Effect Of The Audit Committee, Capital Structure, Managerial Ownership Structure, Management Of Profit And Dividend Policy Value Company Group Public In Indonesia Stock Exchange

Muhtar¹, Haris Maupa², Cepy Pahlevi², Abd.Rakhman Laba²
¹Graduate School, Economic Science, Hasanuddin University, Makassar, 90245 Indonesia
²Economic Faculty of Hasanuddin University, South Sulawesi Makassar 90245, Indonesia.

Received 06 December, Accepted 31 December, 2014 © The author(s) 2014. Published with open access at www.questjournals.org

ABSTRACT:- The Influence of Audit Committee, Capital Structure, Ownership Structure Managerial, Earnings Management and Dividend Policy Against Corporate Value Public Group In Indonesia Stock Exchange. This research aims to know The Influence of Audit Committee, Capital Structure and Ownership Structure Managerial Against Earnings Management and Dividend Policy, Corporate Value. This study uses survey and explanatory research, the target population in this study is the target population in this study are all public companies except banks and non-bank financial institutions (insurance, credit agencies, corporate securities) of 473 companies until 2013 and included in the criteria to be sampled as many as 24. Data analysis was done using structural equation model Structural Equation Modeling or (SEM). The results of the analysis show that: The audit committee, capital structure and ownership structure Managerial significant negative effect on Profit Management; Capital structure and significant positive effect on the Dividend Policy of Managerial Ownership structure whereas no effect on dividend policy; The audit committee, Capital Structure and Ownership Structure Managerial positive and significant effect on the value of the Company; Earnings Management and Dividend Policy The positive and significant impact on the Company Value

Keyword:- Audit Committee, Capital Structure, Ownership Structure Managerial, Earnings Management, Dividend Policy and Corporate Value.

I. INTRODUCTION

In the long term, the value of the company can be maximized through the implementation of financial decisions that consists of funding decisions, investment and dividend policy. The company's goals can be achieved through the implementation of financial management functions carefully and precisely, given any financial decisions taken will affect other financial decisions that affect the value of the firm (Jensen and Smith, 1994; Fama and French, 1998).

Financial management regarding the settlement of the important decisions taken by companies, such as investment decisions, financing, and dividend policy. An optimal combination of the above three will maximize the value of the company, so these decisions are related to each other (Mbodja and Mukherjee, 1994, and Qureshi, 2006).

Relation to the financial decisions are a number of controversial issues, including the audit committee duties related to the quality of the financial statements. The role of the audit committee is vital to influence the quality of corporate profits as one of the important information that is available to the public and used by investors to assess the company. The existence of an audit committee is an important tool in the implementation of good corporate governance. In Indonesia, the existence of an audit committee said the decision was reaffirmed by the Capital Market Supervisory Agency and Financial Institution as outlined in the circular said the Capital Market Supervisory Agency and Financial Institution No. 03 of 2000 regarding the establishment of an audit committee and also the decision of the Directors Stock Exchange No. 339 of 2001 regarding the effects on the Exchange listing rules which include independent directors, audit committee, the secretary of the company; openness; and financial reporting standards per sector.
However, the existence of an audit committee is not enough to prevent the company from financial cases, especially cases of earnings management. How big case in the company's financial reporting scandals involving major companies in Indonesia of which is Xerox corp. Manipulating the accounting for the company's revenue amounted to US $6 billion, Wordcom enter your ZIP Investment of US $3.9 billion to acquire huge profits, Enron Corp. Executive manipulation through its auditors so break profit institutions approaching US $1 billion, PT. Kimia Farma Tbk, indicated inflate the annual net profit of Rp 32.6 billion in 2004 which should Rp. 99.6 M. Lippo Bank Tbk financial report to the public with assets of Rp. 24 T, the net profit of Rp. 98 M but at the Jakarta Stock Exchange Rp. 22.8 T reported a net loss of Rp. 1.3 T. The PT Indofarma Tbk earnings management practices by presenting net income overstated by presenting inventory higher than it should be, so the cost of goods sold that year occurred understated (Capital Market Supervisory Agency and Financial Institution, 2004). Therefore the rules are emphasized with the issuance of Decree Chairman of the Capital Market Supervisory Agency and Financial Institution No: Decision-29 / PM / 2004 on September 24, 2004, the regulations require companies listed on the Jakarta Stock Exchange must have an audit committee. The audit committee consists of at least three people are required to independent and a minimum one of them has the ability and knowledge in accounting or finance. One member of the audit committee must come from independent commissioner who serves as chairman of the audit committee.

Some prepositions on the audit committee and earnings management including: Klein (2002) found that there is a negative relationship between the independent audit committee with abnormal accruals as a proxy for earnings management. Defond and Jiambalvo (1991) find that firms reporting higher earnings of the company should not have an audit committee. Research results Beasley (1996) found no statistical relationship between the presence of the audit committee and the tendency of fraudulent financial reporting.

Palestine (2006) shows the influence of ownership structure, the proportion of independent board and bonus compensation showed a significant effect on earnings management, while the audit committee and the public accounting firm size showed no significant effect on earnings management. In contrast to research conducted by Nasution and Setiawan (2007) which shows that the board of directors and audit committee has an influence on earnings management acts, so to give the conclusion that the audit mechanism that is proxied by the board of directors and audit committees have been effective in reducing acts of earnings management.

There are a number of conflicting theories related to capital structure issues, Modigliani and Miller (1961) stated that the capital structure is relevant. They argue that the optimal capital structure derived from rebalancing the tax saving from the use of debt to bankruptcy costs (Keown, 2003). This balancing opinion predicts a positive relationship between securability of assets and discharge. In a state of perfect capital markets and no taxes, it turns out not relevant capital structure decisions. But in no state taxes, Modigliani and Miller (1961) proved that the use of debt will provide benefits, which increases the value of the company. This is because the interest expenses can be deducted from the calculation of income tax. Nonetheless, Modigliani and Miller (1961) did not argue that the company should use the debt as much as possible, because there are capital market imperfections, such as the presence of bankruptcy costs and changes in the cost of debt that the greater proportion of debt. In this case the use of debt as much as possible will not produce optimal capital structure.

Modigliani and Miller (1961) argues that companies need to work on a target debt ratio, the capital structure is considered the best or optimal. Optimal capital structure is a capital structure that maximizes the value of the company or minimize the cost of capital. In theory, the optimal capital structure is a structure in which the marginal cost (real marginal cost) of each purchase is the same somber. Real costs (real cost) in question is the amount of explicit and implicit costs. Until today it is difficult for researchers to determine the most appropriate capital structure.

One of the underlying theory of corporate financing decisions is the pecking order theory, Myers (1984), which suggests the existence of a trend of companies to determine the funding source selection on the basis of the risk hierarchy (pecking order theory). Pecking order theory is one that is based on the theory of information asymmetry. Information asymmetry will affect the company's capital structure by limiting access to external sources of financing. With the pecking order theory is then disprove research conducted Masulis (1980) who found that a company's stock price will go up, if published will be issued a loan to be used to buy back shares of the company. Brigham et al (1999), also suggests that the increase in debt can also be defined outside of the company's ability to pay its obligations in the future or low business risk, so that additional debt has given a positive signal to investors will rise in the value of the company.

As a manager of the company, the manager has more information than the company's internal and prospects owners (shareholders) that occur asymmetry of information and trigger the possibility of agency problems that the agency conflict and agency cost, ie conflicts that arise as a result of management's desire (the agent) to act in accordance with their interests to sacrifice the interests of shareholders (principals). Ashbaugh et al. (2004) stated that the agency costs arise as a result of information asymmetry in the market due to shareholders can not directly observe the behavior and actions of managers, which potentially creates a moral hazard problem, or can not know the true economic value of the company, which has the potential to create

*Corresponding Author: Muhtar
adverse selection problem. Without adequate control, effective monitoring, and transparency of financial information, rational investors will protect itself by increasing the cost of equity (Ashbaugh et al, 2004). Jensen and Meckling (1976) argue that the agency conflict occurs because of the separation of ownership and control, in order to reduce conflicts of interest between ownership and control can be done by increasing managerial ownership in a company. By increasing the share ownership by managers, managers are expected to act in accordance with the wishes of the principal as a manager will be motivated to improve performance, in addition to the manager would also be very careful in doing fraud - fraud in financial reporting and one of them is cheating in reporting earnings.

The manager shall provide signals about the state of the company to the owner as a form of responsibility for the management of information conveyed companies. Will but sometimes received does not match the actual conditions of the company. In such a condition is known as asymmetric information or information asymmetry (asymmetric information) (Harris, 2004). Asymmetry between management (agent) with the owner (principal) will provide an opportunity for managers to manage earnings (earnings management) (Richardson, 1998).

Preparation of earnings which are usually performed often done by management because management more aware company conditions, the conditions predicted by Dechow (1995) may cause problems for management as a party to provide information about the company's performance is evaluated and rewarded based on statements he made his own. Profits may occur because of poor quality in running the company's business, management is not an owner of the companies.

Warfield et al. (1995) find evidence that managerial ownership is negatively related to earnings management as a proxy for earnings quality. Chtourou et al. (2001) find that earnings management is significantly associated with some of the practices of governance by the board of directors and audit committee.

Scientific studies in the field of formal finance has participated in formulating a theory to explain why the company should pay a dividend or did not have to pay dividends (Baker and Powell, 1999). In modern form, however, the theory of dividend policy is strongly related to the work of Miller and Modigliani (1961) with their thesis dividend policy irrelevance. Miller and Modigliani showed that under certain assumptions including the rational investor and a perfect capital market, the market value of a company is in spite of its dividend policy, this statement is supported by; Black and Scholes (1974), Miller and Scholes (1978), and Jose and Stevens (1989).

Appeared several empirical studies that reject the dividend irrelevance theory of Miller and Modigliani (1961) and support the bird in the hand theory as a theory of dividend relevance of Gordon and Lintner (1963), Long (1978), and Sterk and Vandenbergh (1990). Next comes the tax preference theory which states that the low dividend payout ratio will make the lower rate of return required and in turn will increase the valuation of the shares of the company (Brennan, 1970). Several studies like Litzenberger and Ramaswamy (1979), Poterba and Summers (1984), and Barclay (1987) have presented empirical evidence in support of the argument tax effects.

Agency theory explains that dividend payments can reduce the problems associated with asimmetri information. Dividends may also serve as a mechanism to reduce the cash flow that is under the control of management, thereby helping to reduce the agency problem. Reducing funds under management discretion will amount to a force that encourages managers to more frequently into the capital markets, so put them under close supervision of the suppliers of capital (Rozeff, 1982, and Easterbrook, 1984 ). Many researchers have provided empirical support for an explanation of agency as an answer to the question of why companies pay dividends, diantaranya is Rozeff (1982), Lloyd, Jahera and Page (1985), Jensen, Solberg and Zorn (1992) and others.

Based on preliminary data captured and processed from ICMD years 2007 - 2012 it appears that the average company with a large proportion of the audit committee to get the value of the company (Tobins Q) is low compared to the proportion of the audit committee with a low proportion. It can be seen from Table 1 below.
Table 1. Proportion of the audit committee, managerial ownership structure and firm value of some companies in BEI period 2007-2012

<table>
<thead>
<tr>
<th>No</th>
<th>Company</th>
<th>Proportion of the audit committee</th>
<th>Average of managerial ownership</th>
<th>The value of the company</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Unilever Indonesia Tbk</td>
<td>80.00%</td>
<td>0.002%</td>
<td>0.286</td>
</tr>
<tr>
<td>2</td>
<td>Gudang Garam Tbk</td>
<td>75.00%</td>
<td>2.06%</td>
<td>0.259</td>
</tr>
<tr>
<td>3</td>
<td>Siantar Top Tbk</td>
<td>50.00%</td>
<td>6.81%</td>
<td>0.196</td>
</tr>
<tr>
<td>4</td>
<td>Langgeng Makmur Industri Tbk</td>
<td>50.00%</td>
<td>0.02%</td>
<td>0.804</td>
</tr>
<tr>
<td>5</td>
<td>Mandom Indonesia Tbk</td>
<td>40.00%</td>
<td>0.39%</td>
<td>0.681</td>
</tr>
<tr>
<td>6</td>
<td>Pradispa Aneka Nigra Tbk</td>
<td>33.33%</td>
<td>0.16%</td>
<td>0.758</td>
</tr>
<tr>
<td>7</td>
<td>Sekar Laut Tbk</td>
<td>33.33%</td>
<td>0.12%</td>
<td>0.466</td>
</tr>
<tr>
<td>8</td>
<td>Ultra Jaya Mills Tbk</td>
<td>33.33%</td>
<td>12.51%</td>
<td>0.812</td>
</tr>
<tr>
<td>9</td>
<td>Kalbe Farma Tbk</td>
<td>33.33%</td>
<td>0.02%</td>
<td>0.117</td>
</tr>
<tr>
<td>10</td>
<td>Kimia Farma Tbk</td>
<td>33.33%</td>
<td>0.25%</td>
<td>0.414</td>
</tr>
<tr>
<td>11</td>
<td>Prudium Farma Tbk</td>
<td>33.33%</td>
<td>25.08%</td>
<td>0.355</td>
</tr>
<tr>
<td>12</td>
<td>Mustika Ratu Tbk</td>
<td>33.33%</td>
<td>0.05%</td>
<td>0.317</td>
</tr>
<tr>
<td>13</td>
<td>Keduaing Indah Can Tbk</td>
<td>33.33%</td>
<td>4.65%</td>
<td>0.945</td>
</tr>
<tr>
<td>14</td>
<td>Indofood Sukes Makmur Tbk</td>
<td>30.00%</td>
<td>0.04%</td>
<td>0.351</td>
</tr>
</tbody>
</table>

Source: ICMD the period 2007 - 2012, the data is processed

From the table above it appears that there are some phenomena that are not in line with several theories, including PT Unilever with the proportion of 80% while the audit committee of the company's value is lower than the proportion of the audit committee 0.286, while Indofood by 30% the proportion of the audit committee with the value of the company amounted to 0.351. Though McMullen (1996) in Siallagan and Machfoedz (2006) stated that investors, analysts and regulators consider the audit committee contributes to the quality of financial reporting. This proves the existence of an audit committee positively and significantly affects the value of the company. The audit committee is an attempt repairs to the way the management of the company, especially the way the supervision of the management company, as it will be the liaison between the company's management with commissioners and other external parties. The audit committee also plays a role in overseeing the financial reporting process which aims at realizing the financial statements prepared by the process of checking the integrity and objectivity of the auditor.

Other variables that affect the value of the company is the dividend policy. Many studies have contributed theoretical thought and provide empirical evidence regarding the determinants of a firm's dividend policy. Dividend policy issue, however, is unresolved (Naceur et al., 2006). Correspondingly, Bhattacharyya (2007) explains that the dividend policy is a matter of the most difficult and a challenge for financial economists.

The purpose of this study is; to determine the effect of the audit committee, Capital Structure and Managerial Ownership Structure on Earnings Management; to determine the effect of Capital Structure, Ownership Structure and Management Managerial Return on Dividend Policy; to determine the effect of the audit committee, Capital Structure and Managerial Ownership Structure on Corporate Value; To determine the effect of Earnings Management and Dividend Policy on Corporate Value.

II. RESEARCH METHODS

Study Design
This study is a survey of research in the form of explanatory (explanatory research). This study uses data pooling is a merger between the data time series and cross section to obtain the value of the effect of the audit committee, the structure of managerial ownership, management earnings and dividend policy on firm value. Data were collected by survey method is to select a sample of the population that is based on certain characteristics. The population of this study are all companies listed in Indonesia Stock Exchange. The target population in this study is the target population in this study are all public companies except banks and non-bank financial institutions (insurance, credit agencies, securities companies) as much as 473 companies until 2013. The sampling technique used in this research is purposive sampling technique. Base on population samples taken companies that meet the following criteria; Go public for at least one year prior to the year of observation and remained consistently listing in Indonesia Stock Exchange during the period 2005 - 2013; Is a company that includes the manufacturing industry based grouping in Indonesian Capital Market

*Corresponding Author: Muhtar
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Directory. The sample selection of public companies manufacturing group plays an important role in the process of industrialization in Indonesia and experiencing rapid development towards international business; The company is not a group company; The Company uses a December fiscal year; The required data is available on the company during the observation period 2005 - 2013; The company remains active in the Indonesia Stock Exchange trading during the observation period. The number of companies listed in Indonesia Stock Exchange until December 2013 as many as 473 companies and are included in the criteria to be used as a sample of 24 companies. The source of the data obtained from: The financial statements and attachments of publicly traded companies sampled; Indonesian Capital Market Directory year 2005 - 2013; Dissertations and journals related to this research; The proportion of share ownership and the composition of the audit committee the period 2005 - 2012. The analysis method used in this study is a structural equation model or Structural Equation Modeling (SEM). To facilitate the analysis process used several statistical applications programs, among others SPSS version 21 (Statistical Program for Social Science) and AMOS (Analysis of Moment Structure) version 20 which is a program package in SEM (Structural Equation Model). In accordance with the conceptual framework in Figure 1, the functional equation is:

\[ Y_1 = f(X_1, X_2, X_3) \]
\[ Y_2 = f(X_2, X_3, Y_1) \]
\[ Y_3 = f(X_1, X_2, X_3, Y_1, Y_2) \]

Reduce the calculation process the form:

\[ Y_1 = \alpha_0 + X_1 + \alpha_2X_2 + \alpha_3X_3 + \varepsilon_1 \]  \hspace{1cm} (4)

Where \( \alpha_0, \alpha_1, \alpha_2 \) are parameters to be estimated, whereas \( \varepsilon_1 \) is the error term Profit Management.

\[ Y_2 = \beta_0 + \beta_2X_2 + \beta_1X_3 + \beta_3Y_1 + \varepsilon_2 \]  \hspace{1cm} (5)

Where \( \beta_0, \beta_1, \beta_2, \) and \( \beta_3 \) are the parameters to be estimated, while the \( \varepsilon_2 \) is the error term dividend policy.

\[ Y_3 = \delta_0 + \delta_2X_2 + \delta_1X_3 + \delta_3Y_1 + \delta_4Y_2 + \varepsilon_3 \]  \hspace{1cm} (6)

Where \( \delta_0, \delta_1, \delta_2, \delta_3 \) and \( \delta_4 \) are parameters to be estimated, while \( \varepsilon_3 \) is the error term value of the company.

### III. RESULTS

#### Overall Model Testing

Structural model testing all latent variables (constructs) which consists of the audit committee, capital structure and the structure of managerial ownership structure as an independent variable and the subsequent management of earnings, dividend policy and the value of the company as the dependent variable associated with using a goodness of fit test.

Based on the overall model, the next will be evaluated based on the criteria of goodness of fit test as shown in the table 2 below.

**Table 2. Criteria Computing Testing Goodness Of Fit Indices Complete Model**

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Value Cut-Off</th>
<th>Computational Results</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>expected to be small</td>
<td>7.906</td>
<td>Fit</td>
</tr>
<tr>
<td>Rel.Chi-Square</td>
<td>≤ 2.00</td>
<td>0.791</td>
<td>Fit</td>
</tr>
<tr>
<td>Sig. Probability</td>
<td>≥ 0.05</td>
<td>0.638</td>
<td>Fit</td>
</tr>
<tr>
<td>RMSEA</td>
<td>≤ 0.08</td>
<td>0.000</td>
<td>Fit</td>
</tr>
<tr>
<td>CFI</td>
<td>≥ 0.90</td>
<td>1.000</td>
<td>Fit</td>
</tr>
<tr>
<td>TLI</td>
<td>≥ 0.90</td>
<td>1.003</td>
<td>Fit</td>
</tr>
</tbody>
</table>

Based on the test results as shown in the table above, it appears that the value of Goodness Of Fit Indices for all criteria are met and the average declared invalid.

#### Audit Committee on Earnings Management

The coefficient of the variable effect of the Audit Committee (X1) of the Income Management (Y1) of -0.617 with a t value of -73.480 at a significance level of 0.000. The coefficient indicates that the audit committee variables (X1) negative effect on Earnings Management (Y1). This means that an increase in the proportion of the Audit Committee (X1), will be Followed by a decrease in the activity of Profit Management (Y1) assuming other factors that affect the size of Profit Management (Y1) is considered constant.

*Corresponding Author: Muhtar*
The Audit Committee of the Company Value

The coefficient of the variable effect of the Audit Committee (X1) of the value of the Company (Y3) of 5.145 with a t value of 3.256 at a significance level of 0.001. The coefficient indicates that the audit committee variables (X1) positive influence on the value of the Company (Y3). This means that an increase in the proportion of the Audit Committee (X1), will be followed by an increase in value of the Company (Y3) assuming other factors that affect the size of the Company Value (Y3) is considered constant.

Capital Structure of the Profit Management

The coefficient of the variable effect of capital structure (X2) of the Income Management (Y1) of -0.238 with a t value of -63.473 at a significance level of 0.000. The coefficient indicates that the variable capital structure (X2) negative effect on Earnings Management (Y1). This means that the increase in capital structure (X2), will be followed by a decrease in Profit Management (Y1) assuming other factors that affect the size of Profit Management (Y1) is considered constant.

Capital Structure on Dividend Policy

The coefficient of the variable effect of capital structure (X2) on the Dividend Policy (Y2) of -2.127 with a t value of -2.802 at a significance level of 0.005. The coefficient indicates that the variable capital structure (X2) negative effect on Dividend Policy (Y2). This means that the increase in capital structure (X2), will be followed by a decrease in Dividend Policy (Y2) assuming other factors that affect the size of Dividend Policy (Y2) is considered constant.

Capital Structure of the Company Value

The coefficient of the variable effect of capital structure (X2) to the value of the Company (Y3) of 2.363 with a t value of 3.854 at a significance level of 0.000. The coefficient indicates that the variable capital structure (X2) has positive effect on the value of the Company (Y3). This means that the increase in capital structure (X2), will be followed by an increase in value of the Company (Y3) assuming other factors that affect the size of the Company Value (Y3) is considered constant.

Managerial Ownership Structure on Earnings Management

The coefficient of the variable effect of Managerial Ownership Structure (X3) of the Income Management (Y1) of -0.256 with a t value of -7.254 at a significance level of 0.000. The coefficient indicates that the variable Managerial Ownership Structure (X3) negative effect on Earnings Management (Y1). This means that the increase of Managerial Ownership Structure (X3), will be followed by a decrease in Profit Management (Y1) assuming other factors that affect the size of Profit Management (Y1) is considered constant.

Managerial Ownership Structure on Dividend Policy

The coefficient of the variable effect of Managerial Ownership Structure (X3) of the Dividend Policy (Y2) of 2.168 with a t value of 0.359 at a significance level of statistical 0.719. The coefficient indicates that the variable Managerial Ownership Structure (X3) of the Dividend Policy (Y2) of 0.359 with 0.719 significance or above 0.05. This means Managerial Ownership Structure (X3) and no significant positive effect on Dividend Policy (Y2).

Managerial Ownership Structure on Corporate Value

The coefficient of the variable effect of Managerial Ownership Structure (X3) to the value of the Company (Y3) of 3.075 with a t value of 2.173 at a significance level of 0.030. The coefficient indicates that the variable Managerial Ownership Structure (X3) positive influence on the value of the Company (Y3). This means that the increase of Managerial Ownership Structure (X3), will be followed by an increase in value of the Company (Y3) assuming other factors that affect the size of the Company Value (Y3) is considered constant.

Management Return on Dividend Policy

The coefficient of the variable influence Profit Management (Y1) of the Dividend Policy (Y2) of -3.036 with a t value of -1.342 at a significance level of 0.180. The coefficient indicates that the variable Profit Management (Y1) is not negative and significant effect on the Dividend Policy (Y2).

Return on Value Management Company

The coefficient of the variable influence Profit Management (Y1) to the value of the Company (Y3) of 8.194 with a t value of 3.260 at a significance level of 0.001. The coefficient indicates that the variable Profit Management (Y1) positive influence on the value of the Company (Y3). This means that the increase in Profit Management (Y1), will be followed by an increase in value of the Company (Y3) assuming other factors that affect the size of the Company Value (Y3) is considered constant.

*Corresponding Author: Muhtar
Dividend Policy of the Company Value

The coefficient of the variable effect of Dividend Policy (Y2) to the value of the Company (Y3) of 0.887 with a t value of 44.181 at the significance level of 0.000. The coefficient indicates that the variable Dividend Policy (Y2) positive influence on the value of the Company (Y3). This means that an increase in Dividend Policy (Y2), will be followed by an increase in value of the Company (Y3) assuming other factors that affect the size of the Company Value (Y3) is considered constant.

IV. DISCUSSION
Variables influence the Audit Committee on Earnings Management

The test results demonstrate the audit committee and a significant negative effect on earnings management. This is because all the companies included in the study sample average proportion of the audit committee of more than 30%. The government has stressed the importance of supervision by an independent commissioner in achieving good corporate governance. Decree of the Board of Directors of the Jakarta Stock Exchange Number: Decision 315 / JSX / 06-2000 concerning Regulation No. IA, on the Registration of Shares and Equity Securities other than shares issued by the Company Listed in Sections Terms of Independent Commissioner stated that in the course of managing good company (GCG), a company listed on the Jakarta Stock Exchange shall have an independent commissioner proportional amount proportional to the number of shares held by non-controlling shareholders with the proportions of the number of independent directors at least 30% of the total number of commissioners. This decree is effective June 30, 2000. These results are consistent with research conducted by Chitourou et al., (2001) and Klein (2002) found that the proportion of independent directors negatively affect earnings management. Other researchers Zheng and Liu (2008) showed that the existence of audit committee and audit committee independence is negatively affect earnings management.

Effect of Capital Structure variable for Profit Management

The test results demonstrate the audit committee and a significant negative effect on earnings management. Weston and Brigham (1990) stated that conceptually, the company has a number of risks inherent in the operation that is business risk. By using debt and preferred stock (financial leverage), where the return on debt or preferred stock are fixed, the operation will increase and consequently the risk of the business will also increase. The results show a significant effect on the Capital Structure of Earnings Management, this results in accordance with Dhaliwal (1980), which examines the effect of capital structure to make the choice of accounting method in the research hypothesis that firms with high leverage will offer accounting standards are lower or raise profits reported. With this, companies that have a high leverage ratio, meaning the proportion of the debt is higher than the proportion of assets will tend to perform manipulation in the form of earnings management. It aims to avoid debt covenant violations (Defond and Jiambalvo, 1994).

Effect of Managerial Ownership Structure variable for Profit Management

The results show Managerial Ownership Structure significant negative effect on Earnings Management, From the standpoint of the theory of accounting, earnings management is determined by the motivation of corporate managers. Different motivations will produce a different amount of earnings management, such as between a manager who also serves as shareholders and managers are not as shareholders. This is consistent with the company's management system in two criteria: (1) The Company is led by the manager and the owner (owner-manager) and (2) the Company, led by the manager and not the owner (non owners manager). Two of these criteria will affect earnings management, because the ownership of a manager will also determine the policy and decision-making of the accounting methods applied to the companies that they manage (Boediono, 2005).

In general it can be said that a certain percentage of stock ownership by management tends to affect earnings management action (Gideon, 2005). Warfield et al., (1995) found a negative relationship between managerial ownership and discretionary accruals as a measure of earnings management and positive relation between managerial ownership as the information contained in profit. Similar results were obtained by Jensen and Meckling (1976), Dhaliwal et al. (1982), Morck et al. (1988), Pratana and Mas'ud (2003), Midlands and Mahfoedz (2003), Ujiyantho and Scout (2007).

Effect of Capital Structure variables on Dividend Policy

The results show the Capital Structure and significant negative effect on Dividends. Modigliani Policy and Miller (1961) stated dividend policy is directly related to the theory of capital structure. If a company pays a dividend, it is steadily declining level of equity capital financing from internal funds, and as a consequence may require external financing sources. These results are in line with the statement Keown, et. al (2010), states that dividend policy is influenced by (1) investment opportunities, (2) a mixture of capital structure, and (3) the

*Corresponding Author: Muhtar
availability of internal funds. Jensen et al (1992) state that emerged as a substitute dividend payment of debt in the capital structure to oversee the behavior of managers. Companies that have a high dividend payout prefer funding with their own capital, thereby reducing agency costs of debt. Dividend payments can be made after liabilities to interest payments and debt repayments are met. The existence of such obligations, will allow managers to do more carefully.

**Effect of Managerial Ownership Structure variables on Dividend Policy**

The test results showed no effect of Managerial Ownership Structure on Dividend Policy. This result is due during the period 2005 - 2012 more than 50% of the sample companies do not pay dividends, respectively. So the ups and downs of managerial ownership structure has little impact on dividend policy. These results are not in line with Eckbo and Verma, (1994) empirically show that dividend decreases with increasing strength of managerial ownership and also found in the manager-controlled companies in which they have absolute power. Chen et al., (2005) also showed a negative relationship between management and ownership dividend policy and further argues that management ownership is negatively related to firm performance in Hong Kong.

**Variables influence the Audit Committee of the Company Value**

The results show the Audit Committee and a significant positive effect on the value of the Company, the results are consistent with McMullen (1996) in Siallagan and Machfoedz (2006) stated that investors, analysts and regulators consider the audit committee contributes to the quality of financial reporting. These proves the existence of an audit committee positively and significantly affect the value of the company. The audit committee is an attempt repairs to the way the management of the company, especially the way the supervision of the management company, as it will be the liaison between the company's management board of commissioners or other external parties.

**Effect of Capital Structure variable to Value Company**

The results show the Capital Structure positive and significant effect on the value of the Company, the trade-off theory explains that (assuming the target point is not the optimum capital structure) an increase in the ratio of debt to capital structure will enhance shareholder value by the tax rate multiplied by the amount of debt. Modigliani and Miller's findings in 1963 that by entering the corporate income tax, the use of debt will increase the value of the company. Hasnawati (2005) in his research shows that the funding decision has positive effect on firm value. Driffield, et.al (2007) in his research indicates that a significant influence on the structure of ownership of leverage (DAR) and the value of the company (Tobin'Q) in Indonesia, Korea, Malaysia and not significant in Thailand.

**Effect of Managerial Ownership Structure variables to the value of the Company**

The results show Managerial Ownership Structure positive and significant effect on the value of the Company, the results are consistent with Jensen and Meckling (1976), analyzing how the value of the company is affected by the distribution of ownership among the managers who enjoy the benefits of outsiders and who do not enjoy the benefits. In this framework, the increase in ownership of management will reduce agency Difficulties (difficulty agent) through reducing the incentive for shareholders and took over the wealth of shareholders. It is very potent in reducing the allocation of resources that are not profitable, which in turn will increase the value companies. Cho (1998), Itturiaga and Sanz (1998), Mark and Li (2000) in Suranta and Machfoedz (2003) stated that the relationship structure managerial ownership and firm value is non-monotonic relationship. Non-monotonic relationship between managerial ownership and firm value due to the incentives that are owned by the manager and they tend to try to do the alignment of interests with outside owners by increasing their shares if the company resulting from increased investment.

**Profit Management variables influence on Dividend Policy**

The test results showed no effect dan negative Earnings Management on Dividend Policy. The cause of the significant lack of earnings management on dividend policy is due based on the observation of dividend payments, more than 50% of companies in the period 2005-2012 did not pay a dividend so that if the manager does increase or decrease actual disreionary still no impact on dividend payments. These results are not in line with the research conducted by Dewenter et al. (2000) examined differences in the conflict between management and shareholders on dividend policy in Japan and the United States. The findings of this research is the agency conflict in Japan is lower than in the United States. The results of this study concluded that agency problems affect the dividend policy.
Influence variables Return on Value Management Company

The test results showed Profit Management positive and significant effect on the value of the Company, these results according to Scott (2003) stated that earnings management when viewed in principle does not violate generally acceptable accounting principles, but management can lower the assessed profit public trust in the company. With the decline in public trust, then this may decrease the value of the company because many investors will withdraw their investments invested. Earnings management practices considered detrimental because it can decrease the value of the financial statements and provide information that is not relevant to investors.

Dividend policy variables influence of the value of the Company

The results show a positive effect of dividend policy and significant to the value of the company. The results are consistent with the theory by Brealey, Myers and Marcus (2008: 54) that, "Because investors do not need dividends to convert their shares into cash, they will not pay higher prices for firms with higher dividend payments.

V. CONCLUSION

Based on the existing problems in the research, the research hypothesis and the results of the data analysis and discussion of the results of the analysis, the following conclusions can be drawn, the audit committee variables, capital structure and Managerial Ownership Structure significant negative effect on Earnings Management. This indicates that while the proportion increased audit committee, the capital structure is also increased and the proportion of managerial ownership will also increase followed by a decrease of earnings management activities of managers do, nor vice versa; Capital structure and positive effect on Dividend Policy significant. Managerial Ownership Structure whereas no effect on dividend policy. It indicates that when managers make changes to the external structure of the main capital is a signal that the manager will make the payment of dividends; Audit Committee, Capital Structure and Ownership Structure Managerial positive and significant effect on the value of the Company. This indicates that while the proportion increased audit committee, also increased capital structure and also increase the proportion of managerial ownership will be followed by an increase in the value of the company; Earnings and Dividend Policy Management positive and significant impact on the value of the Company. It indicates that the current management increased earnings and dividend policy will be followed by an increase in the value of the company.

VI. SUGGESTIONS

Suggestions from this study are as follows; to obtain an increase in the value of the company will require the efforts made by the manager in turn call to improve the composition of the audit committee, the increase in external capital structure and lower earnings management activities that can directly contribute to the value of the company

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*Corresponding Author: Muhtar
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