

The Impact of Accrual and Real Based Earning Management of Company Value toward Corporate Governance as Moderator Variable

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Abstract- The study aims to reveal the impact of accrual and real based earning management of company value toward the corporate governance as mediator variable. The sample of study is a manufacturer company during 2016 and 2017, the total companies are 258. The result of study reveals that the accrual based earning management gives an impact toward company value displayed in model 1. Meanwhile, the model 2 concludes that real based earning management provides negative impact toward company value. From both regression model, Institutional Ownership is the only successful variable to be moderator variable, meanwhile, the Managerial Ownership possessed sig. value over 5%. Thus, it could not be moderator variable between two regression model.

Keywords- *Accrual Based Earning Management, Real Based Earning Management, Company's Value*

I. INTRODUCTION

The increasing wheel of economic experienced by Indonesia now days is the indicator of consumerism as a result of several discount late year promotion, the down price from distributor is in line with big sale event. The consumption value of society will be increasing in late year supported by National Online Shopping Day which become trending in past three years in order to stimulus the desire to spend their earning. The event is expected to increase sale point in late year. The idea of company to create such big sale event is an intervention action from management division toward the late year financial report to boost up their profit. The flexibility used by management division is meant to manage the earning. The behaviour that becomes a basic earning management is manager opportunistic behaviour and efficient contracting (Herawati, 2008).

Earning management is divided into two which are accrual and real based management. Accrual earning management is the mixture of management division in accounting decision making, it will decrease the credibility of financial report. Accrual based management would add bias in conducting the financial report and disturb the user of the report. According to Roychowdhury (2006) cited in Ferdawati (2009), the real based earning management is meant to replace the accrual

management as it could not meet the target. Real based management could be conducted all over the year and hard to be detected, that is why it becomes an alternative report for management division to manage the company profit. The real based management is meant to display the short-term working performance and sacrifice the value of company itself. Because of the action taken by management division to earn such huge profit in short team will give negative impact in future.

There is such significant connection between earning management and corporate governance which is stated in previous study conducted by Gabrielsen et al 1997, Wedari 2004. Meanwhile, stated by Siregar and Bachtiar 2004; Darmawati 2003, they state that there is no significant correlation between corporate governance and earning management. But, in low legal protection condition, for minority shareholders, the structural administration of company becomes one of important mechanism to intercept asset earning (Kolsi and Grassa, 2015). The agent conflict that creates opportunistic management behaviour will result in poor quality of profit. The condition will make poor decision making toward users such as investor and creditor, the value company will decrease as well.

Research Question:

1. Does accrual based earning management impact company value?
2. Does real based earning management impact company value?
3. Does corporate governance a moderator variable that affect accrual and real based earning management toward company value?.

II. THEORETICAL FRAMEWORK

A. *Accrual Based Earning Management*

The common earning management used by most company is accrual management. Accrual is the difference between net cash inflows from the results of the company's operations and profits reported in the income statement and can be non-discretionary accruals or discretionary accruals. The financial

report is conducted by using accrual process, the displayed number consist of discretionary accrual component or discretionary component (Rahman and Hutagaol, 2008). The earning management though accounting policy is meant to perform number play which applies accounting technique. Accrual based earning management is connected with changing within accounting policy or accounting estimation such as economical asset estimation time and change within accounting such as deprecation method in order to meet the target of company (Kiattikulwattana, 2014).

Some previous studies try to count earning management by using discretionary model (DA) such as a study conducted by Midiastuty and Machfoedz (2003), Suranta and Midiastuty (2005), Nasution and Setiawan (2007). The application of discretionary model (DA) as proxy of earning management is counted by using Modified Jones Model Dechow et al. (1995) cited in Pramuka and Ujjiyantho (2007)). The user could not able to detect the earning displayed in financial report, the market would not give big reaction as the publication of the financial report is published.

B. Real Based Earning Management

Roychowdury (2006), Healy and Wahlen (1999), Dechow, shows sale boost, the change of stock delivery schedule, late research and development expenditure, late maintenance expenditure, and increasing productivity as an example of real based management. The manipulation of discretionary expenditure such as R&D, Advertisement, and Maintenance, and the excrescent event could be detected from abnormal fund flow of each discretionary operation and abnormal discretion expenditure. The example of this management is giving sale promotion discount and the decreasing discretionary expenditure. According to Ratmono (2010), the real based earning management has three techniques, as follow:

1. Sale Manipulation

It is a temporary effort in order to increase the sale within significant period by offering discount for low sold product or by offering easy credit. The strategy may increase the profit and sale volume by using positive margin. But, by giving such discount and easy credit, it will impact the future treasury flow of the corresponding period.

2. Decreasing Discretionary Burden

The company may cut off the expenditure that coming from Research and Development division, advertisement and sale, administration and general expenditure, specifically, the it may be executed while the expenditure would not bring direct impact of the current period. The strategy will increase earning and treasury flow of the current year by taking a risk of decreasing flow in the next period.

3. Over Production

The management division will produce more products over normal scale, by assuming that the higher production rate will result in decreasing cost per unit of the product. The strategy is

able to decrease the cost of sold products in order to get more earnings rate.

C. Corporate Governance

Study about corporate governance creates many mechanisms that aim to make sure that the action taken by management division is in same interest of the shareholders (especially minority interest). The mechanism of corporate governance is divided into two groups: (1) internal mechanism such as director council composition/commissary, managerial ownership and executive compensation (2) the external mechanism such as market control and debt financing level. (Barnhart & Rosentein 1998) The applied corporate governance principles give many advantages, such as: (1) minimizing the agent expenditure by controlling conflict importance that may occur among principal and agents; (2) decrease cost of capital by creating positive signal toward investors; (3) increase the company's image; (4) increase company value that can be represented in low cost capital, and (5) increasing treasury performance and stakeholder perception toward better company future.

D. Company Value

Managers as stakeholders of the company must possessed wider information about internal and future prospects of the company than the owners of the company. Managers are required to give a signal about the condition of the company to the owner. The signal provided is a reflection of the value of the company through the disclosure of accounting information such as financial statements. These financial statements are important for external users of the company because these groups are in the highest level of uncertainty (Ali, 2002). A high corporate value will be followed by high shareholder welfare reflected through stock prices.

The well-being of shareholders and companies is presented by the market price of shares which is a reflection of investment decisions, funding (financing), and asset management. Therefore, maximizing company value covers a wider aspect than maximizing company profits (Susanti et al., 2010). Tin's q as one of the measuring indicators of a company's performance from an investment perspective has been tested in various top management situations. The Tobin q value describes a condition of the investment opportunity that the company has or the company's growth potential. Tobin'q value is generated from the sum of the stock market value and debt market value compared to the value of all capital placed in production assets (replacement value of all production capacity), then Tobin's q can be used to measure company performance, that is from the side of the potential market value of a company performance measurement by comparing two assessments of the same asset. Tobin's q is a ratio of the market value of a company's assets as measured by the market value of the number of outstanding shares and debt (enterprise value) to the replacement cost of company assets (Fiakas, 2005).

E. Mind Mapping

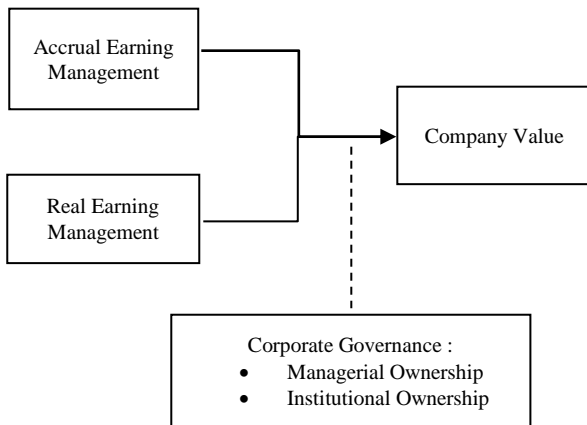


Figure 1. Mind Mapping of Study

III. RESEARCH METHOD

A. The Population (Object) Of Research Display and Research Type

The population of the research is all manufacturer factory registered at Indonesian Stock Exchange (IDX) of 2016-2017. The research uses quantitative paradigm.

B. Data Collection Technique

The sample collection technique used in this research is purposive sampling technique. The chosen company is selected by several criteria, as follow:

TABLE I. SAMPLE COLLECTION CRITERIA

Statement	Amount
a. Company is a member of indonesia stock exchange (IDX) during the conduct of the research, from 2016 to 2017.	286
b. The company who make report of financial failure during the conduct of the research, from 2016 to 2017.	(25)
c. The company who perform acquisition, merging, and industrial group change during the conduct of research, from 2016 to 2017	(3)
Total	258

C. The Definition of Operational Variable And Its Measurement.

According to limitation of study, the variables used along the research will be displayed below:

1) Accrual Based Earning Management

The Accrual Based Earning Management (MLA) is measured by using discretionary accruals model modified by Jones (1991) as cited and used in previous study of Dechow et al. (1995). Earning management is measured by discretionary accruals (DA), it is counted by using Modified Jones Model

(Dechow et al., 1995) cited in Pramuka and Ujjiyantho (2007). The formula of model is displayed below:

$$TACt = Nit - CFOit$$

The total accrual (TA) value which is estimated by Ordinary east Square (OLS) regression is displayed as follow:

$$TACit / At-1 = \alpha_1(1/At-1) + \alpha_2((\Delta REVt - \Delta REct) / At-1) + \alpha_3(PPEt / At-1) + e$$

By using the regression coefficient above, the value of non-discretionary accruals (NDA) could be determined by the formula below:

$$NDACit = \alpha_1(1/At-1) + \alpha_2((\Delta REVt - \Delta REct) / At-1) + \alpha_3(PPEt / At-1)$$

Next, discretionary accrual (DA) could be counted by using formula below:

$$DACit = TACit / Ait-1 - NDACit$$

Note:

- DACit= Discretionary Accruals of i company on t period
- NDACit=Non-Discretionary Accruals of i company on t period
- TACit=The total company's accrual of i company on t period
- Nit= Company's Net profit of i company on t period
- CFOit= Treasury flow of company's operation activity of i company on t period
- Ait-1= Company's total asset of i company on t-1 period
- ΔRev_t= The income change on t period
- PPE_t= Company's fixed asset on t period
- ΔRect= Company's credit change of i company on t period
- e= error terms
- α= fitted coefficient taken from regression counting

2) Real Based Earning Management

The component of real earning management (MRI) is already studied by Ratmono (2010), one of following point is:

Abnormal Cash Flow Operation

$$CFOt / At-1 = \alpha_0 + \alpha_1 (1 / \text{Log } At-1) + \beta_1 (St / At-1) + \beta_2 (\Delta St / At-1) + \epsilon t$$

The model 1 will be estimated for each industry every year, and the residual as a result of estimation process is abnormal CFO of the company i on t period.

Note:

- CFO_t= Treasury Flow operation of company i on t period
- At-1= Total Asset of company i on t-1 period
- St= Company's sale of company i on t period
- ΔSt= Change of Company's sale
- α, β= Regression Coefficient
- ε= Error

3) *Corporate Governance*

- a) Managerial ownership, it is measured by using total stock percentage owned by management compared with all stock of company.
- b) Institutional ownership, it is measured by using total stock percentage owned by institution compared with all stock of company.

4) *Company's Value*

The formula applied in this study is a modification of Tobin's q version in Chung and Pruitt (1994), it is continuously used in several game because of the simplicity of it. Statistically, the modification of formula nearly result in almost same prediction for about 99,6% from the original Tobin's q formula which is used by Lindenberg & Ross (1981) cited in Sudyanto dan Puspitasari (2010). The formulation is displayed below:

$$Q = (MVS + D)$$

TA

$$= (MVS + ((AVCL - AVCA) + AVLTD))$$

TA

Note:

MVS= Market value of all outstanding shares. Market value of all outstanding shares (MVS) it is the value of stock market taken from multiplication of total stock with stock price (Outstanding Shares x Stock Price).

D= Debt, it is the price of debt in market.

AVCL = Accounting value of the firm's Current Liabilities. It is addition of Short Term Debt and Taxes Payable.

AVLTD= Accounting value of the firm's Long Term Debt.

AVCA= Accounting value of the firm's Current Assets. It is addition of r Cash, Account Receivable and Inventories.

TA= Firm's asset's, it is the total of all companies

The analysis method used in this study is double regression model. In conducting double regression model, classic assumption test (heteroscedacity and autocorrelation, multicollinearity between independent variables) must be first performed. Based on the hypothesis above, the regression model will be, as follow:

Model 1:

$$Q_{it} = \alpha_0 + \alpha_1 EMA_{it} + \alpha_2 MANJ_{it} + \alpha_3 INST_{it} + \alpha_4 EMA_{it} * MANJ_{it} + \alpha_5 EMA_{it} * INST_{it} + e$$

Model 2:

$$Q_{it} = \alpha_0 + \alpha_1 EMR_{it} + \alpha_2 MANJ_{it} + \alpha_3 INST_{it} + \alpha_4 EMR_{it} * MANJ_{it} + \alpha_5 EMR_{it} * INST_{it} + e$$

IV. RESULT AND DISCUSSION

A. *Data Discription*

The descriptive statistic on table 2 shows accrual based earning management (EMA), it has 0,2423 average value and possessed positive value, it means that the corresponding company as sample of this study tend to apply income increasing value. The real based earning management (EMR) possessed -0,24 average value that shows the company perform flexible discount toward customer in order to increase the sale target of the period. Managerial Ownership (MANJ) has 0,0966 average value, the institutional ownership (INST) has 0,4760 average value. The company's value possessed above average value of 1 which is 2,3764, it shows that the sample is able to manage the asset of corresponding company.

TABLE II. DESCRIPTIVE STATISTIC

	N	Minimum	Maximum	Mean	Std. Deviation
EMA	258	-1.23	2.68	0.2423	0.80901
EMR	258	-0.34	1	-0.24	0.351
MANJ	258	0.00	0.17	0.0966	0.35854
INST	258	0.00	0.97	0.4760	0.26873
Q	258	1.01	4.17	2.3764	0.69344
Valid N (listwise)	258				

B. *Classic Assumption Test*

1) *Normality Test*

TABLE III. ONE-SAMPLE KOLMOGOROV-SMIRNOV TEST

	INST	MANJ	EMR	EMA	Q	
N	258	258	258	258	258	
Normal Parameters ^a	Mean	0.4760	-4.0910	-3.6969	-1.2412	-0.1043
	Std. Deviation	0.26873	1.64025	1.60561	1.39796	1.05762
Most Extreme Differences	Absolute	0.070	0.082	0.056	0.100	0.075
	Positive	0.057	0.082	0.036	0.062	0.048
	Negative	-0.070	-0.069	-0.056	-0.100	-0.075
Kolmogorov-Smirnov Z	1.131	0.899	0.646	1.162	1.198	
Asymp. Sig. (2-tailed)	0.155	0.395	0.798	0.134	0.113	

Based on normality test by using Kolmogorov-Smirnov Technique, it meets the requirement of normality point within sig value for each variable above 5%. The institutional ownership variable (INST) possessed sig. 0,155 value, managerial ownership variable (MANJ) has 0,395 value. Meanwhile, Real Based earning Management (EMR) and Accrual Based earning Management (EMA) possessed 0,798 and 0,134. For the company's value, it has sig. 0,113.

TABLE IV. MULTICOLLINEARITY TEST

Model		Unstandardized Coefficients		Standardized Coefficients	Collinearity Statistics	
		B	Std. Error	Beta	Tolerance	VIF
1	(Constant)	1.392	0.172			
	EMA	-0.102	0.201	-0.061	0.269	3.719
	EMR	1.265	0.943	0.203	0.171	5.846
	INST	0.029	0.321	0.006	0.955	1.047
	MANJ	-0.987	1.040	-0.121	0.241	4.148

a. Dependent Variable: Q

According to the Tolerance value of each variable, the variables who have above 0 values are EMA variable is 0,269, EMR variable is 0,171, INST variable is 0,995 dan MANJ variable is 0,241. The VIF value of all variable sows that none of variable possessed more than 10 values, EMA variable is 3,719, EMR variable is 5,846, INST variable is 1,047 and MANJ variable is 4,148. It is concluded that there is no multicollinearity principles of each independent variable of the study.

TABLE V. AUTOCORRELATION TEST-MODEL SUMMARY^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.086 ^a	0.007	-0.008	1.35060	2.100

a. Predictors: (Constant), MANJ, INST, EMA, EMR
b. Dependent Variable: Q

The Durbin Watson test result is 2,100, it shows that it is still in the range limit of $du < d < 4-du$, which is $1,810 < 2,100 < 2,272$ within the total of independent variable 4 (k=4). It is concluded that there is no autocorrelation event for both positive and negative point of the study.

TABLE VI. HETEROSCEDACITY TEST- COEFFICIENTS^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.032	0.120		8.567	0.000
	EMA	-0.121	0.141	-0.103	-0.859	0.391
	EMR	-0.574	0.662	-0.131	-0.868	0.386
	INST	-0.103	0.225	-0.029	-0.457	0.648
	MANJ	0.740	0.729	0.129	1.015	0.311

a. Dependent Variable: ABSUT

The Glejer Test is meant to regress the absolute value toward all independent variables. The sig value of each variables EMA, EMR, INST dan MAN is above 0,05, thus, there is no significant of it. That is why, t could be concluded that there is no an event of Heteroscedacity of the study.

V. DISCUSSION AND ANALYSIS

A. Model 1

The Double Regression Analysis is meant to reveal the independent variable of Accrual Earning Management (MLA) which is in accordance with discretionary accruals toward the company's value which has proxy of Tobin's Q and corporate governance as moderator variable (Managerial and Institutional Ownership). The result of Double Regression Analysis is displayed on table below:

TABLE VII. T-TEST AND F-TEST-MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.806 ^a	0.743	0.724	2.19647

a. Predictors: (Constant), EMA, MANJ, INST, EMA*MANJ, EMA*INST

ANOVA ^b						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	7.109	5	1.422	2.141	0.041 ^a
	Residual	159.860	252	0.634		
	Total	166.970	257			

a. Predictors: (Constant), EMA, MANJ, INST, EMA*MANJ, EMA*INST
b. Dependent Variable: Q

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.907	0.136		21.302	0.000
	EMA	0.203	0.064	0.204	3.164	0.002
	MANJ	-0.004	0.152	-0.002	-2.295	0.035
	INST	0.309	0.217	0.103	2.233	0.029
	EMA*MANJ	-0.248	0.162	-0.101	-1.537	0.126
	EMA*INST	0.044	0.178	0.016	2.246	0.031

a. Dependent Variable: Q

In table 7, the value of R² is 0,743 which contains 74,3% of independent variable of Accrual Earning Management (EMA), it explains the dependent variable, Company's value, within Tobin's Q proxy. Meanwhile, the rest of it, 25,7% is explained by another variables. It indicates that there are still many factors that affect Company's Value except Accrual Based Earning Management (EMA). According to table 7, the formula of double regression model is as follow:

$$Q_{it} = \alpha_0 + \alpha_1 EMA_{it} + \alpha_2 MANJ_{it} + \alpha_3 INST_{it} + \alpha_4 EMA * MANJ_{it} + \alpha_5 EMA_{it} * INST_{it} + e$$

The signification F-test in table 7 reveals that the accrual based earning management (MLA) provides significant impact toward Company's Value within Sig. 0,041 ($\alpha = 5\%$) value. The decision of accounting policy will determine the reported earnings by management. The quality of the report is determined whether the report is understandable by stakeholders in order to make future decision and predict future price and return stock (Siallagan dan Machfoedz, 2006). The shareholders and investors will give positive feedback about

the published report, even though the reporting process still got assistance by management division in determining accounting policy.

The signification t-test in table 7 reveals that the accrual based earning management (MLA) provides significant impact toward Company's Value (Q) within Sig. 0,002 value. Sloan (1996) examines the component information of accrual and treasure flow component whether they are reflected in earning or not. It is proved that the earning performance from accrual management as earning management system possessed lower percentage than treasury flow. The reported earning is bigger than treasure flow which is able to enhance the company's profit.

The earnings report that is not attached with factual information about the current company's economic status is not trustworthy report. Stock price is the reflection of company's value. If the displayed earning does not attach the factual working performance of management information, it could lead astray the users. If the stockholders use the report to determine future operation, and it could not explain the stock exchange market. The result of study supports previous study conducted by Boediono (2005) serta Rachmawati dan Triatmoko (2007).

Corporate Governance that is has proxy of Managerial Ownership (MANJ) and Institutional Ownership (INST) are able to influence the Corporate Value (Q) with a sig value. 0.035 and 0.029. This reveals that the management of the company and institutional parties work as much as possible in the process of preparing financial statements to increase company profits so that the market reacts positively. According to the regression results, there is only Institutional Ownership variables (INST) which are moderating variables with a value of 0.031. Institutions have greater control over the future of the company, with Accrual Profit Management (EMA) by increasing the company's annual profit which is strengthened by the policy of the Institutional able to improve company performance by presenting positive earnings so that the market reacts positively accompanied by an increase in stock prices. Senteza et al. (2005) provide evidence that institutional ownership has a positive effect on companies that are able to manage the income.

B. Model 2

Double Regression Analysis used to reveal independent variable which is Real Earning Management (EMR) which has proxy of Abnormal Cash Flow Operation (ACFO), it impacts variable dependent, the company's value which has proxy of Tobin's Q. The result of double regression analysis is displayed below:

TABLE VIII. T-TEST AND F-TEST-MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.843 ^a	0.759	0.740	2.179

a. Predictors: (Constant), EMR, INST, EMRINST, EMRMANJ, MANJ

ANOVA ^b						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	7.311	5	1.462	3.169	0.009 ^a
	Residual	116.268	252	0.461		
	Total	123.579	257			

a. Predictors: (Constant), EMR, INST, EMRINST, EMRMANJ, MANJ
b. Dependent Variable: Q

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.482	0.118		20.994	0.000
	EMR	-0.117	0.124	-0.110	-2.760	0.021
	MANJ	-0.413	0.135	-0.195	-3.048	0.003
	INST	0.049	0.180	0.019	0.270	0.787
	EMR*MANJ	-0.171	0.130	-0.088	-1.318	0.189
	EMR*INST	0.328	0.154	0.136	2.122	0.035

a. Dependent Variable: Q

Table 8 shows the value of R² which is 0,759, it shows 75,9% of variable independent, Real Based Earning Management is able to explain dependent variable which is company's value that has proxy of Tobin's Q. Meanwhile, the rest 24,1% is explained by another variables. It indicates that there are still many factors that affect it except Real Based Earning management (MLR).

According to table 8, the double regression model is as follow:

$$Q_{it} = \alpha_0 + \alpha_1 EMR_{it} + \alpha_2 MANJ_{it} + \alpha_3 INST_{it} + \alpha_4 EMR * MANJ_{it} + \alpha_5 EMR_{it} * INST_{it} + e$$

The result of signification F-test in tables 8 shows that the Real Based Earning Management (EMR), Managerial Ownership (MANJ), Institutional Ownership (INST), continuously affects company's value within sig value of Sig. 0,009 ($\alpha = 5\%$). The result of first hypothesis shows that the bigger action in Real Earning Management the higher company's value. This result is in accordance with previous study conducted by Oktarina and Hutagaoul (2008).

In one hand, the result proves that investors would react toward accrual earning accounting. By the time management division publish the earnings report, the investors would react to it which will be able to increase the shareholders price and company's value. Unfortunately, the increasing company's value, in this case, is a short term event.

Meanwhile, in t-test of Real Based Earning Management (EMR) impacts negative effect toward the company's value within Sig 0,021 value. The management who performs real based earning management system by using abnormal cash flow operation, they decrease the treasury flow in order to increase the company's value. The manager uses real based earning management to replace the accrual management. The company uses this technique by cutting off accrual transaction and increase income manipulation by using factual action as its substitution (Zang, 2006).

The result of study conducted by Becker et al. (1998), Frankel et al. (2002), and Lobo and Zhou (2006) uses cash flow operation (CFO) in order to control the impact of Real Based Earning Management which has negative impact. At the end of the year, many companies provide attractive discounts and easy loans, this method is used so that the sales volume of the year increases. Companies that carry out real earnings management through abnormal cash flow operations are based on management pressure to produce good performance in the short term. This triggers opportunistic action so that it focuses on excessive activity to achieve short-term profit targets. Management will get a year-end bonus if it is able to reach the desired target. The results of this study are in accordance with Ferdawati (2009) that real earnings management is carried out to show good short-term performance of the company but potentially will reduce the value of the company. Performance that falls in the next period will result in a decrease in the company's stock price, so that the company's value will decrease. The real based earning management shows good short term working performance of company but in return it will decrease the company's value.

Bad working performance of a company will continuously performs real based earning management as they don't have enough accrual resources to be manipulated. The only way is by manipulating the real earning management in order to get profit at least above zero point. Because, the action taken by manager to boost up recent year's earning will affect incoming period earning (Roychowdhury, 2006).

The result regression variable is successful to be moderator between real based earning management and company's value within Institutional Ownership of Sig value of 0,035. Because, the institution is already experienced in managing company, they do not take focus on cash flow which decreases at the end of the year in order to increase their short term sale credit. Long term working performance and investor reaction become focus priority of the institution.

VI. CONCLUSION

According to the result and discussion of study, it could be concluded that:

1. Accrual Based Earning Management (MLA) affects Company's Value by using Tobin's Q , the earnings report provides positive feedback toward the investors in increasing accrual earning.
2. Real Based Earning Management (MLR) measured by Abnormal Cash Flow Operation (ACFO) affects negative impact for the company's value. The management and institution priorities accrual earning which has long term working performance.
3. The only successful moderator variable between Accrual Earning, Real Earning, and company's value is Institutional Ownership (INST).

Implication of Study's Result:

1. The short period of research, started from 2016 to 2017 within 258 samples of Manufacturer Company that provides their yearly earnings report. For the next study, it could use longer period of research within different manufacturer company.
2. The study only applies independent variable, real based earning management, which has proxy of Abnormal Cash Flow Operation (ACFO), it is expected for the next study to apply another proxy in measuring real earning such as Abnormal Discretionary Expenses dan Abnormal Production Cost.

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