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The Influence of Good Corporate Governance on a Company's Financial Performance with Earning Management as a Moderating Variable in Construction and Building Sub-Sector Companies Listed on the Indonesia Stock Exchange Period 2013-2021

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ABSTRACT

This study aims to determine the effect of good corporate governance (managerial ownership, institutional ownership, number of board of commissioners, and audit committees) on the company's financial performance in construction and building sub-sector companies listed on the Indonesia Stock Exchange. In addition, this research also aims to determine whether earnings management can be used as a moderation variable for managerial ownership relationships, institutional ownership, the number of board of commissioners, and audit committees with the company's financial performance.

The research design conducted is a causal relationship research with a quantitative approach. The sample in this study was ten construction and building sub-sector companies listed on the Indonesia Stock Exchange from 2013 to 2021. The type of data used in this study was secondary data. Sample determination techniques using purposive sampling. Data analysis techniques use multiple linear regression analysis and residual tests for moderation variables conducted with the help of EViews software 10.

The results in this study indicate that partially managerial ownership has a positive and significant effect on the company's financial performance, institutional ownership has a negative and significant impact on the company's financial performance, the number of the board of commissioners has a positive but not significant effect on the company's financial performance, and the audit committee has a negative but not significant impact on the company's financial performance as well as other results show that earning management needs to moderate the influence of managerial ownership, institutional ownership, or the number of boards of commissioners and audit committees on the company's financial performance in the construction and building sub-sector companies listed on the Indonesia Stock Exchange.

Keywords: Good Corporate Governance, Managerial Ownership, Institutional Ownership, Number of Commissioners, Audit Committees, Company Financial Performance, and Earning Management.

INTRODUCTION

The establishment of a company certainly has a clear goal, one of which is to achieve maximum profit because it is a benchmark for the value of the company itself. The firm value will reflect a company's performance and provide an overview of a company's prospects.

The company's financial performance is the leading benchmark for measuring whether the performance of a company, to calculate the company’s financial performance itself, can be known through two sides, namely the inner side and the outer side. The inner side of a company is by looking at its financial statements, and the outer side is by calculating its financial performance. Indicators often used to assess company performance are through the ratio of profitability.

In the current global economy, the success of the national economy depends on the critical role of the organization's competitiveness, transparency, and governance structure that operates in its region because the organization is an entity that creates economic value (Ican, 2009). Indeed, the need for trust and transparency in the governance of the company's organization has become one of the concerns of standard makers worldwide. This need has encouraged new interest in the practice of governance of modern companies, especially in accountability and economic performance.

A company's performance can also be influenced by how the company applies the management system. Good corporate governance (good corporate governance) is one factor that affects the company's value.

With the existence of corporate governance, it is expected that those who play a role in running the company understand and carry out the functions and parts according to their respective authority and responsibilities. The party that plays the role includes shareholders, board of commissioners, committees, directors, leaders, and employee units. In addition, good governance between the mechanism of work, the division of tasks, authority, and harmonious responsibilities, both internally and externally, increases company value in the interests of shareholders and stakeholders. Shareholders are the dominant controller who has an extraordinary and excessive influence on the affiliates they lead (Ji-Hyun Lee and Su-Yol Lee, 2022). Some suitable corporate governance mechanisms include managerial ownership, institutional ownership, and the number of independent boards of commissioners and audit committees.

Good Corporate Governance is the key to the company's success in managing the company so that the resulting financial statements are guaranteed quality. Corporate governance systems, including information disclosure and transparency, have significantly increased in developed countries after the collapse of many giant companies, such as Enron, in the United States. Good corporate governance reflects whether the company, in this case, management is healthy and transparent so that it is expected to reduce performance engineering activities that result in fictitious financial statements or do not describe the actual value.

Corporate governance is appointed as an issue that focuses on the company's strategy and shareholder rights, and its role is to reduce conflict between the interests of shareholders and managers. This conflict of interest is often associated with agency issues arising from two main reasons: different goals and preferences from the participants in the company and incomplete information about their respective performance, knowledge, and preferences.

The concept of good corporate governance is an effort to improve the system and set of regulations in the management of an organization which, in its essence, regulates and clarifies the relationships, authority, rights, and obligations of all stakeholders in the broad sense and especially the organs of the General Meeting of Shareholders (GMS), the Board of Commissioners, and Board of Directors.

Corporate governance became one of the keywords in the global business language. The global financial crisis that hit financial and economic markets worldwide has caused bankruptcy and resulted in an economic recession that has encouraged the concept of corporate governance to be the center of attention for every company (Pintea & Fulop, 2014). The idea of corporate governance includes policies, processes, and humans designed to regulate companies toward future generations. Vanishvili and Shanava (2022) explained that Georgia highlighted the application of Good Corporate Governance because Georgia is a comfortable transportation corridor for Europe and Asia. The allocation plays a vital role in transit in the movement between Europe and Asia. It is believed that corporate governance, in its practical application, is an important key that opens the actual value of a business regardless of the company size (Bates, 2013).

One of the goals of Good Corporate Governance is to reduce the actions or practices of earnings management that managers of a company often do. So that with the supervision and control system as a fundamental principle of Good Corporate Governance, the hopes of declining actions or practices of earnings management will appear in the application of Good Corporate Governance, especially the implementation of existing principles. Accrual-based accounting methods measure earning management. This method is used to identify earnings management using cash and accrual components in financial statements (Sulistyanto, 2014).

This study uses earnings management as a variable moderation is essential to study because the value of a company that is not far from the practice of earnings management is very important for the company’s survival. The linkage of the independent variable of good corporate governance with the company's financial performance is very sensitive to the practice of earnings management. If a company does not apply good corporate governance, then the company's value will also go down if opportunistic managers take earning management actions. If the relationship between a company's good corporate governance and the company's value, the manager will not practice earnings management.

Good governance in the company will support the achievement of good company values. Every company must ensure that good corporate governance is applied to every aspect of business and in all company ranks. The principle of good corporate governance is transparency, accountability, responsibility, independence, and fairness, and equality is needed to achieve the company's sustainability by paying attention to stakeholders (stakeholders). Therefore, implementing good governance will minimize KKN (Corruption, Collusion, and Nepotism) practices and increase the firm's value. In addition, applying Good Corporate Governance determines the attractiveness of investors and the company's survival.

Investors, both outside and domestic, are looking at the development of development in Indonesia, especially in the construction and building sectors. Construction and building sector companies play an essential role in a country's growth and economic development y, especially in developing countries such as Indonesia. Many companies engaged in construction and buildings are listed on the Indonesia Stock Exchange. This phenomenon illustrates that the economy in Indonesia is growing and is expected to be essential for company owners or stakeholders to improve the company's performance lead. If the company's performance increases, foreign and local investors will not hesitate to invest. Investment in this field is generally long-term and will grow in line with economic growth. It is believed to be one of the most promising investments and has enormous benefits because it is supposed to grow yearly in this business sector.

Developments in the construction and building sectors are undoubtedly desirable to investors to invest in Indonesia because of the increase in land and buildings that continue to rise every year; land supply is permanent while demand will be more with the increase in population and increasing human needs for residences, offices, shopping centers, and others. Whereas the building construction business in building facilities and infrastructure in Indonesia is increasingly developing will also attract investors to invest because of the many developments such as highways, toll roads, transportation facilities, bridge construction, airport construction, port construction, and others.

Based on the description above and previous research results, the researcher is interested in making the construction and building sub-sector companies objects to be studied. So that researchers intend to test "the effect of good corporate governance on the company's financial performance with earnings management as a moderating variable in construction and building sub-sector companies listed on the Indonesia Stock Exchange for the 2013-2021 period".

LITERATURE REVIEW

Company Financial Performance

Company performance is also measured to improve and control operational activities to compete with other companies. In addition, performance measurements are also needed to establish appropriate strategies to achieve company goals. In other words, measuring the company's performance is the foundation of effective control places (Taufiq, 2013). Performance appraisal aims to motivate employees to achieve organizational goals and in meeting predetermined behavioral standards to distinguish the desired results and actions. Behavior standards can be in the form of policies from management or formal plans as outlined in the budget (Panjaitan, 2018).

Moerdiyanto (2010) revealed that company performance results from a series of business processes that sacrifice various resources, namely human resources and company finances. If the company's performance increases, it can be seen from the ongoing activity of the company to generate maximum profits. The profit or profit generated will certainly differ depending on the size of the company that moves.

The dependent variable in this research is the company's performance. The company's performance referred to in this study is profitability. According to Sudana (2011), the company's goal is to increase profits in the short term and company value in the long run. This means the company's performance is good if it can create these two things in their respective periods.

This study measured the company's performance using Return on Assets. Return on Assets (ROA) is a profitability ratio that measures the company's ability to generate profits using the total existing assets. Return on Assets (ROA) can be formulated by the measurements used by (Chou & Buchdadi 2018; Hajer & Anis, 2018) as follows:

$$\text{ROA} = \frac{\text{Net Income}}{\text{Total Assets}} \text{X } 100\%$$

Good Corporate Governance

Good Corporate Governance is related to how investors believe that managers will benefit them, believe that managers will not steal/embezzle or invest in projects that are not profitable related to funds/capital that investors have instilled, and related to how Investors control managers (Nrsiniyanti et al. 2018)

It can affect the firm value instability because managers control decision-making, especially finance. Of course, earnings management must be prevented by implementing corporate governance within the company to handle the actual use of earnings (Jouber & Hamadi, 2012).

In practice, Good Corporate Governance is different in every country and company because it relates to economic, legal, ownership, social, and cultural systems. This difference in practice gives rise to several versions concerning the principles of good corporate governance. However, it has many similarities.

Watts (2003) states that good governance is one way to monitor contract problems and limit opportunistic management behavior. The mechanism of good corporate governance includes:

a) Managerial Ownership

Managerial ownership is also a shared ownership of shareholders (directors and commissioners) who play an essential role in making policies or decisions for a company. The greater the percentage of share ownership by managers, the more it can affect a decision to be determined.

Jensen & Meckling (1976) states that agency conflict can be reduced by increasing managerial ownership in the company. Increased managerial ownership in the company encourages managers to work optimally and carefully because they bear the consequences of their actions. Thus, the existence of share ownership by managers in the company will harmonize the interests between management and shareholders. However, the interests of managers and shareholders are partially in harmony. The existence of managerial ownership in the company provides incentives for management to manage profits.

In this study, managerial ownership was measured using the following formula:

$$\text{Managerial Ownership} = \frac{\textit{Number of Shares Owned by Management}}{\textit{Total Outstanding Shares}} \text{ X } 100\%$$

b) Institutional Ownership

The higher the institutional ownership, the stronger the external control of the company. Circumstances were institutions or institutions. Having shares in a company is called institutional ownership, where every decision taken by a manager is an effective monitoring mechanism with institutional ownership, Tambalean et al., (2018).

According to Wening (2009) in Permanasari (2010), the greater ownership by financial institutions, the greater the force and encouragement to optimize the company's value. In addition, the higher the institutional ownership, it will reduce the behavior of managers' opportunistic behavior can reduce the agency cost, which is expected to increase the company's value (Wahyudi & Pawestri, 2006 in Permanasari, 2010). From the results of the description above, it can be taken to the hypothesis that institutional ownership significantly affects company performance.

In this study, institutional ownership was measured using the following formula:

$$\text{Institutional Ownership} = \frac{\textit{Number of Institutional Shares}}{\textit{Total Outstanding Shares}} \text{ X } 100\%$$

c) Number of Independent Commissioners

Based on agency theory, the greater the number of independent commissioners, the better they can fulfill their role in supervising and controlling the actions of the executive director. The independent board of commissioners, in general, has better supervision of management. This will reduce the possibility of fraud in presenting financial statements that may be carried out by management because supervision carried out by members of the commissioners is better and free from various internal interests within the company (Fitri, 2018).

Independent Commissioners are members of the Board of Commissioners who do not have share ownership in the company and are related to one of the members of the Board of Commissioners who can influence their attitudes toward acting independently (Zulfikar et al., 2017).

The influence of the Board of Commissioners in a company is more emphasized in the monitoring function of implementing the Directors' policy. The commissioner's role is expected to minimize the agency problems arising between the Board of Directors and shareholders. Therefore, the Board of Commissioners should be able to oversee the performance of the Board of Directors produced following the interests of shareholders.

In this study, the number of independent boards of commissioners was measured using the following formula (Siahaan, 2017):

$$\text{Number of Independent Commissioners} = \frac{\text{Number of Independent Commissioners}}{\text{Total Board of Commissioners}} \text{X } 100\%$$

d) Audit Committee

Independent Commissioners are members of the Board of Commissioners who do not have share ownership in the company and are related to one of the members of the Board of Commissioners who can influence their attitudes toward acting independently (Zulfikar et al., 2017). According to Yasser (2011), the influence of the Board of Commissioners has a significant positive relationship with the company's performance. The higher the independent commissioner representative, the higher the company's performance, as seen from its firm value. Independent Commissioner relates to the company's performance when supported by the perspective that the existence of an independent commissioner is expected to be able to provide a supervisory function of the company more objectively and independently, as well as ensure clean management and a healthy company operation so that it can support the company's performance.

In this study, the audit committee was measured using the following formula:

$$\text{Audit Committee} = \sum \text{Company Audit Committee}$$

Earning Management

Earning management is the interference of management in preparing financial statements whose purpose is to be reported to external parties with specific objectives. Earning management can reduce the credibility of financial statements because it needs to reflect the actual condition of the company. Users of financial statements possible to make wrong decisions because they get the wrong financial information (Setiawati & Na'im, 2000).

To measure discretionary accruals, first calculate the total accrual for each company in year t by the Jones modification method with 4 (four) steps, namely:

1. Calculate the total accrual using the cash flow approach (cash flow approach):

$$TACit = NIit – CFOit$$

2. Calculate the accrual value with OLS regression (Ordinary Least Square).

$$TACit/TAit_{-1} = \beta_1 (1/TAit_{-1}) + \beta_2 (\Delta Rev\ t/TAit_{-1}) + \beta_3 (PPEt/TAit_{-1}) + e$$

3. Calculate the Non-Discretionary Accruals (NDA) value.

$$NDAit = \beta_1 (1/TAit_{-1}) + \beta_2 (\Delta Rev\ t/TAit_{-1} - \Delta Rect/TAit\text{-}1) + \beta_3 (PPEt/TAit\text{-}1)$$

4. Calculate the value of discretionary accruals (DA).

$$DAit = TACit/TAit\ \ NDAit$$

Information:

DAit: Discretionary Accrual of the company i in period t

NDAit: Non-Discretionary Accrual of the company i in period t

TACit: Total accruals of the company i in period t

NIit: Net profit of company i in period t

CFOit: Cash flow from operating activities of the company i in period t

TAit-1: Total assets of the company i in period t-1

∆Revt: Change in company income i in period t

PPEt: Fixed assets of the company in period t

∆Rect: Change in receivables of the company i in period t

E: error

Framework

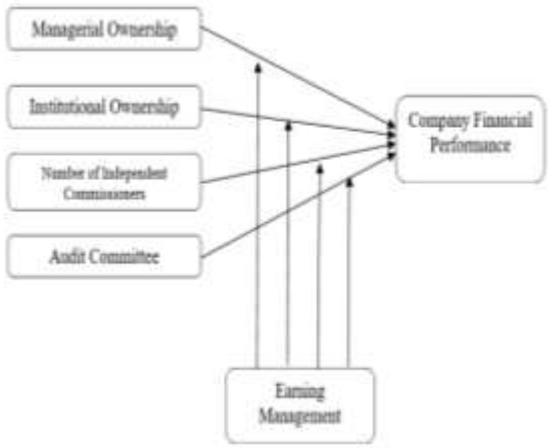


Figure 1. Framework

H1: Managerial ownership significantly affects the company's financial performance.
H2: Institutional ownership significantly affects the company's financial performance.
H3: The number of independent boards of commissioners has a significant effect on the company's financial performance.
H4: The audit committee significantly affects the company's financial performance.
H5: Earning management has no significant effect in moderating managerial ownership of the company's financial performance.
H6: Earning management has a significant effect in moderating institutional ownership of the company's financial performance.
H7: Earnings management significantly moderates the number of independent commissioners of the company's financial performance.
H8: Earning management significantly moderates the audit committee on the company's financial performance.

MATERIALS & METHODS

This research is causal (causal analysis). This design helps analyze the relationship between one variable and another or how one variable affects other variables. The independent variable used in this study is Good Corporate Governance (GCG) with managerial ownership indicators, institutional ownership, the number of independent boards of commissioners, and audit committee. The dependent variable in the study is the company's performance and earnings management in this study as a moderating variable.

The population is a generalization area consisting of objects or subjects that become certain quantities and characteristics determined by researchers to be studied and then conclusions (Erlina, 2011). The population in this study were construction and building sub-sector companies listed on the Indonesia Stock Exchange for the 2013-2021 period:

Table 1. List of Research Samples

No	Emiten Code	Company
1	ACST	Acset Indonusa Tbk.
2	ADHI	Adhi Karya (Persero) Tbk.
3	DGIK	Nusa Konstruksi Enjiniring Tbk
4	JKON	Jaya Konstruksi Manggala Pratama Tbk
5	NRCA	Nusa Raya Cipta Tbk.
6	PTPP	PP (Persero) Tbk.
7	SSIA	Surya Semesta Internusa Tbk.
8	TOTL	Total Bangun Persada Tbk.
9	WIKA	Wijaya Karya (Persero) Tbk.
10	WSKT	Waskita Karya (Persero) Tbk.

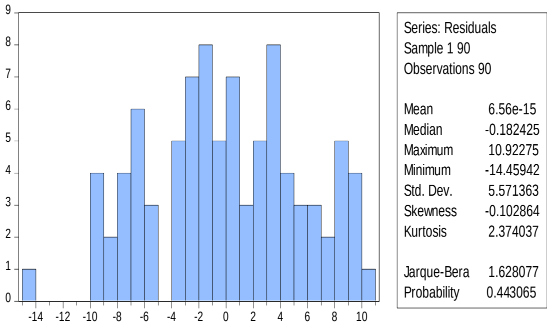
The data analysis technique used in this study uses software evi views. Data were analyzed by the panel data regression analysis method and moderating testing.

RESULT

Classic Assumption Test

1. Normality Test

In this study, the normality test for residuals used the Jarque-Bera (J-B) test. In this study, the significance level used is. The basis for decision-making is looking at the J-B statistics probability figures with the following provisions.
- If the probability value is 0.05, then the normality assumption is fulfilled
- If the probability < 0.05, then the normality assumption is not met.



Source: Processed results of EViews 10 software

Figure 2. Normality Test with Jarque-Bera Test

Based on the picture above, the probability value of the J-B statistic is 0.443065, which is greater than the significance level of 0.05. based on the results of the J-B test, the assumption of normality is fulfilled.

2. Multicollinearity Test

Symptoms of the multicollinearity test can be seen from the VIF value. Ghozali (2013) states that if the VIF value is > 10, this is an indication of multicollinearity. The results of the multicollinearity test are presented in the following table.

Table 2. Multicollinearity Test with VIF

Independent Variable	VIF
Managerial Ownership (X1)	1.222131
Institutional Ownership (X2)	2.026216
Total Board of Commissioners (X3)	2.131155
Audit Committee (X4)	1.355848

Source: Processed results of EViews 10 software

Based on Table 2 above, the multicollinearity results show no symptoms of multicollinearity between the independent variables. This is because the VIF value <10 (Ghozali, 2013).

Estimation Model Selection

Three methods can be used for panel data in research, namely the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). The Chow Test, Hausman Test, and Lagrange Multiplier Test were carried out to determine the best estimation model in this study.

1. Chow Test

The Chow test was conducted to determine whether the fixed effect model or the common effect model is the most appropriate for estimating panel data. The hypothesis used in the Chow test is as follows:

H0: The best estimation model used is the Common Effect Model

H1: The best estimation model used is the Fixed Effect Model

Table 3. Chow Test Result

Effects Test	Statistic	d.f.	Prob.
Cross-section F	2.024563	(9,76)	0.0477
Cross-section Chi-square	19.341942	9	**0.0224**

Source: Processed results of EViews 10 software

Rules for making decisions on the hypothesis are as follows:

- If the Chi-square cross-section probability value < 0.05, it is rejected and accepted.

- If the Chi-square cross-section probability value is 0.05, it is accepted and rejected.

From the results of the Chow test above, the Chi-square cross-section probability value of 0.0224 is less than 0.05 (<0.05), so the best model to use is the Fixed Effect Model (FEM).

2. Hausman Test

The Hausman test is used to determine whether the FEM or REM estimation model is used to form a regression model, so the Hausman test is performed. The results can be seen in the following table:

Table 4. Hausman Test Result

Test Summary	Chi-Sq. Statistic	d.f.	Prob.
Cross-section random	13.960999	4	0.0074

Source: Processed results of EViews 10 software

Based on the results of the Hausman test in the table above, it can be seen that the random cross-section probability value is 0.0074, which is less than 0.05 (<0.05), so the best model to use is the Fixed Effect Model (FEM).

Research Hypothesis Test

a) Regression Analysis with Panel Data

In choosing the estimation method above, the method used in this study is the fixed effect model. The following results of multiple linear regression analysis using the fixed effect model can be seen in the table below:

Table 5. Results of Multiple Linear Regression Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
X1	2.893809	0.904760	3.198428	0.0020
X2	-0.404375	0.112651	-3.589629	0.0006
X3	0.027919	0.066769	0.418144	0.6770
X4	-0.542203	1.081629	-0.501283	0.6176
C	20.59095	8.064429	2.553305	0.0127

Source: Processed results of EViews 10 software

Based on the table above, the multiple regression analysis equations in this study are:

$$Y = 20.590 + 2.894\,(X1) - 0.404\,(X2) + 0.028\,(X3) - 0.542\,(X4) + e$$

b) Statistical Test F (Simultaneous)

The F test is used to see the effect of the independent variables (managerial ownership, institutional ownership, number of commissioners,s and audit committees) on the dependent variable (company financial performance) simultaneously. This effect needs to be tested to see whether this regression model can be continued by conducting a t (partial) test.

Table 6. Simultaneous Test Result

F-statistic	3.089835
Prob(F-statistic)	**0.001023**

Source: Processed results of EViews 10 software

Based on the results above, it is known that the value of Prob. (F-statistics), namely 0.001023 <0.05, it can be concluded that all independent variables, namely Managerial Ownership (X1), Institutional Ownership (X2), Number of Board of Commissioners (X3), and Audit Committee (X4), simultaneously have a significant effect on variable Company Financial Performance (Y).

c) Statistical Test t (Partial)

The t-statistical test shows how far the influence of one independent variable individually explains the dependent variable. The hypothesis is formulated as follows:

H0: Xi = 0, meaning that the independent variable has no significant effect.

H1: Xi ≠ 0, it means that the independent variable has a significant influence.

Acceptance or rejection of the hypothesis in a study can be done with the following criteria:

1. If the t statistical significance value is > 0.05, then H0 is accepted. This means that an independent variable does not influence the dependent variable.
2. If the t statistical significance value is <0.05, then H0 is rejected. This means that an independent variable individually affects the dependent variable.

Table 7. Partial Test Result

Variable	Coefficient	Std. Error	t-Statistic
X1	2.893809	0.904760	3.198428
X2	-0.404375	0.112651	-3.589629
X3	0.027919	0.066769	0.418144
X4	-0.542203	1.081629	-0.501283
C	20.59095	8.064429	2.553305

Source: Processed results of EViews 10 software

Based on the data above, it can be seen that:

Managerial ownership and the number of the Board of Commissioners positively affect the company's financial performance. Meanwhile, institutional ownership and audit committees negatively affect the company's economic performance.

d) Determination Coefficient Test (R2)

The coefficient of determination test (R2) is essentially carried out to measure how far the model can explain the variation of the dependent variable. The value range is 0 to 1. If the value of R2 is small, it means that the ability of the independent variables to explain the variation in the dependent variable is minimal. Conversely, if R2 is large (close to 1), it means that the ability of the independent variables to explain the considerable variation in the dependent variable:

Table 8. Determination Coefficient Test Result

R-squared	**0.345774**	Mean dependent var	-0.355144
Adjusted R-squared	0.233867	S.D. dependent var	6.186292
S.E. of regression	5.414800	Akaike info criterion	6.358184
Sum squared resid	2228.325	Schwarz criterion	6.747043
Log likelihood	-272.1183	Hannan-Quinn criter.	6.514995
F-statistic	3.089835	Durbin-Watson stat	2.281814
Prob(F-statistic)	**0.001023**		

Source: Processed results of EViews 10 software

The coefficient of determination (R-squared) is based on the results above $R^2 = 0{,}345$. This value can be interpreted as Managerial Ownership (X1), Institutional Ownership (X2), Number of Board of Commissioners (X3), and Audit Committee (X4) simultaneously or jointly affecting the Company's Financial Performance (Y) by 34.5%, other factors influence the remaining 65.5%.

e) Moderating Test

The moderating test was carried out to test whether Earnings Management (Z) is significantly able to moderate the influence of Managerial Ownership (X1), Institutional Ownership (X2), Number of Board of Commissioners (X3), Audit Committee (X4) on the Company's Financial Performance (Y). Moderation testing was carried out with the MRA residual test.

Table 9. Moderating Test Result of H5

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Y	0.914222	1.018971	0.897201	0.3721
C	56.09902	6.278969	8.934432	0.0000

Source: Processed results of EViews 10 software

Table 10. Moderating Test Result of H6

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Y	0.642135	1.050468	0.611285	0.5426
C	55.40114	6.473056	8.558731	0.0000

Source: Processed results of EViews 10 software

Table 11. Moderating Test Result of H7

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Y	0.786650	1.051828	0.747889	0.4565
C	53.80065	6.481436	8.300731	0.0000

Source: Processed results of EViews 10 software

Table 12. Moderating Test Result of H8

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Y	0.752797	1.029488	0.731235	0.4666
C	57.24395	6.343777	9.023637	0.0000

Source: Processed results of EViews 10 software

CONCLUSION

The results of this study provide several conclusions that can be drawn based on the discussion of the problems that have been carried out. The following are the conclusions that the author has summarised in this study:

1. Managerial ownership significantly influences the company's financial performance in construction and building sub-sector companies listed on the Indonesia Stock Exchange, so hypothesis 1 is accepted.
2. Institutional ownership significantly influences the company's financial performance in construction and building sub-sector companies listed on the Indonesia Stock Exchange, so hypothesis 2 is accepted.
3. The number of commissioners does not significantly affect the company's financial performance in construction and building sub-sector companies listed on the Indonesia Stock Exchange, so hypothesis 3 is rejected.
4. The audit committee has no significant influence on the company's financial performance in construction and building sub-sector companies listed on the Indonesia Stock Exchange, so hypothesis 4 is rejected.
5. Earnings management does not significantly influence moderating the effect of managerial ownership on the company's financial performance in construction and building sub-sector companies listed on the Indonesia Stock Exchange.
6. Earnings management does not have a

significant influence in moderating the effect of institutional ownership on the company's financial performance in construction and building sub-sector companies listed on the Indonesia Stock Exchange.

7. Earnings management does not significantly influence moderating the effect of the number of commissioners on the company's financial performance in construction and building sub-sector companies listed on the Indonesia Stock Exchange.
8. Earnings management has little influence in moderating the impact of the audit committee on the company's financial performance in construction and building sub-sector companies listed on the Indonesia Stock Exchange.

SUGGESTION

Based on the results of the research and the explanations presented above, some suggestions can be made as follows:

1. For further research, it is hoped that it will re-examine the effect of other variables that can affect the company's financial performance in construction and building sub-sector companies listed on the Indonesia Stock Exchange. This research can also be a reference or supporting material for future research.
2. In the results of this study, we can see that earnings management cannot be used as a moderating variable in the effect of managerial ownership, institutional ownership, or the number of commissioners and audit committees on the company's financial performance in construction and building sub-sector companies listed on the Indonesia Stock Exchange. So that in future research, it is expected to be able to re-examine earnings management as an intervening variable or as an independent variable.

Declaration by Authors

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