

## ANALYSIS OF ACCOUNTING CONSERVATISM IN MINIMIZING PROFIT MANAGEMENT IN NON-BANKING STATE-OWNED ENTERPRISES (SOEs) LISTED ON THE IDX

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### ABSTRACT

*The financial report is a description of the current condition of the company in accordance with the financial reporting period which is useful for decision making. However, these financial reports are sometimes modified according to certain desires or goals through the earnings management process, as has happened in several SOEs, especially non-banking, during the last five years there have been cases of earnings management that are so significant and have caused enormous losses to the state, among others. One way to solve this case, according to some researchers, is the existence of effective accounting conservatism. Referring to this phenomenon, the aim of this research is to test whether it is true that conservatism can minimize the occurrence of earnings management. The method used is descriptive to analyze the development of conservatism and earnings management in non-banking State-Owned Enterprises companies for the period 2015 to 2019. And the verification method to examine the effect of accounting conservatism on earnings management uses simple regression analysis. The population in this study were 16 non-banking State-Owned Enterprises and the sample used was 11 non-banking State-Owned Enterprises. Based on the research conducted, it shows that conservatism can minimize earnings management in the State-Owned Enterprises studied, which is around 81%. This condition implies that the higher the conservatism (negative), the less management will be to carry out earnings management / lowest (positive).*

*Keywords:* Conservatism and Earnings Management

### BACKGROUND

The Financial Report is a report that describes the conditions of activities in the company that have an impact and are interpreted into a financial report or company performance in a consistent period so that it can be used for decision making by both external and internal parties (SAK 2017). It also says a structured presentation of the financial position and financial performance of an entity, this report displays the entity's history which is quantified in monetary value. Cashmere (2014) stated that the financial report is a description of the current condition of the company in accordance with the financial reporting period which is useful for decision making.

It is related to agency theory, that it is the agency who knows exactly what the contents of the financial statements are, while the principle / owner acts as the user and recipient of the agency's results, where this report will be used by the principal / owner for future decision making to make or decide on a strategy, as well as a tool. One of the agency performance appraisers. Thus, the financial statements must be real and objective in accordance with existing conditions and generally accepted rules. Not what both parties want or expect, both agents and principles (Jensen Meckling: 1976).

However, the existing conditions are not entirely the case, where this agency will not work entirely for the principle / owner because they certainly have various needs both internal and external, for example promotion needs, bonus needs, organizational performance, individual performance and family needs etc. Thus, financial statements as a product of company performance are sometimes modified for the benefit of management or agency in a structured manner, which is called the term earnings management

Earnings management is management's intervention to gain certain benefits by benefiting yourself (the company) through financial reports by choosing accounting policies (accruals) to achieve specific goals (Saputro; 2004 and Sulistyanto 2008). Then stated by Schipper (1989) in Rahmawati (2006) earnings management can be said to be interfering with interested parties in financial statements to achieve the expected goals of both the owner and the concerned. From the financial statements, of course, will get better benefits. personally or looking for your own prosperity by still using the applicable rules.

In the Accepted Accounting Principle (GAAP), it is stated that earnings management is a process of taking several deliberate stages while still referring to generally accepted accounting principles (SAK). Copeland (1968) in Utami (2005) suggests that earnings management is one of the activities carried out by management in order to increase or decrease earnings but still does not affect the size or size of profits in a period or does not affect overall profitability, adjusted to the target manager or those concerned.

Several phenomena have occurred in State-Owned Enterprises which are indicated to carry out earnings management in 2018, including PT.GARUDA, PT. Pertamina, PT. PLN is described in Table 1. Overall, from table 1 above, it can be seen that there are extraordinary differences between periods or quarters that are close to each other, so that it is clear that saving the company by using existing rules is considered normal or a justification. Meanwhile, the financial report is a report that must be made in accordance with generally accepted accounting standards. Changes that are very large and indicate earnings management will result in relatively low-quality earnings that will affect investors' decisions, even though in fact it is to cover them up to investors

One of the conditions or behavior of earnings management can be minimized by the application of accounting conservatism, where accounting conservatism is the principle of prudence in dealing with uncertainties and risks in a business, so that a company that

applies this principle will tend to slow down revenue recognition and accelerate recognition of expenses. This is to offset management opportunism and their tendency to overstate the financial statements.

**Table 1 : The Phenomenon of Earnings Management in State-Owned Enterprises in the Last Five Years**

NO	COMPANY	DESCRIPTION
1	PT GARUDA	Garuda Indonesia recorded a net profit of US \$ 809,000 (equivalent to Rp11.56 billion) in 2018, even though in the third quarter of 2018, it suffered a loss of around US \$ 114.08 million (equivalent to Rp1.63 trillion) and in 2017 it was still a loss of US \$ 216.58 million (equivalent to IDR3.09 trillion)
2	PT PLN	PLN posted a net profit of Rp. 11.56 trillion during 2018. In its books, it experienced a three-fold increase in profit from the previous profit (2017) of Rp.4.42 trillion. In the third quarter of 2019, PLN still lost Rp. 18.48 trillion as a result of losses from foreign exchange differences estimated at around Rp. 17.32 trillion.
3	PT PERTAMINA	PT Pertamina (Persero) announced a net profit throughout 2018 of US \$ 2.53 billion or around Rp.35.99 trillion, this profit fell by Rp.30 trillion compared to the same period last year

Source: 2020 data processing

Conservatism can minimize earnings management supported by several previous researchers including Serdaneh (2012), Delkhost (2017), Hayn (2000), Ulistianingsih (2017) and Ruwanti (2016) These researchers generally say that managers misuse information (opportunities for misuse of information. ) through earnings management can be minimized by increasingly conservative financial reporting.

Referring to the problems of earnings management that are so significant and supported by several previous studies, the researchers are interested in further researching and analyzing the Analysis of Accounting Conservatism in Minimizing Earnings Management. In this research, it will be examined that the state-owned companies listed on the Indonesia Stock Exchange. The research objectives are to analyze the extent to which accounting conservatism and earnings management are carried out and to analyze whether earnings management can be minimized by accounting conservatism. In this study, it is limited to only non-bank state-owned companies listed on the Indonesia Stock Exchange for the period 2015-2019

## LITERATURE REVIEW

According to Belkauli (2011), the principle of conservatism is a principle that implements the lowest assessment of income and the highest assessment of liabilities and costs. And accountants must be conservatism, that is, pessimistic in determining attitudes when choosing accounting reporting and financial reporting techniques.

The definition of conservatism according to several experts including Givoly and Hayn (2000) and Watt (2003) can be concluded that accounting conservatism is a faster or more legal recognition system for costs and losses and slows down the recognition of income and profits and immediately recognizes losses and debts can be said as the basis of the precautionary principle. From the definition of Statement of Concept No. 2 FASB (Financial Accounting Statement Board) and Juanda (2007) can be defined that conservatism is a principle of prudence (prudent reaction) in dealing with uncertainty in order to minimize business risk in the company. So that the impact on profits and assets tends to be low, and costs and debt tend to be high, so that the reporting of earnings will certainly be too low (understatement), but this condition will be better than reporting costs that are too small and profits that are too large.

There are several methods and estimates for recording conservative financial statements in PSAK, including PSAK No. 14 concerning Inventories, PSAK No. 16 concerning Fixed Assets, PSAK No. 19 regarding Intangible Assets, PSAK No. 48 regarding Impairment of Asset Value. Watts (2003) states that conservatism consists of 3 (three) measurements, including Earning / Accrual Measures, Earning / Stock Return Relation Measure, and Net Asset Measure, as described below

1. Earning / Stock Return Relation Measure. Stock market price reflects the change in asset value at the time of the change, both changes in loss and profit are still reported on time. This condition is described by Basu's (1997) model, namely the piecewise-linear regression model as follows:

$$\Delta NI = a_0 + a_1 \Delta NI_{t-1} + a_2 \Delta \Delta NI_{t-1} + a_3 \Delta \Delta NI_{t-1} \times \Delta NI_{t-1} + \epsilon_t$$

Where :

$\Delta NI_t$ : net income before extraordinary items from year t-1 up to t

$\Delta \Delta NI_{t-1}$ : dummy variable, which is 1 if the change in  $\Delta NI_{t-1}$  is value

Negative

2. Earning / Accruals Measure in this model, conservatism is measured using accruals, namely the difference between net income from operating activities and cash flow. Measurement of conservatism with operating accruals is carried out using the Givoly and Hayn (2000) model, namely:

$$\text{CONNAC} = (\text{NI}_{it} - \text{CFO}_{it}) \times \frac{1}{\text{TA}}$$

Where :

CONNAC : level of firm conservatism at time t

NI<sub>it</sub> : earnings before extraordinary items plus depreciation

CFO<sub>it</sub> : cash flow from operating activities

TA : Total Assets

3. Net Asset Measure, the level of conservatism in the financial statements is used to measure the understatement of asset values and overstatement of liabilities. One measurement model is using the market to book ratio, which reflects the market value relative to the company's book value. a ratio with a value of more than 1 indicates a conservative accounting application because the company records company value lower than its market value

Earnings management was suggested by Kieso which was translated by Emil Salim (2008), earnings management is one of the ways used to reduce fluctuation in company profits through planning expenses, profits and planning revenue time. Then suggested by Saputro and setiawati (2004) that earnings management is one way of management intervention to maintain company performance or achieve certain profits as expected (self-benefit) through the process of preparing external financial reports. Sulistyanto (2008) states that earnings management is an attempt by company managers to influence information in financial statements with the aim of deceiving the company's performance and condition.

According to Sciper (1989) earnings management is a process that is carried out deliberately within the limits of the general added accounting principle or GAAP to direct the level of reported earnings, either by increasing earnings (accelerating earnings recognition) or decreasing earnings but it has nothing to do with changes in the amount of profitability.

Based on these definitions, it can be concluded that earnings management is a process or an attempt by a manager to save his company or attract investors depending on its intentional objectives and the process is carried out by referring to various structured choices in GAAP (influencing financial statement information through GAAP). There are several earnings management models, here will be reviewed the calculations and stages of earnings management that will be used, namely by using Discretionary Accrual  $\text{-(DA)}$ . Here are some steps to calculate Discretionary Accrual  $\text{-(DA)}$ , namely:

- 1) Determine the total value of Accruals
- 2) Calculating the total value of accruals  $i$  in period  $t$  (TAC)
- 3) Calculating the nondiscretionary accrual value of company  $i$  in year  $t$  (NDA)
- 4) Determine the discretionary accrual value of company  $i$  in year  $t$  (DA)

## FRAMEWORK

Financial reports are very easily misused by management by manipulating the company's financial data in order to describe the company's good performance and attract investors. One of the targets is profit because profit is a performance parameter or the success of a company that is inherent in its management. Thus, management will use accounting methods that can show higher company profits through various choice of methods so that investors are interested in investing. This condition is so that it is not too far, one of which can be anticipated by accounting conservatism. This statement is supported by several researchers as follows.

The results of research by Jamal Abu Serdaneh (2012) say that the level of conservatism in accounting policies has a negative effect on earnings management, while company performance is found to be influential and positively related to earnings management, the results of this study were conducted in 259 manufacturing companies in Jordan. Then the results of Delkhost's research (2017), where the Givoly and Hayn (2000) index is used as the conservative measurement criterion and the modified Jones model (1995) is used as the measure of earnings management, and Dechow's (2000) index is used as the measure. This shows that there is a significant negative relationship between accounting conservatism and earnings management on earnings quality. In the sense that if accounting conservatism is applied high, where revenue recognition is rather long and cost recognition is relatively fast and earnings management is carried out very little or rarely, then the earnings quality will be good (quality), good earnings quality, namely the quality of earnings with a very reasonable and reasonable level of accuracy.

Marselinus (2017) conducted research, and gave results that Instrumental Variables Conservatism (VIK) had a positive and significant effect on Earning. This condition implies that management gives a positive signal to the implementation of effective accounting conservatism within the company and it has an impact on improving earnings quality. It can also be said that earnings will be of quality if conservatism is implemented effectively so that managers will have little in carrying out earnings management, or even become not doing at all, if they do not or are less, then the profit will be of quality. Quality earnings will attract more investors and look at them so that the value of the shares increases. The study used a population of 123 companies listed on the Tehran Stock Exchange between 2009 and 2014

Also supported by Amrollah (2018), that accounting conservatism has an effect on earnings management, in the sense that if the higher (negative) conservatism is, it will lead to high confidence in the company's performance as proxied by financial reports, in the sense that earnings are of higher quality, thus management will reduced or low (negative) in performing earnings management.

Wang (2013) said that the higher the conservatism is applied, the lower the company's performance. Conservatism has an important role in determining earnings quality, while earnings quality is determined by relatively small earnings management. Ruwanti (2016) states that accounting profit describes operating results, recognizing losses faster than the time to recognize economic benefits. This condition is also supported by the opinion of Basu (1997) in amarulloh (2018)

Givoly and Hayn (2000), from the results of their research said that the greater the difference in profit recognition than the greater conservatism recognition loss, causes a positive correlation between cash flow and an increase in accrual policy in admitting losses (Ball and Shivakumar, 2005). In other words, the existence of an accrual loss policy which is recognized by the conservatism policy will affect cash flow to decrease. If the cash flow decreases, it will motivate managers to do earning management, because their performance decreases.

The research results of Anggraeni Ulistianingsih (2017) that conservatism carried out by companies is able to suppress or minimize the occurrence of earnings management, in the sense that accounting conservatism has a negative effect on earnings management, the higher conservatism will reduce the occurrence of earnings management, as is the case with Bentar Wibisono and Fuad's research. (2019) that accounting conservatism has a negative and significant effect on earnings management.

As stated by Lara et al. (2012) and Abed et al (2012). High accounting conservatism if it is owned by a company where revenue recognition is longer (small) and cost recognition is faster (bigger) will avoid large management or will carry out lower earnings management. The results of research by Putri Warislam et al (2018) and Intan Soraya and Puji Harto (2015) reveal the same thing that accounting conservatism either simultaneously or partially affects earnings management. In the sense that conservatism can minimize managers to modify financial reports for certain interests.

From the framework or research results, the researcher can make a hypothesis or presumption that in non-bank state-owned enterprises, earnings management can be minimized by the existence of accounting conservatism.

**RESEARCH METHOD**

The object of this research is Accounting Conservatism and Earnings Management, in SOEs listed on the Indonesia Stock Exchange from 2015 to 2019. The research method consists of descriptive and verification methods with a quantitative approach.

The descriptive method will describe and analyze the variables studied, namely accounting conservatism and earnings management that occur in SOEs listed on the Indonesia Stock Exchange for the period 2015 to 2019. Meanwhile, the verification method will prove that accounting conservatism can minimize earnings management in non-bank state-owned companies. listed on the IDX for the period 2015 to 2019. In this study, only non-bank SOEs were listed on the IDX for the 2015 to 2019 period, because state-owned banks have their own rules and are supervised by the OJK, while non-banks in their operations are not supervised by OJK. In addition, in the business process of providing financial reports, of course, is inversely related, on the basis of these differences the researchers did not include them.

The population in this study were 16 state-owned non-bank companies listed on the Indonesia Stock Exchange (BEI) during the 2015-2019 period. From the population, samples were taken using non-probability sampling or purposive sampling techniques (Sugiyono, 2016)

**Table 2 :Number of BUMN as Research Samples**

NO	SAMPLE	
1	BUMN listed on the Indonesia Stock Exchange (non banking)	16
2	BUMN that presents financial reports other than rupiah currency	(3)
3	BUMN that do not publish complete financial reports in 5 periods (2015 to 2019 period)	(2)
4	Number of Companies	11
5	Number of Years of Research	5
6	Total sample to be studied	55

Source: Processed Data, 2020

The type of research data consists of secondary data, namely BUMN financial report data for the period 2015 - 2019 obtained from the official IDX website, namely [www.idx.co.id](http://www.idx.co.id) and the company's direct website. Data collection techniques through literature studies and published data reports.

Data analysis uses descriptive data analysis, namely analyzing by describing the condition of accounting conservatism and earnings management in non-bank BUMNs for the period 2015-2019, and verification analysis using SPSS through simple regression to prove that accounting conservatism can minimize earnings management. Prior to simple regression, go through several testing stages, including the classical assumption test to find out whether the regression model obtained can produce a good estimator and to test and the requirements to fulfill the test include data must be normally distributed, do not contain multicollinearity, autocorrelation and heteroscedasticity. .

The normality test in this study used a non-parametric one sample Kolmogorov Smirnov (K-S test), the heteroscedasticity test to test whether the regression model had an inequality of variance from the residuals of one observation to another (Ghozali, 2009), using the scatterplots test analysis. Meanwhile, seeing the symptoms of homoscedasticity can be seen with the Scatterplots image, detecting the presence of heteroscedasticity by looking at the heteroscedasticity curve or scatter diagram (chart).

In addition, an autocorrelation test was also carried out to test whether in the linear regression model there was a correlation between confounding error in period t and confounding error in period t-1 (previous). The measure to determine whether the data is autocorrelated or not is the Durbin Watson (DW) test. the terms of the Durbin Watson (DW) test (Sunyoto, 2013).

Furthermore, the Multicollinearity test to test found a correlation between independent variables (independent variable in the regression model), Detecting the presence or absence of multicollinearity in the recession model seen from the tolerance value and variable inflation factor (VIF). Tolerance measures the variability of the selected independent variable that is not explained by other independent variables. From the results of simple linear regression testing used in this study are as follows

$$Y = a + bX + e$$

## RESULTS AND DISCUSSION

Accounting conservatism is the choice of company management when it is in a position of doubt to use the recording method that has the smallest possibility of converting reported assets and profits, it can be due to the principle of prudence in choosing alternative accounting methods based on applicable rules. Based on the results of research and calculations using secondary data related to accounting conservatism that occurred in non-bank BUMN for the 2015 to 2019 period, as many as 16 BUMNs are described in Table 3 and Figure 1

**Table 3 : Development of Accounting Conservatism in Non-Bank SOEs Listed on the IDX for the period 2015 to 2019**

	2015	2016	2017	2018	2019	Rata-rata
PT A	<b>0,017</b>	-0,019	-0,027	-0,025	-0,019	-0,015
PT B	0,007	-0,005	<b>-0,026</b>	-0,006	-0,007	-0,003
PT C	0,007	-0,005	-0,004	-0,006	-0,007	-0,006
PT D	0	0	-0,0018	-0,005	-0,007	-0,006
PT E	-0,025	-0,023	<b>-0,124</b>	<b>0,087</b>	-0,016	-0,020
PT. F	-0,012	-0,015	-0,087	0,001	0,013	-0,020
PT. G	<b>-0,047</b>	-0,009	-0,013	<b>-0,033</b>	-0,015	-0,023
PT. H	0,011	-0,003	-0,019	-0,013	0,019	-0,001
PT. I	-0,038	<b>-0,082</b>	0	0,006	<b>-0,037</b>	0,030
PT. J	-0,019	-0,001	0	0,008	0,01	<b>0,000</b>
PT. K	0,002	-0,004	-0,005	-0,008	0,001	-0,003
PT. L	0,001	-0,008	-0,009	-0,007	-0,006	-0,006
PT M	0,002	0,005	-0,007	-0,009	<b>0,019</b>	0,006
PT N	0,002	-0,019	-0,018	-0,019	-0,18	<b>-0,047</b>
PT O	0,004	<b>0,007</b>	0,001	0	0,005	0,003
PT. P	-0,018	-0,017	-0,014	-0,011	-0,010	-0,014
Jumlah	-0,106	-0,188	-0,318	-0,031	-0,218	-0,172
Tertinggi	-0,047	-0,082	-0,124	-0,033	-0,037	-0,047
Terendah	0,017	0,007	0,026	0,087	0,019	0,000
Rata-rata	-0,007	-0,012	-0,020	-0,002	-0,014	-0,011

Source: processed from financial report data 2015 to 2019

Based on the research results (Table 3) and (Figure 1), it can be seen that in 2015 the highest accounting conservatism occurred at PT.G (-0.047) and the lowest was PT.A with a value of 0.017. Meanwhile, the average accounting conservatism in 2015 was -0.007. In 2016 the highest conservatism was realized by BUMN PT. I (-0.082) and the lowest was PT. O with a value of 0.007, while the average value of conservatism in 2016 was -0.012. In 2017, the highest was PT E with a value of -0,124 and the lowest was PT. B is around 0.026 with a mean of -0.020

In 2018, the highest accounting conservatism of -0.033 was implemented by BUMN PT. G and the lowest was PT E (0.087) with an average of -0.002. Lastly, in 2019 the highest conservatism was implemented by I with a value of -0.037 and the lowest accounting conservatism value M (0.019), with an average in 2019 of around -0.014. The condition of companies / BUMNs that practice the highest conservatism, in this case having a negative value, means that these SOEs tend to be more careful.

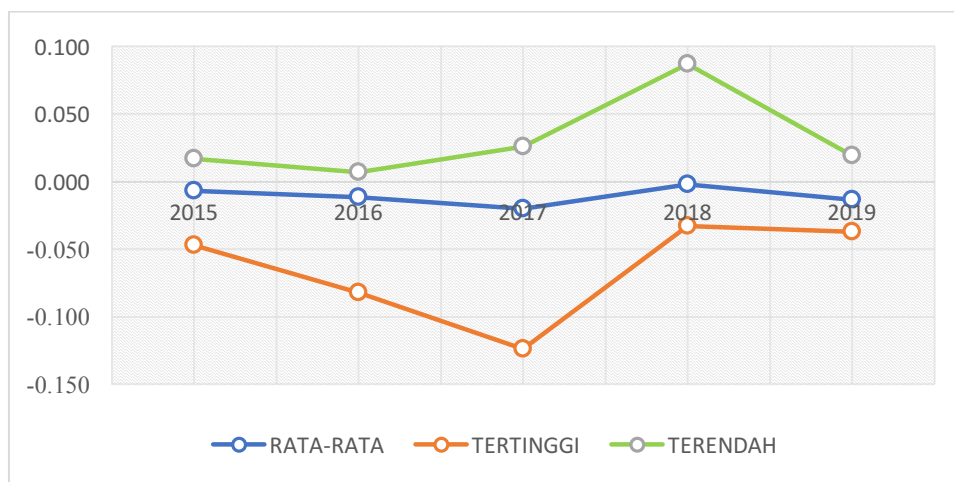
Based on the description (Table 3) and (Figure 1) the conditions per year in conducting accounting conservatism. The value of accounting conservatism that shows negative results (-) means that a financial statement in the company is increasingly conservative. It can be said that a company first recognizes expenses compared to the profits earned. In addition, it is indicated that the company / BUMN has chosen the method very carefully when it is in a position of doubt to use the recording method which



has the least probability of converting reported assets and profits. On the other hand, a company (BUMN) that has low conservatism (more and more towards the positive) means that the company / BUMN is not careful in making decisions, there are indications of increasing revenue and reducing costs in its recognition

Viewed as a whole (Table 3) or (figure 1) the highest average accounting conservatism in 2017 (-0.020), while in 2015 and 2016, respectively, experienced a small increase, respectively, around -0.007 and -0.012. In 2018, it experienced a drastic decline from an average of -0.020 to -0.002. In 2019 it has increased again to an average of -0.014. The average for the last five years was in the good category, namely -0.011. This condition illustrates that overall the non-bank state-owned companies listed on the IDX have entered the increasingly conservative category where the BUMN companies studied generally adhere to the principle of prudence in which recognizing profits and assets is slower and recognizing burdens and debts faster, even the peak occurred in 2017.

**Figure 1 : Average Development of Accounting Conservatism on Non-Bank SOEs Listed on the IDX for the period 2015 to 2019**



Earnings management is an investment with a specific objective in the external financial reporting process to obtain some private benefits as opposed to facilitating neutral operations in the process (Sciper (1989), or it can be said that a process that is carried out deliberately within the limits of the general added accounting principle or GAAP. to direct the level of reported profit, it could be by increasing profit (accelerating the recognition of earnings) or decreasing profit but it has nothing to do with changes in the amount of profitability. demonstrate good company performance and conditions to attract investors. Earnings management occurs if the results are positive, the higher the positive value, the higher the company's earnings management is, on the contrary, the more negative, the earnings management is not done, even the more negative it is never done.

Based on Table 4 and Figure 2, it can be seen that the condition of BUMN in 2015 was the company that carried out the highest earnings management, namely PT. G 0.111 and the lowest earnings management is PT.K. In 2016 the state-owned company PT. G (0.086), the highest and the lowest PT.I (-0.088). In 2017, the highest BUMN companies were PT.N (0.287) and the lowest was PT. F (-0.453). Then in 2018 the highest performing earnings management was PT. D is 0.342 and the lowest is PT. F of -340. In 2019, the highest level of profit management was BUMN PT.C of 0.345 and the lowest was -981, namely the PT.F.

The conditions that occur in Table 4 and Figure 2 indicate that for BUMN that carry out high earnings management, it is indicated that generally these companies because they have pressure or are motivated to do so are most likely to protect their companies. In this case, managers can influence market value or share price through earnings management, for example by smoothing income and profit growth throughout the year

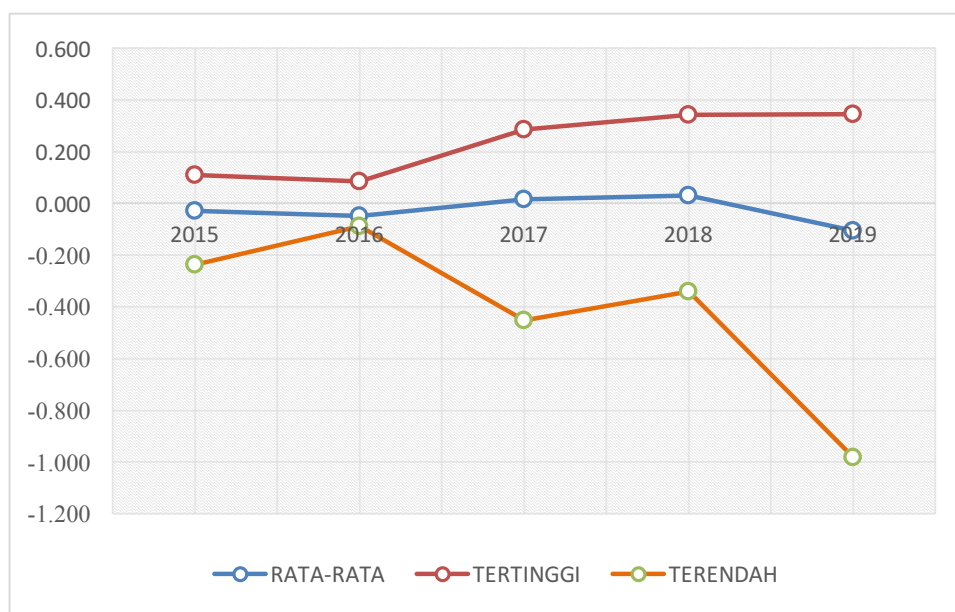
In addition, it is to maintain that investors trust and do not take their shares. Because income smoting does not affect profitability but beautifies it by slowing down recognition or accelerating recognition, by using the right path according to the rules. On the other hand, BUMN companies that are low in earnings management are likely to be in good condition and do not need to modify them, because investors already trust and usually have high share value The higher (positive) the company tends to use strategy.

Table 4 : Development of Earnings Management in Non-Bank SOEs Listed on the IDX for the Periode 2015 to 2019

	2015	2016	2017	2018	2019	Rata-rata
PT A	-0,024	-0,087	0,342	0,007	0,000	-0,089
PT B	-0,032	0,49	0,49	0,154	0,087	0,061
PT C	-0,003	-0,080	-0,008	-0,005	0,345	0,048
PT D	-0,045	0,002	0,003	0,342	-0,006	0,059
PT E	0,090	0,035	0,093	0,110	0,034	0,072
PT F	-0,002	-0,045	-0,453	-0,340	-0,981	-0,424
PT G	0,111	0,086	0,092	0,015	0,029	0,067
PT H	-0,053	-0,060	-0,060	-0,081	-0,078	-0,066
PT I	-0,075	-0,088	0,143	0,083	0,010	0,015
PT J	-0,212	-0,056	0,224	-0,003	-0,450	0,100
PT K	-0,238	-0,002	0,213	0,039	-0,976	-0,193
PT L	0,10	0,023	0,022	-0,023	0,232	0,053
PT M	-0,002	-0,005	0,063	0,065	0,071	0,038
PT N	0,022	0,003	0,287	0,095	0,099	0,101
PT O	-0,002	-0,023	-0,098	-0,002	-0,013	-0,088
PT P	-0,002	0,065	0,025	0,046	-0,087	0,009
<b>Jumlah</b>	<b>-0,458</b>	<b>-0,793</b>	<b>0,253</b>	<b>0,501</b>	<b>-1,683</b>	<b>-0,436</b>
<b>Tertinggi</b>	<b>0,111</b>	<b>0,086</b>	<b>0,287</b>	<b>0,342</b>	<b>0,345</b>	<b>0,101</b>
<b>Terendah</b>	<b>-0,238</b>	<b>-0,088</b>	<b>-0,453</b>	<b>-0,340</b>	<b>-0,981</b>	<b>-0,089</b>
<b>Rata-rata</b>	<b>-0,029</b>	<b>-0,050</b>	<b>0,016</b>	<b>0,031</b>	<b>-0,105</b>	<b>-0,027</b>

Source: processed from financial report data for 2015 to 2019

Figure 2 : Earnings Management Average Development on Non-Bank SOEs Listed on the IDX for the Period 2015 to 2019



increase in earnings and indicated that they are doing earnings management. Conversely, the smaller or negative value of Discretionary Accruals indicates that the company uses a profit reduction strategy. Referring to Figure 2 above, overall it is categorized as quite good with an average value of -0.027, although indirectly there are still BUMNs that do it

This condition (figure 2) implies that in general the non-bank state-owned companies that were listed on the IDX during 2015 to 2019 did not carry out earnings management, although partially there were still those who did it, for example by means of income smoting, namely recognition. earlier or later while still not reducing or increasing profitability, changing the method of depreciation, economic life, establishing allowance for losses on accounts receivable and others.

Seen as a whole in 2015 and 2016 it is quite good because it has decreased from an average of -0.029 to -0.050. However, in 2017 and 2018, on average, BUMN performed earnings management with an average of 0.016 and 0.0131. but in 2019 the condition of BUMN had begun to improve so that profit management immediately dropped drastically to -0.105. More details can be seen in Figure 2

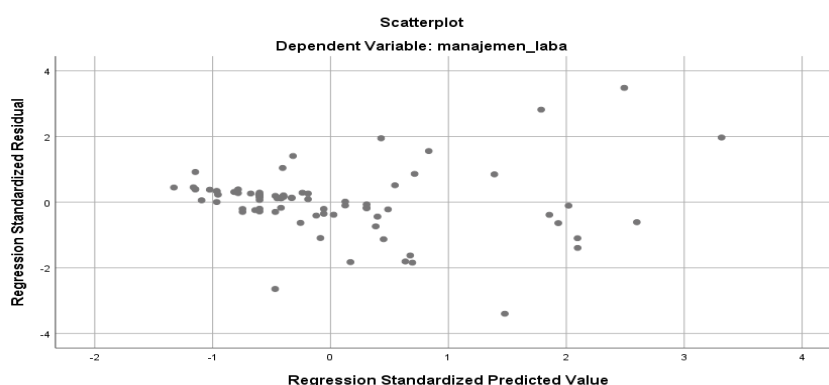
To test accounting conservatism has a contribution in minimizing negative and significant earnings to earnings management, where the more company's practice (negative) accounting conservatism, the less treatment of those who have authority or managers in implementing profit management will decrease. To test researchers using simple regression. The research results are described as follows

**Table 5: Data Normality Test**

One-Sample Kolmogorov-Smirnov Test		
		manajemen laba
N	80	
Normal Parameters <sup>a,b</sup>	Mean	,0174
	Std. Deviation	,22212
Most Extreme Differences	Absolute	,265
	Positive	,265
	Negative	-,174
Test Statistic	,265	
Asymp. Sig. (2-tailed)	,200 <sup>c</sup>	
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Based on the results of data processing shows  $du = 1.6620 < Dw = 2.337 < 4 - Du = 2.338$  1.6620, it can be concluded that the simple linear regression model does not occur autocorrelation

**Figure 3: Heteroscedasticity Test**



**Table 6 : Multicollinearity Test**

Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-,102	,042		-2,412	,018		
	konservatisme	,187	,055	,357	3,377	,001	0,910	1,099

a. Dependent Variable: Earning Management

Based on Table 6, it shows that the independent variable of this study has a VIF value below 10, namely 1.099 and a tolerance value above 0.1, which is 0.910, it means that there is no correlation between the independent variables, which concludes that there is no multicorrelation between the independent variables in the regression



**Table 7: Correlation and determination coefficient**

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,736 <sup>a</sup>	,813	,116	,20880	2,337
a. Predictors: (Constant), conservatism					
b. Dependent Variable: Earning Management					

Based on table 7, it is known that the R square is 0.813, then the coefficient of determination can be calculated using the following formula:

$$KD = R^2 \times 100\% = 0.813 \times 100\% = 81\%$$

Based on the results of the above calculations, it can be concluded that earnings management (Y) is influenced by conservatism (X) by 81% while the remaining 19% is influenced by other factors that have not been explained in this study.

**Table 8 : Simple Regression**

Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-,102	,042		-	,018		
	konservatisme	,187	,055	,357	3,377	,001	0,910	1,099
a. Dependent Variable: Earnings Management								

Based on the above equation, it can be explained that accounting conservatism affects earnings management by 81% and the remaining 19% is influenced by other factors that we did not examine. In other words, accounting conservatism can minimize the existence of earnings management in non-banking state-owned companies for the period 2015 to 2019. As for the significance of the results of this test, namely if the company's management is increasingly conservative in accounting, namely recognizing small profits (slow in recognition) and recognizing debt and costs. high (fast in recognition), it will minimize management in the company to perform earnings management or modify earnings in accordance with expectations.

## CONCLUSIONS AND RECOMMENDATIONS

### Conclusion:

- Overall, the highest average accounting conservatism in 2017, while in 2015 and 2016 respectively experienced a small increase and in 2018 experienced a drastic decline compared to 2017, however in 2019 it has increased again. Overall, the non-bank state-owned companies listed on the IDX have entered the increasingly conservative category where the BUMN companies studied generally adhere to the principle of prudence in which recognizing profits and assets is slower and recognizing burdens and debts faster, even the peak occurs in in 2017.
- In general, the non-bank state-owned companies studied did not perform earnings management, which was categorized as quite good, although partially there were also those that did earnings management. In 2017 and 2018, the average BUMN performed earnings management with an average of 0.016 and 0.0131, but in 2019 the condition of BUMN had begun to improve so that profit management immediately plunged drastically.
- Accounting conservatism has an effect on earnings management in non-bank SOEs listed on the IDX for the 2015 to 2019 period by 81%. This means that company management is increasingly conservative in accounting, namely recognizing small profits (slow in recognition) and recognizing high debt and fees (fast in recognition), it will minimize management within the company to perform earnings management or modify earnings according to expectations

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