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Factors Affecting The Quality of Earnings with Capital Structure as Intervening Variables in Banking Companies Listed on IDX

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ABSTRACT

The most critical aspect in locating the value of a corporation is the great of the income generated through the corporation. Optimal earnings quality will have an effect on the value of the company which continuously shows an increase. The same thing also applies vice versa; if the quality of earnings shows results that are not optimal it will reduce the value of the company. The most important achievement when reporting earnings is that it makes it easier for stockholders and creditors to determine cash flows for future periods. Therefore, creditors and stockholders are able to predict the good and bad cash flows that will be faced in the coming period. The studies performed by the researcher has the purpose of having the ability to research the elements that have an effect on the best of profits with the capital structure used as an intervening variable with inside the banking sector this is included in the IDX list. The research that the researcher carried out made use of secondary data obtained by collecting all data on the company's financial reporting. The researchers used Purposive sampling as a data collection technique. The data were analyzed using multiple regressionusing Eviews 12. After conducting the research and data processing, it was found that the independent board of commissioners, board of directors, managerial ownership, institutional ownership, audit committee and CSR quality had a significant effect on earnings quality with capital structure as an intervening variable both simultaneously.

KEYWORDS- Independent Board of Commissioners, Board of Directors, Managerial Ownership, Institutional Ownership, Audit Committee, CSR Quality, Earnings Quality, Capital Structure

1. INTRODUCTION

The most critical aspect in locating the value of a corporation is the great of the income generated through the corporation (Machdar, Manurung, & Murwaningsari, 2017). Optimal earnings quality will have an effect on the value of the company which continuously shows an increase. The same thing also applies vice versa, if the quality of earnings shows results that are not optimal, it will reduce the value of the company. (Risdawati, Eka, & Subowo, 2015) Gives the opinion that companies with high earnings quality will report earnings openly, earnings information is presented with the circumstances. Which is true and does not come from the results of fraud in reporting. Earnings quality is earnings that present a reflection of the true state of the company and does not contain false information. Earnings quality is included in the principle with more than one dimension and produces different definitions when viewed from various aspects. The company's profit is included in the category with good quality if it presents appropriate information and also presents perceived noise.

The Financial Accounting Standards Board (FASB) states that, given adequate information about the company, it should be possible to estimate how the company will perform in the future. One of the most suitable information is profit. In profit reporting, it aims to make it easier for creditors and stockholders when determining cash flows in future periods. Therefore, creditors and stockholders are able to predict the good and bad cash flows that will be faced in the coming period. Then assess the current state of the company based on the earnings measurement.

The great of the company's profits is covered in the most crucial information and is always provided to the public so that stockholders can use it to assess a company. Low earnings quality will potentially result in wrong decisions, which lead to a decrease in company value. Financial reports are a source of data this is used in assessing the company's overall performance and economic conditions.

Annual financial statements offer a reflection of the financial situation of a company. A financial report is used as an instrument used by the company when presenting financial information related to the accountability of the agent to the owner's resource processor. Utilization of financial statements utilizes useful profit-related information and is used for consideration in making crucial decisions. Profit is included as an element in financial reporting that does not provide actual facts about the economic condition of the company, therefore the desired profit will provide information when considering decisions in making decisions, it is very doubtful in terms of the quality of its financial statements.

Banking institutions in Indonesia are showing developments and making banking the most important element for the economy today. The bank is used as the most important facility in economic activity because the bank has a role as a financial intermediary, which means that the bank is a bridge for parties who have a surplus of funds with those who need a funds deficit. Banks are a type of financial institution whose main function is as a forum that collects funds, presents funds, and provides services in the form of banking services to the general public (Ismail, 2010).

Indonesia has various types of banks, including Islamic banks, foreign banks, private banks, and state banks. Banking is a service company that has various activities, namely collecting and distributing funds which are used as its main activity and other activities in the form of various services that support these main activities.

Reflecting the shape of the company's financial relationships between equity resulting from long-term debt and equity, which then serves as a source of funding for a well-known company as a capital structure modal(Fahmi, 2013)in (Wati & Putra, 2017).

The capital structure has a power at the nice of profits due to the dact if the company’s property are paid extra thru debt than its capital; consequently the position of stockholders will decrease. The company will be considered unable to balance its finances in the use of funds on the accumulated capital provided with the required capital. So, if the extent of leverage of a corporation is higher, it’s going to reduce the quality of profits significantly.

Good corporate governance (GCG) is considered to be a process, mechanism, and structure that is carried out by the company and is useful in increasing the level of company assessment based on the law's policies and applicable norms. Each company is required to ensure the implementation of GCG in all business sectors and the entire structure of a company. The principles of GCG, namely harmony, independence, responsibility, accountability, and transparency are needed in order to achieve corporate sustainability that focuses on stakeholders (KNKG, 2006).

Fama and Jensen (Murtini & Mansyur, 2012)expressed their opinion regarding the independent board of commissioners, if the presence of a non-executive director will be used as a mediator when problems occur between internal managers and are responsible for supervising the decisions made by the management. As well as recommending some advice as input for the management. In Law Number 40 of 2007 providing a definition of the Board of Directors, the Board of Directors is defined as the Company's Organ which has the authority and responsibility in managing the Company which prioritizes the Company's priorities, as well as the Company's mission outside or inside the court which is one mission with the policy regarding the articles of association. So it can be concluded that the board of directors is the director who has the responsibility to manage a company.

Managerial ownership is the ratio between stockholders who come from the management and actively contribute to the determination of company policies. The presence of share ownership from management is likely to trigger a supervision of the regulations set by the company's management, which makes managerial ownership bigger so that management will try to provide benefits to stockholders (Puspitowati, Indah, & Mulya, 2014).

Institutional ownership is an estimate of what percentage of shares owned by a domestic and foreign company in a company's shares. Institutional ownership is the party that has a great influence when making policies or making decisions because the stockholder is the largest owner, then institutional ownership is used as the party that entrusts the authority to management to make and implement the company's financial policy provisions. Institutional ownership has a very important meaning when supervising management due to the presence of institutional ownership which triggers increased supervision to the maximum.

The audit committee has a challenge to offer help to the Board of Commissioners in wearing out their obligations to perform comprehensive supervisiion of the auditors and organization management, supervise that the financial reporting presented follows the generally accepted accounting practice mechanism, exercise adequate internal control, take action if accounting fraud is found and provide recommendations for selecting external auditors. The audit committee also has the authority to question other information and obtain explanations from the workforce and management regarding the matter.

The audit committee has a completely vital function due to the fact it could have a power at the quality of the company's profits and turns into vital facts this is supplied to the public and may be utilized by stockholders in engaging in and presenting an evaluation of a company.

Harvard's Kennedy School of Government (2009) says CSR is implemented to find a mechanism for obtaining a profit. In addition, CSR also shows obedience and generosity

Based on research conducted by (Angga Dwi Pratama, 2018), it is concluded that if the Capital Structure has a significant negative effect on Earnings Quality, the Independent Commissioner has a significant negative effect on Earnings Quality, Managerial Ownership has a significant positive effect on earnings quality. Earnings Quality, Institutional Ownership does not significantly have a positive effect on Earnings Quality, Firm size has a significant positive effect on Earnings Quality.

(Fathussalmi, 2019), opinion that the Audit Committee, Independent Board of Commissioners, Board of Directors, Managerial Ownership, and Investment Opportunity Set have no effect on Earnings Quality. Furthermore, in the research conducted (Alvin Pranata Nanang, 2019)stated, Corporate Governance has no significant effect on Earnings Management, Earnings Management can relate the Corporate Governance variables (Independent Board of Commissioners and Institutional Ownership) and Earnings Quality is better

2. LITERATURE REVIEW

Agency Theory

The principle of agency theory is the contractual relationship between the agent and the principal (Supriyono, 2018). The relationship is carried out for a service in which the principal delegates authority to the agent regarding the determination of the best policy for the principal by prioritizing the optimization of company profits and then reducing existing burdens, such as avoiding tax burdens. Agency theory is the transfer of authority by the stockholder to the management of the company in carrying out the company's operations as stated in the agreement that has been determined.

Agency theory is included in the relationship to an agency which is for a contract in which the owner pays an expert or other manager to be able to manage activities in a company. The principal is a stockholder, then the agent is a manager who carries out management tasks in a company. The essence of the agency relationship is to become a notification will provide a signal to stockholders during the process of determining investment policies. If the notification in query holds an awesome judgement, it’s miles anticipated that the marketplace will react when the notification is obtainded through the marketplace. When information is distributed and all market participants have received the information in question, it begins with market participants interpreting and analyzing the information in question to become a good signal or a bad signal. If it is included in a good signal for stockholders, there will be a change in the activity of a stock (Sholekah F. W., 2014).

Signal theory indicates the importance of good quality earnings reports for company management. Parties who use financial statements and company owners want the profits listed in the financial statements to include actual profits and have good quality because the information in question will be used in the implementation of policy determination in their business. Signal theory provides an explanation that if earnings have good quality then stockholders will get a positive signal. Profits that have good quality will get a good reaction by the market and outsiders will trust the company to have good company management performance.

Positive Accounting Theory

At the beginning of the development of accounting theory created a normative theory which is explained as a theory that requires the use of value judgments that contain a minimum of a premise. Normative theory initially did not utilize a formal investigative approach, then when further developments began the use of an investigative approach that had a formal structure, namely a deductive approach (Anis & Ghozali, 2010).

In positive accounting theory, the accounting mechanism used by the company does not have to be similar to other companies, but the company is free to use other mechanisms that can be used in order to reduce contract costs and add value to a company. With the company being freed to choose, it is certain that managers have the possibility to carry out an attitude which in positive accounting theory is known as opportunistic behavior (Scott, 2006).

Legitimacy Theory

Dowling and Pfeffer say that if the use of legitimacy theory provides benefits when analyzing the actions taken by organizations, and states that because legitimacy is included in a very crucial matter for organizations, the various boundaries that are determined in social values and norms, as well as reciprocity to the boundaries in question will trigger useful analysis of organizational actions by focusing on environmental priorities (Chariri & Ghozali, 2007).

The theory of legitimacy is motivated by a "social contract" that takes place between two parties, namely the audience and a company in which the company runs and utilizes economic resources. Shocker and Sethi (Chariri & Ghozali, 2007). Discuss the principle of the social contract, that all social institutions are held in the midst of the public through a social contract, either implicit or explicit in which their growth and survival are based on the end result that can be socially presented to the public. And the distribution of its political, social and economic benefits in line with the authority it carries.

Stakeholder Theory

Stakeholder theory is included in the theory which says that if a company does not become an entity that is only held for individual priorities, but must bring benefits to all stakeholder elements. These stakeholders will be taken into consideration for company management when disseminating information during the company's financial reporting process (Chariri & Ghozali, 2007). The stakeholder theory states that organizations will make elections without coercion to present information about their intellectual, social, and environmental performance in order to achieve their real goals or get recognition from stakeholders (Deegan, 2004).

Found various definitions linking financial performance with social performance with stakeholder theory. The theory contains the assumption that the existence of the company depends on the stakeholders. Then, the company will consider the priority of stakeholders because there is a moral commitment that comes from the company's management to the stakeholders, this moral commitment will trigger the company in preparing the strategy that will be used because the strategy used by the company has an influence on the achievement of the company's financial performance.

3. RESEARCH METHOD

Researchers carry out research using the type of causality research. Causality research method is useful for explaining cause and effect. Causative research is included in research that has the aim of finding the extent to which an independent variable has an influence on the dependent variable (Sugiyono, 2005). In this research method, it can be seen how far the influence of the Independent Board of Commissioners, Board of Directors, Managerial Ownership, Institutional Ownership, and Audit Committee with the mediator variable Capital Structure on the earnings quality of a company.

4. RESEARCH SAMPLE

Mudrajad (2003) said, the sample is a combination in aspects of the population unit. The sample in the research that the researcher carried out was carried out by purposive sampling technique. The researcher uses purposive sampling based on subjective considerations with the terms and conditions that the researcher has determined in accordance with the criteria that must be met as a sample.

The company criteria used in the research carried out by the researchers are: 1). Banking sector companies which can be always indexed at the Indonesia Stock Exchange from 2016 to 2020. 2). Private Banks. 3). Banking sector companies that issue financial statements on December 31 for the period 2016 to 2020. 4). Companies in the banking sector with managerial shareholders from 2016 to 2020. 5). Companies with consistent earnings from 2016-2020.

4. DATA ANALYSIS METHOD

a. **Path Analysis**
The method used in the implementation of the research is path analysis (path analysis). Researchers use path analysis with the purpose of finding cause-and-impact relationships and explaining direct and oblique outcomes among endogenous and exogenous variables. The research that the researchers carried out used the path analysis method which aims to find direct or indirect effects between the variables that the researchers used.

b. **Sobel Test**
In the Sobel test that the researcher uses, it aims to find the effect on the satisfaction variable which is used as a mediating variable. Baron and Kenny (1986) in Ghazali (2011) say that a variable will be Stated to be an intervening variable if the variable used additionally affects the relationship amoung the independent variable and the dependent variable. The Sobel test become accomplished to check how sturdy the oblique impact at the independent variable (X) at the dependent variable (Y2) was using the mediatin variable (Y1).

c. Model Fit Test (F Test)
The F test is a test that is used when proving that all the independent variables used in the model have an effect on the dependent variable at the same time. Tests used in testing the feasibility of the model. P value < 0.05 indicates if the model testing is appropriate to be used in research. P value > 0.05 proves that the model used is not suitable for use in this research.

d. **Effect Test (T Test)**
The t statistic test is a significance test that proves the extent to which an independent variable partially explains the dependent variable. Variables that have a large correlation coefficient will affect the largest variable on the dependent variable (Kuncoro 2013: 244). If the acquisition of the t-test with a significance magnitude of <0.05, the independent variable individually has an influence on the dependent variable.

e. **Coefficient of Determination**
The coefficient of correlation check is employed to live the extent of the model’s capabilities once explaining the variance of the dependent variable. The magnitude of the coefficient of determination lies in the range of values 0 (zero) to touch the value of 1 (one). If the magnitude of the coefficient of determination reaches a value of 0 it means that the model's capability when explaining the dependent variable has limitations. The opposite also applies, if the coefficient of determination of the variable reaches 1, it is able to ascertained that the functionality of the independent variable while explaining the dependent variable can be stronger.

5. RESULTS AND DISCUSSION

Hypothesis Testing

1. T Test

The t-test is essentially aimed at finding out how far the influence of a partially independent variable on the dependent variable is. The level of significance taken in the research that the researcher carried out was 0.05 (α=5%). The recognition or rejection of the speculation is performed with the subsequent conditions: a) If the magnitude of Prob. (0.05), so the hypothesis is accepted; b) When large Prob. (0.05), indicating that the hypothesis is rejected.

The results of the multiple regression partial t-test of equations 1 and 2 are shown in the following table:

Table 1. Partial t test of Equation 1 (Fixed Effect Model)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	.696908	.223034	3.124674	.0049
DKI	-.235619	.108668	-2.168250	**.0412**
DD	.566685	.133600	4.241660	**.0003**
KM	.063813	.022434	2.844411	**.0094**
KI	-.287927	.101452	-2.838074	**.0096**
KA	-.396609	.112066	-3.539065	**.0018**
KCSR	.390449	.181695	2.148931	**.0429**

Source: Data processing using eviews 12, 2021

Table 2. Partial t test of Equation 2 (Fixed Effect Model)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	25.97015	3.720067	6.981097	.0000
DKI	3.277422	3.452243	.949360	**.3532**
DD	-15.69874	2.968288	-5.288819	**.0000**
KM	1.845376	.410831	4.491809	**.0002**
KI	20.24321	2.640986	7.665021	**.0000**
KA	-5.252372	2.057342	-2.552989	**.0185**
KCSR	3.914545	1.315710	2.975235	**.0072**
SM	2.762086	.798592	2.126985	**.0454**

Source: Data processing using eviews 12, 2021

Based at the consequences of the t-test in tables 1 and 2, then:

a. **Hypothesis 1:** There is an independent board of commissioners influence on the capital structure Based on table above, the value of prob. variable independent board of commissioners (DKI) < critical probability value (α = 5%) worth 0.0412 < 0.05. This means that the independent board of commissioners has an influence on the capital structure. Based on the results that the researcher has explained, the researcher draws a conclusion if the hypothesis that says there is an independent board of commissioners influence on the capital structure is accepted.

b. **Hypothesis 2:** There is an effect of the board of directors on the capital structure Based on the table above, the value of prob. board of directors variable (DD) < critical probability value (α = 5%) worth 0.0003 < 0.05. This means that the board of directors has an influence on the capital structure. Based on the results that the researcher has explained, the researcher draws a conclusion if the hypothesis that says there is an influence of the board of directors on the capital structure is accepted.

c. **Hypothesis 3:** There is an effect of managerial ownership on the capital structure Based on table above, the value of prob. managerial ownership variable (KM) < critical probability value (α = 5%) worth 0.0094 < 0.05. This means that managerial ownership has an influence on the capital structure. Based on the results that the researchers have explained, the researchers draw conclusions if the hypothesis that there is an influence of managerial ownership on capital structure is accepted.

d. **Hypothesis 4:** There is an effect of institutional ownership on the capital structure Based on table above, the value of prob. institutional ownership variable (KI) < critical probability value (α = 5%) worth 0.0096 < 0.05. This means that institutional ownership has an influence on the capital structure. Based on the results that the researcher has explained, the researcher draws a conclusion if the hypothesis that there is an influence of institutional ownership on the capital structure is accepted.

e. **Hypothesis 5:** There is an effect of the audit committee on the capital structure Based on the table above, the value of prob. audit committee variable (KA) < critical probability value (α = 5%) worth 0.0018 < 0.05. This means that the audit committee has an influence on the capital structure. Based on the results that the researcher has explained, the researcher draws a conclusion if the hypothesis that there is an influence of the audit committee on the capital structure is accepted.

f. **Hypothesis 6:** There is an effect of CSR quality on capital structure Based on the table above, the value of prob. CSR quality variable (KCSR) < critical probability value (α = 5%) worth 0.0429 < 0.05. This means that the quality of CSR has an influence on the capital structure. Based on the results that the researcher has explained, the researcher draws a conclusion if the hypothesis that says there is an effect of CSR quality on capital structure is accepted.

g. **Hypothesis 7:** There is an effect of independent board of commissioners, board of directors, managerial ownership, institutional ownership, audit committee and CSR quality simultaneously on capital structure Prob value. F (Statistic) in equation 1 is 0.000 < 0.05 level of significance. This means that the independent board of commissioners, board of directors, managerial ownership, institutional ownership, audit committee and CSR quality simultaneously affect the capital structure. Based on the results of data processing that has been carried out by researchers, therefore it can be concluded that the seventh hypothesis states that there is an influence of independent commissioners, boards of directors, managerial ownership, institutional ownership, audit committees and CSR quality simultaneously on the capital structure.

h. **Hypothesis 8:** There is an effect of independent board of commissioners on earnings quality Based on the table above, the value of prob. independent board of commissioners variable (DKI) > critical probability value (α = 5%) of 0.3532 > 0.05. This means that the independent board of commissioners has no effect on earnings quality. Based on the results of data processing that has been carried out by the researchers, therefore it can be concluded that the eighth hypothesis which states that there is an influence of an independent board of commissioners on earnings quality is rejected.

i. **Hypothesis 9:** There is an effect of the board of directors on earnings quality Based on the table above, the value of prob. board of directors variable (DD) < critical probability value (α = 5%) worth 0.0000 < 0.05. This means that the board of directors has an influence on the quality of earnings. Based on the results of data processing that has been carried out by the researchers, it can be concluded that the ninth hypothesis which states that there is an influence of the board of directors on earnings quality is accepted.

j. **Hypothesis 10:** There is an effect of managerial ownership on earnings quality Based on the table above, the value of prob. managerial ownership variable (KM) < critical probability value (α = 5%) worth 0.0002 < 0.05. This means that managerial ownership has an effect on earnings quality. Based on the results of data processing that has been carried out by the researchers, therefore it can be concluded that the tenth hypothesis which states that there is an influence of managerial ownership on earnings quality is accepted.

k. **Hypothesis 11:** There is an effect of the proportion of institutional ownership on earnings quality Based on the table above, the value of prob. institutional ownership variable (KI) < critical probability value (α = 5%) worth 0.0000 < 0.05. This means that institutional ownership has an effect on earnings quality. Based on the results of data processing that has been carried out by the researchers, therefore it can be concluded that the eleventh hypothesis which states that there is an influence of institutional ownership on earnings quality is accepted.

l. **Hypothesis 12:** There is an effect of the audit committee on earnings quality Based on the table above, the value of prob. audit committee variable (KA) < critical probability value (α = 5%) worth 0.0185 < 0.05. This means that the audit committee has an influence on earnings quality. Based on the results of data processing that has been carried out by the researchers, therefore it can be concluded that the twelfth hypothesis which states that there is an influence of the audit committee on earnings quality is accepted.

m. **Hypothesis 13:** There is an effect of CSR quality on earnings quality Based on the table above, the value of prob. CSR quality variable (KCSR) < critical probability value (α = 5%) worth 0.0072 < 0.05. This means that the quality of CSR has an influence on the quality of earnings. Based on the results of data processing that has been carried out by the researchers, therefore it can be concluded that the thirteenth hypothesis which states that there is an influence of CSR quality on earnings quality is accepted.

n. **Hypothesis 14:** There is an effect of capital structure on earnings quality Based on the table above, the value of prob. capital structure variable (SM) < critical probability value (α = 5%) worth 0.0072 < 0.05. This means that the capital structure has an influence on the quality of earnings. Based on the results of data processing that has been carried out by the researchers, therefore it can be concluded that the fourteenth hypothesis which states that there is an effect of capital structure on earnings quality is accepted.

o. **Hypothesis15:** There is an effect of independent board of commissioners, board of directors, managerial ownership, institutional ownership, audit committee and CSR quality simultaneously on earnings quality mediated by capital structure.

The test results if the data in table above, states if the value of prob. F (Statistic) in equation 2 is 0.000 < 0.05 level of significance. This means that the independent board of commissioners, board of directors, managerial ownership, institutional ownership, audit committee and CSR quality simultaneously affect the quality of earnings mediated by capital structure.

To find a direct relationship of the independent variables to the dependent variable used, the researcher used multiple regression analysis. The results of testing equation 1 then use the Chow and Hausman tests. Below, the researcher presents the data using the fixed effect model:

Table 3. Regression Analysis Equation 1 (Fixed Effect Model)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	.696908	.223034	3.124674	.0049
DKI	-.235619	.108668	-2.168250	.0412
DD	.566685	.133600	4.241660	.0003
KM	.063813	.022434	2.844411	.0094
KI	-.287927	.101452	-2.838074	.0096
KA	-.396609	.112066	-3.539065	.0018
KCSR	.390449	.181695	2.148931	.0429

Source: Data processing using eviews 12, 2021

Based on the regression results in the table above, the relationship between the variables of independent board of commissioners, board of directors, managerial ownership, institutional ownership, audit committee, and CSR quality on capital structure can be presented in the following equation:

SM = 0.697 – 0.236 DKI + 0.567 DD + 0.064 KM – 0.288 KI – 0.397 KA+ 0.390 KCSR

The above equation means that:

1. Constant c is 0.697, which proves that if the independent variables of the independent board of commissioners, board of directors, managerial ownership, institutional ownership, audit committee and CSR quality are 0 (no change), then the capital structure has a value of 0.697.
2. The independent board of commissioners regression coefficient of -0.236 proves the negative direction. Which means that the independent board of commissioners has a negative relationship to the capital structure, where if the independent board of commissioners decreases by 1 percent, then other variables have a constant nature, it can be concluded that the capital structure will increase by 23.6 percent.
3. The board of directors regression coefficient of 0.567 indicates a positive direction. Which proves that if there is a positive relationship between the board of directors and the capital structure, where if the board of directors has an increase of 1 percent while other variables have a constant nature, it can be concluded that the capital structure will increase by 56.7 percent.
4. Managerial ownership regression coefficient of 0.064 proves a positive direction. It can be concluded that if there is a positive relationship between managerial ownership and capital structure, if there is an increase in managerial ownership of 1 percent while other variables have a constant nature, it can be concluded that the capital structure will increase by 6.4 percent.
5. Institutional ownership regression coefficient of -0.288 proves the negative direction. It can be concluded that there is a negative relationship between institutional ownership of capital structure, where if institutional ownership decreases by 1 percent while other variables have a constant nature, it is concluded that capital structure will increase by 28.8 percent.
6. The audit committee regression coefficient of -0.397 proves a negative direction. It can be concluded that the audit committee has a negative relationship to the capital structure, where if the audit committee decreases by 1 percent while other variables have a constant nature, it is concluded that the capital structure will increase by 39.7 percent.
7. The regression coefficient of the CSR quality variable is 0.390, which proves a positive direction. It can be concluded that there is a positive relationship between the quality of CSR and the capital structure, where if the quality of CSR increases by 1 percent while other variables have a constant nature, it can be concluded that the capital structure will increase by 39 percent.

Table 4. Regression Analysis Equation 2 (Fixed Effect Model)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	25.97015	3.720067	6.981097	.0000
DKI	3.277422	3.452243	.949360	.3532
DD	-15.69874	2.968288	-5.288819	.0000
KM	1.845376	.410831	4.491809	.0002
KI	20.24321	2.640986	7.665021	.0000
KA	-5.252372	2.057342	-2.552989	.0185
KCSR	3.914545	1.315710	2.975235	.0072
SM	2.762086	.798592	2.126985	.0454

Source: Data processing using eviews 12, 2021

Based on the regression results in the table above, the relationship between independent board of commissioners, board of directors, managerial ownership, institutional ownership, audit committee, and CSR quality as well as capital structure intervening variables on earnings quality can be presented in the following equation:

KL= 25.970 + 3.277 DKI – 15.699 DD + 1.845 KM + 20.243 KI – 5.252KA + 3.915 KCSR + 2.762 SM

The above equation means that:

1. The constant c is 25,970, meaning that if the independent variables of the independent board of commissioners, board of directors, managerial ownership, institutional ownership, audit committee, CSR quality and capital structure are 0 (no change), it can be concluded that earnings quality has a value of 25,970.
2. The independent board of commissioners regression coefficient of 3.277 indicates a positive direction. This

means that there is a positive relationship between the independent board of commissioners and the quality of earnings, where if the independent board of commissioners increases by 1 percent while other variables have a constant nature, it can be concluded that the quality of earnings will increase by 327.7 percent.

3. The board of directors regression coefficient of -15,699 represents a negative direction. The researcher concludes that if there is a negative relationship between the board of directors and the quality of earnings, where if the board of directors decreases by 1 percent while other variables have a constant nature, it can be concluded that the quality of earnings will increase by 1569.9 percent.
4. Managerial ownership regression coefficient of 1.845 proves a positive direction. The researcher concludes that if there is a positive relationship between managerial ownership and earnings quality, where managerial ownership increases by 1 percent while other variables have a constant nature, it can be concluded that earnings quality will increase by 184.5 percent.
5. The institutional ownership regression coefficient of 20.243 proves a positive direction. The researcher concludes that if there is a positive relationship between institutional ownership and earnings quality, where if institutional ownership increases by 1 percent while other variables have a constant nature, it can be concluded that earnings quality will increase by 2024.3 percent.
6. The audit committee regression coefficient of -5.252 proves the negative direction. The researcher concludes that if there is a negative relationship between the audit committee and earnings quality, if the audit committee decreases by 1 percent while other variables have a constant nature, it can be concluded that earnings quality will increase by 525.2 percent.
7. The regression coefficient of the CSR quality variable is 3.915 which proves a positive direction. The researcher concludes that if there is a positive relationship between the quality of CSR and the quality of earnings, where if the quality of CSR increases by 1 percent while other variables have a constant nature, it can be concluded that the quality of earnings will increase by 391.5 percent.
8. The regression coefficient of the capital structure variable of 2.762 proves a positive direction. The researcher concludes that if there is a positive relationship between capital structure and earnings quality, if the capital structure increases by 1 percent while other variables have a constant nature, it can be concluded that the earnings quality will increase by 276.2 percent.

2. Sobel Test

Table 5. Sobel Test Calculation Results

Hypothesis	Standard Error	Nilai t-hitung
Independent Board of Commissioners	0.36	1.781
Board of Directors	0.59	2.632
Managerial Ownership	0.08	2.104
Institutional Ownership	0.37	2.150
Audit Committee	0.45	2.426
CSR Quality	0.60	1.769

Based on the above calculation, then:

a. **Hypothesis 16:** There is an effect of independent board of commissioners on earnings quality mediated by capital structure variable. It is known that the t value of the independent board of commissioners variable (DKI) < t table value ($\alpha = 5\%$) is 1.781 < 2.052, these results prove that the capital structure is not able to mediate the influence of the independent board of commissioners on earnings quality.
b. **Hypothesis 17:** There is an effect of the board of directors on earnings quality mediated by capital structure. It is known that the t value of the board of directors variable (DD) > t table value ($\alpha = 5\%$) is 2.632 > 2.052, these results prove that the capital structure is able to mediate the influence of the board of directors on earnings quality.
c. **Hypothesis 18:** There is an effect of managerial ownership on earnings quality mediated by capital structure. It is known that the t value of the managerial ownership variable (KM) > the t table value ($\alpha = 5\%$) is 2.104 > 2.052, these results prove that the capital structure is able to mediate the effect of managerial ownership on earnings quality.
d. **Hypothesis 19:** There is an effect of institutional ownership on earnings quality mediated by capital structure. It is known that the t value of the institutional ownership variable (KI) > the t table value ($\alpha = 5\%$) is 2.150 > 2.052, these results prove that the capital structure is able to mediate the effect of managerial ownership on earnings quality.
e. **Hypothesis 20:** There is an effect of the audit committee on earnings quality mediated by capital structure. It is known that the t value of the audit committee variable (KI) > t table value ($\alpha = 5\%$) is 2,426 > 2,052,

these results prove that the capital structure is able to mediate the effect of the audit committee on earnings quality.

f. **Hypothesis 21:** There is an effect of CSR quality on earnings quality mediated by capital structure. It is known that the t value of CSR quality variable (KCSR) < t table value (α = 5%) is 1.769 < 2.052, these results prove that the capital structure is not able to mediate the effect of CSR quality on earnings quality.

3. Simultaneous F Test

The results of the f test in equations 1 and 2 are presented in the table below:

Table 6. F Statistical Test Results

Model	Prob. F	Alpha Level (a = 5 %)	Final Decision
Equality 1	0.0000	0.0000 < 0.05	Simultaneous Effect
Equality 2	0.0000	0.0000 < 0.05	Simultaneous Effect

Source: Data processing using eviews 12, 2021

The results of the test / test in the table that the researcher has presented, Prob value. F (Statistic) in equation 1 is 0.000 < 0.05 level of significance. This means that the independent board of commissioners, the board of directors, managerial ownership, institutional ownership, audit committee and CSR quality simultaneously affect the capital structure. Based on the results of the data processing carried out by the researchers, it can be concluded that the seventh hypothesis proves that there is an effect of independent commissioners, boards of directors, managerial ownership, institutional ownership, audit committees and CSR quality simultaneously on the capital structure.

The results of the test / test in the table that the researcher has presented, proves that the prob value. F (Statistic) in equation 2 is 0.000 < 0.05 level of significance. This means that the independent board of commissioners, board of directors, managerial ownership, institutional ownership, audit committee and CSR quality simultaneously have an influence on the quality of earnings mediated by capital structure.

4. Coefficient of Determination Test

The essence of the R2 test or additionally called the coefficient of determination test is to measure the quantity to which the model's functionality to give an explanation for versions within side the dependent variable that researchers use on this study. The table below is the result of data processing the coefficient of determination in the research that the researchers carried out:

Table 7. Coefficient of Determination (R^2)

Equality	R-Square	Adjusted-R Square
Equality 1	0.981741	0.971781
Equality 2	0.918439	0.867948

Source: Data processing using eviews 12, 2021

Based on the data processing carried out by the researchers in the table above, it proves that the adjusted r square value in equation 1 is 0.9718 which proves that the independent board of commissioners, board of directors, managerial ownership, institutional ownership, audit committee and CSR quality have a strong relationship with capital structure. the proportion of the influence of independent commissioners, boards of directors, managerial ownership, institutional ownership, audit committee and CSR quality on capital structure is 97.18 percent while the residual value is 2.82 percent (100 – 97.18 percent) getting the influence of other variables not used by the researcher.

6. CONCLUSION

Based on the results of research analysis of factors affecting earnings quality with capital structure as an intervening variable, it can be concluded that: 1. Independent board of commissioners, board of directors, managerial ownership, institutional ownership, and audit committee either partially or jointly have a significant influence on the capital structure. The quality of CSR also has a significant influence on the capital structure. 2. Board of directors, managerial ownership, institutional ownership, and audit committee partially have a significant effect on earnings quality, while the independent board of commissioners has no significant effect on earnings quality. Likewise, the quality of CSR has a significant effect on earnings quality. 3. Capital structure has a significant effect on earnings quality. 4. Capital structure can significantly mediate the relationship between the board of directors, managerial ownership, institutional ownership, audit committee and CSR quality on earnings quality. However, it cannot mediate the Independent Board of Commissioners on earnings quality.

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