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EFFECT OF DIRECTORS' BONUS COMPENSATION, INSTITUTIONAL OWNERSHIP AND SIZE OF THE BOARD OF DIRECTORS ON PROFIT MANAGEMENT

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Abstract: The current business development is very fast, which encourages organizations to be able to continue to present reliable and accountable financial information for their users. Reliable financial information is very necessary for decision-makers, especially stakeholders and potential investors, especially to make investments. Unqualified and reliable financial statements produce Earning Management and Financial Fraud Reporting. Research design is a blueprint, that is, a design for collecting, measuring, and analyzing data, which is designed to answer the formulation of problems. This study used a descriptive research design. This research is research with a quantitative approach. The purpose of this study is to analyze the influence between exogenous variables to endogenous variables, so this study is a type of Causal research. The type of quantitative research in this study is causal studies, which is a type of research based on the concept of cause. The conclusion of the results of this study is that CEO bonus compensation and the size of the board of directors have a positive effect on earnings management.

Keywords: Financial Statements; Investment; Earnings Management.

INTRODUCTION

Financial Statements according to PSAK No. 1 (2015): "Financial statements are a structured presentation of the financial position and financial performance of an entity". This report displays financial information as a form of communication of an entity in a given period quantified in monetary value to interested parties with the information (Weygandt et al., 2014). Financial information that is reliable is free from misleading notions, and material errors, and can be relied upon by its users as a faithful representation. The current business development is very fast, which encourages organizations to be able to continue to present reliable and accountable financial information to their users. Reliable financial information is very necessary for decision-makers, especially stakeholders and potential investors, especially to make investments. The decision to invest will determine the amount of a country's economic growth.

State-Owned Enterprises (BUMN) as actors of economic activities in the national economy based on economic democracy. SOEs have an important role in the implementation of the national economy (GDP) in order to realize the welfare of the community. The role of State-Owned Enterprises in the national economy to realize community welfare has not been optimal. Optimizing the role of State-Owned Enterprises, their management and supervision must be carried out professionally (Law No. 19 of 2003 concerning SOEs). This is marked by the lack of quality of financial statements. Penny (2013) stated that improving the quality of financial statements is very important because financial statements are very necessary and useful for many parties, namely internal parties (management and board of directors) and also external parties (investors, creditors, and the government).

The government expects and designs SOEs to become the locomotive of the Indonesian economy. Economic actors such as SOEs, cooperatives, and the private sector must increase productivity, quality, and efficiency so that Indonesia excels in competing in the global market. The government consideredit was necessary to encourage various State-Owned Enterprises (BUMN) in order to create a competitive advantage strategy in each of their business fields to be ready to face the Asean Economic Community (AEC) starting in 2015 (Sjamsul Arifin, 2011). The greater role of SOEs needs to be encouraged to revive the concept of Indonesia Incorporated, which is an effort to raise state-owned companies and their private partners to boost the country's economy (Aviliani et al., 2014).

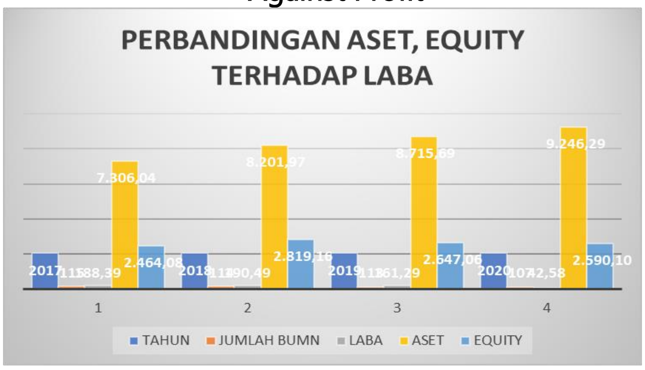
The reality on the ground shows that the performance in SOEs is not optimal due to the low profit margin or profit due to product competitiveness, service level and marketing handling (Djalil, 2015). The low-profit margin or profit of SOEs is shown in table 1. as follows:

Table 1.
Financial Performance of SOEs in 2017-2020

Year	Numbe of SOEs	Assets	Equity	Profit
2020	107	9.246,29	2.590,1	42,58
2019	113	8.715,69	2.647,06	161,29
2018	114	8.201,97	2.819,16	190,49
2017	115	7.306,04	2.464,08	188,39

Sumber: bps.go.id (triliun rupiah)

Figure 1.
Asset and Equity Comparison Chart Against Profit



Source: bps.go.id (trillion rupiah)

However, even so, the performance of SOEs still cannot be said to be optimal. This is evidenced by the many cases involving the lack of quality of the Financial Statements produced. Unqualified Financial Statements produced will mislead investors so that they have the potential to reduce investment interest. Furthermore, it will slow down economic growth.

Many cases show the lack of quality of financial statements that arise, for example, cases of financial statement manipulation carried out by Jiwasraya, Garuda Indonesia, Enron, World Com and so on. Unqualified and reliable financial statements produce Earning Management and Financial Fraud Reporting.

The case that occurred in 2019 that shocked the whole of Indonesia. This case occurs in large state-owned companies that practice profit management by utilizing accounting policies regarding revenue recognition. According to the OJK from the www.ojk.go.id website and the Ministry of Finance from the www.djkn.kekemenkeu.go.id website in April 2019 PT. Garuda Indonesia stated that it has carried out profit management by utilizing the selection of accounting policies. This case was known by two commissioners, namely Chairul Tanjung and Doni Oskaria who are shareholders of 28.08% of PT. Garuda Indonesia. They refused to sign PT. PT's 2018 annual report. Garuda Indonesia. Both of them disagree with the revenue recognition of one of the transactions with the PT. Mahata Aero Teknologi with its subsidiary, Citilink Indonesia. From the transaction, PT. Garuda Indonesia earned US$239,940,000. It's just that, PT. Garuda Indonesia has not received any payment from PT. Garuda Indonesia. Mahata Aero Technology. However, it has been recorded by PT. Garuda Indonesia as the company's revenue so that in accounting PT. Garuda Indonesia earned a net profit of Rp. 11.33 billion from the previous loss. According to the OJK and the Ministry of Finance on the annual report of PT. Garuda Indonesia Persero Tbk. for the 2018 period is not in accordance with Article 69 of Law Number 8 of 1995 Capital Market (PM Law) and Bapepam and LK regulations Number VIII.G.7 concerning the Presentation and Disclosure of Financial Statements of Issuers and Public Companies, Interpretation of Financial Accounting Standards (ISAK) 8 contains

Determination of Whether an Agreement Contains Leases, and Statement of Financial Accounting Standards (PSAK) 30 concerning Rents. For this reason, PT Garuda Indonesia Tbk. was ordered to correct and re-present PT Garuda Indonesia's LKT as of December 31, 2018 and conduct a public expose no later than 14 days after the sanctions letter was determined. PT. Garuda Indonesia Tbk. PT. Garuda Indonesia Tbk is also subject to administrative sanctions, namely a fine of Rp. 100,000,000 for violations of OJK regulation Number 29 / POJK.04 / 2016 containing the Annual Report of Issuers or Public Companies. Fines are also given to all members of the board of directors of PT Garuda Indonesia Tbk. namely administrative sanctions of fines of Rp. 100,000,000 each for violations of Bapepam Regulation Number VIII.G.11 concerning the Responsibility of the Board of Directors for Financial Statements. A fine of Rp. 100,000,000 is also imposed on the board of directors and board of commissioners of PT Garuda Indonesia Tbk. who signed the Annual Report of PT Garuda Indonesia Tbk. in 2018 for violating OJK Regulation Number 29/POJK.04/2016 concerning the Annual Report of the Issuer or Public Company. According to Chairul Tanjung and Doni Oskaria, PT. Garuda Indonesia should still record losses if the transaction with PT. Mahata Aero Teknologi is not recognized as revenue by PT. Garuda Indonesia. It can be concluded that PT. Garuda Indonesia conducts profit management practices where it has recognized revenues that have not actually been received. According to the OJK and the Ministry of Finance carried out by the management of PT. Garuda Indonesia is a legal matter where the management of PT. Garuda Indonesia conducts profit management practices by acknowledging its opinions at once in one period in accordance with PSAK 30 on leases, in which PT. Garuda Indonesia has carried out profit management using the Income Maximization pattern by utilizing accounting policies that do not violate regulations.

Unqualified and reliable financial statements produce Earning Management and Financial Fraud Reporting. A frequent phenomenon of top executives in America, announced by FOX in 1980, reporting that ninety percent of companies in America use bonus packages based on accounting earnings to reward managers. The case postulates that stakeholders are rewarded by a bonus scheme with an accounting selection procedure to maximize the bonus compensation they get and the positions they stake.

Compensation is a reward both financially and non-financially (financial reward) given to employees for achieving performance to the company (Mujanah, 2019). Compensation is classified into 2 (two) types, namely cash and non-cash or commonly known as long-term compensation ((Assenso-Okofo et al., 2021). According to Edwin B. Flippo (2007) in his book Personnel Management (translation), which states that "Compensation is the equitable remuneration of personal for their contribution to organization objectives". The compensation provided can be direct compensation such as wages and salaries, bonuses, incentives, and benefit or nonfinancial programs (indirect compensation). Compensation of directors is an important part of building a company. The Directors of SOEs are agents for the State because the State is the owner of the company. Each BUMN has its own guidelines for the calculation of compensation that will be given to the directors of SOEs, including the calculation of salaries, facilities, retirement compensation, and tantiem (bonuses) whose calculations are mostly based on measures of financial performance, especially company profits. The guidelines are regulated in the Regulation of the Minister of SOEs Number: PER-04 / MBU / 2014 which is amended by PER-01 / MBU / 06/2016, PER-01 / MBU / 06/2017 and PER-06 / MBU / 06/2018 concerning guidelines for determining the income of directors, board of commissioners and supervisory boards of state-owned enterprises. Tantiem (bonus) is the most interesting thing to observe, because bonuses are given to companies if the Board of Directors is able to book a profit. The calculation of bonuses in SOEs is not only based on profit but also based on last year's performance and the performance of the relevant year and budget targets. The existence of bonus compensation in the company will provide motivation to agents to manipulate profits in order to obtain maximum profit so that compensation in the form of bonuses can be achieved beyond the target. Management can carry out profit management actions through discretionary accruals so that the compensation they receive will be greater. The phenomenon of profit management in SOEs on the Indonesia Stock Exchange (IDX), among others, is shown by the case of PT. Kimia Farma (Persero) Tbk, and PT. Indofarma (Persero) Tbk. This profit management action is indicated by the existence of a profit management motive to obtain a good assessment of the achievement of the company's financial performance (Nuryaman, 2010). According to Suryatiningsih (2008) stated that the SOE directors' bonus scheme provides incentives for directors to carry out profit management through discretionary accruals that increase profits in order to maximize the bonuses they receive. This is because the amount of the bonus depends on the amount of profit obtained, the high profit obtained by the company will affect the bonus obtained. In line with research from Panjaitan & Muslih (2019) and Almadi & Lazic (2016). Executive bonus compensation is the main motivation for executives to engage in income manipulation (Alkebsee et al., 2021); (Conyon & He, 2017); and (Kim et al., 2013). This suggests that paying non-equity compensation to executives is negatively related to Real Earning Management.

Support from the community that affects the survival of the company. This support is reflected in customers who are loyal to the company, and employees who work optimally for the benefit of the company so as to improve financial performance (Kim et al, 2014). Managers who manipulate profits for their personal interests will lower the level of trust of stakeholders because the company is considered to be endangering the interests of its stakeholders. Research by Uwuigbe et al. (2014) and Kamran and Shah (2014) stated that GCG mechanisms have a significant effect on profit management.

The effectiveness of the supervisory function by the board of commissioners requires high independence. Contrary to the above study, the research of Cohen et al., (2017) states that GCG affects the quality of financial reporting. Some good corporate governance mechanisms include the existence of a board of directors, an independent board of commissioners, and an audit committee. The board of directors is a management system that is responsible for the implementation of Good corporate governance to achieve company goals. The results of Ardiansyah's research (2014) show that the board of directors negatively affects profit management.

In the research Putri & Fadhlia (2017) states that executive compensation does not affect profit management practices. Whereas in Park's research (2019) executive compensation affects the existence of profit management practices, the same results revealed in Elfira's research (2014) stated that directors' compensation affects profit management significantly. Institutional ownership is the ownership of company shares owned by an institution or institution (Tarjo, 2008). Managers who hold shares of the company will be reviewed by parties involved in the contract such as the selection of an audit committee that creates a request for quality financial reporting by shareholders, creditors, and users of financial statements to ensure the efficiency of the contracts concluded in. Thus, management will be motivated to prepare quality financial statements. This would reflect better contract conditions (Ball et al., 2000). Therefore, it is likely that the level of managerial ownership will be in the same direction to suppress the utilization of discretionary accruals (profit management) by the management side. In the research of (Mahiswari, 2016) stated that good corporate governance proxied by institutional ownership has a significant effect on reducing profit management practices. In the research of (Mahiswari, 2016) good corporate governance proxied by independent commissioners has no significant effect on profit management. However, in the research of Nurlan Orazalin (2019), Aprajita Pandey and J.K. Pattanayak (2021), Deepa (Mangala & Singla, 2021), Shafi Mohamad et al. (2020), and (Grada, 2022) stated that the supervision of an independent board of commissioners had a significant effect on reducing the occurrence of profit management. Shuto (2008) examined the relationship between discretionary accounting choices and executive compensation in companies in Japan. The results of the study illustrate the use of discretionary accruals will increase the compensation received by executives in Japan. However, research that looks at the effect of accrual with compensation for SOE directors in Indonesia is still very rarely carried out so that there is still a similar research gap in Indonesia. The bonus plan hypothesis states that a bonus plan or managerial compensation would make managers more likely to choose and use accounting methods that would make reported profits higher (Watts and Zimmermann, 1986). In companies that have a bonus plan, company managers will prefer an accounting method that can shift profits from the future to the present so as to increase current profits. This is because managers prefer to provide higher wages for the present.

MATERIALS AND METHODS

Research design is a blueprint, which is a design to collect, measure and analyze data, which is designed to answer problem formulations (Sekaran & Bougie, 2016). This research is designed as applied research and not basic research (Sekaran & Bougie, 2016). This type of research is a type of survey study, to distinguish it from experimental studies (Cooper & Schindler, 2014).

This study used a descriptive research design. Sekaran and Bougie (2016) state that descriptive research is research designed to collect data that describes the character traits of a particular person, event, or situation.

This research is a research with a quantitative approach also used to test a certain theory by examining the relationship between variables where these variables are measured using research instruments so that data in the form of numbers are obtained (Cresswell, 2018).

The purpose of this study is to analyze the influence between exogenous variables to endogenous variables, so this study is a type of Causal research. The type of quantitative research in this study is causal studies, which is a type of research based on the concept of cause. More specifically, the causal study in this study is asymmetrical (asymmetrical relationship), which means a causal type of research whose influence is only one direction, namely the influence of independent variables on dependent variables, which means that the direction of the arrow is only one direction, namely from independent variables to dependent variables. This means that changes to a variable (independent variable) have an impact on changes in another variable (dependent variable) (Cooper and Schindler, 2014). This study examined the influence of three variables, consisting of two independent variables, namely CEO Bonus Compensation (X1), Institutional Ownership (X2), and Board of Directors Size (X3) and one dependent variable, namely Earning Management (Y).

RESULTS AND DISCUSSION

Overview of Indonesia Stock Exchange (IDX)

Indonesia Stock Exchange (IDX) is a stock exchange operating in Indonesia. The Indonesia Stock Exchange is the result of the merger of the Jakarta Stock Exchange (JSX) with the Surabaya Stock Exchange (BES). For the sake of operational and transaction effectiveness, the Government decided to merge the Jakarta Stock Exchange as a stock market with the Surabaya Stock Exchange as a bond and derivatives market into the IDX. The merged exchange began operations on December 1, 2007. IDX uses a trading system called Jakarta Automated Trading System (JATS) since May 22, 1995, replacing the manual system used previously. Since March 2, 2009, the JATS system itself has been replaced with a new system called JATS-NextG.

At the beginning of the 19th century, Indonesia was known as the Dutch East

Indies or the Back Indies. Since the new era of the Dutch East Indies government, they began to build plantations on a large scale in the Dutch East Indies. The source of funds in building the plantation was obtained from the dutch and other Europeans. Stock transactions in securities trading were first recorded in 1892, which was carried out by the Plantation Company in Batavia, namely Cultuur Maatschappij Goalpara, it was written that the company sold 400 shares at a price of 500 guilders per share outstanding. Four years later, Het Centrum also released a prospectus for the sale of shares that had a value of up to 105 thousand guilders with a price per share of 100 guilders. After making careful preparations, the first capital market in Indonesia was finally established precisely in Batavia (Jakarta) on December 14, 1912, called Vereniging voor de Effectenhandel or stock exchange and immediately started its trading activities. The shares traded are shares or bonds of Dutch companies/plantations operating in Indonesia where bonds issued by the provincial and municipal governments have share certificates of companies issued by administrative offices in the Netherlands and then securities of other Dutch companies. The development of the capital market in Batavia was so rapid that it attracted other urban people.

Almost half a century has passed since the stock exchange was first formed in Batavia under the name Vereniging voor de Effectenhandel or Securities Trading Association. This formation was carried out after the Dutch East Indies government implemented a policy of 'Ethical Politics' in 1901. The Dutch East Indies government believes that with this association, the development process can run well. The majority of investors come from Dutch and European people who have above-average incomes. However, the outbreak of World War I brought stock trading activities to a halt in 1914-1918.

In 1925 the Stock Exchange was reopened as well as formed two new stock exchanges in Indonesia, namely the Surabaya Stock Exchange and the Semarang Stock Exchange. Unfortunately, this exciting news did not last long because the IDX was faced with an Economic Recession in 1929 and the outbreak of World War II. The worsening situation made the Surabaya and Semarang Stock Exchanges closed, which was also followed by the Jakarta Stock Exchange on May 10, 1940.

Trading without a bond is no longer considered efficient. The number of certificates that are lost when stored or there are also many certificates that have been forged even administratively and their issuance will hinder the process of completing transactions. The year 2003 was entered with optimism. JCI opened at the beginning of the year on January 1, 2003 with a value of 4,005.44. In 2004 the JCI had broken through the 1,000 level and at the end of 2004 on December 30, 2004 the JCI closed at a value of 1,000.23. In 2005, on January 3, 2005 the JCI opened at a value of 1,038.82 points and at the end of the year on December 29, 2005 the JCI closed at a value of 1,162.63 points. In 2007 the JCI broke through a value above 2,000 points on April 26, 2007 of 2,016,033 and on October 22, 2007 it had reached a value of 2,446.76. Effective from November 2007 after the Extraordinary General Meeting of Shareholders held on October 30, 2007, JSE and BES merged into the Indonesia Stock Exchange.

On November 30, 2007, the Surabaya Stock Exchange (BES) and the Jakarta Stock Exchange (JSX) were finally merged and changed their names to the Indonesia Stock Exchange (IDX). After the birth of the IDX, the trading suspension was imposed in 2008 and the Indonesian Securities Price Appraiser (PHEI) was formed in 2009. In addition, in 2009, the Indonesia Stock Exchange changed the old trading system (JATS) and launched its newest trading system used by the IDX until now, namely JATS-NextG. Several other bodies were also established to increase trading activities, such as the establishment of PT Indonesian Capital Market Electronic Library (ICaMEL) in August 2011. The Financial Services Authority (OJK) in January 2012, and at the end of 2012, the Securities Investor Protection Fund (SIPF), and Sharia Principles and Sharia Trading Mechanisms were also launched. IDX also made several updates, on January 2, 2013 the trading hours were updated, and in the following year the Lot Size and Tick Price were adjusted again, and in 2015 TICMI merged with ICaMEL.

The Indonesia Stock Exchange also created a campaign called "Yuk Nabung Saham" which is aimed at all Indonesians to want to start investing in the capital market. IDX introduced the campaign for the first time on November 12, 2015, and this campaign is still being implemented today, and in the same year LQ-45 Index Futures was inaugurated. In 2016, the Tick Size and Autorejection limits were adjusted again, IDX Channel was launched, and IDX this year participated in the success of Tax Amnesty activities and inaugurated the Go Public Information Center. In 2017, IDX Incubator was inaugurated, margin relaxation, and the inauguration of the Indonesia Securities Fund. In 2018, the Trading System and New Data Center have been updated, launching Transaction Settlement T + 2 (T + 2 Settlement) and Adding Special Notation Information Display to the Registered Company code.

The Indonesia Stock Exchange also has a vision and mission to achieve the company's goals. The vision of the Indonesia Stock Exchange is to become a competitive exchange with world-level credibility, with the mission of providing infrastructure to support the implementation of securities trading that is orderly, reasonable, and efficient and easily accessible to all stakeholders. In 2012, the establishment of the Financial Services Authority (OJK) which functions so that all activities in the capital market sector:

1. Held regularly, fairly, transparently, and accountably,
2. Able to realize a financial system that grows sustainably and stably, and
3. Able to protect the interests of consumers and society. Then, in 2016 the IDX participated in the success of Tax Amnesty activities and the inauguration of the Go Public Information Center (Indonesia Stock Exchange, 2019).

BUMN

State-Owned Enterprises (BUMN) are types of companies with capital mostly or entirely state-owned. SOEs are engaged in various industrial sectors with the aim of creating common prosperity. There are several state-owned companies also available on the Indonesia Stock Exchange (IDX). The main function of the establishment of SOEs is to create community benefits. Here's the explanation.

1. Providing products in the form of goods or services for the people of Indonesia.
2. Become one among the various media for the government to decide on policies in the economic field.
3. Create jobs.
4. Become a source of income or foreign exchange of the country.
5. Become a medium for the development of small businesses, including SMEs and cooperatives.
6. Be simultaneous or encourage the creation of new business opportunities.
7. Managing state-owned natural resources.
8. To be a pioneer of development that has not been touched by the private sector.

As a state-owned enterprise, SOEs have characteristics that distinguish them from private companies. Here's the explanation.

1. Source of State Revenue
2. Fully Controlled by the Government
3. Risks Fully Borne by the Government
4. Serving the Public and Public Interest
5. People Can Also Own Shares
6. Providing for the Needs of the People

SOEs have an obligation to provide goods and/or services that are the basic needs of the community. In simple terms, if these goods and/or services are not provided by the government, the people will be very difficult.

Board of Directors Bonus Compensation affects Earning Management

Based on the results of hypothesis testing, it shows that the Board of Directors' Bonus Compensation has a positive effect on Earning Management. The results of this study support previous empirical findings by (Basuroy et al., 2014) and Okofo et al. (2021) who found that Board of Directors Bonus Compensation affects Earning Management. This means that companies that have high directors' bonus compensation have a tendency to do Earning Management.

Compensation can positively affect profit management. The company's compensation system has a positive impact on strategic performance. These results are reinforced by endogenous profit management using instrumental variables. The relationship between management earnings and compensation for ownership is stronger for companies with better governance and higher institutional ownership and for CEOs with larger career issues.

Therefore, it can be concluded that the existence of agency theory can be proven in explaining the relationship between CEO compensation and profit management. Agency theory explains that principals and agents have differences in interests, where the agent wants to maximize his welfare and the principal has one of the wishes that the agent does not perform information asymmetry. To overcome these differences in interests, the way the principal does is to compensate bonuses. Therefore, it can be concluded that the greater the compensation received by the CEO, the greater the opportunity to do profit management.

Institutional Ownership effects Earning Management

Based on the results of hypothesis testing, it shows that Institutional Ownership has a positive effect on Earning Management. The results of this study support previous empirical findings by Rizki & Kesuma (2019) who found that Institutional Ownership affects Earning Management. This research resulted in a finding that the higher the institutional ownership will affect the occurrence of profit management because the high level of institutional ownership can intervene in the process of preparing financial statements carried out by managers to be able to present satisfactory reports.

Agency theory also assumes the existence of information asymmetry, which is a situation where agents / managers who manage the company have more access to internal company information that is not owned by outside the company (Indra, 2011). This is in line with the stated by (Midiastuty, 2016) who stated that agency theory uses three assumptions of human nature, namely in general humans tend to attach importance to themselves (self-interest), humans have limited thinking power about future perceptions (bounded rationality) and humans tend to avoid risk (risk averse). Therefore, the higher the level of institutional shareholding, the higher the profit management practice in financial statements

The size of the Board of Directors affects Earning Management

Based on the results of hypothesis testing, it shows that the Board of Directors has a positive effect on Earning Management. The results of this study support previous empirical findings by Kapoor & Goel (2017), (Buertey et al., 2020), Triki Damak (2018) and Abdullah & Ismail (2016) who found that the board of directors had a positive effect on Earning Management. The results of the t statistical test in this study resulted in the board of directors variables individually affecting the Earning Management variable. This means that companies that have a high influential board of directors have a tendency to do Earning Management.

The large size of the board of directors will have a tendency to manipulate profits in the company's financial reporting. The board of directors has responsibility for the running of the company's management which is expected to be able to improve financial performance for the better. The board of directors is also in charge of creating and regulating good corporate governance mechanisms. In practice, the board of directors practices manipulating profits to put their personal interests first. This is because the board of directors can influence the discussion and decision-making process within the company. Therefore, the higher the size of the board of directors, the more it will affect profit management

CONCLUSIONS

Based on the phenomenon, problem formulation, hypothesis and research results conducted on state-owned companies listed on the Indonesia Stock Exchange for the 2017-2020 period, it can be concluded that, 1) CEO Bonus Compensation has a positive effect on Earning Management. This means that companies that have high CEO bonus compensation will have an influence on Earning Management. 2) Institutional leadership has a positive effect on Earning Management. This means that high international ownership will have an influence on Earning Management. 3) The size of the Board of Directors has a positive effect on Earning Management. This means that a company that has a high board of directors size will have an influence on Earning Management.

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