

Analysis of Effect of Proportion of Independent Commissioners, the Audit Committee, Company Size and Debt to Equity Ratio of Practice Management Profit on Food and Beverage Company Listed in Indonesia Stock Exchange

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Abstract: The purpose of this research is to provide empirical evidence of the affect of proportion of independent commissioner, audit committee, firms size and debt to equity ratio on earnings management practice. Earnings management was measure by discretionary accruals use Modified Jones Method. The population of this research are 15 food and be verages companies listed in Indonesia Stock Exchange from 2009-2014. The research data were collected from annual reports within a period 2009-2014 of the capital market reference centre of indonesian stock exchange. Based on purposive sampling method there were 11 samples. The reseacrh hypotesis were tested using multiple regression analysis. The result of this research shows that proportion of independent commissioner, audit committee, firms size and debt to equity ratio have no significant relationship with earnings management practice.

Key words: Proportion of independent commissioner, audit committee, firms size, debt to equity ratio, earnings management

INTRODUCTION

The financial report is one important source of information that is used by investors in assessing the performance of companies that go public. According to the financial accounting standards (GAAP), the financial statements are part of the financial reporting process. Complete set of financial statements normally includes a balance sheet, income statement, statement of changes in capital (presented in different ways such as a cash flow or funds flow statement), notes and other statements and explanatory material that are an integral part of these financial statements. The financial statements must be able to present the relevant information to be used by investors for making investment decisions.

The information presented in the financial statements to be important given that there are several components that determine the formation of the decision. Information profit one. Information earnings are a component of financial statements of companies that aim to assess management performance, helping to estimate the earnings capacity of a representative in the long term, interpret risk in investing.

Based on the facts, often the attention of users of financial statements only to gain information, regardless of how profits are generated. This prompted the management company to carry out some action called earnings management (earnings management).

This earnings management action has led to several cases in the reporting of accounting that is widely known, among other things such as PT. Kimia Farma Tbk and PT. Bank Lippo Tbk. At the PT. Kimia Farma Tbk, the company is expected to mark up net income in its financial statements. In the report, Kimia Farma said successfully obtained a profit of Rp 132 billion. However, the reported earnings are in fact different. The pharmaceutical company is actually only makes a profit of Rp 99 billion.

While the case of the PT. Lippo Tbk in 2002, started from knowing manipulation of the financial reporting which have been declared "Reasonable Unconditionally". At that time, the financial statements at 30 September 2002, Bank Lippo to the public dated 28 November said the company's total assets of Rp 24 trillion and Rp 98 billion net profit. But in his report to the Jakarta Stock Exchange (now Indonesia Stock Exchange) dated December 27, 2002, management said that the total assets decreased to Rp 22.8 trillion and a net loss of Rp 1.3 trillion. In fact, in both the financial statements have been audited recognized.

Management reasoned, the difference in net income in 2 financial statements audited equally stated that occurs because of the decline in value of repossessed assets (foreclosed assets) from Rp 2.393 trillion in published reports and Rp 1.42 trillion in the report to the JSE. This resulted in a decline in the overall balance of the

capital adequacy ratio (CAR) of 24.77-4.23%. Bapepam finally gave penalties and removal of directors and related parties involved in the case.

Same is the case with PT. Kimia Farma Tbk, PT. Katarina Utama Tbk alleged to have manipulated the financial statements as alleged by one of the holders shares PT. Media Intertel Graha (MIG). About the 2009 financial statements which include the accounts receivable from MIG Rp 8,606 billion and revenues of MIG Rp 6773 billion.

Additionally katarina alleged to have committed a number of asset bubbles by entering fictitious projects worth USD 29.6 billion in the company report. With details of PT Bahtiar Mastura Omar (BMO) to Rp 10.1 billion, PT Eje Indonesia Rp 10 billion and core PT Bahana Mandiri Rp 9.5 billion.

The next case occurred in wood and processing company, PT Barito Pacific Tbk (BRPT) which posted a net profit in 2007 amounted to Rp44,533 billion. These profits increased 519 percent over 2006 amounted to Rp7,191 billion. In fact, the company's revenue-owned conglomerate Prajogo Pangestu has actually plummeted from Rp465 billion in 2006 to Rp336 billion. In a financial report published on Monday (3/31/2008), cost of sales is a problem in the 2006 financial statements, the cost of sales higher than revenue.

So that in 2006 the company experienced a gross loss and loss business kosher same also happened this year, although, the company still posted a gross profit but the company's operating profit remained negative. The operating loss in 2007 amounting to Rp41 billion, Descending over 2006 amounting to Rp191 billion. The net profit actually obtained from other income such as interest income and gains on the sale of its subsidiary.

Based on the news published by the website www.kompas.com (10/01/2011) Ancora business group accused of manipulating financial statements with the intent to avoid payment of taxes. One subsidiary allegedly evading taxes is PT Ancora Mining Service by way of manipulating reports interest payment and receipt of foreign donations.

Earnings management becomes interesting to study because it can provide a picture of the behavior of managers in reporting their business activities in a given period, namely the possibility of certain motivation that drives them to organize financial data reported. Earnings management is not always interpreted as a negative action, since it does not profit management-oriented earnings manipulation but more inclined to be associated with the accounting method (accounting methods) that

are deliberately selected by management for specific purposes within the limits of GAAP (General Accepted Accounting Principle).

The behavior of managers in earning management can be minimized by applying good corporate governance. Good governance corporate encourage the achievement of sustainability of the company through a management system based on the principles of transparency, accountability, responsibility, independence, fairness and equality.

In Indonesia, a proven global financial crisis affecting capital markets and foreign exchange. JCI (Joint Stock Price Index), down from 2830 into 1111, down more than 60%. The value of the rupiah against the US dollar depreciated from Rp 9076 per dollar up had reached Rp 12,900 per dollar, or depreciate more than 41% from January to December 2008.

Sectors that are thought to survive in the brunt of the global crisis is the consumer sector, especially the food and beverage industry. It is said the Head of Economic and Social Research Institute of the Faculty of Economics, University Indonesia (LPEM- FEUI) in Media Training, Economic Prospects and Challenges Manufacturing Industry, 2009, at the Sheraton Hotel, Yogyakarta. The reason, since the global crisis in mid-2008, only the food and beverage industry to survive. Demand in the sector remains high. Food and beverage industry can survive does not rely on raw materials exports and more use of domestic raw materials. In addition, the characteristics of people tend to love to shop for food helped maintain food and beverage industry.

This study tried to determine how much influence each variable to earnings management practices. The aim was to determine the effect of the proportion of independent directors, audit committee, the size of the company and Debt to Equity Ratio (DER) against earnings management practices.

Literature review

Profit management: Earnings management is defined as the manager of the company's effort to intervene or influence the information in the financial statements with the intention to deceive stakeholders who want to know the performance and condition of the company. The manager can increase profits by shifting earnings periods that will come to the current period and the manager may reduce earnings by shifting income to the current period subsequent periods.

Independent commissioner: Independent commissioner was the best position to carry out the monitoring functions in order to create a company with Good

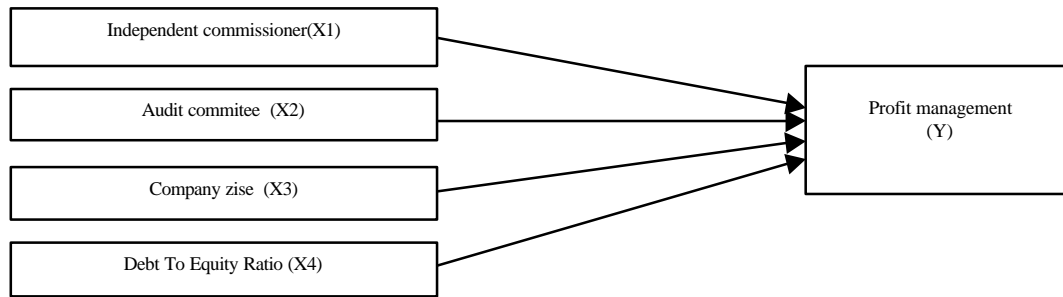


Fig. 1: Model framework

Corporate Governance (GCG). In general, independent board to have better oversight of managers so that they can influence the likelihood of irregularities by the manager.

The audit committee: The financial statements have been audited by the audit committee can be trusted if the audit committee have the competence and independence (Junaedi, 2007). It is expected with the implementation of this audit, could reduce opportunistic behavior of managers such as earnings management, but if the audit committee does not have the competence and independence of the earnings management activity can occur within the company.

Company size: The size of the company is one of the factors that influence earnings management company. Large companies tend to act careful careful in managing the company and tend to manage earnings efficiently. A great company of more attention by the public so they will be more cautious in making financial reporting, thereby impacting the company reported condition is more accurate.

Hypothesis: Based on the results of previous research and developed his thinking framework then formulated the hypothesis in this study as follows (Fig.1):

- H₁: Proportion of Independent Commissioner partial effect on the practice of Earnings Management
- H₂: Audit Committee partial effect on the practice of Earnings Management
- H₃: Company Size partial effect on the practice of Earnings Management
- H₄: Debt to Equity Ratio partial effect on the practice of Earnings Management
- H₅: Proportion of Independent Commissioners, the Audit Committee, Company Size and DER simultaneous influence on the practice of Earnings Management

MATERIALS AND METHODS

The population in this study are 15 food and beverage companies listed in Indonesia Stock Exchange 2009-2014. The sampling technique used in this research is purposive sampling with criteria: food and beverage company listed on the Indonesia Stock Exchange period 2009-2014, the Company issued financial statements for the period 2009-2014. From these criteria, obtained a sample of 11 companies.

The data used in this research is secondary data. Sources of data in this study were obtained from the financial statements of companies listed on the Indonesia Stock Exchange from the year 2009-2014, published by the Stock Exchange through ICMD and downloaded on the internet (www.idx.co.id), take from articles, journals, previous research, studying the books of literature which supports previous research and the research process.

This study uses multiple linear regression analysis. Before performing multiple linear regression analysis, the method is declared to test the classic assumption in order to get good results. To test the effect of independent variables on the dependent variable, in this study used multiple regression analysis with the basic model as follows:

$$Y_1 = b_0 + b_1.X_1 + b_2.X_2 + b_3.X_3 + b_4.X_4 + e$$

Where:

Y₁ = Return on equity

X₁ = Current ratio

X₂ = Total asset turnover

X₃ = Inventory turnover

X₄ = Receivable turnover

e = Variable residual

b₀ = Constant

b₁₋₄ = Regression coefficient of each independent variable

To determine whether the regression model actually showed a significant association and representative then the model must meet the test of classic assumption of

regression. The amount reflected in the constant b_0 and regression coefficient of each independent variable indicated by b_{1-4} .

RESULTS AND DISCUSSION

Research classical assumption test

Normality test data: The statistical test used in this study to test the residual normality is a non-parametric statistical test of Kolmogorov-Smirnov (K-S). The significant value of the residual data is >0.05 according to the Kolmogorov-Smirnov statistical test of unstandardized residuals variables X_{1-4} and Y are normally distributed.

Test multicollinearity: Multicollinearity test is done by using a test value of Tolerance and Variance Inflation Factor (VIF). Nilai Tolerance of each independent variable and a value above 0.10 Variance Inflation Factor (VIF) of each independent variable under 10. It can be concluded that there is no multicollinearity between independent variables in the regression model.

Test autocorrelation: Autocorrelation test is done by using the Durbin-Watson test. Values D-W amounted to 2.244 and this value is compared with the value of the table using the significant value of 5%, the amount of data 66 (n) and the independent variables 4 (k = 4). Values obtained from the table Durbin Watson $dl = 1.4758$ and $du = 1.7319$, so it is $4-du = 4-1.7319 = 2.2681$; $Du < d < 4-du$; $1.7319 < 2.244 < 2.2681$. It can be concluded that we could not refuse H_0 which means there is no autocorrelation or not there is a positive or negative autocorrelation in the data being tested.

Test heteroskedstisitas: Testing the presence or absence of heteroscedasticity is done by using a test chart. In the scatter plot graph, the dots randomly spread and spread both above and below the number 0 on the Y axis It can be concluded that there is no hetero scedasticity in regression models so the regression model is used to predict worthy Earnings Management based on the input of independent variables Proportion of Commissioners independent, Audit Committee, Company Size and DER.

Multiple linear regression : Analysis (Table 1) noting the results of the calculations in the table above, the value of a constant (b_0) of the regression model = 0.339 and the regression coefficients (β_i) of ach independent variables obtained respectively for $\beta_1 = -0.001$, $\beta_2 = -0.053$, $\beta_3 = -0.007$ and $\beta_4 = -0.003$. Based on the value of the constant and the regression coefficients, the relationship between the dependent variables with the dependent variable in the regression model can be formulated as follows:

$$Y = 0.339 + 0.001X_1 - 0.053X_2 - 0.007X_3 - 0.003X_4$$

Based on the regression model formula is formed as above an analysis to measure the accuracy of the regression function in interpreting the actual value. This analysis includes statistical value t test, statistical values F-value and the coefficient of determination (R^2).

Hypothesis testing

Partial test (t test): t-tests were used to determine the effect of each independent variable on the dependent variable. This test compares the value of t arithmetic with t-table value obtained from statistical tables t with:

$$\begin{aligned} Df &= N-k-1 = 66-4-1 = 61 \\ \alpha / 2 &= 0.05 / 2 = 0.025 \\ t(61, 0.025) &= 1.99962 \end{aligned}$$

Partial assay for each independent variable is as follows: Effect of Proportion of Independent Commissioner of the management profit; From the multiple linear regression equation, the value t count $-0.793 < t$ table 1.99962 and the significant value of $0.431 > 0.025$. So, we can conclude that H_0 and reject H_1 which means that the partial proportion of independent commissioners had no significant effect on earnings management.

The effect of the audit committee on earnings management: From the multiple linear regression equation, the value t count $-0.943 < t$ Table 1.99962 and the significant value of $0.349 > 0.025$. So we can conclude that H_0 is accepted and refused H_2 which means partial audit committee no significant effect on earnings management

Table 1: Analysis of multiple linear regression

Variables	Unstandardized coefficients	Standardized coefficients	t-value	Sig.	Results
Constant	0.339				
Proportion of independen commissioner	-0.001	-0.103	-0.793	0.431	Not significant
The audit committee	-0.053	-0.131	-0.943	0.349	Not significant
Company zise	-0.007	-0.086	-0.625	0.534	Not significant
DER	-0.003	-0.026	-0.204	0.839	Not significant

Effect on earnings management company size: From the multiple linear regression equation, the value t count $-0.625 < t$ table 1.99962 and the significant value of $0.534 > 0.025$. So we can conclude that H_0 is accepted and refused H_3 which means partially sized companies do not have a significant effect on earnings management.

Effect of Debt to Equity Ratio (DER) of the income management: From the multiple linear regression equation, the value t count $-0.204 < t$ table 1.99962 and the significant value of $0.839 > 0.025$. So we can conclude that H_0 is accepted and refused H_4 which means partially Debt to Equity Ratio (DER) has no significant effect on earnings management.

Simultaneous test (F-test): Test to determine the effect of simultaneous influence of independent variables together with dependent variable, the value of this test using F test with the following steps:

Formulate hypotheses:

- H_0 = Proportion of independent commissioners, the audit committee, company size and DER no significant effect simultaneously on Earnings Management
- H_5 = Proportion of Independent Commissioners, the Audit Committee, Company Size and DER simultaneously significant effect on the practice of simultaneous DER significant effect on the practice of Earnings Management
- Determining the level of significance, a significance level is 5% or $\alpha = 5\%$
- Comparing F count and F table = $F_{0,05; 4; 61} = 2.52$
- $F_{count} < F_{table}$ = accept H_0 and reject H_5
- $F_{count} = F_{table}$ = reject H_0 and receive H_5

From the calculations, the value of F $0.377 < F$ table 2.52 . It can be concluded that accept and reject H_5 , H_0 meaning proportion of independent commissioners, the audit committee, company size and DER no significant effect simultaneously on Earnings Management.

Based on probability:

- $p > 0.05$ = accept and reject H_5 , H_0
- $p = 0.05$ = reject H_0 and receive H_5

From the calculation of F-test significance value $0.824 > 0.05$, it can be concluded that accept and reject H_5 , H_0 meaning Proportion of Independent Commissioners, the Audit Committee, Company Size and DER no significant effect simultaneously on Earnings Management.

Seeing the effect of the relationship between all independent variables and the dependent variable whether is positive or negative: Noting the F test results and the level of significance:

- H_5 which states proportion of independent commissioners, the audit committee, company size and DER is not significant positive effect simultaneously on earnings management

Coefficient of determination: The coefficient of determination used to test how much the role of the independent variables to explain the variability of the dependent variable in the regression model. Based on the results of the calculation of the value of the coefficient of determination (adjusted R^2) is -0.040 which means that the variability of the dependent variable can not be explained by the variability of the independent variable of -4% (if the empirical test Adjusted R^2 can be judged negatively, then the value of Adjusted R^2 are considered to be zero (Gujarati, 2003).

While the rest of 100% is explained by other variables not examined or not included in the regression model. These results indicate that the incorporation of a variable proportion of independent commissioners, the audit committee, company size and less relevant DER used to predict profit management at food and beverage companies in the future.

Effect of proportion of independent commissioner of the management profit: Independent commissioner was the best position to carry out the monitoring functions in order to create a company with Good Corporate Governance (GCG). In general, independent board to have better oversight of managers so that they can influence the likelihood of irregularities by the manager. Based on the results of data processing before it can be proved that the hypothesis 1:

- H_1 : Who stated Proportion of Independent Commissioner partial effect on the practice of Earnings Management in food and beverage company in decline.

Because of the partial test results obtained t count of $-0.793 < t$ table 1.99962 and the significant value of $0.431 > 0.025$. Which means there is no significant effect partially between the change in the proportion of independent directors on the earnings management practices. This is because the independent commissioner appointed by the majority shareholder at the AGM so that if it is not in line with the decision of the owner of the company can make a replacement.

So, in practice although, the composition of the independent board at the company's relatively large but they can not be completely independent in carrying out its duties and oversight because it is limited by regulatory/policy of the majority shareholder so as not to encourage the implementation of good corporate governance optimally to limit earnings management practices.

Moreover, the higher the proportion of the commissioners, can lead to agency problems (agency problem) that is by increasing the number of commissioners then this body will have difficulty in carrying out its role, including difficulty in communicating and coordinating the work of each member of the board itself, difficulties in monitoring and controlling the actions of management, as well as difficulties in taking an despair that is useful for the company.

SPSS output variable indicates the proportion of independent directors has unstandardized beta coefficient of -0.001, based on these results it can be said that the proportion of independent commissioners have a negative influence on earnings management practices. This shows that more and more the proportion of independent directors within the company to contribute to the decline in the cult of earnings management conducted by the management company.

The results of this study support the research and Herni and Susanto (2008) which states that the proportion of independent commissioners negatively affect earnings management action. This study does not support the research conducted by Muh. Arief Ujijantho and Bambang Agus Scouts and Junaidi (2007) which states that the proportion of independent commissioners positive and significant effect on earnings management practices.

The effect of the audit committee on earnings management: The audit committee was formed to assist the commissioners in order to improve the quality of financial reporting and increasing the effectiveness of internal and external audits. The audit committee is in charge of supervising to increase effectiveness in creating transparency and quality of financial reporting, compliance with the legislation in force and adequate internal controls.

The audit committee also supports the function of oversight of management this is done so that the management is not opportunistic. Increasing number of audit committee members will improve the performance of the audit committee. This will result in increasing the supervisory function, so that the quality of reporting

done by management assured. Based on the results of data processing before it can be proved that hypothesis 2:

- H_2 : Which states that the audit committee has partial effect on the practice of Earnings Management in food and beverage company in decline

Because of the partial test results t_{count} of -0.943 < t_{table} 1.99962 and the significant value of 0.349 > 0.025. Which means there is no significant effect partially between the proportion of the audit committee of the earnings management practices. The existence of the company's audit committee has not been sufficient to reduce the amount of earnings management. Lin and coauthors stated that although members of the audit committee is independent and has a broad knowledge but does not actively carry out their duties as audit committee monitoring function will not run properly.

Expected audit committee members should actively perform their duties by taking part in the audit committee meetings held responsible as the audit committee so that monitoring can run effectively.

SPSS output variable indicates the audit committee has unstandardized beta coefficient value of -0.053, based on these results it can be said that the audit committee has a negative influence on earnings management practices. This means the audit committee in the company as a corporate governance mechanism is able to reduce acts of earnings manipulation by the management company.

The results of this study support the research Sylvia Main (2005) which concluded that audit committees negative effect but not significant to earnings management or profit management. And, against research Junaidi (2007) which proves that the audit committee but not significant positive effect on earnings management practices.

Effect on earnings management company size: The size of the company is one of the factors that influence earnings management company. Large companies tend to act careful - careful in managing the company and tend to manage earnings efficiently. A great company of more attention by the public so they will be more cautious in making financial reporting, thereby impacting the company reported condition is more accurate. Based on the results processing previous data, it can be proved that hypothesis 3:

- H_3 : Stating the size of the company has a partial effect on earnings management rejected

Because of the partial test results obtained by value t value of $-0.625 < t_{table} 1.99962$ and the significant value of $0.534 > 0.025$. Which means there is no significant effect partially between the size of the company earnings management practices.

SPSS output indicates variable sized companies have unstandardized beta coefficient value of -0.007 . Based on these results it can be said that company size has a negative influence on earnings management practices. Which means that the larger the company, the smaller the size of earnings management practices are carried out. This is because the size of the company is a reflection to be able to maintain the good name of the spotlight observers triggering management to be able to present financial data that is healthy and promising. In addition the company must create a stable financial report for the company to maintain the value and the company's position in the eyes of investors and other stakeholders.

The results support the results of research conducted by Damodar (2010) that the size of the company negatively affect earnings management. And, against research conducted by Jao and Pagalung (2011) which states that the size of the company a significant effect on earnings management.

Effect of Debt to Equity Ratio (DER) of the income management: DER illustrates the ability of companies with their own capital to guarantee the debt of the company and shows the proportion of expenditure which is financed by shareholders (equity) and financed from the loan. DER influential allegedly because companies tend to abuse agreement debt when defaults (fails to pay its obligations at maturity) due to financial difficulties.

If the larger corporate debt, then the risk will be borne by the owners of capital will also increase so that investors and creditors will be reluctant to invest or lend to companies. Therefore, these conditions cause management's desire to perform earnings management practices (Sri, 2008). Based on the results of data processing before it can be proved that hypothesis 4

- H_4 : stating DER has a partial effect on the DER on food and beverage companies denied.

Because of the partial test calculation results obtained by value t value of $-0.204 < t_{table} 1.99962$ and the significant value of $0.839 > 0.025$. Means there is no partial significant influence between the variables change DER against earnings management practices. Companies with high leverage level due to the amount of total debt to total capital will face a high risk of default that threatened the company was unable to meet its obligations. Earnings management measures can not be used as a mechanism to avoid such a default.

Fulfillment of obligations must still be done and can not be avoided with earnings management. SPSS output shows DER variable has a value of unstandardized beta coefficient of -0.003 . Based on these results it can be said that the DER has a negative influence on earnings management practices. Which means the greater the DER, the smaller the earnings management practices are carried out.

The results of this study support the research Etty and Parulian (2006) which concluded that the operating leverage does not significantly influence the practice of smoothing earnings (earnings management). And oppose research and Jao and Parulian (2011) which concluded that leverage significant positive effect on earnings management activities.

CONCLUSION

Proportion of independent commissioners have a negative effect and no significant effect on earnings management practices. This shows that more and more the proportion of independent directors within the company to contribute to the decline in the cult of earnings management conducted by the management company but the higher the proportion of the commissioners can lead to agency problems (agency problem) that is by increasing the number of commissioners then this body will have difficulty in carrying out its role, including difficulty in communicating and coordinating the work of each member of the board itself, difficulties in monitoring and controlling the actions of management as well as the difficulty in making decisions that are useful for companies presense difficulty in company with members independent board that much of this makes it difficult to carry out the task of supervision of the management company that will have an impact on increasing earnings management practices.

The audit committee has a negative effect and no significant effect on earnings management practices. This shows that the number of audit committee within the company to contribute to the decline in the cult of earnings management conducted by the management company. However, although the members of the audit committee is independent and has a broad knowledge but does not actively carry out their duties as audit committee monitoring function will not run properly.

Company size has a negative effect and no significant effect on earnings management practices. Which means that the larger the company, the smaller the size of earnings management practices are carried out. This is because the size of the company is a reflection to be able to maintain the good name of the spotlight observers

triggering management to be able to present financial data that is healthy and promising. In addition the company must create a stable financial report for the company to maintain the value and the company's position in the eyes of investors and other stakeholders.

But not significant because the larger companies have less impetus for earnings management than smaller firms, because large companies are seen as more critical by the shareholders and outsiders. Large companies have a larger investor base, so it gets stronger pressure to present a credible financial statements.

Debt to Equity Ratio (DER) has a negative effect and no significant effect on earnings management practices. This indicates that the value of a great DER will reduce earnings management practices, profit management measures can not be used as a mechanism to avoid such a default. Fulfillment of obligations must still be done and can not be avoided with earnings management.

The proportion of independent directors, audit committee, company size and DER jointly not significant positive effect on earnings management practices. This means that if all the independent variables are proportions of Independent Commissioners, the Audit Committee, Company Size and DER combined and jointly conducted tests on Earnings Management practices of the obtained results of all these variables were not significant positive effect on the practice of Earnings Management.

LIMITATIONS

In this study, there are limitations that can hinder research results consistent with the hypothesis proposed by the researchers. The study only took samples in Food and Beverage subsectors listed in the Indonesia Stock Exchange as well as the period of observation in this study using only a span of as much as 6 years, i.e., 2009-2014

SUGGESTIONS

Given the likelihood of earnings management in the company, investors should be cautious in reading financial statements not only focusing on profit information but also consider non-financial information such as the existence of the internal mechanism of the company. For further research, suggested taking a sample from the other sectors listed on the Stock Exchange not only from food and drink sector companies. Suggested use other independent variables in the research.

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