Effect of Third Party Funds, Return on Assets, Independent Commissioners and Institutional Ownership on Banking Profit Management

Hermanto¹, Pipit Wulandari²
¹²Faculty of Economics and Business, Universitas Esa Unggul, Indonesia pipitipbhk@gmail.com

Abstract

This study aims to determine the effect of third party funds, Return on Assets, Independent Commissioners, and institutional ownership on the manipulation of bank financial statements from 2015 to 2019. The sample was taken with a research population of 55 banking companies in the commercial sector. In the sampling, there were 110 with a total of 22 secondary data of banking companies in the form of annual reports (22 companies in 5 years of observation). By using multiple linear regression methods. The results of earnings management processing are as follows; (1) TPF has a negative impact, (2) Return on Assets has a positive effect, (3) independent board members have a positive impact, and (4) Institutional ownership also has a positive effect. Further research can add variables such as asset growth, audit board, capital adequacy ratio (CAR), loan to deposit ratio (LDR), Non-Performing Loans (NPL), profitability ratios and different companies to examine the occurrence of manipulation of financial statements from different companies in a different way. So that the new research findings can analyze accurately the manipulation of the financial data under study.

I. Introduction

The country's economic growth and development is supported by various sectors, one of which is the banking industry (Dewi, 2020). The ability of the financial sector, namely banking, to play a role in mobilizing capital to help the business world which is under pressure due to the impact of the pandemic (Dewi, 2020). Banking is one of the triggers for economic movement by increasing demand for credit in the form of working capital loans, investments that encourage business growth, purchasing power and increased investment (Dewi, 2020). The global economic crisis in 2008 became a financial crisis issue that affected the banking sector with the low payment of short-term obligations by the Bank. This is because these banks have difficulty obtaining loans on the interbank money market (Pramisti, 2020). This causes pressure for managers to commit fraud as a result of unstable financial conditions as a result of unstable financial conditions caused by economic conditions, industry and the situation of operating entities (Wahyuni & Budiwitjaksono, 2017).

Managers' efforts to increase or decrease the profits contained in the financial statements are earnings management carried out in the company (Dananjaya & Ardiana, 2016). Management can choose accounting methods in achieving profit targets by utilizing flexibility in financial statements according to applicable regulations. Management tries to show its performance by achieving maximum value and profit for the company (Giovani,
2017). Investors will see dividend profits by paying attention to the stability of profits in the company through the company’s income statement. The company’s profit stability reflects good performance, this encourages public confidence in depositing money in banks to increase bank income (Sulistyanto, 2008).

Bank funding, one of which is third party funds generated by banking products in the form of savings, deposits and current accounts in the banking industry (Parenrengi & Hendratni, 2018). The banking world is inseparable from human life, because all human activities involve finance and require banking facilities (Tarigan, 2020). Bank is a company engaged in the financial sector, meaning that the banking business is always related to financial matters (Rosmika, 2019). Banks will try to increase third party funds by growing public interest in saving their funds in banks (Setiawan & Afrianti, 2018). The higher the third party funds, the higher the costs needed to provide promotions with prizes and interest for service fees on deposits. The increase in profit must be balanced with the Bank's income. The achievement of profit by using all assets, will show the effectiveness of the company by measuring return on assets. The higher the profit, the manager will perform income smoothing, with the aim of remaining stable (Adrianto et al., 2019).

The level of bank profit which is influenced by return on assets will encourage the position of the bank to be better in terms of assets (Pravasanti, 2018). In measuring the continuity of the company in achieving profit is the benefit of the return on assets. Profitability is the ability of bank management to manage company assets in order to obtain income. The increased rate of return on assets will affect the company’s profit. The increasing ability of the company in terms of the rate of return on assets, the management will stabilize the profits earned by the company.

Control to maximize the value of the company requires a control mechanism, namely commissioners from outside the company and the audit team. The control carried out by the commissioners and directives in the form of advice are objectively addressed to the board of directors. This will increase the value of the company as a form of the ability of the directors to carry out their duties (Widianingsih, 2018). According to POJK Number 33/POJK.04/2014 regarding the responsibilities and duties of independent commissioners in supervising the policies and performance of the management as well as providing advice to (OJK, 2014). Agency costs can be reduced because institutional ownership has the power to impact the decisions made by managers (Widiari & Putra, 2017). Agency costs can be reduced because institutional ownership has a power that has an impact on the results taken by agents (Widiari & Putra, 2017). This ownership is able to control the growth in its investment, causing management to experience heavy pressure (Cahyono et al., 2016). The effectiveness of management is influenced by the size of the shares owned by an institution so that it is able to increase the company's activities that affect financial performance and profit, so there is little possibility to carry out earnings management (Prahesti & Abundanti, 2015).

By examining earnings management that may occur, this study aims to determine the financial position published by the Bank can affect public or investor confidence in investing their funds. The financial statements presented by the company can affect profitability, management performance and the number of investors. In this study, the independent variables include third party funds, profitability, especially ROA, independent board and institutional share ownership on banking manipulation. Furthermore, the researcher wants to know the magnitude of the influence of the four variables compared to other variables used by previous researchers.
II. Review of Literature

2.1 Agency Theory
Agency theory is the power given in decision making from investors to managers because of the contractual relationship between the two parties (Jensen & Meckling, 1976). Companies that have a capital structure in the form of shares, the board of directors as agents and shareholders as principals. The board of directors works in the interests of the principal. The purpose of this theory is to explain that the agent and the principal carrying out the cooperation can make a contract with the aim of reducing costs as a result of uncertainty and asymmetric information. There are three kinds of agency costs, namely, first, there are costs due to the supervision carried out by the principal to the agent. The two costs are imposed on the agent with the aim that the agent is responsible for his duties, the third is the costs that arise due to the difference in decisions between the agent and the principal which causes a decrease in the principal's profit. There are two problems that arise between the principal and the agent, namely, first, moral hazard is a problem that arises when the agent fails to fulfill the contract agreement. The second problem is that negative selection means action by an agent where the client does not know if his or her actions were wrong or right in carrying out the task. Conflicts of interest between agents and principals can cause agency problems that affect the quality of earnings reports (Jensen & Meckling, 1976).

2.2 Positive Accounting Theory
In 1990 Watt and Zimmerman argued about positive accounting theory aimed at predicting and explaining reporting practices used in business. In predicting and explaining accounting events contained in this theory with reference to the hypothesis (Watts & Zimmerman, 1990). First, this hypothesis is interpreted opportunistically, meaning that managers reward for replacing the bonus plan hypothesis or annual financial statements with high returns (Haryadi et al., 2020). The two debt contract hypotheses show that firms tend to use high-income accounting policies, and if the profits they earn are high, then they violate debt contracts. This happens when the company has a high debt-to-equity ratio. Third, the tendency of companies to use accounting procedures that make it possible for banks to delay information about current period income to future periods or reduce company profits from financial statements. This is called the cost hypothesis (Junaedi & Sudarwan, 2020).

2.3 Fraud Triangle
The fraud triangle is Donald R. Cressey's hypothetical theory to explain why people commit fraud (Cressey, 1953). The fraud triangle is like the fire triangle, and pressure can be seen as a source of heat that can cause a fire. People commit fraud when they know and believe that the problem has been solved because of the influence of their position and thinking from the initial idea to being trusted in managing assets and knowing that there are economic problems that cannot be solved collectively. Trust and assume knowing that the use of entrusted assets is normal.

2.4 Pentagon Fraud
The pentagon fraud is a development of the triangle cheating theory developed by Jonathan Marks by adding competence and arrogance (Marks, 2010). Competence is the ability possessed by employees to develop fraud strategies, by ignoring internal controls within the company and overseeing social conditions that will benefit personally. Arrogance is an attitude of superiority and feeling entitled, so that the company's internal control does not apply to that person (Marks, 2010). There is an opportunity to commit fraud because of the company's weak internal control. Pressure is a motivation to commit fraud so that
justification or rationalization of fraudulent actions is considered reasonable (Lestari & Henny, 2019).

2.5 Profit Management
Net operating profit resulting from the management of income and expenses by the company is earnings management by managers to ensure profit. The measurement of earnings management in companies needs to be detected with earnings management detection techniques. The Jones model was first introduced by Jones (1991) which is called a modification of the Jones model (Jones, 1991). Earnings management is a manipulation carried out by management in intentional financial reporting with the aim of obtaining profits (Adhikara, 2020).

2.6 Third-Party Funds
Banks are financial intermediaries with the authority to accept deposits, lend money and issue promissory notes (Hoggson, 1926). Investments obtained by banks in the form of deposits from investors are called third party funds (Setiawan & Afrianti, 2018). Sources of bank funds are efforts to withdraw bank funds from investors in the form of deposits. When managing funding sources, it begins with planning for funding needs, conducting funding searches and identifying funding sources (Setiawan & Afrianti, 2018). The cost of operational activities comes from savings or savings that determine success. Funds can be obtained relatively easily because the wider community can save their funds in banks, so these third party funds provide benefits for increasing management assets (Adrianto et al., 2019).

2.7 Return on Asset (ROA)
J. Fred Weston and Thomas E. Copeland (1997) argue that the rate of return on assets is the end result of various policies and decisions. A tool to measure management effectiveness based on income generated from the use of company assets is called ROA (Weston & Brigham, 1990). In banking, ROA is used to measure a bank's ability to generate income (earnings before tax) based on the total assets of each bank (Hermanto et al., 2021).

2.8 Independent Commissioner
An independent commissioner is an external agency that collects, analyzes, and responds to relevant information, such as reporting contractual requirements and management policies to advance the company (Clem, 1960). The Commissioner is the supervisory authority and provides advice to the Board of Directors (Prahesti & Abundanti, 2015). The total number of commissioners is greater than the number of independent commissioners (Financial Services Authority, 2016).

2.9 Institutional Ownership
The supervisory mechanism carried out by the institution is expected to have a positive effect on management decisions, including debt policy decisions (Jensen & Meckling, 1976). The high proportion of shares owned by institutional investors has a significant impact on business performance. That is, increasing company activities, having an impact on profits and motivating to improve financial performance (Prahesti & Abundanti, 2015).

2.10 Relationship of Third Party Funds Availability Ratio (TPF), Return on Assets Ratio (ROA), Independent Commissioner Ratio and Institutional Ownership Ratio to Earnings Management
The use of third party funds (DPK), which is not limited to public institutions, provides an opportunity for banks to benefit from their total assets. Therefore, the more profitable a
bank is, the more effective its performance (Parenrengi & Hendratni, 2018). A high percentage of institutional investors has a positive effect on earnings management (Prahesti & Abundanti, 2015). Based on these results, the researcher can assume:

**H1:** TPF, ROA, KI, KIN affect earnings management

### 2.11 Relationship of Third Party Funds to Earnings Management

Public confidence in the interest earned on deposits is increasingly encouraging the growth of bank income. This action is usually done by lowering profits. Previous research conducted by Lety Puspitosari (2015) showed that profits earned by banks had a clear positive impact on revenue management. This shows that good performance will encourage increased earnings (Puspitosari, 2015). Based on this research, the researcher proposes a hypothesis:

**H2:** Third party funds have a positive effect on Y

### 2.12 Relationship of Return on Assets to Earnings Management

Good management performance can be assessed from efforts to utilize bank assets as an effort to increase profit (Lestari & Wulandari, 2019). The increase in profit will be a positive value for the bank so that it becomes a driving force for the community to increase their funds in the bank (Anggreni & Suardhika, 2014). High bank profits motivate management to manage earnings by manipulating its financial statements with income smoothing so that bank profits are stable. In the research of Marsheila Giovani (2017), ROA has a very positive impact on outcome management (Giovani, 2017). Based on this research, the researcher proposes a hypothesis:

**H3:** Return on assets is significantly positive on Y

### 2.13 Relationship of IP to Earnings Management

The importance of independent commissioners in carrying out their duties in managing and monitoring management performance and providing advice to directors (Junaedi & Sudarwan, 2020). Good management helps increase bank profits and reduces manipulation of financial statements (Dananjaya & Ardiana, 2016). This enables management to provide accurate and timely financial reporting. Previous research by Dananjaya and Ardiana (2016) showed that IP has a negative impact on earnings management (Dananjaya & Ardiana, 2016), for this reason the researcher proposes a hypothesis:

**H4:** Independent Commissioner is significantly negative on earnings management

### 2.14 Relationship of Institutional Ownership to Earnings Management

The higher the shares owned, the more investors try to get higher dividends so that shareholders can pressure management to increase bank profits (Widiari & Putra, 2017). This condition is actually used by management to manage the profits generated in such a way as to reduce bank profits, with the aim that dividends earned by shareholders remain low. Dewa Gede Yudha Dananjaya and Putu Agus Ardiana (2016) in their research show that institutional ownership has a positive effect on earnings management (Dananjaya & Ardiana, 2016).

**H5:** Institutional partially positive effect on earnings management.
II. Research Methods

In the research tested by the researcher, the dependent variable is earnings management, variable X includes third party funds, return on assets, independent commissioners, and institutional ownership. In this study, the data were tested by classical testing and hypothesis testing. Multiple linear equations with four independent variables and one dependent variable. Data processing uses secondary data collection techniques with the banking population in Indonesia in 2015-2019. The financial statements used in this study from the annual report are secondary banking data included in the IDX. From a population of 55 companies, the samples taken in this study were 22 banking companies, so the total sample used in the study was 110 samples (22 companies with 5 years of financial statements). The research period is from September 8, 2021 to February 28, 2022.

III. Results and Discussion

3.1 Results

<table>
<thead>
<tr>
<th>Table 1. Descriptive Test (TPF in million)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>N</strong></td>
</tr>
<tr>
<td>------</td>
</tr>
<tr>
<td>TPF</td>
</tr>
<tr>
<td>ROA</td>
</tr>
<tr>
<td>KI</td>
</tr>
<tr>
<td>KIN</td>
</tr>
<tr>
<td>ML</td>
</tr>
<tr>
<td>Valid N</td>
</tr>
</tbody>
</table>

Source: data proceed

a. Descriptive Test

The results in the table above describe the number of samples (N) of 110 data. The results of statistical tests show that the lowest TPF in 2016 was owned by Bank INA PERDANA Tbk due to global economic conditions affecting the Indonesian economy so that the Bank was cautious and the maximum TPF was by BRI Tbk in 2020. The bank's obligation to residents and non-residents is rupiah and/or foreign exchange in accordance with Bank Indonesia regulation No. 21/12/PBI/2019. The lowest ROA data for 2020 was recorded by Bank Mayapada International Tbk at 0.12%, while the highest ROA for 2018 and 2019 was owned by Bank Central Asia Tbk with an ROA of 4%. According to SEBI No. 13/24/DPNP/2011, a bank is considered healthy if the bank exceeds 0.5%. PK (Composite Rating) 1 with ROA > 2 is considered very normal, PK 2 with an ROA of 1.25% - 2% is declared normal, PK 3 with an ROA of 0.5% - 1.25% normal, PK 4 with an ROA < 00.5 unhealthy bank, PK 5 negative ROA, unhealthy bank (Bank Indonesia, 2011). Bank BCA’s profit before tax grew by 12.2% (year-on-year) to reach Rp 32.7 trillion, which will have an impact on increasing ROA. Profit growth is also influenced by economic conditions and business developments. The minimum number of independent commissioners in 2016 was 0.10% at Bank Danamon Indonesia Tbk, the maximum (maximum) amount was 1% at Bank Nationalnobu Tbk in 2017-2020, and the mean value at Bank CIMB Niaga Tbk in 2018-2019 and 2019 Bank Mayapada International Tbk. The number of independent commissioners in the company is expected to show the effectiveness of management performance in increasing company profits (Dananjaya & Ardiana, 2016). The lowest (minimum) 0.0% Institutional
Ownership is owned by Bank Woori Saudara Indonesia Tbk, this occurs because the largest share ownership in Bank Woori Saudara Tbk is owned by foreigners and Institutional ownership is around 5,340,018 shares (0.0008). Maximum Institutional Ownership is held by Bank Sinarmas Tbk in 2017 and State Savings Bank in 2018 of 1%.

b. Classic Assumption Test

**Normality Test**, the test results are shown in Table 2 using the Kolmogorov-Smirnov test, normality test, showing a significance value of 0.939. This means that the data is normally distributed because of the value of sig. greater than 0.05.

**Autocorrelation Test**, the number of Durbin Watson (DW) on the statistical test results is 1.727 < 1.7651 < (4 - 1.7651 = 2.2349). Criteria dU < DW < 4-dU, so to ensure the research, a run test sig test was carried out. 0.417 > 0.05 which means it can be concluded that there is no sign of autocorrelation. The significance value > 0.05 was measured against the application of the autocorrelation test.

**Multicollinearity Test**, shows that the tolerance is greater than 0.01, the VIF (Variance Expansion Factor) value is < 10 and the VIF values for each variable are TPF (1.432), ROA (1.032), Here are KI (1.054) and KIN (1.451) means < 10. This means it is possible to continue testing the hypothesis for multiple regression studies.

**Heteroscedasticity Test**, figure 2 shows that all independent variables of Third Party Funds (0.970), ROA (0.951), Independent Commissioners (0.332), and Institutional Ownership (0.457) show significant results > 0.050. It can be concluded that all independent variables in this test do not have heteroscedasticity problems. In the picture, the dots are spread out.

c. Hypothesis Testing

**Simultaneous Test (Test F)**, The output from the table shows that the calculated f test value is 4.870 and the significance value is 0.002 < 0.050, meaning that the variables tested have a simultaneous effect on earnings management and the hypothesis is accepted.

**Partial Test (Test t)**, each independent variable shows the variation of the dependent variable. The influence between variables is indicated by a significance value > 0.050 which has no partial effect on the dependent variable. If the significance value < 0.050 means that it partially affects the dependent variable. Based on the results of t statistics obtained the value of Sig. TPF 0.508 > 0.050 means that TPF individually is not significant to earnings management. Value of Sig. ROA 0.036 < 0.050 means that ROA has a positive impact on earnings management. Value of Sig. KI (Independent Commissioner) 0.001 < 0.050 means that individual KI has a positive impact on earnings management and the value of Sig. KIN (Institutional Ownership) 0.011 < 0.050 means that individual KIN has a positive impact on earnings management.

### Table 2. Partial Test (t test)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig</th>
<th>Ho</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std.Error</td>
<td>Beta</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>.391</td>
<td>2.382</td>
<td>.164</td>
<td>.870</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LN_ TPF</td>
<td>.079</td>
<td>.118</td>
<td>.084</td>
<td>.665</td>
<td>.508</td>
<td>Rejected</td>
</tr>
<tr>
<td>ROA</td>
<td>-.374</td>
<td>.175</td>
<td>-.229</td>
<td>-2.135</td>
<td>.036</td>
<td>Received</td>
</tr>
<tr>
<td>KI</td>
<td>-5.194</td>
<td>1.507</td>
<td>-.374</td>
<td>-3.446</td>
<td>.001</td>
<td>Rejected</td>
</tr>
<tr>
<td>KIN</td>
<td>1.719</td>
<td>.661</td>
<td>.331</td>
<td>2.603</td>
<td>.011</td>
<td>Received</td>
</tr>
</tbody>
</table>

Source: data proceed
Adjusted Test $R^2$ in this test, if the value is close to 0 then the effect of the independent variable is small to explain the dependent variable. However, if the value is close to 1, then the independent variable has a large influence to explain the dependent variable. Table 4.3 shows that the value of 0.173 is the adjusted R square value, this means that LN_DPK, ROA, KI and KIN provide an explanation of earnings management of 17.3%.

Multiple Linear Regression Analysis can be seen from the calculation results of the statistical software used, so that the following equation is obtained:

$$DA = 0.391 + 0.079_{\text{DPK}} - 0.374_{\text{ROA}} - 5.194_{\text{KI}} + 1.719_{\text{KIN}} + 2.382 e$$

This regression equation shows that the constant is 0.391. The coefficient of TPF (First Party Funds) increases by 0.079 if TPF changes by 1% will increase earnings management by 0.079. The coefficient of return on assets (ROA) decreases by 0.374 if the ROA changes by 1%, it will suppress the occurrence of earnings management by 0.374. Changes in KI will reduce the occurrence of earnings management by 5.194. The KIN coefficient increases by 1.719 if the institutional ownership changes 1% will increase earnings management by 1.719.

3.2 Discussion
a. Effect of Third Party Funds, Return on Assets, Independent and Institutional Commissioners on Earnings Management

Third party funds, return on assets, independent commissioners and institutional ownership are simultaneously significant to earnings management. Shown from the results of the F test, the calculated f value is 4.870 and the sig value 0.002 means < 0.050 this indicates that previous research is in line with the current research results (Dananjaya & Ardiana, 2016; Parenrengi & Hendratni, 2018). The public or investors are attracted to companies that earn good and stable profits, companies managed by management that have effective performance will attract them to invest their funds with the aim of obtaining high dividends as well. So that principals (investors/shareholders/society) and agents (bank managers) have their respective interests, which can lead to conflicts of interest.

Profitability, especially the increased rate of return on assets, will encourage management to manipulate financial statements so that the profits obtained remain stable so that investors continue to believe. Shareholders expect high dividends, thus pressuring management to improve performance. This is pressure in the manipulation of financial statements by management by stabilizing profits so that the dividends distributed remain the same. Lowering profits on financial statements with the aim of decreasing dividends distributed. The independent commissioner who is responsible for overseeing the management's performance will fight for the shareholders so that there is a conflict of interest between the management and the independent commissioner. The greater the number of independent commissioners or reaching 50% of the total number of commissioners, the better in controlling management performance so that earnings management can be reduced, but costs will also increase.

However, if the independent commissioner is a little easier for the management to carry out earnings management because of the opportunities due to the lack of control in the financial statements. Likewise with institutional ownership, the more shares owned will demand high dividends as well. This will be a pressure for management to perform earnings management.
b. Effect of Third Party Funds on Earnings Management

The results of this test explain that the accumulation of third party funds has a negative impact on earnings management at the Bank. The results of the t-test value of Sig. DPK 0.508 > 0.050 means that the larger the third party funds, the management does not manipulate, because the funds obtained are used for bank operations. The results are not in line with previous research which states that third party funds have a positive effect on fraud. The increase in third party funds will encourage increased profitability and opportunities for management to manage earnings (Lestari & Wulandari, 2019; Parenrengi & Hendratni, 2018).

Banking companies that have high third party funds will affect the increase in bank profitability. This situation will be used by management to hold promotional activities and give gifts to the public or investors so that they can attract public interest to increase their funds in the Bank (Setiawan & Afrianti, 2018). Public trust will increase so that stable profit conditions will be maintained by managers so that performance appraisals remain good and public trust will be an added value for the company. Thus, managers will not perform earnings management, because their performance remains effective by maintaining earnings stability.

c. Effect of Return on Assets

The results of the t test show that ROA has a sig value. 0.036 < 0.050 indicates that the rate of return on investment from 2015 to 2019 has a positive effect on the earnings management of banks listed on the IDX. Value The rate of return on investment has a positive effect, and the higher the rate of return on investment, the better the management of returns. If the value of sig. close to 0.050 then the effect on earnings management is getting smaller. This is consistent with previous research which showed that return on investment has a positive impact on earnings management. (Chaniago & Trisnawati, 2021). High profits will attract investors and the public. The bank's earnings are controlled by management by reducing profits. Likewise, when earnings are low, management will carry out earnings management by increasing profits on its financial statements with the aim of evaluating the performance of the board of commissioners on management and the company value remains good. So that the confidence of investors and the public remains high.

d. Independent Commissioner Influence

The results of the t test, explained that the independent commissioner has a positive effect on the Y variable in banking companies with a sig value. 0.001 < 0.050 which means the possibility of earnings management is getting bigger. In other words, increasing the number of independent commissioners improves earnings management. The reason is that there is pressure given by independent commissioners to managers in achieving profits. The greater the pressure received by the bank's management, the more opportunities for conflicts of interest to arise.

This is contrary to previous research which showed that independent commissioners have a negative effect on earnings management (Handini et al., 2021). An independent agent of a banking company is responsible for controlling and monitoring the performance of company managers. The more the number of independent commissioners, the higher the costs that must be incurred by the company. This leads to reduced profits and opportunities for management to increase or stabilize earnings to manage earnings and are considered good performance.
e. Institutional Ownership

Institutional ownership has a positive effect on earnings management of IDX banking issuers from 2015 to 2019 according to the results of the partial test. With the value of sig. 0.011 means greater than 0.001 owned by the independent commissioner. This explains that the influence of earnings management is smaller than that of independent commissioners. Institutional ownership has a positive effect, the higher the institutional share ownership, the higher the shareholder's ability to generate profits. Shareholders will try to improve banking performance so that they can gain public trust. This situation will be used to increase profits so that the dividends received remain high. This is done by the management as the owner of the shares in order to earn profits and regulate the results so that the dividends distributed are high and the bank's profit will be lower than it should be (Dananjaya & Ardiana, 2016).

IV. Conclusion

The results of the study found that TPF, return on assets, independent commissioners, and institutional ownership all affect earnings management simultaneously. This reflects that the information released by banks at the end of 2015-2019 has become the attention of the general public and investors when investing their money in the Bank.

Third party funds have no effect on earnings management. Return on total assets, independent commissioners, and institutional ownership all have a positive effect on earnings management. This study was conducted to determine the effect of institutional ownership, third party funding, profitability, especially return on assets, independent commissioners, on bank earnings management. The trust of investors and the general public is very important to banks and can affect the amount of funding, profits, results of operations and the value of third party companies. The level of earnings management studied by using these four variables has a weaker strength than the other variables. Banking companies have policies regulated by the OJK (Financial Services Authority), so the existing policies are different from other companies.

Based on these results, it is hoped that further research will add variables such as asset growth, audit commissioners, Loan to Deposits Ratio, Non-Performing Loan, Capital Adequacy Ratio and different companies to examine the occurrence of manipulation of financial statements from different companies in different ways. So that new research findings can analyze carefully the occurrence of earnings management in companies.

References


dan Komite Audit Terhadap Manajemen Laba Perusahaan Sektor Perbankan Yang
Terdaftar Di BEI. Proceding Seminar Nasional Kewirausahaan, 2(1), 2021, Hal 127 -
140 ISSN 2714-8785, 2(1), 127–141.
Sebagai Pemoderasi Pengaruh Kepemilikan Institusional pada Manajemen Laba. ISSN:
15(2), 1595–1622.
Karacteristik Perusahaan terhadap Manajemen Laba. Jurnal Akuntansi Bisnis, Vol. 15,
No. 2, ISSN 1412-775X, 15(2), 290.
Indonesia Periode 2014-2018. Jurnal Assosiatif, 

Laba dan Ukuran Perusahaan terhadap Konservatisme Akuntansi. Competitive Jurnal
Accounting Research Vol. 29 No. 2 autumn 1991, 29(2).
Leverage Terhadap Manajemen Laba Pada Industri Konstruksi dan Bangunan. JCA
Ekonomi Volume 1 Nomor 1 Januari - Juni 2020, 1(1).
Kepemilikan Asing dan Non Performing Loan terhadap Manajemen Laba. JCA
Ekonomi Volume 1 Nomor 1 Januari - Juni 2020, 1.
Karnawati, Y. (2018). Faktor-Faktor yang Berpengaruh terhadap Manajemen Laba dan
Kinerja Perusahaan (Studi Empiris Pada Perusahaan Manufaktur). 9(November).
Statements pada Perusahaan Perbankan yang Terdaftar di Bursa Efek Indonesia tahun
(Studi Kasus Pada Bank Yang Terdaftar di BEI Tahun 2016- 2018). Jurnal Akademi
Akuntansi 2019 Volume 2 No. 1 | 20, 2(1), 20–35.
Muhammadinah. (2016). Pengaruh Profitabilitas, Risiko Keuangan, Ukuran Perusahaan,
Growth, Struktur Kepemilikan Manajerial dan Dividend Payout Ratio terhadap
Manajemen Laba pada Perusahaan Sektor Perbankan yang Terdaftar Di Bursa Efek


