{,}6X4 + 0{,}99X5}$$

Information:
Xl = (working capital) / total assets
X2 = Retained income / Total Assets
X3 = Income before interest and taxes / Total Assets
X4 = Market Value of Equity / Book Value of Total Liabilities
X5 = Sales / Total Assets
Z = Z-Score Value

The cut-off values are:
Z <1.81 companies in the financial distress category:
1.81 <Z-Score <2.99 companies are in the gray area (gray area or zone of ignorance) or vulnerable areas (it cannot be determined that the company is experiencing financial distress or is healthy) and
Z> 2.99 healthy companies.

Company Size

According to Brigham & Houston (2010) company size is as follows: "Company size is the size of a company that is shown or valued by total assets, total sales, total profit, tax expense and others".

Zurriyah (2017) states that one of the benchmarks that shows the size of a company is the size of the company.

According to Lidyawati (2016) Company size in general can be interpreted as a comparison of the size or size of an object. Company size is related to the size of the company as measured by total assets. In general, large companies will disclose more information than small companies.

Large companies have a broader base of stakeholders, so that the policies of large companies will have a greater impact on the public interest than small companies. For investors, company policies will have an impact on the prospects for future cash flows.

The size of the company will affect the company's funding structure. This causes the tendency of companies to require more funds than smaller companies. The large need for funds indicates that the company wants profit growth and also growth in the level of controlling shares. So that large companies have a broader base of stakeholders, so that various policies of large companies will have a greater impact on public interests than small companies. For investors, the company's policy will have implications for future cash flow prospects. Meanwhile, the regulator or the government will have an impact on the amount of tax to be received, as well as the effectiveness of the role of providing protection for the public in general.

Audit Committee

The audit committee is a number of members of the company's board of directors whose responsibilities include assisting the auditors to remain independent from management. (Arens, 2015).

The Indonesian Audit Committee Association (IKAI) defines an audit committee as a committee that works professionally and independently which is formed by the board of commissioners and thus its task is to assist and strengthen the function of the board of commissioners (or supervisory board) in carrying out the supervisory function of the financial reporting process, management. risk, implementation of audits, and implementation of corporate governance in companies.

An audit committee is formed by a board of commissioners who is responsible for overseeing financial reports, overseeing external audits and observing the internal control system. The audit committee functions to oversee company policies related to corporate accounting. The Audit Committee acts independently in carrying out its duties and responsibilities. The audit committee is also tasked with assisting the board of commissioners in carrying out the supervisory function regarding activities related to reviewing financial information, internal control, risk management, effectiveness of internal and external auditors, and compliance with applicable laws and regulations. To create the entire audit committee from independent parties selected according to their abilities, experience and educational background,

Profit management

Earnings management involves deliberate actions taken by management to meet earnings objectives. Income smoothing is a form of earnings management in which revenue and expenses are transferred between periods to reduce fluctuations in earnings. One technique for smoothing profits is to reduce the value of the inventory and other assets of the company acquired at the time of acquisition, resulting in higher profits when those assets are subsequently sold. The company may also deliberately overestimate its reserves for obsolete stock and allowance for doubtful accounts to counter higher profits. (Arens, 2015)

Earnings management is an accounting trick used in preparing financial statements in a flexible manner that managers use to meet profit targets, according to the choice of methods that are permitted according to accounting standards. (Hery, 2015)

Earnings management is an action taken by managers to influence profits by increasing or decreasing company profits with its aims and objectives. (Supriyono, 2018)

Subramanyam (2017) is earnings management which is a deliberate management intervention in the process of determining earnings, usually to fulfill personal goals. This definition implies that earnings management is the opportunistic behavior of managers to maximize their utility. Earnings management is a method used by managers to systematically and deliberately influence earnings figures by selecting certain accounting policies and accounting procedures by managers from existing accounting standards and scientifically maximizing profits.

Hypothesis Development
H1: Financial Distress Affects Earnings Management
H2: Company Size Affects Earnings Management
H3: The Audit Committee Has an Influence on Earnings Management
H4: Financial Distress, Company Size and Audit Committee Affect Earning Management

III. RESEARCH METHODS

Research Strategy

This study uses a quantitative research strategy, namely a research method based on the philosophy of positivism, used to examine certain populations or samples, data collection using research instruments, quantitative or statistical data analysis, with the aim of testing predetermined hypotheses (Sugiyono, 2017) . This study uses the causality research method, namely the method used in conditions with problem characteristics in the form of a cause-and-effect relationship between two or more variables, where in this study the variables that affect (independent) financial distress, company size, audit committee and variables that are affected (dependent) is earnings management.

Research Population

Population is the entire amount consisting of objects or subjects that have certain characteristics and qualities that are determined by the researcher to be investigated and then draw conclusions (Sujarweni, 2015). In this study, the population was the kompas100 company listed on the Indonesia Stock Exchange in 2016-2019.

Research sample

The sample is part of a number of characteristics possessed by the population used for research (Sujarweni, 2015). In this study, the method used to take the sample was nonprobability sampling using purposive sampling method, namely the sampling technique with certain considerations. The criteria that are suitable to be used as respondents in this study are:

Table 2. Sample Selection Process

No.	Sample Criteria	Number of Companies
1	Kompas100 company listed on the Indonesia Stock Exchange in 2016-2019.	100
2	Companies that do not publish complete annual reports as of December 31 during 2016-2019.	(8)
3	Companies that do not publish financial reports in rupiah (IDR)	(14)
4	Companies that are not listed on the main board of the Indonesia Stock Exchange	(4)
5	The company does not have total assets above 30 billion	(32)
6	Outlier data	(17)
	The selected company becomes the sample	25
	Number of samples for the period 2016-2019	100

Source: Processed by researchers, 2020

Table 3. List of companies that became research samples

No.	Company name	Code
1	Astra Agro Lestari Tbk.	AALI
2	Ace Hardware Indonesia Tbk.	ACES
3	Agung Podomoro Land Tbk.	APLN
4	Adi Sarana Armada Tbk.	ASSA
5	Sentul City Tbk.	BKSL
6	Indocement Tunggal Prakarsa Tbk.	INTP
7	Japfa Comfeed Indonesia Tbk.	JPFA
8	Jaya Real Property Tbk.	JRPT
9	Kalbe Farma Tbk.	KLBF
10	Matahari Department Store Tbk.	LPPF
11	PP London Sumatra Indonesia Tbk.	LSIP
12	Malindo Feedmill Tbk.	PLAY
13	Mitra Adiperkasa Tbk.	MAPI
14	Mitra Keluarga Kary Saran Tbk.	MICA
15	Media Nusantara Citra Tbk.	MNCN
16	Pakuwon Jati Tbk.	PWON
17	Ramayana Lestari Sentosa Tbk.	RALS
18	Surya Citra Media Tbk.	SCMA
19	Sido Muncul Tbk's Herbal and Pharmaceutical Industry.	SIDO
20	Solusi Bangun Indonesia Tbk.	SMCB
21	Summarecon Agung Tbk.	SMRA
22	Surya Semesta Internusa Tbk.	SSIA
23	Sawit Sumbermas Sarana Tbk.	SSMS
24	Timah Tbk.	TINS
25	Sarana Menara Nusantara Tbk.	TOWR

Source: www.idx.co.id

Data and Data Collection Methods

The type of data used in this study is secondary data which refers to information collected from existing sources, namely using the company's annual financial statements. The data is obtained on the Indonesia Stock Exchange and www.idx.co.id which is the official website of the Indonesia Stock Exchange.

Data Analysis Methods

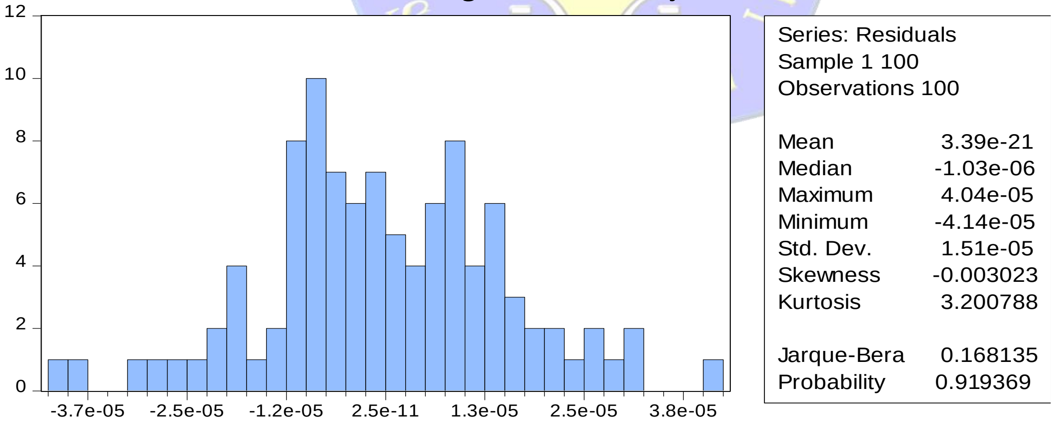
The data analysis method used in this research is panel data analysis to produce accurate and informative data, analyze data over several periods and measure the effect of financial distress, company size and audit committee on earnings management. Before testing the hypothesis, a classic assumption test is carried out which consists of a normality test which aims to determine whether the regression model is normally distributed or not. Then proceed with the multicollinearity test carried out to find out whether the independent variables are multicollinear or not and whether in the regression there is a high or perfect correlation between the independent variables (Ghozali and Ratmono, 2017). Furthermore, the Autocorrelation Test which aims to examine whether a linear regression model has a correlation between confounding errors in period t with errors in the previous period. The last one is the heteroskesdacity test which aims to test whether the regression model has an inequality of variance from one residual observation to another (Ghozali and Ratmono, 2017).

After the classical assumption test is carried out, it is continued with hypothesis testing consisting of panel data regression analysis using the Common Effect Model, Fixed Effect Model and Random Effect Model parameters then determining the regression model that is suitable for the study by conducting the Chow test, the Hausman test and the test. Lagrange Multiplier (LM). After that, the statistical test t to test the significance level of the effect of each independent variable on the dependent variable in parallel (separately) with the other variables being constant (Ghozali, 2018).When finished, proceed with the F statistical test which aims shows whether all the independent variables included in the model have a joint influence on the dependent variable.The last test is the coefficient of determination, usually written as R2 which also shows how far the relationship between X and Y is.

IV. RESULTS AND DISCUSSION

Normality Test Results

Figure 1. Normality Test



Source: Eviews 10

Based on Figure 1, the Jarque-Bera value obtained is 0.168135 with the probability value obtained is 0.919369> 0.05, it can be concluded that the significant value is greater than 0.05 and is normally distributed. Thus, the assumptions or normality requirements in the regression have been met and further testing can be carried out.

Multicollinearity Test Results

Table 4. Multicollinearity Test Results

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	5.09E-09	2159,939	NA
FD	6.46E-13	4.366171	1.142096
UP	2.74E-11	1984,879	1.150416
KA	1.11E-11	48.20191	1.013185

Source: Eviews 10

Based on table 4, it can be concluded that Financial Distress (FD) has a VIF value of 1.142096, Company Size (UP) has a VIF value of 1.150416, and the Audit Committee (KA) has a value of 1.013185. So it is concluded that the VIF value is less than 10 so that the regression model does not experience multicollinearity. It can be concluded that there is no relationship or correlation between the independent variables (financial distress, company size and audit committee) and the dependent variable (earnings management) used in this study.

Autocorrelation Test Results

Table 5. Autocorrelation Test Results

R-squared	0.097999	Mean dependent var	7.01E-06
Adjusted R-squared	0.069811	SD dependent var	1.59E-05
SE of regression	1.53E-05	Akaike info criterion	-19,29223
Sum squared resid	2.26E-08	Schwarz criterion	-19.18802
Log likelihood	968.6113	Hannan-Quinn criter.	-19.25005
F-statistic	3.476668	Durbin-Watson stat	1.944785
Prob (F-statistic)	0.018976		

Source: eviews

Based on table 5, the DW value obtained is 1.944785 with a sample size of 100, and the number of independent variables is 3, the value of dU = 1.7364 and the value of 4-dU = 2.264. The values of dL = 1.613 and 4-dL = 2.387. From the results above, it can be seen thatDW values are between the dU and 4 - dU values in the range 1.7364 <1.944785> 2.264 so they do not experience autocorrelation. It can be concluded that there is no correlation between the confounding error of the independent variables and the dependent variable used in this study.

Heteroscedasticity Test Results

Table 6.Heteroscedasticity Test Results

Heteroskedasticity Test: Glejser

F-statistic	0.730408	Prob. F (3.96)	0.5363
Obs * R-squared	2.231589	Prob. Chi-Square (3)	0.5258
Scaled explained SS	2.196402	Prob. Chi-Square (3)	0.5327

Test Equation:
Dependent Variable: ARESID
Method: Least Squares
Date: 09/18/20 Time: 8:44 am
Sample: 1 100
Included observations: 100

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-7.09E-06	4.30E-05	-0.164674	0.8695
FD	-1.11E-07	4.85E-07	-0.227943	0.8202
UP	7.89E-07	3.16E-06	0.249721	0.8033
KA	2.87E-06	2.01E-06	1.426602	0.1569
R-squared	0.022316	Mean dependent var		1.19E-05
Adjusted R-squared	-0.008237	SD dependent var		9.22E-06
SE of regression	9.26E-06	Akaike info criterion		-20.30217
Sum squared resid	8.23E-09	Schwarz criterion		-20,19796
Log likelihood	1019,109	Hannan-Quinn criter.		-20.26000
F-statistic	0.730408	Durbin-Watson stat		1.860004
Prob (F-statistic)	0.536333			

Source: Eviews 10

Based on table 6 above, the Prob value, the Probability value of each dependent variable is greater than 0.05, so it can be concluded that there is no heteroscedasticity violation in the regression model.

Panel Data Analysis

1. *Common Effect Model* (CEM)

Table 7.Common Effect Model (CEM) Regression Results

Dependent Variable: ML
Method: Least Squares
Date: 09/18/20 Time: 8:42 am
Sample: 1 100
Included observations: 100

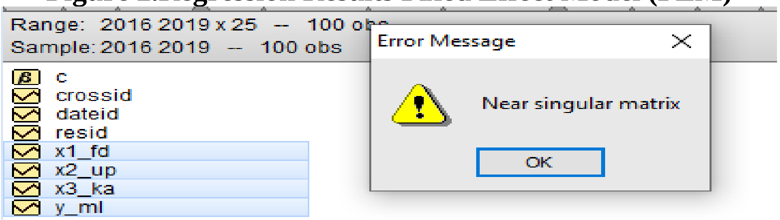
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.96E-05	7.13E-05	0.274704	0.7841
FD	2.02E-06	8.04E-07	2.508835	0.0138
UP	-1.27E-07	5.24E-06	-0.024283	0.9807
KA	-5.64E-06	3.34E-06	-1.692041	0.0939
R-squared	0.097999	Mean dependent var		7.01E-06
Adjusted R-squared	0.069811	SD dependent var		1.59E-05

SE of regression	1.53E-05	Akaike info criterion	-19,29223
Sum squared resid	2.26E-08	Schwarz criterion	-19.18802
Log likelihood	968.6113	Hannan-Quinn criter.	-19.25005
F-statistic	3.476668	Durbin-Watson stat	1.944785
Prob (F-statistic)	0.018976		

Source: Eviews 10

2. *Fixed Effect Model* (FEM)

Figure 2.Regression Results Fixed Effect Model (FEM)



Source: Eviews 10

3. *Random Effect Model* (BRAKE)

Table 8.Random Effect Model (REM) Regression Results

Dependent Variable: ML
Method: Panel EGLS (Cross-section random effects)
Date: 09/18/20 Time: 8:49 am
Sample: 2016 2019
Periods included: 4
Cross-sections included: 25
Total panel (balanced) observations: 100
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.96E-05	7.38E-05	0.265374	0.7913
FD	2.02E-06	8.32E-07	2.423617	0.0172
UP	-1.27E-07	5.42E-06	-0.023458	0.9813
KA	-5.64E-06	3.45E-06	-1.634568	0.1054
	Effects Specification			
			SD	Rho
Random cross-section			0.000000	0.0000
Idiosyncratic random			1.59E-05	1.0000
	Weighted Statistics			
R-squared	0.097999	Mean dependent var		7.01E-06
Adjusted R-squared	0.069811	SD dependent var		1.59E-05
SE of regression	1.53E-05	Sum squared resid		2.26E-08
F-statistic	3.476668	Durbin-Watson stat		1.969092

Prob (F-statistic)	0.018976		
	Unweighted Statistics		
R-squared	0.097999	Mean dependent var	7.01E-06
Sum squared resid	2.26E-08	Durbin-Watson stat	1.969092

Source: Eviews 10

Selection of Regression Model

1. ***Chow test***

   Based on Figure 4, it can be seen that the chow test cannot be continued because the Fixed Effect Model (FEM) test results have a singular matrix, so it can be concluded that the appropriate model used in this test is the Common Effect Model (CEM).

2. ***Hausman Test***

Table 9. Hausman Test Results

Correlated Random Effects - Hausman Test
Equation: Untitled
Cross-section random effects test

Test Summary	Chi-Sq. Statistics	Chi-Sq. df	Prob.
Random cross-section	1.079549	2	0.5829

Source: eviews 10

Based on table 9, it can be seen that the random cross-section probability value is 0.5829> 0.05, the level of negligence is that H0 is accepted. meaning that the Random Effect Model is more precise than the Fixed Effect model, it can be concluded that the appropriate regression model used in this test is the Random Effect Model (REM).

3. ***LM (Langrange Multiplier) test***

Table 10. LM Test Results

Lagrange multiplier (LM) test for panel data
Date: 09/18/20 Time: 08:09
Sample: 2016 2019
Total panel observations: 100
Probability in ()

Null (no rand. Effect) Alternative	Cross-section One-sided	Period One-sided	Both
Breusch-Pagan	1.556277	0.463379	2.019656
	(0.2122)	(0.4960)	(0.1553)
Honda	-1.247508	0.680719	-0.400780
	(0.8939)	(0.2480)	(0.6557)
King-Wu	-1.247508	0.680719	0.225952

	(0.8939)	(0.2480)	(0.4106)
GHM	-	-	0.463379
	-	-	(0.4463)

Source: Eviews 10

Based on table 10. that the probability value of Breusch-Food of 0.2122> 0.05 indicates that H0 is accepted, which means that the Common Effect Model is more precise than the Random Effect Model, it can be concluded that the best model used in this study is the Common Effect Model (CEM).).

Model Conclusion

Based on the data above, conclusions can be made from analyzing the tests that have been carried out in this study:

Table 11. Conclusion Testing Results

No.	Method	Testing Model	Result
1	Chow test	Common Effect vs Fixed Effect	Common Effect
2	Hausman Test	Fixed Effect vs Random Effect	Random Effect
3	LM test	Random Effect vs Common Effect	Common Effect

Partial Test Result (t test)

To determine the t table value, namely by calculating the value of degree of freedom (df) = n - k = 100 - 3 -1 = 96 where the significance level is 0.05. So that the t table value is 1.985

Table 12. t-statistical test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.96E-05	7.13E-05	0.274704	0.7841
FD	2.02E-06	8.04E-07	2.508835	0.0138
UP	-1.27E-07	5.24E-06	-0.024283	0.9807
KA	-5.64E-06	3.34E-06	-1.692041	0.0939

Source: Eviews 10

Based on table 12. The results of the t test for the Financial Distress variable (X1) on Earnings Management (Y) obtained a t-count value of 2.508835 with a t-table value of 1.985 (tcount> ttable) and a significant value of 0.0138 less than 0.05. H0 is rejected and HA is accepted. So it can be concluded that Financial Distress (X1) has a positive and significant effect on Earning Management (Y).

The variable size of the company (X2) on earnings management (Y) obtained a tcount of -0.024283 with a ttable value of 1.985 (tcount <ttable.) And a significant value of 0.9807 greater than 0.05, so H0 is accepted and HA is rejected. It can be concluded that Company Size (X2) has a negative and insignificant effect on Earning Management (Y).

The Audit Committee variable (X3) on Earnings Management (Y) obtained a tcount of -1.692041 with a ttable value of 1.985 (tcount <ttable) and a significant value of 0.0939 greater than

0.05, then H0 is accepted and HA is rejected. So it can be concluded that the Audit Committee (X3) has a negative and insignificant effect on Earning Management (Y).

Simultaneous Test Results (Test F)

Table 13. Simultaneous Test Results

R-squared	0.097999	Mean dependent var	7.01E-06
Adjusted R-squared	0.069811	SD dependent var	1.59E-05
SE of regression	1.53E-05	Akaike info criterion	-19,29223
Sum squared resid	2.26E-08	Schwarz criterion	-19.18802
Log likelihood	968.6113	Hannan-Quinn criter.	-19.25005
F-statistic	3.476668	Durbin-Watson stat	1.969092
Prob (F-statistic)	0.018976		

Source: Eviews 10

Based on table 13, above, it can be concluded that the magnitude of the F-statistic value 3.476668 is greater than F-table 2.70 with a significance value of 0.018976 which is smaller than the 0.05 probability then H0 is rejected and HA is accepted. So it can be concluded that financial distress, company size and the audit committee together have a positive and significant effect on earnings management.

Result of Determination Coefficient Test (R2)

Table 14. The results of the determination coefficient test

*Adjusted*R- squared	0.097999

Source: Eviews 10

The results obtained from the coefficient of determination (Adjusted R2) of 0.097999. This shows that statistically 9.79% of the total variation in earnings management is influenced by the independent variables in the study, namely financial distress, company size and the audit committee. While the remaining 90.21% is explained by other variables outside the research.

Research Discussion

The Effect of Financial Distress on Earnings Management

The results of the analysis state that tcount> ttable (2.508835> 1.985) and probability value <significant value (0.0138 <0.05), it can be concluded that financial distress partially has a positive and significant effect on earnings management. This is in line with the research of Ranjabar and Amanollahi (2018), namely that financial distress has a positive effect on earnings management. This means that if a company is experiencing financial distress, company managers will tend to manipulate profits by increasing or decreasing profits according to the needs and goals the company wants to achieve, whether it is just a source of company survival or to achieve profit targets. which is desired.

The Effect of Company Size on Earnings Management

The results of the analysis state that the value of t count is -0.024283 with a t table of 1.985, then t count <t table and probability value> significant value (0.9807> 0.05). So it can be concluded that company size partially has a negative and insignificant effect on earnings management. This is in line with the research of Lestari and Murtanto (2017) that company size has a significant negative effect on earnings management.

The Effect of the Audit Committee on Earnings Management

The results of the analysis state that tcount value of -1.692041 with t table value of 1.985, then tcount <ttable and probability value> significant value (0.0939> 0.05). So it can be concluded that the Audit Committee partially has a negative and insignificant effect on earnings management.

This is in line with the research of Lidiawati (2016) that the audit committee has a negative effect on earnings management. The existence of an audit committee can reduce earnings management activities. The more independent the audit committee, the lower the earnings management activity.

The Influence of Financial Distress, Company Size, Audit Committee on Earnings Management

The result of the analysis states that the F-statistic value is 3.476668 with Ftable 2.70 probability value <significant value of 0.018976 <0.05, it can be concluded that financial distress, company size and the audit committee together have a positive and significant effect on earnings management. So it can be concluded that the hypothesis which states that financial distress, company size and audit committee jointly affect earnings management can be accepted. In this study, the Adjusted R2 value obtained was 0.0979 or 9.79%, which means that the Financial Distress variable, Company Size and the Audit Committee were able to explain the Earnings Management variable in the kompas100 company listed on the Indonesia Stock Exchange in the 2016 - 2019 period. Meanwhile, the remaining 90.21% is explained by other variables which were not analyzed in this study

V. CONCLUSIONS AND SUGGESTIONS

Conclusion

This study aims to determine the effect of financial distress, company size and audit committee on earnings management at kompas100 companies listed on the Indonesia Stock Exchange in 2016-2019. With the selection of sample data as many as 168 and processed into 100 data because 68 data is outlier data. Based on the results and discussion above, the following conclusions can be drawn:

1. Financial distress has a positive and significant effect on earnings management at the company kompas100 which are listed on the Indonesia Stock Exchange 2016-2019.
2. Company size has a negative and insignificant effect on earnings management at the company kompas100 which are listed on the Indonesia Stock Exchange 2016-2019.
3. The audit committee has a negative and insignificant effect on earnings management at the company kompas100 which are listed on the Indonesia Stock Exchange 2016-2019.
4. Financial distress, company size and audit committee have a positive and significant effect on earnings management at the company kompas100 which are listed on the Indonesia Stock Exchange 2016-2019.

Suggestion

Suggestions in this study are aimed at related parties as a study reference to provide better variation results. The suggestions given by researchers are as follows:

1. Practitioners or academics must be more serious in dealing with earnings management because earnings management practices can destroy ethics and morals as well as the economy. In addition, failure to detect earnings management can destroy public trust in the company, thus damaging the company's credibility.

2. For regulators, it is more objective, complete, transparent, relevant and timely in disclosing financial reports. In addition, management is expected to be wiser in choosing more appropriate accounting policies related to earnings management.
3. Investors must be more vigilant in reading and using information so as not to experience errors in making decisions that will cause users of financial statements to make wrong decisions.

Research Limitations

In researching, many researchers have limitations during their research. The limitations that these researchers experience can be taken into consideration for future researchers. The limitations are as follows:

1. Researchers have difficulty in obtaining data, because there is data that cannot be accessed freely on the Indonesia Stock Exchange, so that the financial reports that can be accessed are very limited.
2. Researchers have difficulty finding literature to serve as a research reference because of the Covid pandemic, and the limited number of books obtained from the internet.
3. The coefficient of determination obtained is only 9.79%, indicating that the variables may not affect earnings management and there are still many variables that affect earnings management.

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