



UDC 332

THE EFFECT OF LEVERAGE, PROFIT GROWTH AND COMPANY SIZE ON PROFIT QUALITY WITH THE ACHIEVEMENT OF PROFIT TARGETS AS MODERATION VARIABLES

Dewi Ni Kadek Erina Purnamasari*, Suaryana I Gusti Ngurah Agung
Faculty of Economics and Business, University of Udayana, Bali, Indonesia
*E-mail: erinapurnamasari23@gmail.com

ABSTRACT

The income statement, which represents the quality of earnings, is crucial for decision-making due to its key attributes of relevance, reliability, and comparability. This benchmark is crucial for firms to evaluate the caliber of accounting information. Low earnings quality might deceive stakeholders in decision-making as the financial statement information must precisely reflect the true performance of the organization. This study aims to analyze and investigate the impact of leverage, earnings growth, and company size on the quality of earnings while considering earnings target achievement as a moderating factor. The study population comprises all firms publicly listed on the Indonesia Stock Exchange (IDX) between 2017 and 2022. The sample comprises 260 companies monitored over 6 years, resulting in 1,560 companies. The sampling method used is purposive sampling. The data analysis method employed in this study involves multiple regression analysis and Moderated Regression Analysis (MRA) utilizing EVIEWS 13 software. The research findings suggest that leverage has no substantial impact on profit quality. However, company size, earnings growth, and target attainment influence earnings quality. The attainment of earnings targets moderates how leverage and earnings growth influence the quality of earnings. However, the attainment of profit targets does not attenuate the impact of company size on the quality of results in firms listed on the Indonesia Stock Exchange between 2017 and 2022.

KEY WORDS

Leverage, profit growth, company size, earnings quality, profit target achievement.

Due to the escalating pace and intensity of competition in the business world, the organization must furnish pertinent information regarding its financial performance during a specified period to stakeholders, including management, company owners, investors, creditors, and the government, to facilitate decision-making. Investors use financial statements as indicators of a company's operational success. Therefore, corporations are obligated to issue financial statements for the benefit of investors (Septiano et al., 2022). The primary motivation for both domestic and foreign investors to invest in Indonesia is the availability of dependable financial information in the form of financial statements, which aligns with the principle that the purpose of establishing a company is to generate profits (Septiana & Desta, 2021). Financial statements are the outcome of documenting a company's financial transactions for a specific fiscal year. Financial statements can indicate a company's effectiveness in boosting profits or experiencing the opposite.

Consequently, a reputable corporation possesses robust financial accounts (Yuliana et al., 2022). Financial statements are comprehensive documentation of the outcomes and management responsibilities on the administration of all business operations of the Company. The information that shareholders and stakeholders require to make informed decisions about the economy and evaluate the Company's performance will be communicated through financial statements. Profit information is a fundamental financial metric commonly used to assess the success or failure of a firm (Purnamasari & Fachrurrozie, 2020).

Profit is a prominent predictor in financial statements (Herninta et al., 2020). Typically, earnings serve as a foundation in investment decision-making to forecast future fluctuations in profits. External parties find this feature crucial when assessing management performance



and gauging the stability of existing profits to predict future profits (Purnamasari & Fachrurrozie, 2020). Attractive to investors, quality earnings are indicative of sound financial performance. However, agency conflicts that result from the separation of ownership and management of a company can compromise accuracy in profit reporting. A conflict of interest arises between the principal, who is the shareholder or provider of the contract, and the agent, who is the recipient of the contract and is responsible for managing the principal's funds. Agency conflicts may lead to management strategically reporting earnings to maximize their interests. In the event of this occurrence, it will lead to substandard financial gain. A low profitability ratio is typically not seen as a liquidity issue. Therefore, a higher level of liquidity indicates that the profit created by a company is of superior quality due to the absence of profit manipulation tactics by the Company's management. The utilization of profits that fail to reflect management performance accurately has the potential to deceive report users. The quality of profit is considered excellent when the reported profit enables users of financial statements to make optimal decisions and aligns with the qualitative features of financial statements, including relevance and reliability (Sri & Safrudin, 2023).

The company's size, profit growth, and leverage are a few variables that may impact the caliber of profits. Leverage is a crucial factor that holds significant potential for enhancing a firm's profitability, as it is commonly funded through debt. Profit quality is directly proportional to the effectiveness of debt management in generating earnings (Sejati et al., 2021). Profit quality represents a company's financial strength in its financial statements (Musyarofah & Arifin, 2021). Profitability is a crucial indicator for organizations to assess the accuracy of a company's financial information. It is crucial that users of financial information, including investors, potential investors, and financial analysts, have complete knowledge regarding the actual character of profits (Arnilla, 2023). An essential aspect of profit quality underscores the necessity for meticulous examination of financial statements, encompassing the assessment of revenue recognition processes, cost allocation, and precise information disclosure. As a result, the company's financial statements and investment decisions may foster greater confidence among investors, creditors, and other relevant stakeholders (Kepramareni et al., 2021). In their findings, Gita et al. (2014) and Sunarto and Erdi (2022) found that leverage does not impact the quality of profits. Nevertheless, the findings of the studies conducted by Fatikatun et al. (2023) and Herninta et al. (2020) clarify that the presence of variable leverage substantially impacts the quality of profits.

Moreover, the findings of Dewi and Nova's (2023) study indicate that partial leverage substantially impacts the quality of profits. Septiana Desta (2021) stated that leverage has a beneficial impact on the quality of profits. Investors perceive that companies with high leverage will prioritize debt payments over dividends. In order to prevent a decline in profits attributable to the increase in debt, this motivates management to engage in profit management. Implementing profit management strategies is crucial to prevent a decline in profits since the rise in debt negatively affects the overall quality of corporate earnings. Consequently, when the leverage increases, the company's profit quality decreases.

H₁: Leverage has a significant effect on the Quality of Profit in companies listed on the Indonesia Stock Exchange.

The size of the company is also one of the factors that affect the quality of profits. Company size refers to a dimension, scale, or variable that characterizes the extent of an organization (Arnilla, 2023). A company's size refers to its assets' total value, as indicated on the left side of the balance sheet. Typically, the size of a corporation can be classified into two distinct categories: large and small. Company size is a metric used to categorize firms based on many criteria, such as total assets, number of employees, stock market value, sales volume, market capitalization, and other factors. (Syawaluddin et al., 2019). According to research conducted by Fatikatun et al. (2023), Sunarto and Erdi (2022), Dewi and Nova (2023), and Septiana & Desta (2021), the company's variable size has no discernible impact on the quality of its profits.

On the other hand, Safitri et al. (2021) elucidated in their study that the company's magnitude positively influences the caliber of profits. Herninta et al. (2020) further elucidate that the magnitude of a company's size substantially impacts the caliber of its profits. This



indicates that as company size increases, discretionary accrual value decreases, and profit quality improves.

H₂: Company Size has a positive effect on the Quality of Profit in companies listed on the Indonesia Stock Exchange.

Furthermore, the Company's profit growth impacts the quality of its profits. The Company's strong profit growth indicates its robust financial health, which in turn can significantly impact the quality of its profits (Nainggolan et al., 2021). Profit growth is a metric that characterizes companies with potential for expansion. Companies can accelerate development and rapid growth, producing a high-profit response coefficient. The Company's earnings become more qualified as the Company grows at a faster pace (Sari et al., 2022). Signal theory and agency theory provide support for the impact of profit growth on profit quality. An increase in profits will provide a favorable indication to the market. The consistent year-on-year increase in profit growth is a positive development for investors, signaling the Company's strong performance (Sumertiasih & Yasa, 2022). Agency theory posits that the management of a firm serves as an agent for the shareholders. The prospect of limited profit growth can motivate management to manipulate financial statements to boost company value or generate profits. Sumertiasih and Yasa (2022) found that profit growth positively impacts profit quality based on their research findings.

Nevertheless, Safitri et al. (2021) conducted research that indicates a detrimental effect of profit growth on profit quality, as evidenced by the test findings. Suppose a corporation can control its profits on an annual basis. In that case, the quality of those profits will be diminished due to the increased value of accrual discretion. According to Al-Vionita and Asyik (2020), there is no substantial correlation between profit growth and profit quality. The need for incentives for management to effectively manage profits and the Company's sluggish profit growth rate contribute to this situation.

H₃: Profit Growth affects the Quality of Profit in companies listed on the Indonesia Stock Exchange.

Profit target achievement is one of the moderation variables utilized in this study. According to research by (Kyunga Na et al., 2023), profit quality is significantly impacted by achieving profit targets. Research indicates that management often engages in profit management by artificially inflating reported earnings when profit targets are unmet. Implementing such profit management practices results in a decline in the overall quality of profits. Oktaviani et al. (2015) found that profit management impacts profit quality. Profit management is employed to enhance profits and attain specific profit objectives, resulting in a decline in the quality of profits due to the inclusion of profit management (Mergia et al., 2021).

H₄: Achievement of Profit Target affects the Quality of Profit in companies listed on the Indonesia Stock Exchange.

According to research by Jelinek (2007), increased leverage is correlated with profit objectives. Variations in leverage and leverage levels might have distinct effects on the profit objectives established by the organization. The use of leverage has a substantial impact on the quality of profits (Veronica, 2015). In the financial framework of a business, high leverage denotes the substantial reliance on acquired capital or debt. High leverage refers to a situation where a corporation has significant debt, resulting in higher finance costs. A decline in profitability diminishes a company's capacity to effectively address business opportunities or adapt to market changes due to constrained resources. Moreover, in the event of a substantial decrease in revenues, the company may need help in attaining the predetermined profit objectives, thus impeding the accomplishment of its financial aspirations. It might incentivize management to implement profit management practices, potentially diminishing the quality of profits (Kyunga Na et al., 2023).

H₅: Achievement of profit targets moderates the effect of leverage on Profit Quality in companies listed on the Indonesia Stock Exchange.

Negative profit growth indicates the company did not meet the expected profit level. When the company has negative profit growth, the profit earned is lower than the predetermined profit target. The management team prioritizes profit management when the



company fails to achieve its profit targets (Kyunga Na et al., 2023). Implementing profit management strategies can result in a decline in the overall quality of profits (Wang, 2006). Attempts to evade the inclusion of negative financial outcomes in official records may incentivize executives to engage in actions that may not accurately represent the organization's true performance or financial position (Yang, 2010). These managerial measures will result in a substantial decline in the quality of profits. It might encompass financial statement manipulation, exploitation of accounting standards' vulnerabilities, and utilization of the organization's operational activities (Dechow et al., 1995).

H₆: Achievement of Profit Target moderates the effect of Profit Growth on Profit Quality in companies listed on the Indonesia Stock Exchange.

According to research by Ali et al. (2015), company size positively influences profit management. According to the study, the size of a company has a notable impact on profit management (Veronica, 2015). It indicates that as a company grows, its discretionary accrual value decreases. Consequently, the company consistently achieves its profit objectives, resulting in profits of superior quality. This condition signifies that they successfully attain the designated profit objective, resulting in high profits.

H₇: Achievement of Profit Target moderates the effect of Company Size on Profit Quality in companies listed on the Indonesia Stock Exchange.

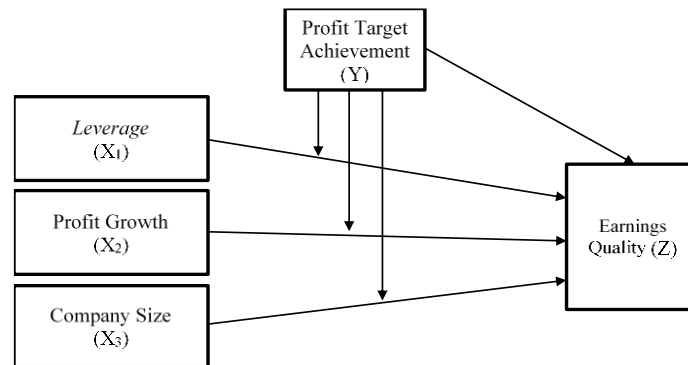


Figure 1 – Research Concept

METHODS OF RESEARCH

This research uses secondary data obtained via downloads from the official IDX website (www.idx.co.id) and the websites of companies listed on the IDX, specifically quantitative data categories. The data utilized in this study comprises the company's yearly financial statements spanning from 2017 to 2022. The data-gathering approach employed in this study was the non-participant observation method. The population for this study comprises all the companies listed on the Indonesia Stock Exchange (IDX) between 2017 and 2022, totaling 848 companies. The research sample comprised 260 companies selected using the purposive sampling method. The study's framework includes profit quality as the dependent variable, with leverage, profit growth, and firm size as independent variables. Additionally, the achievement of profit targets is considered a moderation variable.

Leverage refers to how much a corporation utilizes borrowed funds to support its business operations. The leverage ratio quantifies the ratio of debt or external funds utilized to finance a company's operating activities to the owner's capital or assets. The formula employed in this study to calculate leverage is as follows:

$$LEV_{i,t} = (\text{Total Debt}_{i,t} / \text{Total Assets}_{i,t}) \times 100\% \quad (1)$$

Profit growth refers to the capacity of companies listed on the Indonesia Stock Exchange to sustain financial stability and economic expansion by generating money from profits from 2017 to 2022. The profit growth utilized in this analysis is:

$$\text{Earning Growth (EG)} = \frac{\text{net income for } t\text{-th year} - \text{net income for } t-1\text{st year}}{\text{net income for } t-1\text{st year}} \quad (2)$$



Company size refers to the magnitude of companies that develop, operate, or influence the Indonesia Stock Exchange. The firm size utilized in this study is denoted as LnAset.

The Earnings Response Coefficient (ERC) is a metric utilized to assess the caliber of profitability. The ratio quantifies the correlation between fluctuations in profits per share and fluctuations in stock prices within the market. The study employed regression analysis to obtain the Earnings Response Coefficient (ERC) by examining the relationship between Cumulative Abnormal Return (CAR) and Unexpected Earnings. The Cumulative Abnormal Return (CAR) is the aggregate abnormal return or profit. This term is typically computed utilizing aberrant returns with a low nominal value over a short duration. Abnormal returns reflect the market's response to a particular incident. An abnormal return is beyond the expected or typical (Hartono, 2000). The calculation of expected revenue involves subtracting the actual revenue from the projected revenue in the following manner:

$$AR_{i,t} = R_{i,t} - RM_{i,t} \quad (3)$$

$$RM_{i,t} = (IHSG_t - IHSG_{t-1})/IHSG_{t-1} \quad (4)$$

$$R_{i,t} = (P_{it} - P_{i,t-1})/P_{i,t-1} \quad (5)$$

$$CAR_{it} = \sum_{t=n}^{+n} AR_{it} \quad (6)$$

Where:

- $AR_{i,t}$: The i -th security's abnormal return during the t -th event phase;
- $R_{i,t}$: The actual return of the i -th security during the t -th event period;
- $RM_{i,t}$: The i -th market index's return during the t -th event period;
- $IHSG_t$: IHSG value on day- t ;
- $IHSG_{t-1}$: IHSG value on day $t-1$;
- P_{it} : Closing of the stock at the end of the day t ;
- $P_{i,t-1}$: Closing the share price on the previous day ($t-1$);
- CAR_{it} : The cumulative abnormal return of company i stocks is determined by considering the performance of the securities throughout a specific window period of five days before and five days after the quarterly earnings announcement date.

Unexpected earnings refer to the financial gains that investors experience due to an unforeseen element in the reported earnings of a corporation that issues securities or stocks. Below is the equation for computing unforeseen profits:

$$UE_{i,t} = (E_{i,t} - E_{i,t-1})/E_{i,t-1} \quad (7)$$

Where: $UE_{i,t}$ = *Unexpected Earnings of company i in year t* , $E_{i,t}$ = Company i 's accounting profit in year t ; $E_{i,t-1}$ = Company i 's accounting profit in year $t-1$.

Companies that achieve profit targets are considered to have good performance. However, investors need help to achieve profit targets when making investment decisions. This is because the company can manage profits to report the achievement of profit targets. Therefore, the profit target can be calculated by the formula as follows:

$$\text{Profit Target} = \frac{\text{Net Income}}{\text{initial total assets}} \quad (8)$$

The profit target formula quantifies the firm's performance based on its owned assets, with the management aiming to achieve optimal returns by effectively utilizing all corporate assets. If management determines that the return is very low, they may feel compelled to engage in profit management, which could ultimately diminish the quality of earnings over time (Kyunga Na et al., 2023).

Descriptive analysis, multiple regression analysis, and moderated regression analysis are all employed in hypothesis testing. The equation model used is as follows:

$$CAR_{it} = \beta_0 + \beta_1 LK \quad (9)$$

$$KL = \beta_0 + \beta_1 LEV + \beta_2 UP + \beta_3 PL + \beta_4 PT + \beta_5 LEV*PT + \beta_6 UP*PT + \beta_7 PL*PT + e \quad (10)$$



Where:

- KL: Earnings Quality was measured using the residual value from CAR regression;
- CARit: Cumulative abnormal return;
- LK: Unexpected Earnings;
- LEV: Leverage;
- UP: Company Size;
- PL: Profit Growth;
- PT: Achievement of Profit Target.

Gujarati & Porter (2012) introduced the Chow test as a statistical tool for selecting the appropriate model in panel data regression, specifically between the Common Effect Model (CEM) and Fixed Effect Model (FEM). This test evaluates the equality of intercepts, where a significant result supports the use of the Common Effect Model, indicating that intercepts are equal. Conversely, the Fixed Effect Model is favored if the intercepts are not equal. A significance level (H_0) of $\alpha = 5\%$ is commonly used. When the probability values of F and Chi-Square exceed $\alpha = 5\%$, the Common Effect Model is deemed suitable for panel data regression. Conversely, the Fixed Effect Model is preferred if these values fall below $\alpha = 5\%$.

The Hausman test, outlined by Gujarati and Porter (2012), serves as a statistical method for deciding between the Fixed Effect Model (FEM) and the Random Effect Model (REM) in panel data regression. This test relies on the effectiveness of the Least Squares Dummy Variables (LSDV) in FEM and the Generalized Least Squares (GLS) in REM. At the same time, Ordinary Least Squares (OLS) in the Common Effect Model (CEM) may display greater efficiency. The degrees of freedom (df) in the Hausman test statistic are linked to the number of independent variables and conform to the Chi-Square distribution. If the Hausman test statistic exceeds the Chi-square probability value, H_0 is disregarded, favoring the Fixed Effect Model (FEM) for panel data regression. Conversely, if the Hausman test statistic falls below the Chi-Square probability value, H_0 is accepted, indicating that the Random Effect Model (REM) is preferable for panel data regression.

According to Gujarati and Porter (2012: 481), the Lagrange multiplier test serves to determine the preferable model between the Random Effect Model (REM) and the Common Effect Model (CEM) for panel data estimation. Breusch-Pagan introduced the Random Effect Model (REM) to assess significance using residuals obtained from the Ordinary Least Squares (OLS) approach. Gujarati and Porter (2012) advise comparing the Breusch-Pagan cross-section value with a significance level 0.05 to reach a decision. If the cross-section value surpasses 0.05, the null hypothesis (H_0) is accepted, suggesting that the Common Effect Model (CEM) is suitable. Conversely, if the p-value of the cross-section value falls below 0.05, rejecting the null hypothesis (H_0) indicates that the Random Effect Model (REM) is the more appropriate choice.

According to Suyana (2016), this normality test evaluates whether the residuals derived from the regression model demonstrate a distribution closely resembling a normal distribution. A vital characteristic of a well-fitted regression model is the presence of residuals that conform to a typical or nearly normal distribution. Deviations from this normality could potentially lead to inaccurate or biased predictions from the regression model. Acceptance of the null hypothesis (H_0) occurs when the probability value is greater than or equal to 0.05, indicating that the data conforms to a normal distribution. Conversely, if the probability value is less than 0.05, H_0 is rejected, suggesting that the data does not adhere to a normal distribution.

Autocorrelation, as described by Gujarati (2006), denotes the correlation among data points within a time or spatial sequence. Autocorrelation tests are utilized to investigate the correlation between residuals at a specific time period (t) and residuals in the preceding period (t-1) within a regression model. Comparing Durbin-Watson statistic values with upper and lower critical values (DU and DL) obtained from the Durbin-Watson table helps determine autocorrelation presence. If both the Durbin-Watson statistic and the (4-DW) values exceed DU, the null hypothesis (H_0) is rejected, indicating no evidence of autocorrelation.



Suyana (2016) proposes that the multicollinearity test assesses the interrelation between independent variables within a regression model. One can effectively detect multicollinearity by examining the Variance Inflation Factor (VIF) value. If the VIF value, representing the variance inflation factor, falls below 10, the null hypothesis (H_0) is upheld, indicating no evidence of multicollinearity. Conversely, if the Variance Inflation Factor (VIF) value reaches or exceeds 10, rejecting H_0 and accepting H_1 suggests the presence of multicollinearity.

In a regression model, the heteroscedasticity test determines whether one observation's residual variance differs from another's (Suyana, 2016). A heteroscedasticity test aims to identify residual variance inequality patterns that may impact the interpretation and dependability of regression models. When heteroscedasticity and homogeneous variants are absent, a regression model is probably sound. This research employs the Glacier test, where absolute residuals are utilized rather than residual squares. The acceptance of H_0 and the absence of heteroscedasticity are contingent upon the probability value. If the probability value is less than 0.05, the rejection of H_0 and the presence of heteroscedasticity are inherent.

The coefficient of determination represents the extent to which the model can account for the variability observed in the dependent variable. A low coefficient of determination implies that the independent variable must adequately explain the dependent variable. Conversely, as the coefficient of determination nears one, the independent variable elucidates a substantial portion of the information required to forecast changes in the dependent variable.

The F test, also known as Test F, evaluates the appropriateness of the model by investigating whether the independent variables collectively impact the dependent variable. A significance level of 0.05, corresponding to 5%, is typically chosen. If the p-value of the F-test falls below 0.05, we reject the null hypothesis (H_0) and embrace the alternative hypothesis (H_1). This suggests a concurrent effect between the independent and dependent variables or vice versa (Ghozali, 2016).

The t-test, often known as the partial test, is applied to examine the study hypothesis concerning the impact of each partially independent variable on the dependent variable. This test evaluates the statistical significance of the independent variable's influence on the dependent variable (Ghozali, 2016). The significance level is typically set at either 5% or 0.05. Suppose the t-value falls below 0.05. In such cases, the null hypothesis (H_0) is rejected in favor of the alternative hypothesis (H_1), suggesting that the independent variable may partially affect the dependent variable. Alternatively, H_1 may indicate a more substantial influence (Ghozali, 2016).

A moderation regression analysis creates a model of the relationship between two variables using moderation variables. Moderation variables can reinforce or undermine the association between a dependent and an independent variable. Pure Moderators, Quasi Moderators, Potential Moderators (also known as Homologiser Moderators), and Predictor Moderators are the four categories of moderation variables (Solimun, 2017:79):

- Pure Moderators are independent variables that moderate the association between the dependent and independent variables. They are not independent variables in and of themselves and do not interact with the independent variable;
- Quasi-moderators are independent and dependent variables that moderate the relationship between the two. Nevertheless, these variables may also function independently or interact with the independent variable;
- Potential Moderators, alternatively referred to as Homologiser Moderators, can influence the intensity of the association between the independent and dependent variables as moderation variables. They lack a substantial relationship with the dependent variable and do not interact with the independent variable;
- Predictor Moderators: In the relationship model, these variables solely function as predictor variables.



RESULTS AND DISCUSSION

The population under investigation in this study comprises all 848 entities listed on the IDX between 2017 and 2022.

Table 1 – Descriptive Statistical Test Results

	KL	LEV	PL	PT	UP
Mean	-7,69E-08	121,4589	-1,242952	0,045592	28,73457
Median	-14667,61	47,55160	-0,071618	0,026250	28,73656
Maximum	893510,3	36503,26	1494,852	71,80764	33,65519
Minimum	-29309,43	0,036908	-2248,560	-	22,37663
Std. Dev.	54464,90	1266,057	78,88531	1,860386	1,824928
Probability	0,000000	0,000000	0,000000	0,000000	0,000028
Sum	-0,000120	189475,9	-1939,005	71,12356	44825,93
Observations	1560	1560	1560	1560	1560

Source: Processed secondary data, 2024.

The minimal value of -29,309.43 for the variable quality of profit (KL) in Table 1 signifies the point at which the company's profit is at its lowest, suggesting the potential occurrence of a substantial loss period. The maximum value of the variable KL is 89,3510.3, which is the highest profit point, indicating financial success. The calculated mean of -7.69 signifies a propensity for overall losses. At the same time, the standard deviation of 54,464.90 from the KL variable indicates substantial fluctuations in company earnings, suggesting considerable period-to-period volatility.

The term Variable Leverage (LEV) denotes the extent to which an organization finances its assets through debt. A minimal value of 0.036908 for the variable Leverage (LEV) signifies that the company's debt level is at its lowest, indicating the lowest possible debt level. The variable LEV attains its utmost value of 36503.26, which signifies that the company's debt level is at its peak. The company's average debt level is represented by the mean value of 121.4589, which reflects the total debt level. The standard deviation of the variable LEV, which is 1266.057, signifies the extent to which the level of debt deviates from the average, thereby suggesting volatility in the company's debt utilization.

The variable Profit Growth (PL) indicates a significant fall in the organization's earnings, as evidenced by the minimum value of -2248,560, representing a time of significant profit decline. The variable PL reached its highest value of 1494,852 during substantial profit growth, signifying a substantial increase in the organization's earnings. The PL variable has a negative mean value of -1.242952, which suggests a consistent decline in profits over time. The variable's standard deviation of 78.88531 quantifies how profit growth deviates from the mean; a high value signifies a substantial variation in the organization's profit growth across different periods.

The minimum value of -7.887390 for achieving the profit target (PT) variable signifies a period during which the organization encountered substantial losses and could not attain the intended profit margin. The peak value of the PT variable, which is 71.80764, signifies a phase during which the organization effectively met or surpassed the profit objective. The PT variable's mean value of 0.045592 suggests that the company, on average, makes progress toward attaining the established profit target. Conversely, the variable's sizeable standard deviation of 1.860386 indicates substantial variability in the company's performance toward achieving profit targets across different periods.

The variable Company Size (UP) can encompass a range of metrics that quantify the magnitude or scope of an organization, including revenue, total assets, or employee count. The companies with the smallest capacity are represented by the minimal value of 22.37663 in the company size variable. This number also indicates that the company with the smallest capacity has a UP (unknown parameter) of 22.37663. The UP variable's maximum value of 33.65519 signifies the company's largest capacity, suggesting that the organization with the most substantial scale possesses a UP of 33.65519. The UP variable's mean value of



28.73457 represents the average company size, while its standard deviation of 1.824928 quantifies the variability of company size. A comparatively small standard deviation value suggests that the company size variation is not excessively significant.

Table 2 – Common Effect Model (CEM) Regression Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-248325.8	21256.49	-11.68235	0.0000
LEV	1.307084	1.242870	1.051666	0.2931
PL	-6.877796	16.78907	-0.409659	0.6821
UP	8636.152	737.4448	11.71091	0.0000
PT	52.08428	834.5265	0.062412	0.9502
R-squared	0.081673	Mean dependent var		-7.69E-08
Adjusted R-squared	0.079311	S.D. dependent var		54464.90
S.E. of regression	52260.47	Akaike info criterion		24.56907
Sum squared resid	4.25E+12	Schwarz criterion		24.58622
Log-likelihood	-19158.87	Hannan-Quinn criteria.		24.57545
F-statistic	34.57408	Durbin-Watson stat		0.135138
Prob(F-statistic)	0.000000			

Source: Processed secondary data, 2024.

The Common Effect Model (CEM) regression findings indicate a constant value of -248325.8 with a 0.0000 probability. According to the adjusted R² value of 0.079311, the regression equation posits that various factors, including leverage, profit growth, company size, and attainment of profit objectives, exert a 7.9% influence on the quality of profit. Nevertheless, it should not be inferred that the remaining 92.1% is influenced by factors not examined in the study. As a result, the premise that CEM can be utilized to ascertain the impact of leverage, profit growth, company size, and profit target attainment on profit quality must be revised.

Table 3 – Fixed Effect Model (FEM) Regression Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-248325.8	21256.49	-11.68235	0.0000
LEV	1.307084	1.242870	1.051666	0.2931
PL	-6.877796	16.78907	-0.409659	0.6821
UP	8636.152	737.4448	11.71091	0.0000
PT	52.08428	834.5265	0.062412	0.9502
R-squared	0.081673	Mean dependent var		-7.69E-08
Adjusted R-squared	0.079311	S.D. dependent var		54464.90
S.E. of regression	52260.47	Akaike info criterion		24.56907
Sum squared resid	4.25E+12	Schwarz criterion		24.58622
Log-likelihood	-19158.87	Hannan-Quinn criteria.		24.57545
F-statistic	34.57408	Durbin-Watson stat		0.135138
Prob(F-statistic)	0.000000			

Source: Processed secondary data, 2024.

The Fixed Effect Model (FEM) regression analysis reveals the existence of a constant value of -1401.408 with a 0.9723 probability. Based on the adjusted R² value of 0.854823, it can be concluded that leverage, profit growth, company scale, and achievement of profit targets have a substantial 85% impact on the quality of profit. Additional variables not examined in this analysis account for the remaining 15%. Profit quality can thus be assessed more realistically through the utilization of the FEM model, which accounts for profit growth, leverage, company scale, and profit target achievement.

Table 4 presents the regression outcomes using the Random Effect Model (REM). The table indicates a constant value of -104029.6 and a probability of 0.0010. Based on the adjusted R² value of 0.004597, the regression equation suggests that leverage, profit growth, company size, and achievement of profit objectives have a 0.45% impact the quality of profit. The residual 99.55 percent is determined by additional variables not investigated in



the present study. Hence, it is imperative to reevaluate the assumptions underlying the REM model to ascertain the impact of profit quality on leverage, profit growth, company scale, and achievement of profit targets.

Table 4 – Random Effect Model (REM) Regression Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-104029.6	31430.52	-3.309828	0.0010
LEV	0.689088	0.639887	1.076889	0.2817
PL	3.411034	7.263694	0.469600	0.6387
UP	3617.525	1087.725	3.325771	0.0009
PT	47.19246	356.6123	0.132335	0.8947
Effects Specification				
			S.D.	Rho
Cross-section random			48202.35	0.8436
Idiosyncratic random			20752.26	0.1564
Weighted Statistics				
R-squared	0.007151	Mean dependent var		-1.33E-08
Adjusted R-squared	0.004597	S.D. dependent var		20886.17
S.E. of regression	20838.10	Sum squared resid		6.75E+11
F-statistic	2.800114	Durbin-Watson stat		0.830411
Prob(F-statistic)	0.024745			
Unweighted Statistics				
R-squared	0.053939	Mean dependent var		-7.69E-08
Sum squared resid	4.38E+12	Durbin-Watson stat		0.128157

Source: Processed secondary data, 2024.

Table 5 – Chow Test Results

Effects Test	Statistic	d.f.	Prob.
Cross-section F	33.071707	(259,1296)	0.0000
Cross-section Chi-square	3165.806276	259	0.0000

Source: Processed secondary data, 2024.

The probability value for cross-section F and Chi-Square, as presented in Table 5, is 0.00, falling below the significance threshold of 0.05. Consequently, the alternative hypothesis (H1) is embraced, leading to rejection of H0. The results of the Chow test suggest that the fixed effect model (FEM) is the appropriate model to employ. After the rejection of the null hypothesis by the Chow test, the data analysis progressed to the Hausman Test.

Table 6 – Hausman Test Results

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	16.890624	4	0.0020

Source: Processed secondary data, 2024.

According to Table 6, a probability value of 0.0020 is produced for a random cross-section. This value is smaller than the significance level of 0.05 (alpha), indicating that H0 is rejected and the alternative hypothesis (H1) is accepted. Based on the Hausman test, it may be found that the fixed effect model (FEM) is a suitable model to adopt.



Table 7 – Lagrange Multiplier Test Results

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	2734.601 (0.0000)	0.430499 (0.5117)	2735.032 (0.0000)

Source: Processed secondary data, 2024.

The obtained Pagan Breusch probability value from Table 7 is 0.0000, less than the significance level of 0.05; thus, H0 is rejected in favor of H1. The random effect model (REM) is deemed a practical framework in light of the Lagrange multiplier test.

Table 8 – Heteroscedasticity Test Results

Heteroskedasticity Test Glejser			
Null hypothesis: Homoskedasticity			
F-statistic	0.953597	Prob. F (4,1)	0.6363
Obs*R-Squared	4.753736	Prob. Chi-Square (4)	0.3135

Source: Processed secondary data, 2024.

Based on the data provided in Table 8, the probability associated with Chi-square (4) in Obs*R-squared is 0.3135, surpassing the threshold of 0.05. With this value exceeding 0.05, the null hypothesis (H0) can be accepted. This indicates that the utilized regression model is homoscedastic and lacks heteroscedasticity.

Table 9 – Multiple Linear Regression Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1401.408	40326.95	-0.034751	0.0423
LEV	-0.015650	0.669127	-0.023388	0.9813
PL	3.490248	7.285176	0.479089	0.0320
UP	48.97665	1402.058	0.034932	0.0491
PT	7.113975	357.6353	0.019892	0.0498
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.879314	Mean dependent var		-7.69E-08
Adjusted R-squared	0.854823	S.D. dependent var		54464.90
S.E. of regression	20752.26	Akaike info criterion		22.87176
Sum squared resid	5.58E+11	Schwarz criterion		23.77755
Log-likelihood	-17575.97	Hannan-Quinn criteria.		23.20854
F-statistic	35.90352	Durbin-Watson stat		1.001614
Prob(F-statistic)	0.000000			

Source: Processed secondary data, 2024.

According to the findings presented in Table 10, the coefficient values for the following variables comprise the results of the multiple linear regression analysis test: -0.015 for the LEV variable, 3.490 for the PL variable, 7.113 for the PT variable, and 48.976 for the UP variable:

$$KL = -1401,408 - 0,015 LEV + 3,490 PL + 7,113 PT + 48,976 UP + e$$

Where: KL - Profit Quality; LEV – Leverage; UP - Company Size; PL - Profit Growth; PT - Achievement of Profit Target.



Table 10 contains the outcomes of the coefficient of determination examination. The coefficient of determination test yielded an adjusted R2 value of 0.854823, indicating that leverage, company size, profit growth, and achievement of profit targets account for 85% of the variance in Profit Quality. Conversely, the residual 15% may be subject to the impact of unexplored variables not considered during the research.

The outcomes derived from the F test indicate an F value of 35.90352, accompanied by a probability value that dips below the predetermined significance threshold of 0.05. Hence, it can be inferred that the quality of profits is notably influenced by the interplay among leverage, company size, profit growth, and the attainment of profit targets. Put plainly, the independent variables exert a substantial influence on the dependent variable. More precisely, at the $\alpha = 0.05$ level, profit quality is contingent upon leverage, company size, profit growth, and achieving profit objectives.

Based on the t-test results, the subsequent deductions can be drawn:

- The leverage variable (LEV) displays a computed t-value of -0.023388 and a corresponding probability value of 0.9813, surpassing the alpha threshold 0.05. That suggests that the leverage variable (LEV) does not significantly influence Profit Quality;
- The profit growth probability (PL) value of 0.0320 and the computed t-value of 0.479089 for the profit growth variable (PL) fall below the alpha value of 0.05. That suggests, to some extent, that the profit growth variable (PL) significantly affects profit quality;
- The computed t-value and probability value for the company size variable (UP) stands at 0.03491 and 0.0342, respectively, lower than the alpha value of 0.05. This partially indicates that the company size variable (UP) significantly impacts profit quality;
- The calculated t-value for the profit target achievement variable (PT) is 0.019892, with the corresponding probability value at 0.0498, falling below the alpha value of 0.05. That implies, to some extent, the profit target achievement variable (PT) significantly affects profit quality.

Table 10 – Moderation Regression Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-22756.49	41025.39	-0.554693	0.0522
LEV	9.787973	47.54491	0.205868	0.8369
PL	11.41294	119.5376	0.095476	0.0240
UP	94714.87	21997.08	4.305793	0.0000
PT	64.35238	375.2748	0.171481	0.0499
LEV_PT	-46.50608	10.76990	-4.318154	0.0000
PL_PT	-0.416936	2.062217	-0.202178	0.0398
UP_PT	-0.314633	4.351970	-0.072297	0.9424

Effects Specification			
Cross-section fixed (dummy variables)			
R-squared	0.881066	Mean dependent var	-7.69E-08
Adjusted R-squared	0.856598	S.D. dependent var	54464.90
S.E. of regression	20624.99	Akaike info criterion	22.86098
Sum squared resid	5.50E+11	Schwarz criterion	23.77707
Log-likelihood	-17564.57	Hannan-Quinn criter.	23.20159
F-statistic	36.00966	Durbin-Watson stat	1.012621
Prob(F-statistic)	0.000000		

Source: Processed secondary data, 2024.

Based on table 10, the moderation regression equation is obtained as follows:

$$KL = -22756,49 + 9,79LEV + 11,41PL + 94714,87UP + 64,35PT - 46,51LEV_PT - 0,42PL_PT - 0,31UP_PT + e$$



The moderation test in Table 11 reveals that the interaction value between profit growth and attaining the profit target is 0.0398. In contrast, the interaction value between leverage and the achievement of the profit target is 0.0000. These results indicate that both variables exert a statistically significant influence on the other. The interaction value between the magnitude of the company and the attainment of profit objectives is 0.9424, suggesting that there is no discernible impact. Hence, the metric of attaining profit objectives (PT) may be classified as a Potential Moderation Variable, specifically a Homologiser moderator. This is because the interaction between leverage and attaining the profit target (PT) has a significant value, which indicates that PT influences the relationship between leverage and profit quality (KL). Moreover, the association between profit quality and profit growth is affected by the variable of achieving profit targets (PT), as indicated by the notable interplay between profit growth and PT attainment. The variable representing the achievement of profit targets (PT) acts as a potential moderator (homologies Moderator) in the correlation between the dependent variable of profit quality and the independent variables of leverage and profit growth.

DISCUSSION OF RESULTS

The data analysis results indicated that leverage had no meaningful impact on profit quality and exhibited a negative correlation. Consequently, a corporation with a higher level of leverage relies more heavily on debt to finance investments in assets, resulting in heightened financial risk due to the need to pay interest and manage larger loans. Companies with a significant amount of debt tend to claim more considerable earnings to minimize the risk of breaching loan agreements (Demmatande & Suaryana, 2021). The findings of this study are consistent with prior studies, which concluded that leverage has little impact on the quality of profits (Gita et al., 2014; Sunarto & Erdi, 2022). This is in contrast to prior studies, which assert that leverage impacts profitability quality (Sadiyah, 2015; Irawati, 2012; Yasa et al., 2020).

The data analysis results indicate that the company's size substantially impacts the quality of earnings and is positively correlated. The positive correlation between firm size and profit quality suggests that factors such as total assets, revenue, or number of people significantly influence profit generation, reporting, and interpretation. Companies of greater size typically exhibit greater scales of activities, which can impact their cost structure, operational efficiency, and financial intricacy. As statistical tests indicate, a company's size directly impacts its earnings quality. Specifically, larger companies tend to have higher-quality reported profits. The findings of this study are in direct opposition to other studies, which indicated that the scale of a firm does not exert a substantial influence on the quality of its profits (Fatikatun et al., 2023; Sunarto & Erdi, 2022; Goddess & Nova, 2023; Septiana & Desta, 2023).

The data analysis results indicate that profit growth substantially impacts profit quality and is positively correlated. It demonstrates the company's capacity to enhance profitability over time and gauge the company's financial well-being and performance. Consistently increasing sales is typically the primary driver of profitable expansion. The findings of this study align with prior research, indicating that the growth of profits has a substantial impact on the quality of profits (Sumertiasih & Yasa, 2022).

The data analysis results indicate that meeting profit targets impacts the quality of profits and is positively correlated. This indicates that if the management can attain the desired profit level at the start of the period, there may be a reduction in the need to engage in profit management to prevent a loss in profit during that period. The reduction in pressure leads to a fall in incentives for-profit management, which in turn has a good impact on enhancing the quality of profits. The findings of this study are in direct opposition to prior research, which indicated that meeting profit targets does not significantly impact the quality of profits (Mergia et al., 2021).

The data analysis results indicate that leverage impacts the quality of profits, with the attainment of profit targets acting as a moderating variable. Furthermore, the hypothesis test



results indicate a detrimental correlation between leverage interaction and the attainment of profit targets. Possessing a comprehensive comprehension of the correlation between leverage and attaining profit objectives will assist management in making more astute financial choices and enhancing the firm's overall performance. This is because having little leverage results in minimal financial expenses, preventing any erosion of firm profitability. Consequently, organizations are more likely to attain their objectives, while the motivations to manipulate profit are less. The findings of this study align with prior research, indicating that the use of leverage impacts the caliber of a company's earnings, mainly when employed alongside profit targets as a moderating factor (Jelinek, 2007; Veronica, 2015).

The data analysis results indicate a negative association between profit growth and profit quality, with the moderating variable of achieving profit targets. Investors should have responded positively to the profit growth and achievement of profit targets. Profit growth can lead to this phenomenon when the company's management strategically manages profits to meet profit targets, preventing investors from reacting to the reported profit rise. The findings align with the study conducted by Kyunga Na et al. (2023), which elucidates that directors engage in profit management to prevent negative profit growth and attain the company's objective.

The company's size does not impact the quality of earnings when considering profit targets as a moderating element, and there is a negative correlation between the two. Typically, more giant corporations have ambitious goals for generating substantial profits. Management may experience pressure in order to meet these targets. This pressure might motivate the company to manipulate earnings through genuine business operations. This results in a decline in the company's profitability. The findings of this study are in direct opposition to other research, which indicates that the scale of a company impacts the quality of its profits, with the attainment of profit targets acting as a moderating factor (Ali et al., 2015; Veronica, 2015).

CONCLUSION AND SUGGESTIONS

The influence of leverage on the nature of companies listed on the Indonesia Stock Exchange is not statistically significant. The company's scale significantly impacts the profit quality and is positively correlated with this characteristic among enterprises listed on the Indonesia Stock Exchange. Profit growth significantly impacts the quality of profits in companies listed on the Indonesia Stock Exchange, exhibiting a positive correlation. The attainment of profit targets has a substantial impact and exhibits a favorable correlation with the profitability level of companies listed on the Indonesia Stock Exchange. In Indonesian Stock Exchange-listed companies, profit quality is influenced by leverage and profit growth, with the achievement of profit targets acting as a moderating factor. Moreover, a negative association exists between the combination of leverage and profit growth and the achievement of profit targets. The size of the company is independent of the quality of profit. Instead, the achievement of profit goals acts as a moderating element. The relationship with firms listed on the Indonesia Stock Exchange could be more balanced.

Future research may investigate the application of alternative proxies, such as discretionary accrual proxies, to quantify profit quality. This would facilitate the organization in formulating pragmatic profit and growth objectives, consequently diminishing the motivations for profit-driven management. In addition, organizations can enforce a leverage ceiling policy as a preventive measure against profit declines, potentially incentivizing more significant profit management and consequently diminishing profit quality.

REFERENCES

1. Ali, Usman, Noor, Muhammad, Khurshid, Muhammad Kashif & Mahmood, Akhtar. (2015). Impact of Firm Size on Earnings Management: A Study of Textile Sector of Pakistan. *European Journal of Business and Management*, 7(28), 47-56.
2. Al-Vionita. Nadila and Asyik, Nur Fadrih. (2020). Pengaruh Struktur Modal, Investment



- Opportunity Set (Ios), and Pertumbuhan Laba Terhadap Kualitas Laba. *Jurnal Ilmu and Riset Akuntansi*, 9(1), 1-18.
3. Arnilla, D. (2023). Pengaruh Ukuran Perusahaan, Pertumbuhan Laba, and Current Ratio Terhadap Kualitas Laba Perusahaan. *Bongaya Journal of Research in Management* Vol. 6 No. 2 Oktober 2023, 282.
 4. Dechow, P. M., Sloan, R. G., & Sweeney, A. P. (1995). Detecting earnings management. *Accounting Review*, 193–225
 5. Dechow, Patricia M. and Schrand, Catherine M. (2004). *Earning Quality*. USA: The Research Foundation of CFA Institute.
 6. Demmatande, Januario and Suaryana, I. G. N. A. (2021). Leverage and Media Exposure On Corporate Social Responsibility Disclosures (Empirical Study on Mining Sector Companies Listed in Indonesia Stock Exchange 2015-2019). *American Journal of Humanities and Social Sciences Research (AJHSSR)*, 5(5), 524-530.
 7. Dewi, N. A. M. and Nova. G. (2023). Pengaruh Leverage, Likuiditas, Profitabilitas and Ukuran Perusahaan Terhadap Kualitas Laba. *Jurnal Bina Akuntansi*, Vol.10 No.2 Hal 432-445, 3(1), 1689–1699.
 8. Fatikatun Nisa, Salsabillah, M. A. (2023). Pengaruh Leverage, Likuiditas and Ukuran Perusahaan Terhadap Kualitas Laba. *Yudishtira Journal: Indonesian Journal of Finance and Strategy* Inside p-ISSN: 2797-9733 | e-ISSN: 2777-0540 Vol. 3 No. 1 Januari - April 2023, July, 1–23.
 9. Ghozali, I. (2016). *Aplikasi Analisis Multivariate Dengan Program IBM SPSS 23*. Edisi 8. Semarang: Badan Penerbit Universitas Diponegoro.
 10. Gita Desyana, David Gowira, M. (2014). Pengaruh Leverage, Ukuran Perusahaan, Pertumbuhan Laba, and Profitabilitas terhadap Kualitas Laba: Studi pada Perusahaan Basic Materials yang Terdaftar di Bursa Efek Indonesia Tahun 2017-2021. *Jurnal Eksplorasi Akuntansi (JEA)* Vol.5, No3, Agustus 2023, Hal 1139-1152, 16(1), 52–62. <https://doi.org/10.9744/jak.16.1.52-62>.
 11. Gujarati, Damor. 2006. *Ekonometrika Dasar*. Jakarta: Erlangga.
 12. Gujarati, D. N. (2012). *Dasar-dasar Ekonometrika*. Buku 2, Edisi 5. Jakarta: Salemba Empat.
 13. Jelinek, Kate. (2007). The Effect of Leverage Increases on Earnings Management. *The Journal of Business and Economic Studies*, 13(2), 24-46, 108.
 14. Kepramareni, P., Pradnyawati, S. O., & Swandewi, N. N. A. (2021). Kualitas Laba and Faktor-Faktor Yang Berpengaruh (Studi Kasus Pada Perusahaan Manufaktur Tahun 2017-2019). *Wacana Ekonomi (Jurnal Ekonomi, Bisnis and Akuntansi)*, 20 (2), 170–178. <https://doi.org/10.22225/We.20.2.2021.170-178>, 1–16.
 15. Kyunga Na, Yunjeong Lee, Hageyong Yu. (2023). CEO Type and Earnings Management to Avoid Loss or Earnings Decreases: Evidence from South Korea. *Gadjah Mada International Journal of Business*, 25(2), 227-254. <http://journal.ugm.ac.id/gamaijb>
 16. Mergia, Roswita, Sulistyio & Setiyowati, Supami Wahyu. (2021). Pengaruh Kepemilikan Manajerial, Kepemilikan Institusional, Profitabilitas and Manajemen Laba Terhadap Kualitas Laba. *Jurnal Riset Mahasiswa Akuntansi (JRMA)*, 9(1), 1-9.
 17. Musyarofah, S., & Arifin, A. (2021). Pengaruh Struktur Modal, Ukuran Perusahaan, Likuiditas, Pertumbuhan Laba and Return on Asset Terhadap Kualitas Laba. *SENMEA : Seminar Nasional Manajemen, Ekonomi and Akuntansi Fakultas Ekonomi and Bisnis UNP Kediri*, 1432-1442, 22–28.
 18. Nainggolan, B., Wiyani D, Chantika, K., Christidayanti, & G. (2021). Pengaruh Profitabilitas, Pertumbuhan Laba, Ukuran Perusahaan and Likuiditas Terhadap Kualitas Laba (Studi Pada Perusahaan Manufaktur Sektor Industri Barang Konsumsi Sub Sektor Makanan and Minuman Yang Terdaftar Di Bursa Efek Indonesia Periode 2015-2020). *Jurnal Ilmiah MEA (Manajemen, Ekonomi, and Akuntansi)*, 5(3), 2577–2589, 13(2), 249–258. <https://doi.org/10.32670/coopetition.v13i2.1057>.
 19. Oktaviani, Rona Naula, Nur, Emrinaldi, and Ratnawati, Vince. (2015). Pengaruh Good Corporate Governanace Terhadap Kualitas Laba dengan Manajemen Laba sebagai Variabel Intervening (Studi Empiris pada Perusahaan Manufaktur yang Terdaftar di Bursa



- Efek Indonesia Tahun 2009-2012). *Jurnal Ekonomi KIAT*, 26(2), 47-55.
20. Purnamasari, E., & Fachrurrozie, F. (2020). The Effect of Profitability, Leverage, and Firm Size on Earnings Quality with Independent Commissioners as Moderating Variable. *Accounting Analysis Journal*, 9(3), 173-178. <https://doi.org/10.15294/aaaj.v9i3.42067>
 21. Safitri, I., Ajengtiyas, A., and Saebani, A. (2021). Determinasi Kualitas Laba Pada Perusahaan Yang Terdaftar Di Bursa Efek Indonesia. *Jurnal Akunida*, 7(1), 99-112.
 22. Sari, L., Aminah, S., & Septiano, R. (2022). Pengaruh Pertumbuhan Laba and Likuiditas Terhadap Kualitas Laba Perusahaan Manufaktur Industri Dasar and Kimia Yang Terdaftar Di Bursa Efek Indonesia 2017-2020. *Jurnal Inovasi Penelitian.*, 2(10), 3551–3564.
 23. Schipper, K., and Vincent, L. 2003. "Earnings Quality". *Accounting Horizons*: 97-110.
 24. Scott, William R. 2015. *Financial Accounting Theory*, 6th ed. Toronto: Pearson Education Canada, Inc.
 25. Sejati, F. R., Sutisman, E., Pertiwi, D., Ponto, S., & Syamsuddin, N. H. (2021). . Dampak Leverage, Profitabilitas, Likuiditas and Ukuran Perusahaan Terhadap Kualitas Laba. *PUBLIC POLICY (Jurnal Aplikasi Kebijakan Publik & Bisnis)*, 2(2), 304–314. <https://doi.org/10.51135/publicpolicy.v2.i2.p304-314>.
 26. Septiana, G., & Desta, D. (2021). Pengaruh Ukuran Perusahaan , Leverage and Manufaktur Yang Terdaftar Di Bursa Efek Indonesia (Bei) Tahun 2014-2016 Manufaktur Yang Terdaftar Di Bursa Efek. *Jurnal Ekonomika*, 14(2), 372–380., 3(1), 236–241.
 27. Septiano, R., Aminah, S., & Sari, L. (2022). Pengaruh Pertumbuhan Laba and Likuiditas Terhadap Kualitas Laba Perusahaan Manufaktur Industri Dasar and Kimia Yang Terdaftar Di Bursa Efek Indonesia 2017-2020. *Jurnal Inovasi Penelitian*, 2(10), 3551-3564, 12(2), 201–212. <https://doi.org/10.32502/jimn.v12i2.6117>.
 28. Sri Ayem, S. S. (2023). Pengaruh Struktur Modal, Ukuran Perusahaan, and Profitabilitas Terhadap Kualitas Laba. *Jurnal Akuntansi (Ja)Vol. 11no. 01Juni2023P-ISSN 2088-768X| E-ISSN 2540-9646*, 3(35), 240–260.
 29. Suaryana, I. G. N. A., Noviari, Naniek., & Darmayanthi, I. G. A. E. (2022). The impact of Indonesian financial accounting standard implementation, credit risk, and credit restructuring on allowance for credit losses in Indonesia. *Banks and Bank Systems*, 17(3), 177–187. [http://dx.doi.org/10.21511/bbs.17\(3\).2022.15](http://dx.doi.org/10.21511/bbs.17(3).2022.15).
 30. Sumertiasih, N. P. L., & Yasa, G. W. (2022). Pengaruh Pertumbuhan Laba, Profitabilitas and Ukuran Perusahaan Pada Kualitas Laba. *E-Jurnal Akuntansi*, 32(5), 1301-1316.
 31. Sunarto, E. N. and S. (2022). Pengaruh Ukuran Perusahaan, Leverage, Likuiditas, Profitabilitas, and Kepemilikan Manajerial Terhadap Kualitas Laba. *JIMAT (Jurnal Ilmiah Mahasiswa Akuntansi) Universitas Pendidikan Ganesha, Vol : 13 No : 03 Tahun 2022*, 10(2), 432–445.
 32. Suyana Utama, Made. 2016. *Aplikasi Analisis Kuantitatif*. Denpasar: Fakultas Ekonomi Universitas Udayana.
 33. Syawaluddin, Sujana, I., & Supriyanto, H. (2019). Pengaruh Struktur Modal, Likuiditas, Ukuran Perusahaan, Pertumbuhan Laba and Profitabilitas Terhadap Kualitas Laba. *Jurnal Ilmiah Mahasiswa Fakultas Ekonomi UM.Buton*, 1(1), 1–15.
 34. Veronica, Aries. (2015). The Influence of Leverage and Its Size on the Earnings Management. *Research Journal of Finance and Accounting*, 6(8), 159-167.
 35. Wang, D. (2006). Founding family ownership and earnings quality. *Journal of Accounting Research*, 44(3), 619–656.
 36. Yang, M.-L. (2010). The Impact of Controlling Families and Family CEOs on Earnings Management. *Family Business Review*, 23(3), 266–279. doi:10.1177/0894486510374231
 37. Yasa, G. S.W., Wirakusuma, M. G., & Suaryana, I. G. N. A. (2020). Effect of Leverage, Free Cash Flow, Corporate Governance, Growth and Risk Management on Earnings Quality. *International Research Journal of Management, IT & Social Sciences*, 7(1), 177–184. <https://doi.org/10.21744/irjmis.v7n1.835>.
 38. Yuliana, Shofa Zulfriza, and F. E. F. (2022). engaruh Ukuran Perusahaan, Struktur Modal, Likuiditas, and Profitabilitas Terhadap Kualitas Laba. *Eksos18(1): 1–15.*, 6(1), 55–64. <https://doi.org/10.31599/jabdimas.v6i1.1446>.