EFFECT OF DEBT LEVEL AND ACCOUNTING CONSERVATISM ON PROFIT MANAGEMENT

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ABSTRACT
This study aims to test and provide empirical evidence regarding the effect of debt levels and accounting conservatism on earnings management in real estate, construction and building companies listed on the Indonesia Stock Exchange for the 2016-2020 period. The type of research used is quantitative research. The number of samples used in this study was 55 data from 11 companies during the 2016-2020 period which was obtained using the purposive sampling method based on predetermined criteria. The data used is secondary data in the form of audited annual financial statements for the 2016-2020 period obtained from the official website of the Indonesia Stock Exchange and the websites of each company. The data analysis technique used is descriptive statistics and panel data regression analysis using Eviews 10 software. The results of this study are based on a partial test with t test stating that the level of debt does not affect earnings management, while accounting conservatism affects earnings management. Based on the simultaneous test with the F test states that simultaneously the level of debt and accounting conservatism on earnings management.

Keywords: Debt Level; Accounting Conservatism; Earnings Management

1. INTRODUCTION
Research Background

Financial statements are a form of company purpose to convey information and economic conditions at a certain period. Financial reports are also used as a communication tool between data and the company's activity processes that can be used as decisions with the ultimate goal of profit which is the simplest measurement tool in assessing company performance. Therefore, the quality of earnings is very important for the company in achieving its targets. A financial report is basically the result of an accounting process that can be used as a means of communication between financial data or the activities of a company and parties with an interest in the data or activities of the company. Financial statements are very important to know the company's financial condition. At first the financial statements for a company are only as a 'testing tool' of the work of the bookkeeping department, but subsequently the financial statements are not only a testing tool but also as a basis for determining or assessing the company's financial position. (Gunawan et al., 2015)

Management as the party that compiles financial reports has a goal of how to get the desired profit for the company. One of the managers' performance is measured by the achievement of high profits. If the company gets high profits, the management will automatically get the maximum bonus and show good performance, besides that, getting high profits will attract the attention of potential investors to want to invest their funds in the

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company because the company is considered to have good performance. (Nabil & Hidayati, 2020)

The phenomenon of earnings management that occurs in several large companies. An example of the earnings management phenomenon is the case of PT Inovisi Infracom (INVS). The case of PT Inovisi Infracom (INVS) in 2015. In this case the Indonesia Stock Exchange (IDX) found indications of misstatement in INVS's financial statements for the September 2014 period. In INVS's disclosure of information dated February 25, 2015, there are eight items in INVS's financial statements that must be disclosed. repaired. IDX asked INVS to revise the value of fixed assets, earnings per share, business segment reports, categories of financial instruments, and total liabilities in the business segment information. In addition, the IDX also stated that INVS's management had misstatement of cash payment items to employees and net receipts (payments) of related party debt in the statement of cash flows. In the first semester of 2014 salary payments to employees were Rp1.9 trillion. However, in the third quarter of 2014 the number of salary payments to employees fell to Rp59 billion. Previously, INVS management had revised its financial statements for the period January to September 2014. In this revision, several values in the financial statements experienced changes in value, one example is the decline in asset values. remained at Rp1.16 to Rp1.45 trillion. Inovisi also recognizes earnings per share based on earnings for the period. This practice makes INVS's earnings per share appear larger. (http://www.bareksa.com, posted on February 25, 2015)

The company's efforts to manipulate information through earnings management practices have become the main factor that causes financial statements to no longer reflect the fundamental value for a company. Many managers take advantage of opportunities to manipulate profit figures (Earnings Management). Earnings management is carried out by managers not only by increasing profit figures but also by lowering profit figures in their companies to influence the final results of various decisions, including bonus motivation, considered better performance or minimizing the income tax burden that must be paid by the company. Therefore, the engineering of financial statements has become a central issue as a source of misuse of information that can mislead interested parties in making decisions. That is why the information submitted is sometimes received not in accordance with the actual conditions of the company. (Nabil & Hidayati, 2020)

The next factor that affects earnings management is the level of debt, because debt can be used as a source of capital for the company. Debt is one way to get additional funding from external parties, by establishing contractual ties with creditors as a consequence of the company. The company's ability to earn profits cannot be separated from the company's source of capital in developing its business and generating maximum profit. Debt also affects the persistence of earnings and the level of stability of the company which will have an impact on the survival of the company in the future. The level of debt encourages companies to increase earnings persistence with the aim of maintaining good performance in the eyes of auditors and users of financial statements (Ganitri Putri & Supadmi, 2016).

The high level of debt will further encourage companies to practice earnings management in order to create confidence in creditors to invest funds which will later be used for the payment process. On the other hand, the company prefers the source of funds from debt because it can reduce income tax. From these tax savings, the company's profits can be greater.

According to (Intan Soraya, 2014) the choice of accounting method is the method that leads to reporting lower profits and assets or reporting higher costs and debts. Conservatism practices can occur because the accounting standards that apply in Indonesia allow companies

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to choose one accounting method from a collection of measurement methods that are allowed in the same situation.

According to (Sari, 2016) Conservatism can be defined as an attempt to choose a generally accepted accounting method that will result in revenue recognition as late as possible, expense recognition as quickly as possible, lower asset valuation and higher liability valuation. Specifically, this principle suggests that it is preferable to report the lowest values for assets and revenues and the highest values for debts and expenses. Conservatism can be described as a pessimistic view when choosing accounting techniques for financial reporting. Conservatism is the principle that most influences valuation in accounting.

2. LITERATURE REVIEW
The Theory Foundation
is a set of constructs (concepts), definitions, and propositions that function to see phenomena systematically, through the specification of relationships between variables, so that they can be useful for explaining and predicting phenomena. solid, and not just an act of trial and error (tria/and error). The existence of this theoretical foundation is a feature that research is a scientific way to obtain data. The theoretical basis written in research is more of a function to show how far the researcher has the theory and understands the problem under study even though the problem is still temporary. Therefore, the theoretical basis put forward is not fixed, but is temporary. Qualitative researchers are actually required to conduct grounded research, namely finding theories based on data obtained in the field or social situations. (Prof. Dr. Sugiyono, 2013)

Agency Theory (Agency Theory)
theory states that earnings management practices are influenced by conflicts of interest between agents and principals that arise when each party tries to achieve the desired level of prosperity. In this case the agent has more information than the principal, giving rise to information asymmetry. The existence of more information owned by managers can trigger them to take action in accordance with their own personal desires and interests (Lubis & Suryani, 2018).

The concept of earnings management can be explained by using an agency theory approach. The theory states that the practice of earnings management is influenced by the conflict of interest between the interested party (principal) and management as the party running the interest (agent). There is a difference of interest between the principal (owner) and the agent (management). (Dewa Ketut Wira Santana, 2016). The principal assigns responsibility to the agent in accordance with the agreed work contract. The powers and responsibilities of both the agent and the principal are regulated in the employment contract upon mutual agreement. the principal employs the agent to perform tasks in the principal's interest, including the delegation of decision-making authority. (Stefani, 2019)

Agency theory is also related to debt levels because debt is one way to get additional funding from external parties, by establishing contractual ties with creditors as a consequence of the company. An increase in debt will reduce the scale of conflict between shareholders and management. If the company needs credit, it must be ready to be evaluated and monitored by external parties and will reduce conflicts between management and shareholders. (Putri & Irawati., 2019)

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The relationship between agency theory and accounting conservatism is because management actions anticipate no profit and Conservatism is considered in favor of investors, tends to protect investors from investing errors due to errors in analyzing company profit information

Positive Accounting Theory (Positive Accounting Theory)

theory is based on the proposition that managers, shareholders, and regulators (politicians) are rational and they seek to maximize their utility, which is directly related to compensation and profitability. their prosperity. The choice of accounting depends on variables that represent management incentives to choose accounting methods with bonus plans, debt contracts, and political processes (Stefani, 2019).

Earnings Management

management is an effort made by management to manipulate accounting numbers reported to external parties with the aim of benefiting themselves by changing or ignoring established accounting standards, thus presenting untrue information (Lawe Anasta, 2003). 2015). According to (Stefani, 2019) Earnings management is an intervention that has a purpose in the financial reporting process to external parties with the intention of obtaining private benefits for management

Earnings Management Earnings management is an effort made by management to manipulate accounting numbers reported to external parties. with the aim of benefiting himself by changing or ignoring the accounting standards that have been set, thus presenting information that is not true (Lawe Anasta, 2015). According to (Stefani, 2019) Earnings management is the intervention that has a purpose in the process of financial reporting to external parties with the intention to obtain private benefits for management

Rate Debt

Debt used efficiently and effectively increase the value of the company but debts can also be used as an excuse to trigger manager perform earnings management. The high risk of the company as measured by a high debt ratio, can make management "play" with the value of the ratio to perform earnings management (Lawe Anasta, 2015). Leverage is a measure of how much the company is financed with debt. The use of debt that is too high will endanger the company because the company will be included in the category of extreme leverage (extreme debt), namely the company is trapped in a high level of debt and it is difficult to release the debt burden. Therefore, companies should balance how much debt is worth taking and from which sources can be used to pay debts.

Accounting Conservatism

Conservatism is defined as an attempt to choose generally accepted accounting methods that slow the recognition of revenues, accelerate the recognition of expenses, lower the valuation of assets, and elevate ratings of debt (Stefani, 2019) conservatism is management action to better anticipate no profit and more quickly recognize losses (Watts, 2003) Implications of the concept of conservatism on accounting principles, namely accounting recognizes revenue or profits would come despite the likelihood of a large

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Hypothesis Development

The hypothesis is a temporary answer to the problem formulation in research, where the formulation of the research problem has been stated in the form of a sentence statement. Because it is still temporary, it needs to be proven true through the empirical data collected (Prof. Dr. Sugiyono, 2013) Hypotheses or tentative answers regarding problems that are still presumption because it still requires significant proof. If the results of the hypothesis equal to the test results, the hypothesis is accepted. On the other hand, the hypothesis will be rejected if the test results are different from the results of the hypothesis. Based on framework thinking above, then the hypothesis that the author can put forward in this study is :

Debt Levels, and Conservatism Accounting for Earnings Management

Based on research (Sulastri, 2014), a high level of debt can provide stronger incentives for managers to manage earnings on procedures acceptable and shows that the level of debt has a positive and significant to earnings management. Good management will present financial statements in accordance with the actual condition of the company, for this reason, caution is needed in every decision-making action. Quickly acknowledging goodnews will have an effect to the fair value of the company's profits, while shareholders want comprehensive earnings information (Stefani, 2019).

H1 : Suspected tax planning, debt level, and accounting conservatism effect on earnings management.

Influence of Debt Level on Earnings Management

Research conducted by (Regita, 2017) states that the level of The company's debt is very influential in earnings management, because the company which has a high leverage ratio due to the large amount of debt compared to with assets owned by the company, it is suspected that earnings management is the company is threatened with default, which is unable to meet payment obligations debt on time. Therefore, the average firm increases its debt due to interest Loans are costs that can reduce corporate taxes. In this case, debt acts as a tax shield because it can reduce taxes that must be paid paid by the company in the form of interest payments to parties who give debt.

H2: It is suspected that the level of debt affects earnings management

The Effect of Accounting Conservatism on Earnings Management

Research conducted by (Stefani, 2019) states that conservatism has a negative effect on earnings management. Profit management is a way of presenting profits that are adjusted to the objectives desired by the company managers and carried out by the selection of accounting principles. Method selection Accounting conservatism is a management action that aims to maximize management's interest in reporting earnings. Good management will present financial statements in accordance with the actual condition of the company, for this reason, caution is needed in every decision-making action. Quickly acknowledging goodnews will have an effect to the fair value of the company's profits, while shareholders want comprehensive earnings information. Then the practice of accounting conservatism is needed in every decision. Based on the description above, the hypothesis is determined which will be tested in this study are:

H3: It is suspected that conservatism has an effect on earnings management.

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3. DATA AND RESEARCH TECHNIQUE ANALISYS

Type Of Study

According to (Prof. Dr.sugiyono, 2013) There are several types of research according to experts, based on the type of analysis this research is a Quantitative Research. Quantitative research is an approach to empirical study to collect, analyze, and present data in numerical rather than narrative form. This research is a research in the form of quantitative data that is numbered, with the data used, namely secondary data sourced from the annual financial statements of companies listed on the Indonesia Stock Exchange in 2016-2020. Data obtained by accessing the website www.idx.co.id.

Place and Time of Research

location of this research indirectly is to collect data from the Indonesia Stock Exchange (IDX) through the website www.idx.co.id, which is located at 6 at the Indonesia Stock Exchange Building, Tower 1, 6th Floor Jl. Gen. Sudirman Kav 52-53 South Jakarta 12190, Indonesia. because the IDX is the first stock exchange in Indonesia that has been well organized and has fairly complete data, this study uses property and real estate companies listed on the Indonesia Stock Exchange (IDX) during the 2016-2020 research period. The time of this research is planned in September 2021 until it is completed.

Operational Research Variables Research

variables are things in the form of whatever is determined by the researcher to be studied so that information is obtained about it and then conclusions are drawn according to (Prof. Dr. Sugiyono, 2013).

Rate Debt

level The company'slevel is the level of the company's ability to use fixed assets and funding (debt) for company purposes. The measurement of debt levels refers to the research conducted by Widyaningdyah, 2001 in (Lawe Anasta, 2015) explaining to calculate the level of debt as follows:
Debt Level: Total Debt / Total Assets

Accounting conservatism

In this study conservatism functions as an independent variable. Conservatism is a management action by anticipating no profit and recognizing losses more quickly (Watts, 2003). Conservatism variables in this study are proxied by net income, depreciation expense and operating cash flow. Conservatism variable is measured using the following formula (Savitri, 2016)

$CONACC_{it} = NIO + DEPR\ CFO / TA_{it}$

Description:
$CONACC_{it}$ = Conservatism value accruals of company i in year t
NIO = Net profit before extraordinary items of company i in year t
$DEPR$ = Expenses depreciation and amortization of company i in year t
CFO = operating cash flow of company i in year t
TA_{it} = Total assets of company i in year t

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Earnings Management

Managementmanagement is an action taken by company management to influence reported earnings which can provide information about economic profits (economic advantage) that is not actually experienced by the company, which in the long run can harm the company. Earnings management variables are measured through discretionary cash flows. The similarities in research (Singkianti, 2015) are as follows:

a. Calculating Total Accrual (TAit)

TAit = NIit - CFOit

b. Calculating Non Discretionary Accrual (NDAit)

$$\text{NDAit} = \beta_1 \left(\frac{1}{Ait-1}\right) + \beta_2 \left(\frac{\Delta REVit - \Delta RECit}{Ait-1}\right) + \beta_3 \left(\frac{PPEit}{Ait-1}\right)$$

c. Calculating Discretionary Accrual (DAit)

DAit = TAit – NDAit

Description:

Tait = total accrual of company i in year t

Niit = net profit of company i in year t

CFOit = operating cash flow of company i in year t

NDAit = nondiscretionary accruals of company i in year t

Ait = total assets of company i in year t

REV = revenue in year t minus revenue in year t-1

REC = receivables in year t less receivables in year t-1

PPEit = fixed assets of company i in year t

Dait = discretionary accruals of company i in year t

1 2 3 = parameter obtained from the regression equation

Population and Research Sample

Population is a group of people, events or things that have certain characteristics that are determined by the researcher to be studied, then conclusions are drawn. The population in this study are Property, Real Estate and Building Construction companies listed on the IDX from 2016-2020. The sample is a collection of data taken from the population (Prof. Dr. Sugiyono, 2013). The sample selection in this study was based on purposive sampling with the aim of obtaining samples that match the predetermined criteria. The sample used in this study is Property, Real Estate and Building Construction companies listed on the IDX from 2016-2020. In this study, the criteria for the companies that were sampled were as follows:

1. Property and real estate companies listed on the Indonesia Stock Exchange (IDX) during the 2016-2020 research period.

2. The company did not change to/from other sub-sectors nor was it delisted (no longer listed on the IDX) during the year of observation.

3. The company did not experience any losses during the year of observation.

4. The company publishes financial statements as of December 31 from 2016 to 2020 which have been audited.

5. The company has complete data related to all variables to be studied

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Collection Techniques The data

sources used in this study are secondary data sources. The data collection techniques used in this study are: Documentation Techniques and Library Techniques.

Analysis Techniques

Descriptive StatisticalDescriptive statistical analysis provides or a description of the data seen from the average value (mean), standard deviation, variance, maximum, minimum, sum, range, cutosis and skewness (distribution of distribution) (Ghozali, 2016).

Panel Data Regression Model
Common Effect Model This

is the simplest panel data model approach because it only combines time series and cross section data.

Fixed Effect Model

This model assumes that differences between individuals can be accommodated from differences in intercepts.

Random Effect Model

This model assumes panel data where the disturbance variables may be interrelated over time and between individuals.

Panel Data Regression Model Estimation This
Chow Test

test is used to select one panel data regression model, by adding a dummy variable so that it can be seen that the intercept is different and can be tested with the Chow test (statistical F test) by looking at the Residual Sum of Squares (RSS).).

Hausman Test

test This test is used to select a random effect model with a fixed effect model. This test works by testing whether there is a relationship between the error in the model (composite error) and one or more explanatory variables (independent) in the model.

Lagrange Multiplier Test

Test This test is used to compare or choose the best model between the fixed effects model and the fixed coefficient model. This test is based on the distribution of Chi Squares with degrees of freedom (df) equal to the number of independent variables.

Classical Assumption Test The
Normality Test

aims to test whether in the regression model, the confounding or residual variables have a normal distribution.

Multicollinearity

Test The multicollinearity test is used to measure the level of association (closeness) of the relationship/influence between these independent variables through the magnitude of the correlation coefficient (r).

Heteroscedasticity

Test The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residuals of another observation. If the variance from one

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observation to another is the same, it is called homoscedasticity, and if the variance is different, it is called heteroscedasticity (Zulfikar, 2016).

Autocorrelation Test

test aims to see whether in the linear regression model there is a correlation between the confounding error in period t and the confounding error in period t-1 (previous).

Panel Data Regression Analysis Panel

data is a combination of time series data and cross section data. Time series data is data consisting of one or more variables that will be observed in one unit of observation within a certain period of time. Meanwhile, cross section data is observation data from several observation units at one point in time (Basuki and Prawoto, 2017).

Hypothesis Testing

Coefficient of Determination (R2)

The coefficient of determination (R2) essentially measures how far the model's ability to explain the variation of the dependent variable.

F Statistical Test (Simultaneous Test)

The F test shows whether all independent or independent variables included in the model have a joint effect on the dependent/bound variable. The purpose of this test is to determine the effect of 2 (two) independent variables or more simultaneously (together) on the dependent variable.

T-Statistical Test (Partial Test)

According to Ghozali (2013), the t-statistical test is used to show how far the influence of one independent variable individually in influencing the dependent variable.

4. RESEARCH RESULTS AND DISCUSSION

Overview of Research Objects

This research was conducted at a Property, Real Estate and Building Construction company listed on the Indonesia Stock Exchange (IDX) having its address at the Indonesia Stock Exchange Building, Menara I Jl. Jendral Sudirman Kav 52-53 South Jakarta 12190, Indonesia. Telephone Number : (021) 5150515, Fax. (021) 5150330. The observation period used in this study is in 2016-2020, where the 5-year research is sufficient to provide an overview of the condition of companies that practice earnings management, so that researchers are able to analyze the company's development for five consecutive years. . The reason for choosing a Property, Real Estate and Building Construction company as the object of research is because this sector is one of the most chosen and in demand by foreign investors.

Research Sample Research

Description Sample

Data processing in this study used the Eviews 10 Program, the population in this study were Property, Real Estate and Building Construction companies listed on the Indonesia Stock Exchange (IDX) for the 2015-2020 period, with a total of 49 companies. Determination of the sample in this study using purposive sampling method. According to Sugiyono, (2016: 85) the purposive sampling method is a sampling technique with certain considerations. The reason the author chooses the sample using the purposive sampling method is because not all samples have criteria that are in accordance with what the author needs. Therefore, in this study the

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selected sample was determined based on certain criteria that had been determined by the author. The sample used must be representative, that is, represent the population, which means that all existing traits or characteristics should be reflected in the sample. The data used is taken from the company's annual reports and financial statements from 2015 to 2020 through the official website of the Indonesia Stock Exchange (IDX) which can be accessed at www.idx.co.id

Descriptive Statistics

Table of Descriptive Statistical Analysis Results

	Management Profit	Levels Debt	Conservatism Accounting
Mean	0.000110	0.368625	0.028887
Median	0.000118	0.364612	0.017480
Maximum	0.002044	0.635443	0.120842
Minimum	0.078898 - 0.018127		-0.002071
Std. Dev.	0.000815	0.161138	0.032762
Skewness	-0.252324	0.044061	0.968851
Kurtosis	3.876877	2.018155	3.246624
Jarque-Bera	2.345711	2.227008	8.743876
Probability	0.309482	0.328406	0.012627
Sum	0.006074	20.27440	1.588796
Sum Sq. Dev.	3.59E-05	1.402140	0.057961
Observations	55	55	55

Data source processed eviews 10 (2020)

1.Management Variable

ProfitEarnings Management has a minimum value of -0.002071 which is owned by PT. Pakuwon Jati Tbk. in 2020 and a maximum value of 0.002044 owned by PT. Metropolitan Land Tbk in 2017 with an average value of 0.000110 and a standard deviation of 0.000815.

2. Debt Level Variable

Level has a minimum value of 0.078898 which is owned by PT. Roda Vivatex Tbk in 2020 and a maximum value of 0.635443 which is owned by PT. Summarecon Agung Tbk. in 2020 with an average value of 0.368625 and a standard deviation of 0.161138.

3. Accounting Conservatism Variable

Conservatism has a minimum value of -0.018127 which is owned by PT. Suryamas Dutamakmur Tbk in 2020 and a Maximum value of 0.120842 owned by PT. Metropolitan Kentjana Tbk.. in 2017 with an average value of 0.028887 and a standard deviation (standard deviation) of 0.032762.

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Panel Data Regression Model
Common Effect Model This

is the simplest panel data model approach because it only combines time series and cross section data.

Common Effect Model (CEM) Results Table

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.000357	0.000256	-1.395066	0.1689
TU	0.000434	0.000637	0.681088	0.4988
KONS	0.010628	0.003135	3.390445	0.0013
R-squared	0.203767	Mean dependent var		0.000110
Adjusted R-squared	0.173143	S.D. dependent var		0.000815
S.E. of regression	0.000741	Akaike info criterion		-11.52399
Sum squared resid	2.86E-05	Schwarz criterion		-11.41450
Log likelihood	319.9098	Hannan-Quinn criter.		-11.48165
F-statistic	6.653771	Durbin-Watson stat		2.389039
Prob(F-statistic)	0.002673			

Data source processed eviews 10 (2020)

Fixed Effect

Model This model assumes that differences between individuals can be accommodated from differences in intercepts.

Fixed Effect Model (FEM) Results Table

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.000809	0.001113	-0.727289	0.4711
TU	0.001514	0.002995	0.505441	0.6159
KONS	0.012523	0.003756	3.334104	0.0018
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.275841	Mean dependent var		0.000110
Adjusted R-squared	0.068939	S.D. dependent var		0.000815
S.E. of regression	0.000786	Akaike info criterion		-11.25524
Sum squared resid	2.60E-05	Schwarz criterion		-10.78078
Log likelihood	322.5191	Hannan-Quinn criter.		-11.07176
F-statistic	1.333194	Durbin-Watson stat		2.551822
Prob(F-statistic)	0.236796			

Data source processed eviews 10 (2020)

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Random Effect

Model This model assumes panel data where disturbance variables may be interrelated over time and between individuals.

Table of Results of Random Effect Model (REM)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.000357	0.000271	-1.314682	0.1944
TU	0.000434	0.000676	0.641843	0.5238
KONS	0.010628	0.003326	3.195088	0.0024

Effects Specification				
			S.D.	Rho
Cross-section random			0.000000	0.0000
Idiosyncratic random			0.000786	1.0000

Weighted Statistics			
R-squared	0.203767	Mean dependent var	0.000110
Adjusted R-squared	0.173143	S.D. dependent var	0.000815
S.E. of regression	0.000741	Sum squared resid	2.86E-05
F-statistic	6.653771	Durbin-Watson stat	2.389039
Prob(F-statistic)	0.002673		

Unweighted Statistics			
R-squared	0.203767	Mean dependent var	0.000110
Sum squared resid	2.86E-05	Durbin-Watson stat	2.389039

Source data processed by eviews 10 (2020)

Panel Data Regression Model Estimation The
Chow Test

test is used to determine the best panel data regression estimation model between the Common Effect Model (CEM) and Fixed Effect Model (FEM)

Test Results Table Chow

Effects Test	Statistics	df	Prob.
Cross-section F	0.418016	(10.42)	0.9300
Cross-section Chi-square	5.218437	10	0.8761

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Data source processed eviews 10 (2020)

Based on the results of the chow test in the table above, it can be seen that the results of the chow test show the value of Prob. on the Chi-square cross-section of 0.9300. This value is greater than (0.05), which means Ha is rejected. Thus, it can be concluded that the recommended panel data regression model based on the results of the Chow test is the Common Effect Model (CEM).

The Hausman Test
testtest is used to determine which model should be used, namely the Fixed Effect model (FEM) or the Random Effect Model (REM).

Table of HusmanResults

TestSummary	Chi-Sq.statistics	Chi-Sq. df	Prob.
Cross-section random	1.279855	2	0.5273

Data source processed eviews 10 (2020)

Based on the Hausman test results in the table above, it can be seen that the Hausman test results show the value of Prob. on a random cross-section of 0.5273. This value is greater than (0.05) which means Ho is accepted. Dengan demikian dapat disimpulkan bahwa model regresi data panel yang lebih baik dan direkomendasikan adalah Random Effect Model (REM)

Uji Breusch-Pagan Lagrange Multiplier (LM)
The Langrangge Multiplier (LM) test is used to determine which panel data regression model is better between the Common Effect Model (CEM) or the Random Effect Model (REM) which should be used..

Tabel Uji Breusch-Pagan Lagrange Multiplier (LM)

| Test	Statistic	df	Prob.
Breusch-Pagan LM	80.84361	55	0.0132
Pesaran scaled LM	2.464092		0.0137
Pesaran CD	-0.624214		0.5325

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Sumber data diolah eviews 10 (2020)

Based on the results of the Lagrange Multiplier (LM) test in the table above, it can be seen that the results of the Lagrange Multiplier (LM) test show the Breusch-Pagan value of 0.0132. This value is smaller than = 0.05, which means Ho is rejected and Ha is accepted. Based on the three test results above, it can be concluded that the better and recommended panel data regression model is the Random Effect Model (REM).

Normality Test
test is carried out to detect whether the residual has a normal distribution or not. The method used for the normality test is the Jarque-Bera test. According to Ghozali & Ratmono (2018:145) if the Jarque-Bera probability value > the significance value ($\alpha = 0.05$), then the data is normally distributed. The results of the normality test can be seen in the following picture.
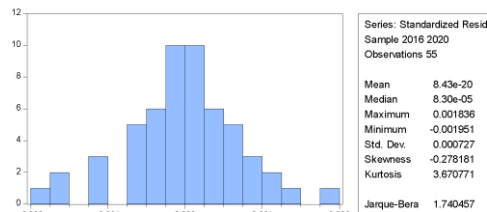
Picture of Normality Test Results.

Based on the picture of the normality test results above, it can be seen that the Jarque-Bera probability > significance value (0.48856 > 0.05), which means that the data in this study is distributed evenly. normal and can proceed to the next test.

Multicollinearity Test
The results of the multicollinearity test aim to test whether the regression model found any influence between the independent variables. Ghozali (2016) states that a good regression model should not have a correlation between independent variables so that the independent variable is orthogonal. Orthogonal variables are independent variables whose values between independent variables are equal to zero. Testing the presence or absence of multicollinearity can be done by looking at the value of the correlation coefficient. If the correlation coefficient is less than 0.8, it can be concluded that the model is free from multicollinearity. On the other hand, if the correlation coefficient is more than 0.8, it can be concluded that the model has multicollinearity problems. Here are the results of a test multicollinearity:

Table Test Results Multicollinearity

	TU	KONS
TU	1.000000	0.189032
KONS	0.189032	1.000000

Source of data processed eviews 10 (2020)

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Based on the test results multikolinearitas can be seen that between the independent variables (intensity of fixed assets, debt levels, the compensation of the board of commissioners and directors) there is no correlation value that exceeds the tolerance standard that has been set. The highest tolerance value is 0.049495, which is between the intensity of fixed assets and the compensation of the board of commissioners and directors which is less than the standard tolerance of 0.90. Because $0.189032 < 0.80$, it means that the data in this study does not occur symptoms of multicollinearity.

Heteroscedasticity Test

Test The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from one observation residual to another observation. If the residual variance from one observation to another observation remains, it is called homoscedasticity and if it is different it is called heteroscedasticity. A good regression model is homoscedasticity. To test the heteroscedasticity can be done by using the Glejser test. The Glejser test is regressing the absolute value of the residual on the independent variable. According to Ghozali (2016: 134) the basis for decision making If the probability value is > 0.05 then Ha is rejected, Ho is accepted, which means there is no heteroscedasticity problem. If the probability value is < 0.05, then Ho is rejected, Ha is accepted, which means there is a heteroscedasticity problem . **Heteroscedasticity Test Table**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.000495	0.000221	2.238422	0.0295
X2	0.000168	0.000548	0.307276	0.7599
X3	-0.000784	0.002107	-0.372268	0.7112

Sources of data processed eviews 10 (2020)

The results of the test by using test Glejser heteroskedastisitas indicate that the independent variable does not happen heteroskedastisity this was proven value Debt Level $0.7599 > 0.05$ and Accounting Conservatism $0.7599 > 0.05$ then Ho is accepted. Thus, it can be concluded that the regression model has heteroscedasticity

Panel Data Regression Analysis

Y = + 1X1 + 2X2 + e

ML = -0.000357 + 0.000434TH + 0.010628 KONS + e

1. A constant of -0.000357 indicates that if the variable independent (Debt Level and Accounting Conservatism) is equal to zero, then Earnings Management is 0.000052.
2. Debt Level (X1) is 0.000434 and has a positive sign, meaning that if the Debt Level (X1) increases by 1% assuming that other variables are fixed, Earnings Management will increase by 0.000434.
3. Accounting Conservatism (X2) is 0.010628 and has a positive sign, meaning that if Accounting Conservatism (X3) increases by 1% assuming that other variables are fixed, then Earnings Management will increase by 0.010668

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Hypothesis
Testing Coefficient of Determination Test (Adjusted R2)

Test the coefficient of determination is a test that aims to measure how far the ability of the model to explain or explain the variation or diversity of the dependent variable of a study. The small value of R2 means that the ability of the independent variables in explaining the variation of the dependent variable is very limited. On the other hand, the value of R2 which is close to one means that the independent variable provides almost all the information needed to predict the variation of the independent variable. The coefficient of determination can be seen in the following table:

Determination Table (Adjusted R2)

R-squared	0.203767
Adjusted R-squared	0.173143
SE of regression	0.000741
F-statistic	6.653771
Prob(F-statistic)	0.002673

Data source processed eviews 10 (2020)

Based on test results Determination of Adjusted R2 in the table above, the value of Adjusted R-squared is 0.173143. This shows that the earnings management variable can be explained by the independent variables (tax planning, debt level and accounting conservatism) of 15.75%. While the rest (100% - 17.31% = 88.69%) is explained by other variables outside the research regression model.

Simultaneous Test (F Test).

Simultaneous testing or F test is used to test the effect of the independent variables together on the dependent variable. The decision making criteria used is if the probability value of F-statistic < (0.05) then H0 is rejected or Ha is accepted so that it can be concluded that the independent variables simultaneously affect the dependent variable. Meanwhile, if the probability value of F-statistic > (0.05) then H0 is accepted or Ha is rejected so that it can be concluded that the dependent variable simultaneously has no effect on the independent variable. Simultaneous hypothesis testing can be seen in the following

Simultaneous Test Table (Test F).

R-squared	0.203767	Mean dependent var	0.000110
Adjusted R-squared	0.173143	SD dependent var	0.000815
SE of regression	0.000741	Sum squared resid	2.86E-05
F-statistic	6.653771	Durbin-Watson stat	2.389039
Prob(F-statistic)	0.002673		

Data source processed eviews 10 (2020)

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Probability value (F-statistic) < significance value (0.002673 < 0.05). So together (simultaneously) there is a significant effect between the level of debt and accounting conservatism on earnings management.

Partial Test (t test)

Partial testing or t test is used to test the effect of the independent variable on the dependent variable partially. If probability < 0.05 then H0 is rejected and Ha is accepted so that it can be concluded that the independent variable has a significant effect on the dependent variable. Meanwhile, if the probability > 0.05 then H0 is accepted and Ha is rejected so it can be concluded that the independent variable has no significant effect on the dependent variable. The partial hypothesis test can be seen in the following table:

Partial Test Table (t test)

Variable	Prob.
C	0.1944
TU	0.5238
KONS	0.0024

Data sources processed eviews 10 (2020)

a. The Effect of Debt Level on Earnings Management The results of the panel data regression analysis test above show the probability of the debt level > the significance value (0.5238 > 0.05), then H0 is accepted and Ha is rejected. So it can be concluded that partially the debt level variable has no significant effect on earnings management.

b. The Effect of Accounting Conservatism on Earnings Management The results of the panel data regression analysis above show the probability of Accounting Conservatism < significance value (0.0024 > 0.05), then H0 is rejected and Ha is accepted. So it can be concluded that partially accounting conservatism variables have a significant effect on earnings management.

Research Discussion

This study aims to determine the effect of debt tax planning and accounting conservatism on earnings management partially or simultaneously in Property, Real Estate and Building Construction Companies listed on the Indonesia Stock Exchange (IDX) in 2016-2020.

Level of Debt and Accounting Conservatism on Earnings Management.

Based on the tests that have been carried out, the results of this study show that the F test results table obtained a significant value of 0.002673 which is smaller than the probability value of 0.05 (0.002673 <0.05). Thus it can be concluded that hypothesis one (H1) is accepted, which means that there is a significant effect of the independent variable (debt level and

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accounting conservatism) on the dependent variable (earnings management) simultaneously (together).

High debt levels will also result in high interest payments and ultimately have an impact on the rate of return on investors. According to (Nurul Fitriana, 2016) The use of high debt will provide stronger incentives for companies to improve earnings management by managing earnings for efficiency purposes. The increase in earnings management is aimed at maintaining good performance in the eyes of investors and auditors so that creditors still have confidence in the company and are easy to disburse funds.

Conservatism is a mechanism to facilitate efficient contracts against accounting principles, namely accounting recognizes future income or profit even though the probability of occurrence is high. According to (Stefani, 2019) how to present earnings that are adjusted to the goals desired by managers and is done by selecting accounting principles. The choice of accounting conservatism method is a management action that aims to maximize management's interest in reporting earnings.

The Influence of Debt Level on Earnings Management

results of this study indicate that the probability of debt level > significance value (0.5238 > 0.05). Thus, it can be concluded that hypothesis two (H2) is rejected, which means that the level of debt has no significant effect on earnings management.

The results of this study support the research conducted by (Rika Ayu Puspitasari, 2013) that the level of debt has no effect on earnings management, and has a negative coefficient direction opposite to the initial hypothesis. So it can be concluded that the large debt level ratio does not give the effect that the management will not practice earnings management. On the other hand, the low ratio of a company's debt policy does not affect the company's management to be more flexible in conducting earnings management.

Effect of Accounting Conservatism on Earnings Management

results of this study indicate that the probability of accounting conservatism < significance value (0.0024 < 0.05). Thus, it can be concluded that hypothesis two (H3) is accepted, which means that accounting conservatism has a significant effect on earnings management.

The results of this study support research conducted by (Sari, 2016) and (Ruwanti, 2017) accounting conservatism has a significant effect on earnings management, this shows that company management chooses to apply the principle of accounting conservatism in accrual engineering, namely conducting earnings management with a pattern of reporting earnings. lower.

5. CONCLUSIONS AND RECOMMENDATIONS
Conclusions

Based on the results of statistical tests and panel data regression analysis, as well as the discussion in the previous chapter, the following conclusions are obtained:
1. It is statistically proven that debt levels and accounting conservatism have a simultaneous effect on earnings management in real estate construction and building companies that listed on the Indonesia Stock Exchange (IDX) for the 2016-2020 period.

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2. It is statistically proven that the level of debt does not partially affect earnings management in construction and building real estate companies listed on the Indonesia Stock Exchange (IDX) for the 2016-2020 period.

3. It is statistically proven that accounting conservatism has a partial effect on earnings management in construction and building real estate companies listed on the Indonesia Stock Exchange (IDX) for the 2016-2020 period.

Suggestions

Based on the results of the research and the conclusions that have been described regarding the effect of debt levels and accounting conservatism on earnings management, the authors will submit suggestions and inputs in the hope that in the future they can present higher quality research results. The suggestions that can be given are as follows:

1. Further research is expected to consider the use of research samples in companies that are more numerous, and companies in other sectors, while still paying attention and considering the current issues related to companies that be a sample or research to be carried out.

2. Further research is expected to add years to the research, with the aim of obtaining more and more recent data, so that the research carried out is in accordance with the latest issues and can also strengthen the quality of the research conducted.

3. Future research is expected to replace or add independent variables with other variables such as tax (taxes), company age, good corporate governance, profitability, company size, leverage, executive character, return on assets and others.

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