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The Effect of Company Size, Company Age, Profittability and Leverage on Profit Management in Mining Companies Listed on Idx for the 2016-2019 Period

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Abstract

This study is designed for the purpose of analyzing and proving the impact of earnings management because of the effect of leverage, profitability; and the age and scale of the companies listed on the Indonesia Stock Exchange for 2016-2019 with the mining business sector. A total of 42 companies were targeted in carrying out the study as the study population, where samples of all of them were selected technically through purposive sampling, which in turn was obtained as many as 64 data samples taken from 4 years of observation from 16 companies that met the criteria for review. At the end of the analysis of the study data, the researcher found that earnings management partially got a significant and negative influence from company size, then a significant and positive effect was obtained from leverage, while no significant effect was found given the profitability and age of the company. And from all of them, obtained a proportion of 22.9% for the coefficient of determination which means the amount of contribution of all variables to earnings management.

Keywords
earnings management; profitability; leverage; company age; company size

I. Introduction

Good quality and value advantages are found in various companies in Indonesia. Where in this context means their contribution to the development and progress of the economy or the country's economy as a whole. All of that can only be achieved if the company makes a profit, and profit is a commonly used measure in assessing the good work of a management. When referring to SFAC (Statement of Financial Accounting Concept) No. 1, management's accountability for its performance related to the achievement of predetermined operational goals as well as providing support to owners in projecting the company's future earnings power to be assessed or measured through indicators in the form of profit information.

In the context of this study, it is known that there were huge losses for a number of mining companies throughout the 2015 period. Based on the determinations reported by PwC (Price waterhouse Coopers) in its annual report, it is known that there were 40 companies listed which incidentally have the largest business scale globally. Furthermore, a maximum loss of US$ 27 billion was recorded for all the companies referred to as stated in the 13th report. Then it was also known that there was a 37% decrease in market capitalization where this condition occurred for the first time in history. There was a reduction of 0.78% in the

fourth quarter for the mining sector in 2016. Referring to the information provided by the Head of BPS (Central Statistics Agency), It is said that this condition arose due to the growth of the oil and gas and coal industry by 2.8% compared to the first quarter in the same period, namely 4.71% and 5.18%. Then, there was also a decrease of 0.49% in the mining sector where this situation is the impact of a decline in production at Newmont and Freeport (gold and copper) as well as the impact of daily production of condensate, crude oil, and natural gas (Setiawan, 2017). Furthermore, in the third period after that in 2019, there was also a negative growth of 12.38% in the JCI (Joint Stock Price Index) due to the drastic decline in the mining sector where the fall in coal prices was a strong cause of the decline in the mining company index during 2019 as explained by Liza Camelia Suryanti, an analyst at Henan Putihrai Sekuritas.

Theoretically, it is known that there are a number of factorial elements that have an impact on earnings management, namely leverage, profitability; and the age and size of the company. The total amount of ownership assets determines the scale of the size of a company, of course the two will be directly proportional where the more massive the amount of assets, the more massive the scale of the company is. In the current economic development, manufacturing companies are required to be able to compete in the industrial world (Afiezan, 2020). The existence of the company can grow and be sustainable and the company gets a positive image from the wider community (Saleh, 2019).

Due to the premise of the problem as mentioned in the previous analysis, the researcher has the intention of discussing the topic regarding financial distress, which is studied through a study entitled "The influence of company size, company age, profitability, and leverage on earnings management in mining companies listed on the BEI period. 2016-2019".

II. Review of Literature

2.1 Effect of Company Size on Earnings Management

Small or large scale a company is classified according to the size of the asset ownership where this category is expressed as a unit of company size. The practice of implementing income smoothing is affected by the size of the company, this is related to the observation and supervision of company performance where there will be more massive observation and supervision of it along with the massive size of the company, therefore it will be difficult for such a practice to be carried out by the managerial side because it will affect the image of the company as a whole. externally or internally if it is known that fraudulent practices or losses have been experienced by them.

2.2 Effect of Company Age on Earnings Management

The length of the operational period of a company from the time it was founded to an undefined limit is said to be the age of the company. Such a term is associated with reflecting or proving the ability or endurance of a company to be able to face intense rivalry and be able to take advantage of the availability of business opportunities in the economy (Agustia, 2018). From a theoretical point of view, it is assumed that large profits are found in companies that are said to be old when compared to those who have recently started their business. Due to the empirical and knowledge inherited from management at a time to management in the future, making companies that still exist long after their founding have a tendency to increase profits, Therefore, the motivation in carrying out income smoothing becomes stronger, which is carried out by shifting the reporting of high growth to profit fluctuations that appear to be declining. It was also said in a previous study that earnings management found a positive impact on the age of the company (Puspita, 2019).

2.3 The Effect of Profitability on Earnings Management

The ability of a company related to the achievement of profit or profit size specifications over a period of time is evaluated through profitability ratios. Where ROE (Return On Equity) is a proxy used in measuring the company's ability to achieve profits based on a certain amount of capital. The better the results if the larger the ratio is found. Which means that the position of the owner of the company is getting stronger (Kasmir, 2017:204). This information is supported by a number of studies which explain that profit growth has a significant impact on Return On Equity, as in the studies of Heikal et al (2014) and Yohanas (2014).

2.4 The Effect of Leverage on Earnings Management

Leverage is a standard measurement of the amount of financing with debt on company ownership assets where such parameters have an impact on the appearance of growing profits. DER (Deb to Equity) is a ratio proxy that is used in evaluating the ratio of equity and debt. So it can be said also, the ratio in question is used in determining the amount of debt guarantee obtained from each rupiah of own capital. A negative impact on the company's performance appraisal will be found along with the size of the DER number because it can be interpreted that the greater the debt interest responsibility is the cause of the decrease in profits, in the opposite condition the good performance will be reflected in the small DER value, because it implies a higher degree of return (Kasmir, 2017 :158).

2.5 Conceptual Framework

Based on the premise of the problem described earlier, conceptually the structure of this study can be described as follows:

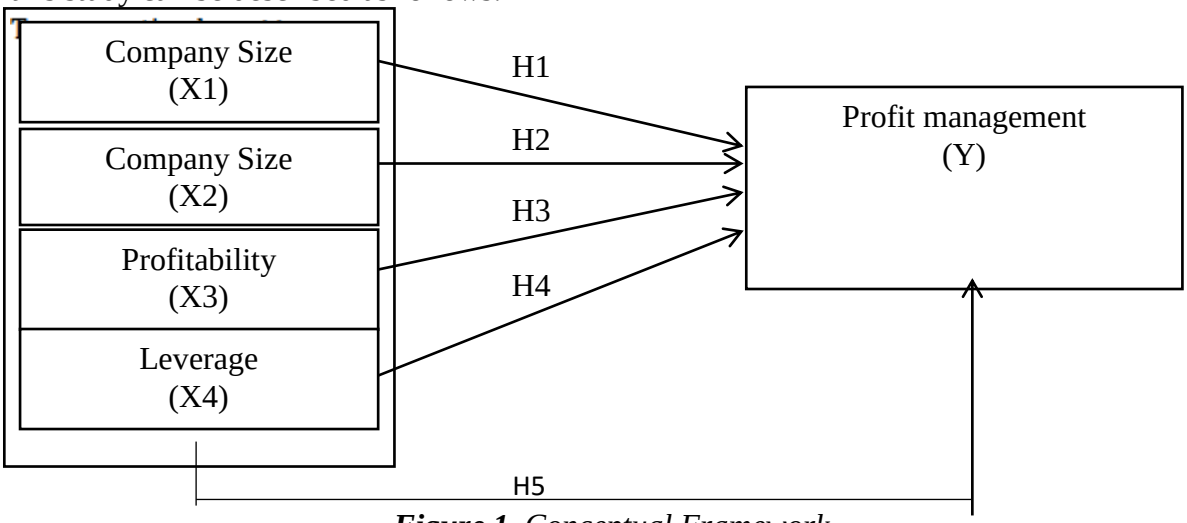

Figure 1. *Conceptual Framework*

2.6 Research Hypothesis

Based on the formulation of the problems identified and based on the structural concept of the study area, a study hypothesis can be formulated which is explained as below:

H1 Company size has a partial effect on Earnings Management in the Mining sector listed on the IDX for the 2016-2019 period

H2 Company age has a partial effect on Earnings Management in the Mining sector listed on the IDX for the 2016-2019 period

H3 Profitability has a partial effect on Earnings Management in the Mining sector listed on the IDX for the 2016-2019 period

H4 Leverage has a partial effect on Earnings Management in the Mining sector listed on the IDX for the 2016-2019 period

H5 Company Size, Company Age, Profitability, Leverage have a simultaneous effect on Earnings Management in the Mining sector listed on the IDX for the 2016-2019 Period

III. Research Methods

3.1 Research Methodology

A quantitative approach is used in applied studies conducted by researchers. The selection is due to its main function, namely as an approach with implementation aimed at generating a number of findings based on measurement steps (quantification) or based on procedural statistics (Sujarweni, 2015).

3.2 Population and Sample

Mining companies listed during the 2016-2019 period on the IDX (Indonesian Stock Exchange) list were selected as the population. Where after sampling is carried out in a purposive way (based on special criteria), those who publish financial reporting during the period in question are taken as a pilot, where then 16 samples of companies are selected to be studied. Samples taken in a study or study should be able to represent the quality and character of the entire population as explained (Roschoe in Sugiyono, 2018: 150). For that reason, the researcher carried out the sampling technique in a purposive way, namely the selection of samples based on a criterion specification (Sugiyono, 2018: 138).

Table 1. Sample Selection Table

No	Information	Amount
1	Mining companies listed on the Indonesia Stock Exchange (IDX) during the 2016-2019 period	42
2	Mining companies that do not issue financial reports as of December 31, 2016-2019	(26)
Number of Samples		**16**
Number of Periods		**4**
Number of Observations= 16 x 4		**64**

3.3 Data Collection Technique

In the study carried out this time, technically, the data collection was carried out through a documentation instrument, namely by recording and recording all kinds of relevant documents so that they could then be reviewed. In the case of this study, financial reporting publications are used that are sourced from a sample of companies that are the object of the study.

3.4 Data Types and Sources

As explained in the method of data collection, it can be said that the use of data in the study is of a secondary type, where all the results are accessed through the IDX's official website (idx.co.id).

Table 2. Identification and Operational Definition of Research Variables

Variable	Definition	Indicator	Scale
Company size (x_1)	Small or large scale a company is classified according to the size of its asset ownership where this category is expressed as a unit of company size	Company size = Ln (Total Assets)	Ratio
Company age (x_2)	The length of the operational period of a company from the time it was founded to an undefined limit is said to be the age of the company	Company Age = Current Year – Founding Year	Ratio
Profitability (x_3)	A measure of the ability of a company related to the achievement of profit or profit target specifications in a period of time is evaluated	ROA = $\frac{\text{laba bersih}}{\text{tota aset}}$ x 100%	Ratio
Leverage (x_4)	Standard measurement of the amount of financing with debt on company ownership assets where such parameters have an impact on the appearance of growing profits (Hery, 2016:162).	Leverage = x 100% $\frac{\text{total hutang}}{\text{tota aset}}$	Ratio
Profit management (y)	A step taken by the managerial side in controlling the profit-making report of a company (Yatulhusna, 2015)	discretionary accruals to measure earnings management	Ratio

3.5 Data Analysis Technique

a. Classic Assumption Test

According to(Sukmadinata, 2017 Descriptive research is a type of study or study that intends to obtain a description of a number of events or events (man-made or natural) which includes differences, similarities, relationships, transitions, characters, and activities between an event compared to other events.

1. The normality test is run in order to achieve a residual valuation that has been standardized in a regression model so that the abnormality or normality of the distribution can be determined.
2. The implementation of the multicollinearity test is aimed at knowing the existence of a relationship between independent variables in a regression model in a study.
3. The heteroscedasticity test is carried out with the intention of seeing the condition if it is found that residual differences between all observations have differences in a regression model.
4. Autocorrelation test is intended to find out if there is a relationship between errors in period t-1 (before) versus period t (after) linear regression modeling. This kind of test can be carried out by applying the Durbin Watson technique. Where it is confirmed the existence of an indication of autocorrelation if it is found that the acquisition of du s / d (4-du) in the Durbin-Watson results (Ghozali, 2013: 110).

b. Research Data Analysis Model

1. Multiple Regression Analysis

This type of modeling in the analysis used in this study is intended as a form of impact test carried out on a dependent variable by a number of independent variables. Below is the equation used in applying the calculations in the analysis in this way

$$Y' = a + b_1X1 + b2X2 + b3X3 + b4X4 + e$$

Description:

Y' = Financial Distress
a = Constant (value Y' if X1, X2…Xn = 0)
b1- b4 = Regression coefficient
X1 = Firm Size Variable
X2 = Company Age Variable
X3 = Profitability Variable
X4 = Variable Leverage
e = Error / error rate

2. Coefficient of Determination Test (R2)

Such a measurement is aimed at finding out the capacity of a model to explain the contribution to the transition of the dependent variable from all the independent variables. R2's valuation is in the 0-1 range. The limited contribution in the transition of the dependent variable by the independent variable will be reflected in the small acquisition of the R2 valuation. Likewise, the opposite, the breadth of the contribution of the dependent variable transition by the independent variable will be reflected in the magnitude of the acquisition of the R2 valuation (Ghozali, 2016).

3. Test F (Simultaneous)

Such testing has the purpose of finding out the influence of the transition of the dependent variable because the independent variables are simultaneously. The implementation of the test is carried out by comparing the valuation of F in the table with the acquisition in the calculation where it will be found acceptance of Ha and rejection of Ho if in the calculation obtained F-table < F-count.

4. t test (Partial)

Such a test is similar in function to the simultaneous test (F), the thing that distinguishes it is the perspective that is focused on finding out the influence on the transition of the dependent variable because the independent variables are separately. The implementation of the test procedure in question can be carried out by comparing the valuations of the t-table and t-count.

IV. Discussion

4.1 Results

a. Descriptive Statistics

In the four observation periods in the study, obtained from the 16 sample companies targeted, a total of 64 data samples were obtained. Attached below is a description of the standard deviation data, the mean, the largest, and the smallest values for each variable.

Table 3. Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	mean	Std. Deviation
SIZE	64	15.20	38.70	27.3875	4.96091
AGE OF COMPANY	64	14.00	53.00	33.5000	12.05279
profitability	64	.00	1.00	.1176	.16093
LEVERAGE	64	.00	2.00	.4063	.52610
PROFIT MANAGEMENT	64	-.20	.40	.1219	.12906
Valid N (listwise)	64				

1. The magnitude of 27.3875 was obtained for the mean or average company size, with the largest value of 38.70 in 2019 for PT. DSSA, while the smallest value was 15.20 in 2016 for PT. ELSA
2. Obtained the amount of 33.5000 for the mean or average age of the company, with the largest value of 53.00 in 2018 for PT. ANTM, Tbk, while the lowest score was 14.00 in 2019 for PT. TOBA, Tbk
3. Obtained the amount of 0.1176 for the mean or average Profitability, with the largest value of 1.00 in 2016 for PT. ADRO, Tbk, while the smallest value was 0.00 in 2016 for PT. ELSA, Tbk
4. The magnitude of 0.4063 was obtained for the mean or average Leverage, with the largest value of 2.00 in 2016 for PT. BUMI, Tbk, while the smallest value was 0.00 in 2018 for PT. DSSA, Tbk
5. The magnitude of 0.1219 was obtained for the mean or average of Earnings Management, with the largest value of 0.40 in 2017 for PT. PTBA, Tbk, while the smallest value was -0.20 in 2016 for PT. MBAP, Tbk

b. Classic Assumption Test

1. Normality Test

In assessing the abnormality or normality of the data distribution, it is carried out statistically or by paying attention to the distribution on the graph:

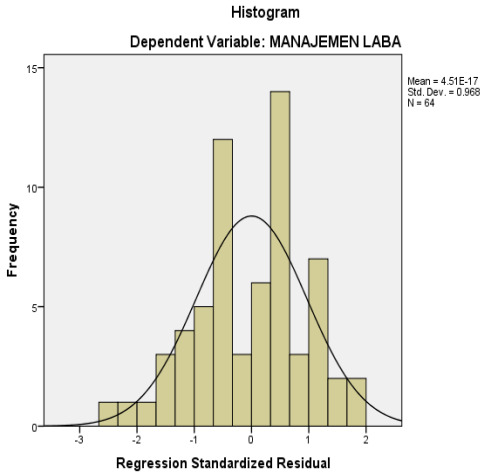

Figure 2. *Histogram Normality Test*

From Figure 2, the researcher concludes that the data is normally distributed because it is found that the trend of the distribution of the pattern is symmetrical, but if you want to know the firmness of normality or abnormality, you can pay attention to the P-plot graph as shown below:

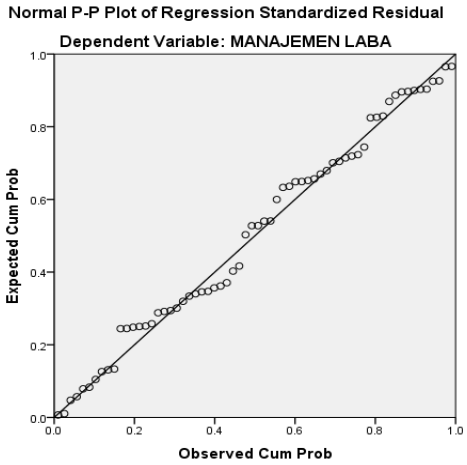

Figure 3. *PP Plot Normality Test*

The data presentation shows a pool of data locations that are not far from the diagonal line, therefore it is concluded by the researcher that there is firmness in the normal distribution of the study data.

Table 4. Kolmogorov Smirnov. Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		64
Normal Parameters, b	mean	0E-7
	Std. Deviation	.10967577
Most Extreme Differences	Absolute	.081
	Positive	.071
	negative	-.081
Kolmogorov-Smirnov Z		.646
asymp. Sig. (2-tailed)		.798

a. Test distribution is Normal.
b. Calculated from data.

It is concluded that the normality of the data distribution when referring to table 4 where it appears that a valuation exceeding 0.05 was found, namely an gain of 0.789 in the Kolmogorov Smirnov significance valuation.

2. Multicollinearity Test

Multicollinearity Testis a prerequisite test that is carried out after testing the normality of the data distribution which is applied in measuring the value of V and tolerance, where the purpose of its implementation is to find out if a correlation is found between the independent variables.

Table 5. Multicollinearity Test

Coefficientsa

Model		Collinearity Statistics	
		Tolerance	VIF
1	SIZE	.642	1,557
	AGE OF COMPANY	.767	1.304
	profitability	.920	1.087
	LEVERAGE	.761	1.314

a. Dependent Variable: PROFIT MANAGEMENT

It is clear that the gain of <10 in the Vif valuation and >0.10 in the tolerance valuation in the test where such conditions mean that there is no indication of the emergence of a correlation between all the independent variables.

3. Autocorrelation Test

In the study carried out in the time series design, it is required to carry out autocorrelation testing. The presentation below is the result of the test in question by applying the Durbin Watson testing methodology:

Table 6. Autocorrelation Test

Model Summaryb

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.527a	.278	.229	1.11333	1,804

a. Predictors: (Constant), LEVERAGE, AGE OF COMPANY , profitability, SIZE

b. Dependent Variable: PROFIT MANAGEMENT

In the presentation of the test results, it is clear that the gain is 1,804 on the Durbin Watson value. Where when referring to the references in the Durbin Watson list, the following criteria are found:

dL = 1.4659 4 - dL = 2.5341

dU = 1.7303 4- dU = 2.2697

Therefore, when referring to the results of the tests that have been carried out, it can be said that with a value of 1.7303 < 1.804 < 2.2697, dU < d < 4–dU (the fifth criterion) means that there is no negative or positive autocorrelation in the study.

4. Heteroscedasticity Test

Heteroscedasticity to be testedusing a statistical methodology and taking into account the distribution on the graph, statistically the method used is the Park . test method

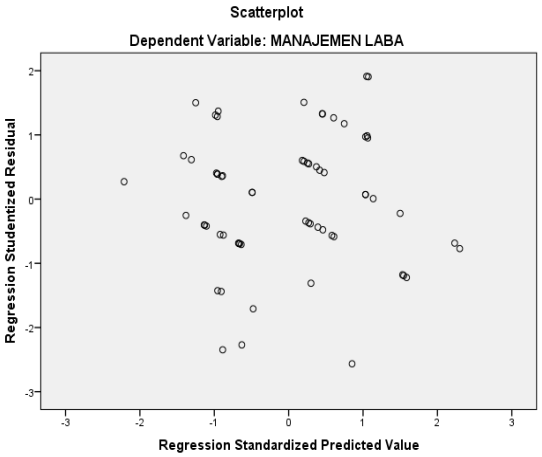

Figure 5. *Test Heteroscedasticity Scatterplot*

When referring to the presentation, it is concluded that there is no occurrence of heteroscedasticity in the regression model because as shown in Figure 5 the distribution of points on the Y axis below or above the number 0 is random and spreads

Table 7. Test Park

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.106	.066		1,603	.114
	SIZE	-.002	.002	-146	-.950	.346
	AGE OF COMPANY	.001	.001	.123	.873	.386
	profitability	.094	.050	.243	1,889	.064
	LEVERAGE	.003	.017	.027	.190	.850

a. Dependent Variable: APRESID

Referring to the presentation above, it can be emphasized that for each significance value, a magnitude that exceeds 0.05 is found, namely 0.850 for leverage, 0.64 for profitability, 0.386 for company age, and 0.346 for firm size, therefore it can be said that in regression modeling The study did not find any indication of heteroscedasticity.

c. Hypothesis Testing

1. Multiple Linear Regression Analysis

Table 8. Multiple Linear Regression Analysis Equation

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.329	.123		2,675	.010
	SIZE	-.011	.004	-.411	-2,974	.004

	AGE OF COMPANY	.001	.001	.113	.895	.375
	profitability	-.011	.093	-.014	-.122	.903
	LEVERAGE	.113	.031	.462	3.640	.001

a. Dependent Variable: PROFIT MANAGEMENT

Earnings management = 0.329 – 0.011(size) + 0.001(age) - 0.011 (profitability) + 0.113 (leverage)

From the above equation, if interpreted, namely:

1. The constant has a value of 0.329, meaning that if the independent variable is constant or has a value of 0 then earnings management is worth 0.037 units.
2. Firm size has a negative regression coefficient value of -0.011, which means that for every one unit increase in firm size, the firm value will decrease by -0.011 units.
3. Company age has a positive regression coefficient value of 0.001, which means that if the firm age variable increases by one unit, then the firm value will increase by 0.001 units.
4. Profitability The Company has a negative regression coefficient value of -0.011, which means that for every one unit increase in profitability, the firm value will decrease by -0.011 units.
5. Leverage The Company has a positive regression coefficient value of 0.113, which means that if the leverage variable increases by one unit, the firm value will increase by 0.113 units.

2. Coefficient of Determination

Table 9. Coefficient of Determination Test

Model Summaryb

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.527a	.278	.229	1.11333

a. Predictors: (Constant), LEVERAGE, AGE OF COMPANY , profitability, SIZE
b. Dependent Variable: PROFIT MANAGEMENT

When referring to the results presented in the data above, it appears that a magnitude of 0.229 is found in the Adjusted R square column which means that the contribution capacity of the independent variable to the transition of the dependent variable is 22.9% where the majority does not have any contribution from all the independent variables, namely at a magnitude of 77 ,1% which indicates the influence of other substances that may have an effect, such as free cash flow, industry classification, classification, or liquidity.

3. F Uji test

Table 10. F test

ANOVAa

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.292	4	.073	5.675	.001b

	Residual	.758	59	.013		
	Total	1.049	63			

a. Dependent Variable: PROFIT MANAGEMENT
b. Predictors: (Constant), LEVERAGE, AGE OF COMPANY , profitability, SIZE

Based on the presentation above, it can be emphasized that all of the four variables namely leverage, profitability, age, and size have a significant impact on earnings management simultaneously on the sample of companies in the study. Where the conclusion is drawn from the acquisition of a significant value that does not exceed 0.05 (0.001) and the finding of a magnitude of 2.35 in the F-table which does not exceed the value of 5.675 in the F-count.

4. t test

Table 11. t test

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.329	.123		2,675	.010
	SIZE	-.011	.004	-.411	-2,974	.004
	AGE OF COMPANY	.001	.001	.113	.895	.375
	profitability	-.011	.093	-.014	-.122	.903
	LEVERAGE	.113	.031	.462	3.640	.001

a. Dependent Variable: PROFIT MANAGEMENT

From the results of the table above shows the following conclusions:

1. In mining companies listed on the IDX (2016-2019) it is said that there is a negative and significant effect on earnings management from the size of the company based on the acquisition of a significance of 0.004 < 0.05 and -2.00100> -2.974 in the comparison of the t-table values. and t count
2. In mining companies listed on the IDX (2016-2019) it is said that there is no significant effect on earnings management from the age of the company which is based on the acquisition of significance 0.375 > 0.05 and 2.00100 > 0.895 in the comparison of t-table and t-count values.
3. In mining companies listed on the IDX (2016-2019) it is said that there is no significant effect on earnings management from profitability based on the acquisition of a significance of 0.903 > 0.05 and 2.00100 > -0.122 in the comparison of the t-table and t-count values. .
4. In mining companies listed on the IDX (2016-2019) it is said that there is a positive and significant influence on earnings management from leverage based on the acquisition of a significance of 0.001 < 0.05 and 2.00100 <-3.640 in the comparison of t-table and t values. count.

4.2 Discussion

a. The Effect of Company Size on Earnings Management

Referring to the results from the study, there is evidence that mining companies listed on the IDX (2016-2019) have a known negative and significant effect on earnings management from the size of the company.

The findings obtained in the research study are directly proportional to the findings in the Prasetya study (2013) where it is proven that the practice of income smoothing is affected by the size of the company, this is related to the observation and supervision of company performance where there will be more massive observation and supervision of it as the size of the company increases. Therefore, it will be difficult for such a practice to be carried out by managerial parties because it will affect the image of the company externally and internally if it is known that there are fraudulent practices or losses experienced by them. Likewise, on the contrary, there will be flexibility for the managerial side in smoothing out income smoothing efforts because of the lack of supervision and observation in companies classified as small-scale.

The findings of this study are also directly proportional to the findings in the Astuti study (2017) which brings evidence of a negative influence on earnings management from company size. It's just that what was found was not in line with the Puspita study (2019) which found in the sample that earnings management was positively affected by company size.

b. Effect of Company Age on Earnings Management

If referring to the results from the study, there is evidence that mining companies listed on the IDX (2016-2019) have not found a significant effect on earnings management from the age of the company.

The findings obtained in the research study are directly proportional to the findings in Agustia's study (2018) where he emphasized that the age of the company is a reflection that a business entity is capable or has the resistance to competition and as proof that they have the capacity to take advantage of the availability of business opportunities in the economy and are empowered strong competition.

Likewise, the findings in this study are parallel to the study conducted by Agustin (2019) where he explained that earnings management is not affected by the age of the company. However, in a study conducted by Puspita (2019), it was explained that earnings management was positively affected by the age of the company.

c. The Effect of Profitability on Earnings Management

If referring to the results from the study, there is evidence that mining companies listed on the IDX (2016-2019) have not found a significant effect on earnings management from profitability.

Such findings are different from or contradict the views of Amelia & Hernawati, (2016) where they explain basically that there is an intention to achieve maximum profit or profit by the company. As has become a demand, in order to achieve optimal profit, companies in such a context can do a number of things for the convenience of employees and owners, as well as carry out innovation updates and strengthen product quality. Therefore, as has been determined, the fulfillment of targets in the performance of a company's management is required.

Then, the findings in the study conducted by the researcher are parallel to the findings from the study of Sari (2015) and Gunawan, et al (2015), where it is explained that earnings management is not affected by profitability. However, it is different from the findings in the

study of Tala and Karamoy (2017) where it is found that there is evidence of a positive influence on earnings management from profitability.

d. Effect of Leverage on Earnings Management

If you refer to the results from the study, there is evidence that mining companies listed on the IDX (2016-2019) have a significant and positive effect on earnings management from leverage.

The findings are in line with the views conveyed by Irham Fahmi (2015) in his theory which explains that the measurement of the amount of debt in the company's operational financing is assessed through the leverage ratio. Too much use of debt by companies in their operations tends to threaten their existence because they have the potential to be trapped in extreme debt situations where the company falls into a position of bondage and deadlock due to too large of the interest expense borne, thereby reducing the capacity of returns.

The findings in this study are similar to the findings found in the study of Wibisana and Ratnaningsih (2014) where they found that leverage has a positive effect on earnings management. However, it is different from the findings in the study of Marlisa (2016) where it is emphasized that earnings management is not affected by leverage.

V. Conclusion

5.1 Conclusion

Based on the previous discussion regarding the findings from analyzing study data, a number of conclusions can be formulated below:

1. Mining companies listed on the IDX (2016-2019) are known to have a negative and significant effect on earnings management from the size of the company.
2. Mining companies listed on the BEI (2016-2019) were not found to have a significant effect on earnings management from the age of the company.
3. Mining companies listed on the BEI (2016-2019) were not found to have a significant effect on earnings management from profitability.
4. Mining companies listed on the IDX (2016-2019) found a significant and positive effect on earnings management from leverage.
5. Mining companies listed on the IDX (2016-2019) found the effect on earnings management of all independent variables simultaneously. Where based on testing the coefficient of determination was found to be 0.229, which means that the capacity for the contribution of the independent variable to the transition of the dependent variable is 22.9%, where the majority does not have a contribution from all the independent variables, namely at a magnitude of 77.1% which indicates the influence of other substances.

5.2 Suggestion

1. For researchers after this, it is recommended that the study targets on variables with other variations, for example free cash flow, industry classification, or liquidity.
2. For companies, pay attention to company size and leverage because these two variables have been proven to affect company value.
3. For investors, they should do more research first when making decisions regarding investment and delivery of funds to companies with large profitability ratios because of the prevalence of practicing earnings management.

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