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The Effect of Disclosure of Other Comprehensive Income, Profitability, Leverage, and Company Size on Earnings Management (Study on Financing Institutions Sub-Sector Service Companies Listed on the Indonesia Stock Exchange for the 2018-2019 Period)

Erfan Effendi[1], Masnur[2], Rike Rahmadanti[3]

[1,2,3]Universitas Islam Riau, Indonesia

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E-mail:
effendierfan@eco.uir.ac.id

ABSTRACT

The purpose of this study is to determine whether or not the disclosure of other comprehensive income, profitability, leverage, and company size has an effect on earnings management in the service companies sub-sector of financial institutions listed on the Indonesia Stock Exchange for the 2018-2019 fiscal year. This study makes use of secondary data from financial reports provided by the Indonesian Stock Exchange (IDX) on its website, www.IDX.co.id. The population for this study is a 19-company service firm subsector of financial institutions listed on the Indonesian Stock Exchange. Purposive sampling was used to collect data. Multiple linear regression analysis is the analytical technique used. Income disclosure had no influence on earnings management, profitability had no effect on earnings management, leverage had no effect on earnings management, and company size had no effect on earnings management. However, other factors like as total revenue, profitability, leverage, and fit size all have an effect on earnings management.

1. Introduction

The financial report is a record of financial information that has an essential role for the company is showing the company's financial condition at a specific period. Financial statements are used as corporate accountability to investors and other users of financial statements for decision making (Asir, 2021). Disclosure and presentation of accurate financial information are needed by users of financial statements (Asir, 2018).

Earnings management happens when management makes judgments about financial statements in order to deceive stakeholders in evaluating economic performance and formulating firm policy (Pramestya, 2016). Earnings management itself has become a common thing in the business world, and this earnings management practice has become a corporate culture practised by most companies in the world (Efendi, 2020). The consequences of this earnings management practice are both an economic problem and an ethical and moral problem (Sumardi & Efendi, 2021). One of them is the emergence of general questions about the responsibilities of business people who should create a healthy business life but seem to cover up the company's shortcomings so that it looks better in the eyes of investors and stakeholders. Selviani (2017) suggests that several factors encourage managers to manage earnings, including profitability, leverage, and company size.

Since the enactment of PSAK 1 (Revised 2013), the standards for presenting financial statements have undergone many changes. One of these differences is in the requirements for the information of comprehensive income and other comprehensive income. The entity must present and disclose items of additional total revenue in the income statement and notes to financial statements (CaLK) in the accounting period. This change is one manifestation of IFRS characteristics, namely, more complete and detailed disclosures in financial statements (Pramestya, 2016).

Management has better information about the company than stakeholders. This encourages managers to take actions to maximize profits for themselves or the company by practising earnings management. This is because profit is one of the financial statement items that is frequently used to determine managerial remuneration. The more profit made, the more compensation or bonus management receives (Efendi, 2021).

Profitability is the second consideration. Profitability refers to a business's ability to earn profits over a specified time period. Profitability can be used to gauge a business's performance. Profitability improves with the ability of the business to earn profits. The relationship between profitability and earnings management occurs when small businesses' profitability over a specified period prompts them to use earnings management by raising profits in order to show shares and keep existing investors (Sugiono, Hidayat & Efendi, 2020). Profitability is a favorable indicator of a company's future possibilities. Thus, if a company's profitability or ability to create profits improves, it will provide a fair value for its performance.

According to Selviani's (2017) research, profitability has a beneficial effect on earnings management. This implies that if a business is profitable, earnings management will improve, and vice versa. If a business is unprofitable, its earnings management will be inadequate. Meanwhile, Astuti (2017) discovered that profitability has little effect on earnings management. This demonstrates that not every business with a low profit margin will engage in earnings management in order to retain existing investors.

Leverage is the third factor. Leverage is a financial ratio that indicates how much of a business's assets are financed through debt. Due to the high interest expense associated with debt-financed assets, businesses that rely on debt to fund their operations tend to improve their profit margins. Thus, organizations with a high degree of leverage are encouraged to control their earnings in order to minimize debt violations and to strengthen their position during debt talks. According to Yamaditya (2014), when a company's leverage ratio is high, it tends to undertake earnings management in order to avoid defaulting on debt payments. If the business can increase its performance in order to maintain a stable revenue stream, the money loan or debt gained can be beneficial.

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According to Benazir's research (2019), leverage has no effect on earnings management. This demonstrates that not all corporations with significant influence will pursue earnings control in order to avoid debt violations. Meanwhile, Wardani's (2018) research demonstrates that leverage has an impact on earnings management. Companies with a high level of influence will be compelled to control earnings in order to present a positive image of their performance.

The fourth aspect affecting earnings management is the size of the business. Company size is a metric that indicates the size of a business, as measured by its total assets. The greater the total value of the company's assets, the larger the company (Efendi & Winenriandhika, 2021). When investors invest, they often look for organizations that can demonstrate strong performance in order to generate profit later on. The size of the company has an effect on earnings management practices in the form of supervision and observation of the company's performance; the larger the company, the more attention it will receive, so that managers are not free to practice earnings management in light of the fact that if the company suffers losses or is even found to be cheating, the company may suffer significant damage. Conversely, if the company is classified as a small classification, the smaller the company gets attention so that managers can freely practice earnings management (Prasetya, 2013 in Astuti, 2017).

The researcher chooses the financial institution sub-sector service company as the object of research because no previous similar studies have used the financial institution sub-sector service company as the object of research. The financial sector is quite interesting to be the object of research, and this sector is also increasingly recognized by the public. Financial institutions are a means and source of financing that are expected to contribute in the form of disbursement of funds, especially for business actors in overcoming limited capital.

2. Literature Review and Submission of Hypotheses

2.1 Agency Theory

To more easily understand financial information, it is necessary to expand the model from one individual to two individuals. One individual acts as management (agent), and the other acts as the owner (principal). This is the basis of the emergence of agency theory, which reveals a relationship between the owner and management through an employment contract that binds both parties. The agreement exists because the owner cannot run his own business, so he needs management to help run his business. Control is bound to perform specific tasks for owners, and so are owners bound to reward management. This resulted in the emergence of two different interests in the company where each party is between the owner and management trying to achieve the desired level of prosperity.

Agency theory assumes that each party acts in their interests. It is believed that shareholders as owners are only interested in increasing financial returns or investing in the company. The owner wants a considerable return from the investment he has made, which can be reflected by an increase in the distribution of dividends. Meanwhile, management is assumed only to want adequate and maximum compensation, bonuses, and incentives for the performance that has been done. The owner assesses the performance of leadership based on its ability to generate the maximum profit to be allocated to the distribution of dividends. Management is considered successful or has good performance when earnings and share prices are higher, and the reward is getting bigger, so administration deserves high incentives. Management also complied with demands to get increased compensation from the owner. This causes management to take various ways to increase the company's profits. The company appears to be making a profit every period when it is losing money or decreasing profits. When supervision is inadequate, management can play the company's conditions to seem as if the target is achieved.

2.2 Effect of Disclosure of Other Comprehensive Income on Earnings Management

Other comprehensive income is income, expenses, gains and losses based on GAAP and IFRS, which are excluded from net income on the income statement. Disclosure of other comprehensive income can be a factor in reducing earnings management practices within the company.

The results of Basyirun's research (2018) show that the disclosure of Other Comprehensive Income affects earnings management because companies that disclose other comprehensive income (OCI) also reveal the amount of taxes related to OCI, including reclassification adjustments, both in the complete income statement and the Notes to the report. Finance (CALK). Disclosure of OCI accompanied by additional income taxes that must be paid related to the OCI component can reduce the opportunistic actions of managers who want to maximize their wealth. The disclosure of OCI can hinder the motivation of management in conducting earnings management, namely the explanation of the bonus scheme. So that a hypothesis can be drawn as follows:

H1: Disclosure of other comprehensive income affects earnings management.

2.3 The Effect of Profitability on Earnings Management

In general, the profitability of a company can be used as an indicator to measure its performance. Selviani's research (2017) shows that profitability affects earnings management. Businesses with a low profit margin frequently engage in earnings management to boost profits (income maximization). In comparison, businesses with a high level of profitability frequently engage in earnings management to lower profits (income minimization). This effect demonstrates that the lower the profitability, the more aggressive the management of the company's earnings will be. The more profitable a business, the more conservative its earnings management. As a result, the following hypothesis can be formed:

H2: Profitability affects earnings management

2.4 Effect of Leverage on Earnings Management

Leverage is related to earnings management; in this situation, investors will observe the company's lowest leverage ratio, as leverage has an effect on how risks are seen. Thus, a lower leverage ratio indicates a lower risk, and vice versa. Businesses with a high level of leverage have a greater proportion of debt than assets, indicating that their performance is subpar. This encourages management to focus on earnings management, as the company faces the prospect of not meeting its duties by paying its debts on time.

Wardani's research (2018) shows that leverage affects earnings management. Companies with a high level of influence will be motivated to carry out earnings control because companies with a high leverage ratio mean that they have a more significant proportion of debt compared to their assets, which shows that the company's performance is not good. Therefore, companies with high leverage tend to manipulate in the form of earnings management. As a result, the following

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hypothesis can be formed:

H3: Leverage affects earnings management

2.5 The Effect of Firm Size on Earnings Management

Company size will affect the company's funding structure. Large companies tend to require more considerable funds than small companies. The additional funds can be obtained by issuing new shares or adding debt. The motivation to increase funds will encourage management to practice earnings management so that with high-profit reporting, potential investors or creditors will be interested in investing their funds. In addition, large companies do not want to look bad in the eyes of investors or creditors, so to meet the expectations of investors and creditors, the company will carry out earnings management. The bigger the company, the greater the spotlight that the company will get so that managers cannot freely carry out income smoothing practices considering that if the company suffers losses or is even proven to have committed fraud, that harms the company's image, both internal and external to the company. Conversely, if the company is classified as small, the smaller the company gets attention so that managers can freely carry out income smoothing practices.

According to Benazir's (2019) research, firm size has a positive and significant effect on earnings management. The larger the company, the more likely it is to engage in earnings management methods. In the reverse, the smaller the company's size, the less probable it is that earnings management procedures will be used. As a result, the following hypothesis can be formed:

H4: Firm size affects earnings management

H5: Disclosure of other comprehensive income, profitability, leverage, and firm size simultaneously affect earnings management

3. Research Methods

This study applied a quantitative methodology. Other Comprehensive Income Disclosure, Profitability, Leverage, and Company Size are the independent factors in this study. And Earnings Management is the dependent variable in this study (Y). Earnings management is quantified in this study utilizing the Stubben (2010) paradigm, specifically the revenue model. The population for this study is a subsector of financial institutions listed on the Indonesian Stock Exchange (IDX) for the 2018-2019 period, comprising 19 companies. Purposive sampling was used to conduct the study. The sample size for this study was fifteen businesses. Due to the fact that this research was conducted over a two-year period (2018-2019), the total number of observations was thirty. Primary and secondary data were analyzed in this study. The data collection technique employed is one of documentation gleaned from publicly available annual financial reports. The data analysis techniques used are Descriptive Analysis, the Classical Assumption Test, the Normality Test, the Multicollinearity Test, the Heteroscedasticity Test, the Autocorrelation Test, the Multiple Linear Regression Equation Test, the Coefficient of Determination Test, and Hypothesis Testing.

4. Result and Discussion

4.1 Descriptive Analysis

The variables studied in this study are presented in table 1 below:

Table 1.
Descriptive Statistical Analysis Results

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
OCT	30	-18.106	1.314	-.47830	3.346456
Profitability	30	-.116	.138	.01810	.058531
Leverage	30	.014	.897	.62900	.253861
Size	30	25.064	31.190	28.66420	1.648473
ML	30	-28.185	28.472	21.13030	16.375571
Valid N (listwise)	30				

Source: SPSS Output Data

The OCI disclosure variable (X1) has a minimum value of -18.106, a maximum value of 1.314, an average value (mean) -0.47830, and a standard deviation value of 3.346456. This indicates that the variable indicates an unfavourable result because the standard deviation reflects the magnitude of the variation more remarkable than the mean value. The company that has the lowest OCI value is Verena Multi Finance Inc. in 2019 of -18.106. Meanwhile, the company that has the highest OCI value is Indomobil Multi Jasa Inc. in 2019 at 1,314.

The profitability variable (X2) has a minimum value of -0.116, a maximum value of 0.138, an average value (mean) of 0.01810, and a standard deviation of 0.058531. This indicates that the variable indicates an unfavourable result because the standard deviation reflects the magnitude of the variation more remarkable than the mean value. The company that has the lowest profitability value is Radana Bhaskara Finance Inc. in 2019 of -0.116. Meanwhile, the company that has the highest profitability value is Danasupra Erapacific Inc. in 2019 of 0.138.

The leverage variable (X3) has a minimum value of 0.014, a maximum value of 0.897, an average value (mean) of 0.62900, and a standard deviation value of 0.253681. This shows that these variables indicate good results because the standard deviation reflects the magnitude of the variation is smaller than the mean value. The company that has the lowest leverage value is Danasupra Erapacific Inc. in 2019 of 0.014. At the same time, the company with the highest leverage value is Radana Bhaskara Finance Inc. in 2018 of 0.897.

The firm size variable (X4) has a minimum value of 25,064, a maximum value of 31,190, an average value (mean) of 28,66420, and a standard deviation of 1.648473. This shows that these variables indicate good results because the standard deviation reflects the magnitude of the variation is smaller than the mean value. The company that has the lowest company size value is Danasupra Erapacific Inc. in 2018 of 25,064. At the same time, the company with the highest company size value

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is Adira Dinamika Multi Finance Inc. in 2019 at 31,190.

The earnings management variable (Y) has a minimum value of -28.185, a maximum value of 28.472, an average value (mean) of 21.13030, and a standard deviation of 16.375571. This shows that these variables indicate good results because the standard deviation reflects the magnitude of the variation is smaller than the mean value. The company that has the lowest earnings management value is Radana Bhaskara Finance Inc. in 2018 of -28,185. Meanwhile, the company with the highest earnings management value is Adira Dinamika Multi Finance Inc. in 2019 of 28.472.

4.2 Classic assumption test

The classical Assumption Test is used to determine whether the regression model employed in the analysis exhibits a meaningful association; the regression model must pass the classical assumption test.

a. Normality test

The normality test determines if all of the dependent and independent variables in the regression model are regularly distributed. In this work, the normality test was utilized to establish the significance of normally distributed data using the Kolmogorov-Smirnov (K-S) test. Thus, the decision-making guidelines for determining normality using K-S are as follows: 1) If the significant value or probability value is less than or equal to 0.05, the distribution is not normal; 2) If the significant value or probability value is greater than or equal to 0.05, the distribution is normal. The results of this study's normalcy test are summarized in Table 2 below:

Table 2.
Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		30
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	13.18719014
Most Extreme Differences	Absolute	.193
	Positive	.140
	Negative	-.193
Kolmogorov-Smirnov Z		1.056
Asymp. Sig. (2-tailed)		.214

Source: SPSS Output Data

According to the table above, asiymp.sig (2-tailed) has a significance value of 0.214, which is greater than 0.05. Then, using the Kolmogorov-Smirnov normality test as a basis for decision-making, it can be inferred that the data is normally distributed. Thus, the regression model's assumptions or conditions for normalcy have been met.

b. Multicollinearity Test

The multicollinearity test determines whether there is a strong correlation (connection) between the independent variables or between the independent variables in the regression model. A decent regression model should have no correlation with the independent variables and no signs of multicollinearity. To determine whether multicollinearity exists or not by examining the Tolerance and Variance Inflation Factor (VIF) values. The following criteria apply to decision-making based on tolerance values: 1) If the Tolerance (T) value is greater than 0.1, there is no multicollinearity; and 2) If the Tolerance (T) value is less than 0.1, there is multicollinearity. Decision criteria based on the Variance Inflation Factor (VIF) value, namely: 1) If the Variance Inflation Factor (VIF) value is less than 10, no multicollinearity exists; and 2) If the Variance Inflation Factor (VIF) value is greater than 10, multicollinearity exists. The results of this study's multicollinearity test are summarized in Table 3 below:

Table 3.
Multicollinearity Test Results

Coefficients								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-11.833	64.764		-.183	.857		
	OCI	-1.290	.848	-.264	-1.521	.141	.864	1.158
	Profitability	178.057	62.724	.636	2.839	.009	.516	1.938
	Leverage	3.869	18.742	.060	.206	.838	.307	3.254
	Size	.931	2.586	.094	.360	.722	.383	2.613

Source: SPSS Output Data

Tolerance values for other comprehensive income disclosure variables (OCI), profitability, leverage, and firm size are 0.864, 0.516, 0.307, 0.383 > 0.10. Meanwhile, the VIF values for disclosure of other comprehensive income (OCI), profitability, leverage, and firm size were 1.158, 1.938, 3.254 and 2.613 < 10.00. Then, referring to the decision-making rationale for the multicollinearity test, it may be stated that the regression model does not exhibit any signs of multicollinearity.

c. Heteroscedasticity Test

The heteroscedasticity test determines if the variance of one observation residual is greater than the variance of another observation residual in the regression model. If the heteroscedasticity assumption is violated, the regression model is ruled invalid as a prediction tool. The presence or absence of heteroscedasticity can be determined via scatterplot graph analysis. A regression model that does not exhibit heteroscedasticity must meet the following criteria: 1) If there is a distinct pattern, such as the points forming a regular pattern (first widening, then narrowing), this indicates that heteroscedasticity has occurred; and 2) If there is no discernible pattern and the points are distributed above and below 0 on the Y axis, this indicates that heteroscedasticity has not occurred. The results of this

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study's heteroscedasticity test are summarized in Figure 1 below:

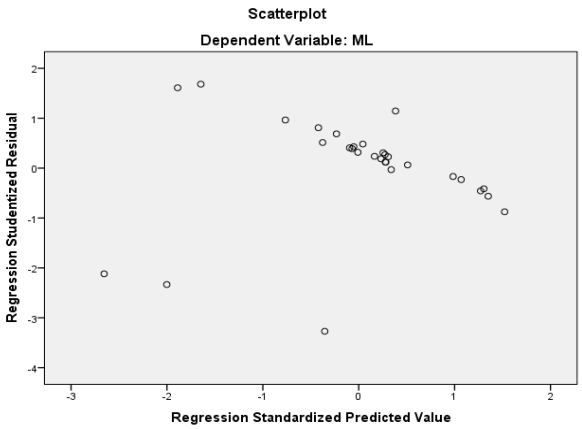

Fig 1. Heteroscedasticity test results
Source: SPSS Output Data

The scatterplot output above indicates that 1) the data points spread above and below or around the number 0; 2) the dots do not collect exclusively above and below; 3) the data points do not form a wavy pattern that widens then narrows and widens again; and 4) the data points do not spread in a patterned manner. Thus, until an outstanding and ideal regression model can be found, there is no heteroscedasticity problem.

d. Autocorrelation Test

The autocorrelation test is used to determine if there is a correlation between the confounding error in period t and the preceding period t-1 (prior) in a linear regression model. As a result of autocorrelation, sample variance cannot be used to characterize population variation. The resulting regression model is incapable of estimating the dependent variable's value, and the coefficient variance becomes inefficient. As a result, a decent regression model is autocorrelation-free. The Durbin Watson (DW) test can be used to determine the existence or absence of autocorrelation. The following table 5 summarizes the results of the autocorrelation test used in this study:

Table 5.
Autocorrelation Test Results

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.593[a]	.351	.248	14.203038	2.478

Source: SPSS output data

According to the table above, the Durbin Watson value is 2.478. Additionally, this value will be compared to the Durbin Watson table value using the algorithm at a 5% significance level (k; N). as far as the number of independent variables is concerned, this is four or k = 4, while the number of samples or N = 30, then (k; N) = (4; 30). We then look at this Fig in the distribution of the Durbin Watson table values. Then it was found that the dL value of 1.1426 was smaller than the upper limit (du), which was 1.7386 and less than (4-du) 4-1.7386 = 2.2614, so it could be concluded that there was no autocorrelation symptom.

4.3 Multiple Linear Regression Equation Analysis

Multiple linear regression is used to forecast the state of the dependent variable (up and down). Thus, if the number of independent variables is at least two, multiple linear regression analysis will be performed. The following table summarizes the results of the Multiple Linear Regression used in this study:

Table 6.
Multiple Linear Regression Results

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	-11.833	64.764		-.183	.857
OCI	-1.290	.848	-.264	-1.521	.141
Profitability	178.057	62.724	.636	2.839	.009
Leverage	3.869	18.742	.060	.206	.838
Size	.931	2.586	.094	.360	.722

Source: SPSS Output Data

The results of calculations in the regression equation obtained values of -11,833 for constants, -1,290 for the OCI coefficient, 178.057 for the profitability coefficient, 3.869 for the leverage coefficient, and 0.931 for the firm size coefficient. Based on the results of these calculations, the regression equation can be formulated as follows:

$$Y= -11,833 – 1,290X_1 + 178,057X_2 + 3,869X_3 + 0,931X_4 + e$$

Information:
Y = Earnings management

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X_1 = Disclosure of Other Comprehensive Income
X_2 = Profitability
X_3 = Leverage
X_4 = Company Size
e = Error

From the results of the regression equation above, the following conclusions can be drawn:

a. Constant (α)
The constant value (α) obtained is -11.833; this means that if the independent variable (Disclosure of Other Comprehensive Income, Profitability, Leverage, and Company Size) is zero, then the magnitude of earnings management that occurs is -11.833.

b. Regression Coefficient (β) X1
The coefficient value of the X1 variable (disclosure of other comprehensive income) is -1.290 and is negative, which indicates that exposure of other total income has an inverse relationship with earnings management. This means that for every 1% increase in additional, comprehensive income disclosure, the earnings management variable will decrease by -1.290, assuming that the other independent variables of the regression model are fixed.

c. Regression Coefficient (β) X2
The coefficient value of the X2 variable (profitability) is 178.057 and is positive, indicating that profitability directly relates to earnings management. This means that for every 1% increase in profitability, the earnings management variable will increase by 178.057 with the assumption that the other independent variables of the regression model are fixed.

d. Regression Coefficient (β) X3
The coefficient value of the X3 variable (leverage) is 3.869 and is positive, indicating that influence has a direct relationship with earnings management. This means that for every 1% increase in force, the earnings management variable will increase by 3.869, assuming that the other independent variables of the regression model are fixed.

e. Regression Coefficient (β) X4
The coefficient value of the X4 variable (firm size) is 0.931 and is positive, indicating that fit size has a direct relationship with earnings management. This means that for every 1% increase in company size, the earnings management variable will increase by 0.931, assuming that the other independent variables of the regression model are fixed.

4.4 Coefficient of Determination

The coefficient of determination (R2) is used to quantify the independent variable's effect on changes in the dependent variable. Thus, it will be possible to determine how much of the dependent variable can be explained by the independent variable, while other explanations account for the remainder. R2 has a value between 0 and 1. If R2 is tiny, it indicates that the independent variable has a limited ability to explain the dependent variable. Meanwhile, if R2 is near to one, it indicates that the independent variable has almost all of the information necessary to forecast the dependent variable's fluctuation. The results of this study's coefficient of determination are summarized in Table 7 below:

Table 7.
Coefficient of Determination Test Results

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.593[a]	.351	.248	14.203038

Source: SPSS Output Data

According to the table above, the coefficient of determination, or R Square, is 0.351 or 35.1 percent; this value indicates that other comprehensive income disclosure variables, such as profitability, leverage, and company size, all have a 35.1 percent effect on earnings management variables simultaneously. Simultaneously, the remainder (100% -35.1 percent = 64.9 percent) is influenced by variables not included in this regression equation or variables not studied.

4.5 Hypothesis test

a. Partial test (t-Test)

The t-test is used to determine the extent to which each independent variable contributes to the explanation of the dependent variable. The significance level () used is 5%. The following conditions are employed in the t statistical test: 1) If count > ttable or sig. If count ttable or sig. 0.05, the hypothesis is accepted, indicating that the independent variable has a partial effect on the dependent variable; and 2) If count ttable or sig. > 0.05, the hypothesis is rejected, indicating that the independent variable is not affected by the dependent variable in a significant way. The following table 8 summarizes the results of the t-test used in this study:

Table 8.
T-Test Results

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-11.833	64.764		-.183	.857
	OCI	-1.290	.848	-.264	-1.521	.141
	Profitability	178.057	62.724	.636	2.839	.009
	Leverage	3.869	18.742	.060	.206	.838
	Size	.931	2.586	.094	.360	.722

Source: SPSS Output Data

Based on the table above, the results of hypothesis testing are as follows:

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1) Disclosure of Other Comprehensive Income (X1) has a significance value more significant than the significance level (0.141 > 0.05) and the count < ttable (-1.521 < 1.70814), because the count value is negative, it indicates that the disclosure of other comprehensive income has a relationship which is the opposite of earnings management. Based on the table above, it can be concluded that there is no effect between disclosure of other comprehensive income and earnings management. So that the first hypothesis, namely exposure of other total income has a significant impact on earnings management, is rejected.
2) Profitability (X2) has a significance value smaller than the significance level (0.009 < 0.05) and the count > ttable (2.839 > 1.70814); because the count value is positive, it indicates that profitability has a direct relationship with earnings management. According to the table above, there is a correlation between profitability and earnings management. As a result, the second hypothesis is accepted, namely that profitability has a major effect on earnings management.
3) Leverage (X3) has a significance value more significant than the significance level (0.838 > 0.05) and the count < ttable (0.206 < 1.70814) Because the count number is positive, this implies a clear relationship between leverage and earnings management. According to the table above, there is no correlation between leverage and earnings management. Thus, the third hypothesis is denied, namely that leverage has a major effect on earnings management.
4) Company size (X4) has a significance value more significant than the significance level (0.722 > 0.05) and the count < ttable (0.360 < 1.70814), because the count value is positive, it implies that the size of the business has a direct correlation with the management of earnings. According to the table above, there is no relationship between firm size and earnings management, implying that the fourth hypothesis that firm size has a substantial effect on earnings management is rejected.

b. Simultaneous Testing (F Test)

The F test assesses whether the independent variables in a regression equation affect the dependent variable in a mutually exclusive manner. The F test is also used to determine whether or not the model in this study is viable. Conclusions are obtained from the F test by examining the significance () under the following conditions: 1) If Fcount > Ftable or sig. If Fcount Ftable or sig. 0.05, the hypothesis is accepted, indicating that the independent variable has an influence on the dependent variable concurrently; and 2) If Fcount Ftable or sig. > 0.05, the hypothesis is rejected, indicating that the independent variable does not affect the dependent variable concurrently. The following table 9 summarizes the results of this study's F-Test:

Table 9.
F-Test Results

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2733.462	4	683.366	3.388	.024[b]
	Residual	5043.158	25	201.726		
	Total	7776.620	29			

Source: SPSS Output Data

If the significance value exceeds the significance level (0.024 0.05) and the count exceeds the ftable (3.388 > 2.74), then the hypothesis is accepted, or in other words, additional comprehensive income disclosures. Profitability, leverage, and business size all have an effect on earnings management concurrently.

4.6 Discussion of Research Results

a. Effect of Disclosure of Other Comprehensive Income on Earnings Management

The hypothesis that other comprehensive income disclosure variables have an effect on earnings management is rejected based on the research findings. This means that reporting other total income earned by financial institutions listed on the Indonesia Stock Exchange does not have an effect on earnings management. The researcher estimates that other comprehensive income disclosures include foreign currency translation, asset revaluation, actuarial changes in defined benefit employee benefits, changes in the fair value of available-for-sale investments, and changes in the fair value of hedges. Among all of these components, the full implementation of IFRS in 2012 may limit the company's options for minimizing earnings management. Thus, the greater the value of OCI disclosure, the lower the level of earnings management.

The findings of this study corroborate those of Basyirun (2017) and Stevanie (2019), who found that disclosure of other comprehensive income has little effect on earnings management. This is in contrast to the findings of Bima and Yuyetta's (2017) research, which indicated that reporting additional total income has a substantial effect on earnings management. The discrepancy in the study's findings could be explained by the fact that the proxies utilized to quantify profits management are different. Bima and Yuyetta's (2017) research employs a modified Jones model, whereas this analysis employs Stubben's revenue model.

b. The Effect of Profitability on Earnings Management

The profit generated by the company during the current year can be an indicator of the occurrence of earnings management. The researcher suspected that companies with low profitability tend to do earnings management in the form of increasing profits (income maximization). In contrast, companies with high profitability tend to carry out earnings management in the form of reducing profits (income minimization). This effect shows the lower the profitability, the higher the company's earnings management will be—the higher the company's profitability, the lower the company's earnings management.

The findings of this study corroborate previous research by Selviani (2017), which indicates that profitability has a significant positive effect on earnings management, with the positive sign indicating that the higher the profitability, the more earnings management occurs, and the negative sign indicating that the lower the profitability, the less earnings management occurs. However, the findings contradict those of Astuti (2017) and Benazir (2019), who found that profitability had no effect on earnings management. Astuti (2017) asserts that not every company with a low profit margin will engage in earnings management in order to retain existing investors.

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c. Effect of Leverage on Earnings Management

The hypothesis that leverage variables have an effect on earnings management is rejected based on the research findings. This indicates that the leverage generated by the financial institutions listed on the Indonesia Stock Exchange's service firms subsector has no effect on earnings management. According to Jao and Pagulung (2011) in Dimarcia and Komang (2016), businesses that are highly leveraged suffer a high risk of default. Specifically, the corporation faces the prospect of being unable to meet its obligations. As a result, earnings management actions cannot be employed to avert default. These commitments must be met regardless of earnings management. As a result, managers are not required to control earnings in order to finance the company's debt.

The findings of this study corroborate Selviani's (2017) research and are bolstered by Astuti's (2017) and Benazir's (2019) findings that leverage has no meaningful effect on earnings management. However, Bima and Yuyetta's (2017) research demonstrates that force has a significant impact on earnings management. Similarly, Wardani's (2018) research indicates that leverage has an effect on earnings management. Thus, firms with a high level of force will be encouraged to manage earnings in such a way that the company's performance appears to be strong.

d. The Effect of Firm Size on Earnings Management

The research findings refute the idea that the business size variable has an effect on earnings management. This means that the size of a financial institution sub-sector service company listed on the Indonesian Stock Exchange has no bearing on how earnings are managed. Companies with a big enterprise size will have their financial statements scrutinized by investors, creditors, and the government. Accurate and stable earnings reporting every year will have a long-term positive impact on the company.

The findings of this study corroborate those of Astuti (2017), Selviani (2017), and Wardani (2018), who all found that firm size has no effect on earnings management. According to Wardani (2018), a company's size does not ensure that it will engage in earnings management. This is in contrast to the findings of Benazir (2019) and Stevanie (2019), who demonstrate that firm size has an effect on earnings management.

e. The Effect of Simultaneous Disclosure of Other Comprehensive Income, Profitability, Leverage, and Company Size on Earnings Management

The results of this study indicate that the disclosure of other comprehensive income, profitability, leverage, and firm size simultaneously affect earnings management. The coefficient of determination test results shows an R square of 35.1%, meaning that other comprehensive income disclosure variables, profitability, leverage, and firm size simultaneously affect the earnings management variable by 35.1%. At the same time, the remaining 64.9% is influenced by other variables not examined.

5. Conclusion

Based on the results of the analysis that has been carried out and the discussion of the effect of disclosure of other comprehensive income, profitability, leverage, and company size on earnings management in service companies sub-sector of financial institutions listed on the IDX for the period 2018-2019, it can be concluded as follows: 1) Income disclosure other comprehensives have no effect on earnings management in service companies sub-sector of financial institutions listed on the IDX for the period 2018-2019; 2) Profitability affects earnings management in service companies sub-sector of financial institutions listed on the IDX for the period 2018-2019; 3) Leverage has no effect on earnings management in service companies sub-sector of financial institutions listed on the IDX for the 2018-2019 period; 4) The size of the company has no effect on earnings management in service companies sub-sector of financial institutions listed on the IDX for the period 2018-2019; and 5) Disclosure of other comprehensive income, profitability, leverage, and company size have a simultaneous effect on earnings management in service companies sub-sector of financial institutions listed on the Indonesia Stock Exchange for the period 2018-2019.

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