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MEASURING FACTORS AFFECTING EARNINGS MANAGEMENT WITH A FIXED EFFECT MODEL ON MANUFACTURING COMPANIES IN THE CONSUMER GOODS INDUSTRY SECTOR LISTED ON THE INDONESIA STOCK EXCHANGE (IDX) FOR THE 2015-2019 PERIOD

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Abstract: This study aims to determine the effect of institutional ownership, profitability, and leverage on profit management in manufacturing companies in the consumer goods industry sector listed on the IDX for the 2015-2019 period. The variables of this study consist of institutional ownership mechanisms, profitability, leverage, profit management. The population of this study was 56 manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange in the period 2015-2019. The sampling technique in this study used the purposive sampling method. The sample that has been determined is selected by 20 companies that can be presented with research during 2015 to 2019. In this study, panel data and secondary data obtained from the Indonesia Stock Exchange (IDX) were processed with eviews 9. The results of the research on the mechanism of institutional ownership, profitability, and leverage jointly affect the profit management of manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange for the 2015-2019 period. This research is expected to be a consideration so that it is not only focused on information on profits and company financial ratios, but investors and creditors can be more careful in assessing the company's condition to be appropriate in making investment decisions and providing funding.

Keywords: Institutional Ownership, Profitability, Leverage and Earnings Management

INTRODUCTION
According to Healy and Wahlen in Muhammadinah (2016) stated that profit management occurs when managers use their considerations in preparing financial statements that can make mislead statements to stakeholders regarding the underlying conditions that exist in a company. The main motive for profit management practices is to compile misleading financial statements (misleads) for users of financial information and to influence the contracts that will be generated by the company. There are various ways in profit

management including the selection of accounting methods or accrual policies, but the most frequent way is done is with the accrual policy or discretionary accruals, that is, by controlling accrual transactions so that profits look high. However, the transaction does not affect cash flow, for example the timing of revenue recognition so that the accrual policy will be able to affect the quality of a company's profits

Profit management is not really a fraud but this managerial activity is the impact of a spectrum of generally accepted accounting principles. However, often profit management causes the information produced not to reflect the actual state of the company or only prioritize the interests of certain parties, thereby reducing the quality of financial statements and reducing the accuracy of decisions produced on the basis of this information. A high level of institutional ownership will lead to greater oversight efforts by institutional investors so that it can hinder the opportunistic behavior of managers. Institutional ownership with a large percentage of shares will be more optimal to supervise management in carrying out strategic decisions of the company and to ensure the integrity of financial statements. The existence of supervision of management performance further suppresses the occurrence of profit management practices.

The next factor affecting profit management is Profitability. Profitability ratios can be used to predict financial distress. According to Cashmere (2016:196), the profitability ratio is a ratio used to assess a company's ability to seek profit. Profitability has important information for external parties because if profitability is high, the company's performance can be said to be good and if profitability is low, the company's performance can be said to be poor profitability can influence managers to carry out profit management actions.

In addition to institutional ownership and profitability another factor affecting profit management is Leverage. Leverage is a comparison between total liabilities and total assets of the company, this ratio shows the amount of assets owned by the company that are financed with debt. There is a possibility that the existence of a debt contract agreement triggers management to increase profits with the aim of showing positive performance on creditors so as to obtain an injection of funds or to obtain a rescheduling of debt payments.

In this study using a consumer goods industry company. The consumer goods industry is one of the most attractive industrial sectors. This is because consumer goods products are always needed in human life. Consciously or not, humans need it. The consumer goods industry sub-sectors are the food and beverage industry, the cosmetics and household goods industry, the cigarette industry, the pharmaceutical industry, and the household appliances industry. The development of the consumer goods industry in Indonesia from year to year has increased significantly. This is indicated by the increasing interest of investors in investing their shares in the consumer goods industry sector. However, as the company grows, the management of the company will also be higher. The company performs managerial maximally, especially in the company's earnings management, because external parties monitor the shares invested, one of which is through the fluctuating level of company profits.

Based on the background that has been presented, the problem that is examined is whether there is an influence of institutional ownership, profitability, and leverage on earnings management in manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange (IDX) in 2015-2019.

In accordance with the formulation of the problem, the purpose of this research is to find out and empirically prove the effect of institutional ownership, profitability, and leverage simultaneously on earnings management in manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange (IDX) in 2015-2019 years.

LITERATURE REVIEW

Institutional ownership is ownership of shares of a company by institutions or institutions such as insurance companies, banks, investment companies, and other institutional ownership. Institutional ownership can encourage a more optimal increase in supervision so that its existence has an important meaning for management monitoring. With this monitoring, the prosperity of shareholders will be guaranteed, the influence of institutional ownership that acts as a supervisory agent is suppressed by their large investment in the capital market.

So it can be concluded that the monitoring carried out by institutional investors, can improve the quality of financial reports which have an impact on decreasing agency costs and increasing firm value.

Institutional ownership can be measured using the percentage indicator of the number of shares owned by institutional parties from the total number of company shares. The formula for calculating institutional ownership:

$$KI = \frac{SI}{SB} x100\%$$

Information:

KI : Institutional ownership

SI : Number of shares owned by institutional

SB : Total company's outstanding share capital.

Profitability according to Hery (2018) "The profitability ratio is a ratio used to measure the company's ability to generate profits from its normal business activities. The profitability ratio is also known as the profitability ratio. In addition to aiming to determine the company's ability to generate profits during a certain period, this ratio also aims to measure the level of management effectiveness in running the company's operations. Harahap (2016) "The Profitability Ratio or also known as Profitability describes the company's ability to earn profit through all capabilities, and existing sources such as sales activities, cash, capital, number of employees, number of branches, and so on. The ratio that describes the company's ability to generate profits is also called the Operating Ratio. Profitability is the company's ability to generate profits. All companies certainly have the main goal, namely to make a profit (profit). With these benefits the company can carry out various activities and maintain the company's sustainability in the future (Tijow, Sabijono & Tirayoh, 2018).

Based on the descriptions of the figures above, it can be concluded that profitability is a ratio to assess the company's ability to seek profit through all existing capabilities and sources such as sales activities, cash, capital, number of employees, number of branches and so on as well as measuring overall management effectiveness indicated by the size of the level of profit earned in relation to sales and investment. The profitability ratio of comparing the profit on this asset calculates how much profit the company can generate from the total assets it has. If it is said that total assets include everything, including the company's capital and debt so that the value of this ratio tends to be smaller than ROE (Zulbiadi: 2018).

Leverage is the use of assets and sources of funds by companies that have fixed costs (fixed expenses) meaning from sources of funds originating from loans because they have interest as a fixed expense with the intention of increasing the potential profits of shareholders. This variable is measured by using the ratio of total debt to total assets. The greater this ratio, the greater the level of risk that must be borne by investors. A large ratio also shows the amount of debt the company has compared to the total assets it has, so it can be assessed if the company's condition is not healthy and unable to achieve the predicted profit level. According to Kasmir (2015:112-13) the calculation of leverage can be formulated DER=Total Debt divided by total equity.   Earnings management is an action

taken by the management to increase or decrease the reported profit of the unit under its responsibility that has no relationship with the increase or decrease in the company's profitability for the long term. Thus, earnings management can be interpreted as an earnings management action that affects reported earnings and provides false economic benefits to the company, so that in the long term it will be very disturbing and even harmful to the company. The definition of earnings management (earnings management) is divided into two, namely:

1) Short Definition; Earnings management in this case is only related to the selection of accounting methods. Earnings management in this narrow sense is defined as management behavior to "play" with the component of discretionary accruals in determining the amount of earnings.

2) Broad Definition; Earnings management is the manager's action to increase (decrease) the currently reported earnings of a unit for which the manager is responsible, without resulting in an increase (decrease) in the long-term economic profitability of the unit..

Hypothesis Development

Institutional ownership has a negative influence on earnings management practices, the smaller the percentage of institutional ownership, the greater the tendency of managers to take certain accounting policies to manipulate earnings reporting (Widyastuti, 2009). Research by Sumanto and Kiswanto (2014), Mahariana and Ramantha (2014) states that institutional ownership has a negative effect on earnings management. The hypothesis can be formulated as follows:

H_1: Institutional ownership has a negative effect on earnings management.

One of the goals of the company operating is to make a profit. If the profitability of the company is low, the bonus received by the company's management will also be low. Therefore, in general, the management tends to take management actions so that the company's management gets a bonus or compensation. So if profitability is high, investors will believe that the company's performance is good. Widyastuti (2009) stated that the greater the level of profitability, the greater the occurrence of earnings management. Guna and Herawati (2010) state that profitability has a positive effect on earnings management. Based on the description above, the proposed hypothesis is as follows:

H_2: Profitability has a positive effect on earnings management.

The results of research by Raja et al (2014) show that leverage has a significant effect on earnings management. The higher the leverage, the higher the occurrence of earnings management. Based on the description of the theory and some previous research results, the hypothesis can be formulated as follows:

H_3: There is an effect of leverage on earnings management.

Based on the explanation of each independent variable relationship with the dependent variable above, the following hypothesis can be formulated:

H_4 : There is a joint influence of institutional ownership, profitability, and leverage on earnings management

RESEARCH METHODS

The research method carried out by the author in this study is a purposive sampling method, namely a sample collection method where the researcher has certain goals based on certain considerations and criteria.

Variable Operations
    The operational definitions in this research are :
a) Independent Variable
    In this study, the independent variables are:
    1) Institutional Ownership (X_1)
        Institutional ownership can be measured using the percentage indicator of the number of shares owned by institutional parties from the total number of company shares with the formula;

$$KI = \frac{SI}{SB} x100\%$$

    2) Profitability (X_2)
        The profitability ratio from comparing the profit on this asset calculates how much profit the company can generate from the total assets it has with the formula:

$$ROA = Net\ Profit/Total\ Assets$$

    3) Leverage (X_3)
        This variable is measured using the ratio of total debt to total assets with the formula;

$$DER = Total\ Debt\ /\ Total\ Equitas$$

b) Dependent Variable.
    In this study, the dependent variable (the dependent variable) is (Y) Earnings Management. Earnings management is an earnings management action that affects reported earnings and provides false economic benefits to the company

$$earnings\ management = \frac{Working\ capital\ accruals(t)}{Period\ Income\ (t)}$$

Population and Research Sample
        The population that will be the object of this research are manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange for the 2015 – 2019 period, totaling 56 companies.
        The sampling technique in this study was using purposive sampling method, so that there were 20 companies with specified criteria. The criteria determined in this study are as follows:
a) Manufacturing companies in the Consumer Goods Industry Sector listed on the Indonesia Stock Exchange (IDX) for the 2015-2019 period.
b) The company did not lose money in the 2015-2019 period.
c) The company uses the rupiah currency in presenting its financial statements.
d) The company has data that matches the criteria related to the variables that will be used in the research

Method of collecting data
        The data collection method used in this research is the indirect observation method. Observations made by researchers are non-participant observations, where researchers act as independent observers who collect data without being involved in daily activities or preparing financial statements.

Researchers obtained data by making observations on the Indonesia Stock Exchange (IDX). In addition, researchers conducted library research to obtain theories, definitions, and analysis through the literature related to this research.

Data analysis technique

The data analysis technique used in this research is multiple linear regression. The regression equation used is:

$$Y_{it} = a + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + e$$

Infromation:

Y   = Earnings management
I   = Company sample
t   = Observation Period (2015- 2019)
a   = Constant
$\beta_1 - \beta_3$ = Independent Variable Regression Coefficient
X_1 = Institutional Ownership
X_2 = Profitability
X_3 = Leverage
e   = Residual (error)

FINDINGS AND DISCUSSION
Descriptive Statistical Analysis

Table 1. Results of Descriptive Statistical Analysis

	Y	X_1	X_2	X_3
Mean	0.134675	0.596160	0.132954	0.783286
Median	0.107305	0.616244	0.100019	0.676606
Maximum	0.739917	0.952381	0.920997	1.954942
Minimum	-0.197205	0.161445	0.000526	0.163544
Std. Dev.	0.164878	0.256753	0.147096	0.477096
Skewness	1.338858	-0.243366	3.202883	0.544377
Kurtosis	5.095897	1.663700	15.83980	2.279091
Jarque-Bera	48.17894	8.427529	857.8934	7.104569
Probability	0.000000	0.014791	0.000000	0.028659
Sum	13.46746	59.61597	13.29542	78.32863
Sum Sq. Dev.	2.691292	6.526294	2.142097	22.53444
Observations	100	100	100	100

Panel Data Regression Model Analysis

Based on the results of the regression using three models with the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM), it can be concluded that the Fixed Effect Model (FEM) is the most appropriate model to use after data transformation so that the data free from classical assumption test problems.

Classic assumption test

Tabel 2. Hasil uji Asumsi Klasik

Dependent Variable: Y
Method: Panel EGLS (Cross-section weights)
Date: 08/02/20   Time: 17:39
Sample: 2015 2019
Periods included: 5
Cross-sections included: 20
Total panel (balanced) observations: 100
Linear estimation after one-step weighting matrix

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.304750	0.060251	5.058044	0.0000
X1	-0.238671	0.083740	-2.850147	0.0056
X2	-0.117061	0.085842	-1.363677	0.1766
X3	-0.015608	0.014555	-1.072313	0.2869

Effects Specification

Cross-section fixed (dummy variables)

Weighted Statistics

R-squared	0.888679	Mean dependent var	0.177666
Adjusted R-squared	0.856872	S.D. dependent var	0.212572
S.E. of regression	0.097017	Sum squared resid	0.724742
F-statistic	27.94047	Durbin-Watson stat	2.102171
Prob(F-statistic)	0.000000		

Unweighted Statistics

R-squared	0.726017	Mean dependent var	0.134675
Sum squared resid	0.737367	Durbin-Watson stat	1.331838

Multicollinearity Test

Table 3

	X1	X2	X3
X1	1.000000	0.346845	0.048973
X2	0.346845	1.000000	0.063856
X3	0.048973	0.063856	1.000000

Based on the results of the multicollinearity test above, it can be seen that all independent variables have a correlation value < 0.80, so that all independent variables do not have multicollinearity problems.

Heteroscedasticity Test

Table 4. Heteroscedasticity Test Results

Dependent Variable: RESABS
Method: Panel Least Squares
Date: 08/02/20   Time: 17:55
Sample: 2015 2019
Periods included: 5
Cross-sections included: 20
Total panel (balanced) observations: 100

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.004212	0.050842	0.082854	0.9342
X1	0.100564	0.082733	1.215529	0.2279
X2	-0.061258	0.049504	-1.237438	0.2197
X3	-0.000164	0.020874	-0.007841	0.9938

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.561216	Mean dependent var	0.055892
Adjusted R-squared	0.435849	S.D. dependent var	0.065518
S.E. of regression	0.049211	Akaike info criterion	-2.986770
Sum squared resid	0.186472	Schwarz criterion	-2.387581
Log likelihood	172.3385	Hannan-Quinn criter.	-2.744267
F-statistic	4.476587	Durbin-Watson stat	2.273231
Prob(F-statistic)	0.000000		

From the results of the heteroscedasticity test in the table shows that the probability value of all independent variables is above 0.05 with details of the probability of Institutional Ownership of 0.2279, Profitability of 0.2197 and Leverage of 0.9938. So it can be concluded that there is no heteroscedasticity problem found.

Hypothesis testing
Correlation Coefficient Analysis Test

Table 5. Correlation Coefficient Test Results

Weighted Statistics

R-squared	0.888679	Mean dependent var	0.177666
Adjusted R-squared	0.856872	S.D. dependent var	0.212572
S.E. of regression	0.097017	Sum squared resid	0.724742
F-statistic	27.94047	Durbin-Watson stat	2.102171
Prob(F-statistic)	0.000000		

From the Fixed Effect Model (FEM) in the table above, it is found that the multiple correlation coefficient R2 (R-squared) between Institutional Ownership, Profitability and Leverage with Earnings Management is 0.888679, then the R value is = 0.94929, then the number 0.94929 indicates that there is a significant relationship very strong between the independent variable and the dependent variable.

Multiple Linear Regression Analysis
Based on the Fixed Effect mode above, the multiple linear regression equation test is obtained as follows:

$$Y = 0.304750 – 0.238671*SI - 0.117061*ROA – 0.015608*DER$$

Information :
    Y = Earnings Management
    SI = Institutional Ownership
    ROA = Profitability
    DER = Leverage

Based on these equations, it can be explained the influence of each independent variable on the dependent variable as follows:
1) The constant value (c) of 0.304750 means that if the variables of Institutional Ownership, Profitability, and Leverage are considered constant (value 0), then Financial Performance is 0.304750 in a positive direction.
2) The regression coefficient value of Institutional Ownership has a negative relationship with a value of -0.238671, meaning that if Institutional Ownership decreases by 1 (one) unit, Earnings Management will decrease by -0.238671, assuming the regression coefficients of other variables remain constant.
3) Profitability regression coefficient value has a negative relationship with a value of -0.117061, meaning that if Profitability decreases by 1 (one) unit, Earnings Management will decrease by -0.117601, assuming the regression coefficients of other variables remain.
4) Leverage regression coefficient value has a negative relationship with a value of -0.015608, meaning that if Leverage decreases by 1 (one) unit, Earnings Management will decrease by -0.015608, assuming the regression coefficients of other variables remain.

Partial Test (t Test)

Table 6. t test results

Dependent Variable: Y
Method: Panel EGLS (Cross-section weights)
Date: 08/02/20   Time: 17:39
Sample: 2015 2019
Periods included: 5
Cross-sections included: 20
Total panel (balanced) observations: 100
Linear estimation after one-step weighting matrix

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.304750	0.060251	5.058044	0.0000
X1	-0.238671	0.083740	-2.850147	0.0056
X2	-0.117061	0.085842	-1.363677	0.1766
X3	-0.015608	0.014555	-1.072313	0.2869

In the t-statistic table attached to the appendix with df=(n-k-1)=(100-3-1)=96 and degrees of freedom of 0.05 using two-tailed test, the t-table value is 1.66088. Judging from the partial test table above, it can be seen that the effect of the independent variable on the dependent variable partially is as follows::

a)　Institutional Ownership
The t-test of the Institutional Ownership variable obtained a t_statistic value of -2.850147 with a probability of 0.056. Because the value of t_statistik is greater than t_(table)(-2.850147 > 1.66088) or the probability is more than 0.05 (0.056 > 0.05), then partially the institutional ownership variable has a negative and significant effect on Earnings Management.

b)　Profitability
The t-test of the Profitability variable obtained a t_statistic value of -1.363677 with a probability of 0.1766. Because the value of t_statistik is smaller than t_(table)(-1.363677 < 1.66088) or the probability is more than 0.05 (0.1766 > 0.05), then partially the profitability variable has no significant effect on Earnings Management.

c)　Leverage
The t-test on the Leverage variable obtained a t_statistic value of -1.072313 with a probability of 0.2869. Because the value of t_statistik is smaller than t_(table)(-1.072313 < 1.66088) or the probability is more than 0.05 (0.2869 > 0.05), then partially the Leverage variable has no significant effect on Earnings Management.

Simultaneous Test (F Test)

Table 7. F Test Results
Weighted Statistics

R-squared	0.888679	Mean dependent var	0.177666
Adjusted R-squared	0.856872	S.D. dependent var	0.212572
S.E. of regression	0.097017	Sum squared resid	0.724742
F-statistic	27.94047	Durbin-Watson stat	2.102171
Prob(F-statistic)	0.000000		

Based on the results of the Fixed Effect Model (FEM) output above, the F-statistics table attached in the attachment with df1=(k-1)=(4-1)= 3 and df2=(n-k)=(100 - 4)= 96 with degrees of freedom of =0.05 (5%), the value of F_table is 2.70. So F_(statistics)27.94047> F_table 2.68 with the value Prob. 0.000000 <0.05 so it can be concluded that together the variables of Institutional Ownership, Profitability, and Leverage have a simultaneous effect on the Earnings Management variable.

Coefficient of Determination (R2)

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Table 8. Results of the Coefficient of Determination
Weighted Statistics

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R-squared	0.888679	Mean dependent var	0.177666
Adjusted R-squared	0.856872	S.D. dependent var	0.212572
S.E. of regression	0.097017	Sum squared resid	0.724742
F-statistic	27.94047	Durbin-Watson stat	2.102171
Prob(F-statistic)	0.000000		

Based on the table, the Adjusted R-squared value is 0.888679, this means that Institutional Ownership, Profitability and Leverage variables have a contribution of 88.87% in explaining Earnings Management, while the remaining 11.13% (100% - 88.87%) is the contribution of other variables that not investigated in this study.

Discussion
Effect of Institutional Ownership on Earnings Management
The results of the partial regression test using the Fixed Effect Model (FEM) show that there is an influence of Institutional Ownership on Earnings Management at a significant level = 0.05, it can be seen from the results of the t test performed, obtained t_statistik of -2.850147 > t_table 1.66088 with a probability of 0.056 > 0.05, From the results of the regression equation above, it can be seen that the regression coefficient for the institutional ownership variable is -0.238671, meaning that Institutional Ownership has a negative and significant effect on Earnings Management..

Institutional ownership is intended to maintain the credibility of financial statements and protect against behaviors such as earnings management. Effective monitoring by institutional ownership will reduce compensation related to performance. If compensation is not associated with performance measures such as profit, it will reduce earnings management.

The results of this study are in accordance with those of Andreani Caroline Barus and Yosephine Natalita Sembiring (2012) who stated that institutional ownership has a negative and significant effect on earnings management. Meanwhile, Dini Haryati and H. Afrizal, Ilham Wahyudi (2017) Institutional Ownership has a negative and insignificant effect on Earnings Management.

Effect of Profitability on Earnings Management
The results of the partial regression test using the Fixed Effect Model (FEM) show that there is no influence of Profitability on Earnings Management at a significant level = 0.05, it can be seen from the results of the t test carried out, obtained t_statistik of -1.363677 > t_table 1.66088 with a probability of 0.1766 > 0.05, From the results of the regression equation above, it can be seen that the regression coefficient for the profitability variable is -0.17061, meaning that profitability has no significant effect on Earnings Management..

This shows that companies with large or small levels of profitability have a low level of earnings management. This is also because investors tend to ignore existing ROA information so that management is not motivated to do earnings management through profitability variables (Bestivano, 2013). So, the higher or lower the profitability obtained by a company will not affect the level of company earnings management.

The results of this study are in accordance with that of Pipit Widhi Astuti (2017) which states that profitability has no significant effect on earnings management. Meanwhile, Yofi Prima Agustia and Elly Suryani (2016) Profitability has no significant effect on earnings management.

Effect of Leverage on Earnings Management

The results of the partial regression test using the Fixed Effect Model (FEM) show that there is no influence of Leverage on Earnings Management at a significant level of = 0.05, it can be seen from the results of the t test performed, obtained t_statistik of -1.072313 > t_table 1.66088 with a probability of 0.2869 > 0.05, From the results of the regression equation above, it can be seen that the regression coefficient for the profitability variable is -0.015608, meaning that Leverage has no significant effect on Earnings Management..

This indicates that the higher or lower leverage will not affect earnings management. This is because the manufacturing companies that are sampled do not depend on debt in financing the company's assets, so they do not affect the company's management decisions in setting the amount of profit to be reported if there is a change in the level of debt. In addition, these results indicate that the information about the company's leverage contained in the annual report provides less meaningful information for investors and creditors, whereas Leverage can trigger earnings management practices due to the company's interest in obtaining capital from creditors and investors' attention.

The results of this study are in accordance with that of Dendi Purnama, SE, M.Si (2017) which states that Leverage has no significant effect on earnings management. Meanwhile, Elsya Manora Manurung, Deannes Isynuwardhana, S.E., MM (2015) Leverage has no significant effect on earnings management. And research from Robert Jao Gagaring Pagulung (2011) which states that Leverage has no significant effect on earnings management.

CONCLUSIONS AND SUGGESTION
Conclusion

From data analysis, hypothesis testing, and discussion, from this study the following conclusions can be drawn**:**

The results of this study indicate that institutional ownership has a negative and significant effect on earnings management in consumer goods industrial sector companies listed on the Indonesia Stock Exchange for the 2015-2019 period. This shows that the number of institutions included in this group is also relatively small which results in a lack of restrictions on management actions in carrying out earnings management activities.

The results of this study indicate that profitability has no significant effect on Earnings Management in consumer goods industrial sector companies listed on the Indonesia Stock Exchange for the 2015-2019 period. This shows that companies with large or small levels of profitability have a low level of earnings management. This is also because investors tend to ignore existing ROA information so that management is not motivated to do earnings management through profitability variables (Bestivano, 2013). So, the higher or lower the profitability obtained by a company will not affect the level of company earnings management.

The results of this study indicate that Leverage has no significant effect on Earnings Management in consumer goods industrial sector companies listed on the Indonesia Stock Exchange for the 2015-2019 period. This indicates that the higher or lower leverage will not affect earnings management. This is because the manufacturing companies that are sampled do not depend on debt in financing the company's assets, so they do not affect the company's management decisions in setting the amount of profit to be reported if there is a change in the level of debt. In addition, these results indicate that the information about the company's leverage contained in the annual report provides less meaningful information for investors and creditors, whereas Leverage can trigger earnings management practices due to the company's interest in obtaining capital from creditors and investors' attention.

The results of this study indicate that Institutional Ownership, Profitability, and Leverage have a significant effect together on Earnings Management.

Suggestion

Based on the conclusions that have been described, the suggestions that the author can give as input for interested parties include:

1) For further researchers, who will conduct similar research, it is recommended to add several variable factors that may affect Earnings Management, using proxies or other measurement models. For example, the leverage variable can be measured by proxy (DAR or DER) so that the results can be significant and affect earnings management.
2) For investors and creditors, this research is expected to be a consideration so that it does not only focus on profit information and company financial ratios. Investors and creditors are expected to be more careful in assessing the condition of the company so that they are right in making investment decisions and providing funding.
3) For Academics, this research can be used as a comparison and reference for further research and is expected to be able to continue research related to the influence of Institutional Ownership, Profitability, and Leverage on Earnings Management so that it is beneficial for interested parties.

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