

## Influence of company size, debt to equity ratio, current ratio, managerial ownership on earnings quality

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### ABSTRACT

This research aims to find out and analyze how company size, Debt to Equity Ratio, Current Ratio, and Managerial Ownership have developed on the Quality of Profits in Non-Cyclical Companies in the Food and Beverage Sub Sector listed on the Indonesia Stock Exchange in 2015-2022, and whether there is an influence The Influence of Company Size, Debt to Equity Ratio, Current Ratio, and Managerial Ownership on the Quality of Profits in Non-Cyclical Companies in the Food and Beverage Sub Sector listed on the Indonesia Stock Exchange 2015-2022, both partially and simultaneously. The research method used in this research is a quantitative research method with a descriptive and verification approach. The data used is secondary data. Data collection uses library research and documentation obtained from the official website of the Indonesian Stock Exchange. Sampling used a purposive sampling method and obtained a sample of 5 Non-Cyclicals Companies in the Food and Beverage Sub Sector listed on the Indonesia Stock Exchange. The data analysis techniques used in this research are the Classical Assumption Test, Multiple Linear Regression Test, Pearson Correlation Coefficient Test, Determination Coefficient Analysis, and Hypothesis Testing. The results obtained were that company size, Debt to Equity Ratio, Current Ratio, and Managerial Ownership simultaneously had no effect on Earnings Quality where  $F_{count} < F_{table}$ , namely  $0.889 < 2.64$ . The coefficient value of determination of independent variable influence as much as 9.2% on Earnings Quality, this shows that another 90.8% influenced by other factors that are not used in this research.

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## 1. INTRODUCTION

Rising inflation has a significant influence on the economic performance of a country, including Indonesia. This condition is also felt by the food and beverage sector, where inflation can have a direct impact on raw material prices, production costs and product selling prices. So inflation can of course also affect company performance, both in terms of sales, profits and share value in the market. According to data from the Central Statistics Agency (BPS), the consumer price index (CPI) for the food, beverage and tobacco categories experienced inflation or increased by 3.59 % (year on year/yoy) to the level of 113.32 in March 2022. This inflation is the highest in at least the last five months. (Source: <https://databoks.katadata.co.id/>, accessed December 2023).

Meanwhile, PT Sentra Food Indonesia Tbk. (FOOD) experienced a net loss of almost IDR 5 billion in the nine month period of 2020. The issuer with the share code FOOD suffered losses because sales fell by more than 10 percent. The company's financial report shows that Sentra Food experienced a net loss of IDR 4.86 billion. This position is inversely proportional to the record in the nine month period of 2019 which earned a net profit of IDR 830.57 million. One of the factors for this decline is the decline in income from the sale of processed and raw meat, which is the company's main source of income. The contribution to income from processed meat at the end of January-September 2020 was recorded at IDR 45.6 billion, down 15 percent compared to the figure at the end of January-September 2019 of IDR 53.67 billion. The company's sales figures from the raw meat sector also experienced a correction. The company was only able to record revenue of IDR 23.8 billion compared to last year's figure of IDR 37.49 billion. Meanwhile, cost of goods sold decreased from IDR 59.5 billion to IDR 44.11 billion. On the other hand, operating expenses were observed to increase from IDR 29.5 billion to IDR 30.9 billion. (source : <https://market.bisnis.com/>, accessed December 2023).

According to Kasmir (2023:158) "Debt to Equity Ratio (DER) is a ratio used to assess debt versus equity". This ratio is useful for knowing the amount of funds provided by the borrower (creditor) and the company owner. Debt to Equity Ratio (DER) can have great potential depending on the quality of earnings. Because in principle, every company depends on financing through debt. The more efficient debt management is in achieving profits, the higher the quality of profits. (Fajar, 2021) The third factor is the Current Ratio. According to Kasmir (2023:134) "Current Ratio is a ratio that measures a company's ability to pay short-term obligations or debts that are due when they are collected in full." In other words, how much current assets are available to cover short-term liabilities that are due soon. In practice, a standard of 200% (2:1) is often used, which is sometimes considered a fairly good or satisfactory measure for a company. This means that with ratio results like that, the company feels it is at a safe point in the short term. A high Current Ratio reflects that the company has a strong ability to pay off its short-term debt with the current assets it has. So, the high current assets of the company indicate the high availability of short-term funds that can be used to support operational activities, and this is expected to contribute to increasing company profits. (Ersa, et al, 2022) Another factor that can influence Earnings Quality is Managerial Ownership.

Previous research by Ramadhan et al, (2023) shown that managerial ownership and firm size have no significant effect on earnings quality. While profitability have a negative and significant effect on earnings quality. The coefficient of determination describes the ability of managerial ownership, profitability, and company size that affect earnings quality by 75.2% while the rest is influenced by other factors that have not been studied. Hassanudin et al, (2021) study analyzes the effect of the variable firm size, the leverage ratio as manifested by the debt-to-equity ratio, the liquidity ratio exemplified by the current ratio, and the investment opportunity set (IOS) on earnings quality, results of Hassanudin et al (2021) study explain that the firm size, leverage ratio, does not contribute to earnings quality. Liquidity positively contributes to earnings quality. IOS also contributes to earnings quality, assumes that company management prefers to carry out earnings management to maintain their firm value. Besides, large companies make it possible to generate greater profits in the future. Thus, the market to book value of the equity ratio affects earning quality. Real assets can describe the company's size by the reflection of the assets. Real assets more significant the investments decision making (Dang et al., 2018). Based on the phenomena and problems described above, the author is interested in conducting research on " The Influence of Company Size, Debt to Equity Ratio, Current Ratio, Managerial Ownership, on the Quality of Profits in Food and Beverage Sub-Sector Companies Listed on the Indonesia Stock Exchange in 2015-2022". The novelty in this research that the using of sample in food and beverage Sub Sector Company that have not been used as sample in previous research.

## 2. METHOD

The following is a table of analysis data for sample companies taken from the Financial Reports of Food and Beverage Sub-Sector Companies listed on the Indonesia Stock Exchange.

**Table 1.** Data on Company Size, Debt to Equity Ratio, Current Ratio, Managerial Ownership, on Profit Quality in Food and Beverage Sub-Sector Companies Listed on the Indonesian Stock Exchange in 2021-2022

Code	Name Company	Year	Company Size	Debt To Equity Ratio	Current Ratio	Managerial ownership	Quality Profit
			(X1) Ln	(X2) (Time)	(X3) (Time)	(X4) (Time)	(Y) (Time)
BISI	Bisi International Tbk.	2021	14,96	0,15	7,13	0	0,82
		2022	15,04	0,12	8,8	0	0,81
CPIN	Charoen Pokphand Indonesia Tbk	2021	17,38	0,41	2,01	0	0,59
		2022	17,5	0,51	1,78	0	0,57
MYOR	Mayora Indah Tbk	2021	30,62	0,75	2,33	0,25	0,86
		2022	30,73	1,36	2,61	0,25	0,82
DSNG	Dharma Satya Nusantara Tbk	2021	16,43	0,95	1,25	0,09	0,21
		2022	16,55	0,88	1,07	0,09	1,27

Source: www.idx.co.id (Data processed 2023)

Based on table 1. above, it can be seen that the quality of earnings has fluctuated. This is caused by several problems that affect the quality of earnings. Several influencing factors are Company Size, Debt to Equity Ratio, Current Ratio, Managerial Ownership. Earnings quality reflects the ability of financial reports to provide an accurate picture of the company's current earnings performance. High earnings quality can be achieved if the company conveys transparent earnings information that is useful for users of financial reports to evaluate company performance.

The type of data used in this research is quantitative data sourced from the company's financial reports and audited annual reports. This data includes reports of changes in financial position, comprehensive income statements, reports of changes in equity, and cash flow reports. Can be accessed from the website www.idx.co.id and the official company website issued by the Food and Beverage Sub Sector companies listed on the Indonesia Stock Exchange in 2015-2022. The data used in this research was obtained from audited financial reports for 8 years from 2015-2022 obtained from the Indonesia Stock Exchange (BEI) on a website that can be accessed via <https://www.idx.co.id> and the company's official website. The population in this research are Food and Beverage Sub-sector companies listed on the Indonesia Stock Exchange for the 2015-2022 period sourced from <https://www.idx.co.id/> and the company's official website.

The total population is 62 companies and not all of this population will be the object of research, so further sampling is necessary. The sampling technique in this research was carried out using nonprobability sampling, with a purposive sampling technique. Based on this technique, the criteria used to select the sample are as follows: (1) Companies included in the food and beverage sub-sector category listed on the Indonesia Stock Exchange in 2015-2022 (2) Companies that published complete financial reports in 2015-2022. 2015-2022 (3) Food and beverage sub-sector companies that made a profit during 2015-2022 (4) Food and beverage sub-sector companies that had managerial ownership reports during the 2015-2022 period. Food and beverage subsector companies listed on the Indonesia Stock Exchange (BEI) for the 2015-2022 period that meet the following criteria and are used as samples:

**Table 2.** Research Objects

No	Company Code	Company name
1	BISI	Bisi International Tbk
2	CEKA	Wilmar Cahaya Indonesia Tbk
3	CPIN	Charoen Pokphand Indonesia Tbk
4	DSNG	Dharma Satya Nusantara Tbk
5	MYOR	Mayora Indah Tbk

Source: www.idx.co.id, Data processed by researchers (2023)

After collecting data, the next stage is analyzing the data which is then processed so that it can answer the questions that have been raised in the research. The data analysis techniques used consist of two, namely descriptive statistical analysis and verification statistical analysis.

### 2.1 Methods and Techniques for Financial Report Analysis

According to Kasmir (2023:69), in practice there are two types of financial report analysis methods that are commonly used, namely as follows: (1) Vertical (Static) Analysis This is an analysis carried out on only one financial reporting period. Analysis is carried out between posts in one period. The information obtained is only for one period and developments from period to period are not known.

(2) Horizontal (Dynamic) Analysis is an analysis carried out by comparing financial reports for several periods. From the results of this analysis, the company's development will be seen from one period to another. Based on the opinions of the experts above, the author concludes that in financial report analysis, there are two main methods, namely vertical (static) analysis which focuses on one period, and horizontal (dynamic) analysis which compares several periods.

## 2.2 Financial performance

According to Rahayu (2021:7) financial performance is "the success, achievement or work ability of a company in the context of creating value for the company or capital owners in effective and efficient ways". According to Francis (2021:2) financial performance is "an analysis carried out to see the extent to which the company has implemented financial implementation rules properly and correctly". Based on the understanding above, it can be concluded that financial performance is the company's success in creating value in an effective and efficient manner, while still ensuring the implementation of good and correct financial regulations.

## 2.3 Financial Ratios

Earnings quality reflects the ability of financial reports to provide an accurate picture of the company's current earnings performance. Quality profits indicate a high level of confidence in the ability to anticipate future profits. Hery (2023:166) states "Earnings quality shows how far accrual accounting adjustments and assumptions influence the calculation of net profit". Meanwhile, according to Wulansari (2018:15), quality profits are profits that can reflect the continuation of profits (sustainable earnings) in the future, which are determined by the accrual and cash components and can reflect the company's true financial performance.

$$\text{Earnings Quality} = (\text{Operating Cash Flow})/(\text{Net Profit})$$

## 2.4 Company Size

Company size describes the size of a company which can be seen from the level of sales, amount of equity, or number of assets owned by the company. According to Hery (2018:97) Company size is "a scale that shows how large or small a company is." Meanwhile, according to Harahap (2018:23) Company Size is "A scale where the size of the company can be classified according to various ways, including total assets, long size, stock market value, etc. From the description above, the author can conclude that company size reflects the size or size of a business entity. This measurement can be done in various ways, such as total assets, production scale, stock market value, and other methods. Company size can be calculated using the natural logarithm (Ln) of total assets according to Hery (2018:97) as follows:

$$\text{Company Size} = \text{Ln} (\text{Total Assets})$$

## 2.5 Debt to Equity Ratio

According to Hery (2023:227) Debt to Equity Ratio is "The ratio used to measure the proportion of debt to capital". Meanwhile, according to Kasmir (2023:157-158), Debt to Equity Ratio is "The ratio used to assess debt versus equity. This ratio is found by comparing all debt, including current debt, with all equity. This ratio is useful for knowing the amount of funds provided by the borrower (creditor) and the company owner." From the definition above, it can be concluded that the Debt to Equity Ratio (DER) is a ratio that measures the proportion of debt to the company's capital or equity. provides an idea of how much debt is used in company funding compared to the capital or equity owned. According to Kasmir (2023: 158), the formula used to find the Debt to Equity Ratio is:

$$\text{Debt to Equity Ratio} = (\text{Total Debt})/(\text{Total Capital})$$

## 2.6 Managerial ownership

Based on the definition above, it can be concluded that managerial ownership means that share ownership by company management can motivate them to try to increase company profits. Managerial ownership is measured as the proportion or percentage of the number of shares owned by management. According to Sutedja (2020:17) the measurement of managerial ownership is as follows: In general, the board of commissioners or directors own company shares with a percentage of <10% or less than 0.10. share ownership with a percentage of <10% makes the board of

commissioners or directors the owner of the company but their ownership is not strong enough to assist in decisions regarding the company at the general meeting of shareholders. Based on the definition above, it can be concluded that managerial ownership structure can be seen as a strategy to reduce agency conflicts and information imbalances, while the measurement is if you have company share ownership <10% or less 0.10 it can be said that the level of involvement of the board of commissioners or directors in company decisions is very high. strong. In measuring managerial ownership in this research, the Sutedja formula (2020:15-18) is used, namely:

$$\text{Managerial ownership} = (\text{Number of Shares Owned by Manager}) /$$

## 2.7 Research Framework

Hery (2018:97) Company size is "a scale that shows how large or small a company is." Company size can be measured from the total assets it owns. If the company's total assets are getting bigger, then the size of the company is also getting bigger. Companies with large total assets indicate that the company tends to be more stable and may generate greater profits compared to companies that have smaller or lower total assets. The larger the size of a company can inspire confidence from creditors and investors to support the company with funding, which contributes to the company's survival. When management owns shares in the company, this shows that they are part of the main owners. This happens because management also shares the profits generated by the company.

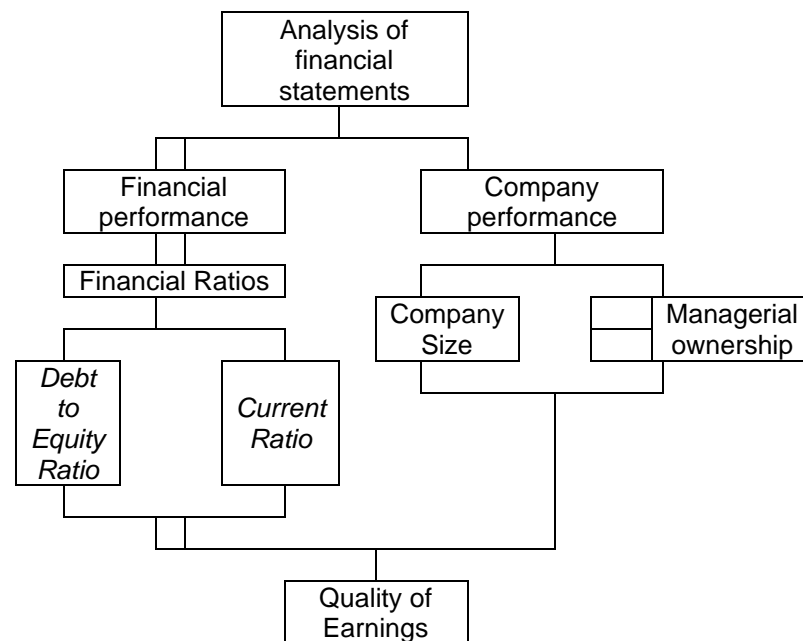


Figure 1. Framework of Thought

## 2.8 Hypothesis

The hypotheses of this study include: There is an influence of company size on earnings quality; There is an influence of the Debt to Equity Ratio on Earnings Quality; There is an influence of the Current Ratio on Earnings Quality; There is an influence of Managerial Ownership on Earnings Quality; There is an influence of Company Size, Debt to Equity Ratio, Current Ratio, Managerial Ownership on Profit Quality Simultaneously.

## 3. RESULTS AND DISCUSSION

Research results regarding the Influence of Company Size, Debt to Equity Ratio, Current Ratio, and Managerial Ownership on Earnings Quality. Based on secondary data, namely annual report data (Annual Report) on the Food and Beverage Sector listed on the Indonesia Stock Exchange in 2015-2022 which was obtained via the website [www.idx.co.id](http://www.idx.co.id) and the company's official website. The variables examined in this research are Company Size, Debt to Equity Ratio, Current Ratio, and managerial ownership as independent variables and earnings quality as the dependent variable.

### 3.1 Descriptive Analysis of Variables

Descriptive analysis aims to systematically and factually describe existing facts. Descriptive analysis is used to answer problem identification, namely how the development of company size, *debt to equity ratio*, *current ratio*, and managerial ownership of profit quality in food and beverage sub-sector companies listed on the Indonesia Stock Exchange in 2015-2022.

#### 3.1.1 Descriptive Analysis of Earnings Quality

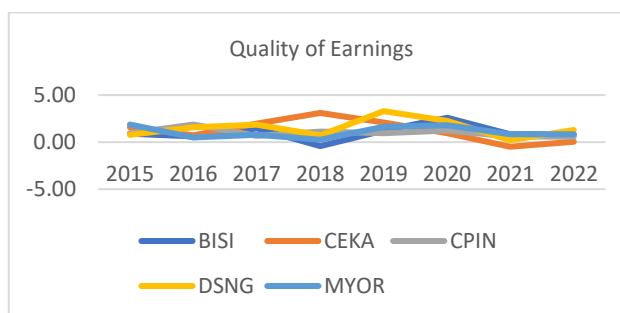
The following is a recapitulation of Profit Quality in Food and Beverage Sub-Sector Companies Listed on the Indonesian Stock Exchange in 2015-2022.

**Table 3.** Profit Quality Data for the 2015-2022 Period

No.	Issuer Code	Year (Times)							
		2015	2016	2017	2018	2019	2020	2021	2022
1	BISI	0.92	0.61	1.46	-0.42	1.21	2.59	0.82	0.81
2	CEKA	1.58	0.71	1.94	3.10	2.10	0.94	-0.49	0.05
3	CPIN	0.93	1.87	0.65	1.11	0.94	1.26	0.59	0.57
4	DSNG	0.79	1.58	1.86	0.70	3.30	2.25	0.21	1.27
5	MYOR	1.87	0.47	0.78	0.26	1.62	1.77	0.86	0.82
	MAXIMUM	1.87	1.87	1.94	3.10	3.30	2.59	0.86	1.27
	MINIMUM	0.79	0.47	0.65	-0.42	0.94	0.94	-0.49	0.05
	AVERAGE	1.21	1.04	1.33	0.95	1.83	1.76	0.39	0.70

Source: www.idx.co.id (Data processed, 2024)

Based on the data from the table above, it can be seen that the value of Profit Quality in Food and Beverage Sub-Sector Companies from 2015-2022 experienced fluctuations for most companies, but some also experienced extreme fluctuations for several companies. So it can be depicted graphically as follows:



**Figure 2.** Profit Quality Data for the 2015-2022 Period

Based on Profit Quality data for 2015-2022, descriptive statistical analysis was carried out using IBM SPSS 26.0 and the minimum value, maximum value, average value and standard deviation were identified as follows:

**Table 4.** Descriptive Statistics on Earnings Quality 2015-2022

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
KL	40	-.49	3.30	1.1565	.82960
Valid N (listwise)	40				

Source: SPSS version 26 output results

The results of descriptive statistical analysis of the Profit Quality variable in the table above show that the minimum value of Profit Quality occurring at PT Wilmar Cahaya Indonesia Tbk in 2021 was -0.49 and the maximum value of Profit Quality occurring at PT Dharma Satya Nusantara Tbk in 2019 was 3.30. The average of Earnings Quality is 1.1565 with a standard deviation level of 0.82960. In accordance with Hery (2023:166) who states that a good company's Profit Quality standard has a value above 1. The higher this ratio indicates that the company's financial performance is better. Based on the average of Profit Quality of 1.1565. So the application of Profit Quality in the food and beverage sector for the 2015-2022 period is 1, indicating that the company's financial performance is in good condition.

### 3.1.2 Descriptive Analysis of Company Size

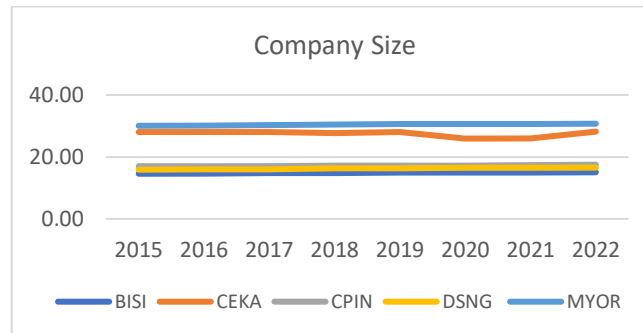
The following is a recapitulation of Cash Turnover in Food and Beverage Sub-Sector Companies listed on the Indonesia Stock Exchange in 2015-2022.

**Table 4.** Company Size Data for the 2015-2022 Period

No.	Issuer Code	Year (LN)							
		2015	2016	2017	2018	2019	2020	2021	2022
1	BISI	14.58	14.70	14.78	14.83	14.89	14.89	14.96	15.04
2	CEKA	28.03	27.99	27.96	27.79	27.96	25.93	25.95	28.17
3	CPIN	17.02	17.00	17.02	17.13	17.19	17.25	17.38	17.50
4	DSNG	15.88	15.92	15.94	16.28	16.27	16.47	16.43	16.55
5	MYOR	30.06	30.19	30.33	30.50	30.58	30.62	30.62	30.73
	MAXIMUM	30.06	30.19	30.33	30.50	30.58	30.62	30.62	30.73
	MINIMUM	14.58	14.70	14.78	14.83	14.89	14.89	14.96	15.04
	AVERAGE	21.11	21.16	21.20	21.30	21.37	21.03	21.06	21.59

Source: www.idx.co.id (Data processed, 2024)

Based on the data from the table above, it can be seen that the value of Company Size in the Food and Beverage Sub-Sector Companies from 2015-2022 experienced fluctuations for most companies, but some also experienced extreme fluctuations for several companies. So it can be depicted graphically as follows:



**Figure 3.** Company Size Data Period 2015-2022

Company Size data for 2015-2022, descriptive statistical analysis was carried out using IBM SPSS 26.0 and the minimum value, maximum value, average value and standard deviation were identified as follows:

**Table 5.** Descriptive Statistics of Company Size 2015-2022

	Descriptive Statistics				
	N	Minimum	Maximum	Mean	Std. Deviation
UP	40	14.58	30.73	21.2328	6.52235
Valid N (listwise)	40				

Source: SPSS version 26 output results

Results of descriptive statistical analysis of the Company Size variable in the table above shows that the minimum value of Company Size occurred at PT Bisi International Tbk in 2015 amounting to 14.58 and the maximum value of Company Size occurred at PT Mayora Indah Tbk in 2022 amounting to 30.73. The average company size is 21.2328 with a standard deviation level of 6.52235. Based on the results, the average company size is 21.23 or if it is based on the average total company assets of 1,660,900,000. According to the National Standardization Agency in Hery (2018:97) the company size category is Medium Company, a company can be categorized as a medium company if it has a net worth of more than Rp. 500,000,000. So, the average company falls into the medium company category.

### 3.1.3 Descriptive Analysis of Debt to Equity Ratio

The following is a recapitulation of the *Debt to Equity Ratio* for food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the period 2015 – 2022.

**Table 6.** Debt to Equity Ratio Data for the 2015 – 2022 Period.

No.	Issuer Code	Year (Times)							
		2015	2016	2017	2018	2019	2020	2021	2022
1	BISI	0.18	0.17	0.19	0.20	0.27	0.19	0.15	0.12

2	CEKA	1.32	0.61	0.54	0.20	0.23	0.24	0.22	0.11
3	CPIN	0.97	0.71	0.56	0.43	0.39	0.33	0.41	0.51
4	DSNG	2.13	2.03	1.57	2.21	2.11	1.27	0.95	0.88
5	MYOR	1.18	1.06	1.03	1.06	0.92	0.75	0.75	1.36
	MAXIMUM	2.13	2.03	1.57	2.21	2.11	1.27	0.95	1.36
	MINIMUM	0.18	0.17	0.19	0.20	0.23	0.19	0.15	0.11
	AVERAGE	1.15	0.91	0.77	0.82	0.78	0.55	0.49	0.59

Source: www.idx.co.id (Data processed, 2024)

Based on the data from the table above, the value of *the Debt to Equity Ratio can be seen* in the Food and Beverage Sub-Sector Companies from 2015-2022 experienced fluctuations for most companies, but there were also extreme fluctuations for several companies. So it can be depicted graphically as follows:

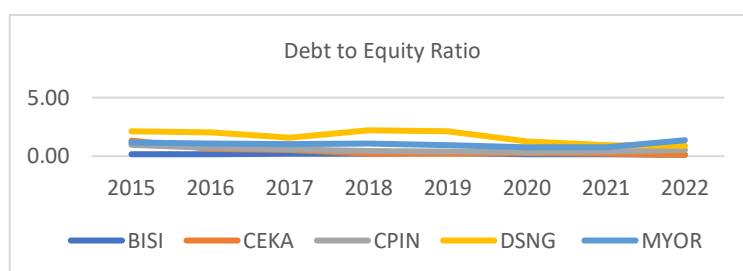


Figure 4. Debt to Equity Ratio Data Period 2015-2022 .

*Debt to Equity Ratio* data for 2015-2022, descriptive statistical analysis was carried out using IBM SPSS 26.0 and the minimum value, maximum value, average value and standard deviation were identified as follows:

Table 7. Descriptive Statistics of Debt to Equity Ratio 2015-2022

	Descriptive Statistics				
	N	Minimum	Maximum	Mean	Std. Deviation
DER	40	.11	2.21	.7627	.61042
Valid N (listwise)	40				

Source: SPSS version 26 output results

Results of descriptive statistical analysis of *the Debt to Equity Ratio variable* in the table above shows that the minimum value of *Debt to Equity Ratio* occurring at PT Wilmar Cahaya Indonesia Tbk in 2022 is 0.11 and the maximum value of *the Debt to Equity Ratio* occurred at PT Dharma Satya Nusantara Tbk in 2018 amounting to 2.21. The average *Debt to Equity Ratio* is 0.7627 with a standard deviation level of 0.61042. According to Kasmir (2023:159) states that if the industry average ratio for *Debt to Equity Ratio* is 80%, the company is still considered not good because it is above the industry average. Based on the calculation results, the average *Debt to Equity Ratio* for Food and Beverage Sub-Sector Companies in 2015-2022 was 0.7627, indicating that the company is in good condition.

### 3.1.4 Descriptive Current Ratio Analysis.

The following is a recapitulation of *the Current Ratio* for food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the period 2015 – 2022.

Table 8. Current Ratio Data for the Period 2015 – 2022.

No.	Issuer Code	Year (Times)							
		2015	2016	2017	2018	2019	2020	2021	2022
1	BISI	6.37	6.77	5.64	5.48	4.14	5.83	7.13	8.80
2	CEKA	1.53	2.19	2.22	5.11	4.80	4.66	4.80	9.95
3	CPIN	2.11	2.17	2.32	2.98	2.56	2.53	2.01	1.78
4	DSNG	1.10	0.89	1.01	1.03	0.82	1.14	1.25	1.07
5	MYOR	2.37	2.25	0.42	2.65	3.43	3.69	2.33	2.61
	MAXIMUM	6.37	6.77	5.64	5.48	4.80	5.83	7.13	9.95
	MINIMUM	1.10	0.89	0.42	1.03	0.82	1.14	1.25	1.07
	AVERAGE	2.69	2.85	2.32	3.45	3.15	3.57	3.50	4.84

Source: www.idx.co.id (Data processed, 2024)

Based on the data from the table above, the *Current Ratio value can be seen* in the Food and Beverage Sub-Sector Companies from 2015-2022 experienced fluctuations for most companies, but there were also extreme fluctuations for several companies. So it can be depicted graphically as follows:

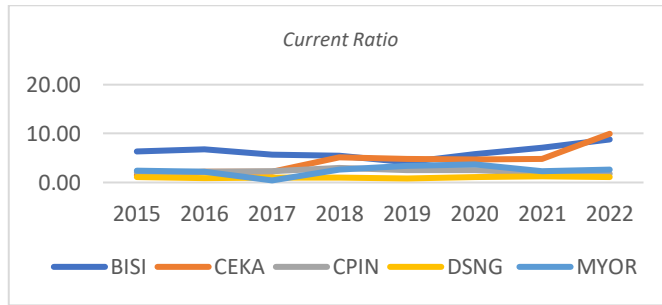


Figure 5. Current Ratio Data for the Period 2015 – 2022 .

Current Ratio data For 2015-2022, descriptive statistical analysis was carried out using IBM SPSS 26.0 and the minimum value, maximum value, average value and standard deviation were identified as follows:

Table 9. Descriptive Statistics of Current Ratio 2015-2022

	N	Descriptive Statistics		Mean	Std. Deviation
		Minimum	Maximum		
CR	40	.42	9.95	3.2985	2.29423
Valid N (listwise)	40				

Source: SPSS version 26 output results

Results of descriptive statistical analysis of the Current Ratio variable in the table above shows that the minimum value of Current Ratio occurred at PT Mayora Indah Tbk in 2017 amounting to 0.42 and the maximum value of the Current Ratio occurred at PT Wilmar Cahaya Indonesia Tbk in 2022 amounting to 9.95. The average Current Ratio is 3.2985 with a standard deviation level of 2.29423. Based on the calculation results, the average Current Ratio for Food and Beverage Sub-Sector Companies in 2015-2022 is 3.2985, indicating that the company's condition is in the good category.

3.1.5 Descriptive Analysis of Managerial Ownership.

The following is a recapitulation of Managerial Ownership for food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the period 2015 – 2022.

Table 10. Managerial Ownership Data for the Period 2015 – 2022.

No.	Issuer Code	Year (Times)								
		2015	2016	2017	2018	2019	2020	2021	2022	
1	BISI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	CEKA	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
3	CPIN	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	DSNG	0.53	0.11	0.11	0.10	0.09	0.09	0.09	0.09	0.09
5	MYOR	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
	MAXIMUM	0.53	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
	MINIMUM	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	AVERAGE	0.15	0.07	0.07	0.07	0.07	0.07	0.06	0.06	0.06

Source: www.idx.co.id (Data processed, 2024)

Based on the data from the table above, it can be seen that the value of Managerial Ownership in Food and Beverage Sub-Sector Companies from 2015-2022 experienced fluctuations for most companies, but some also experienced extreme fluctuations for several companies. So it can be depicted graphically as follows:

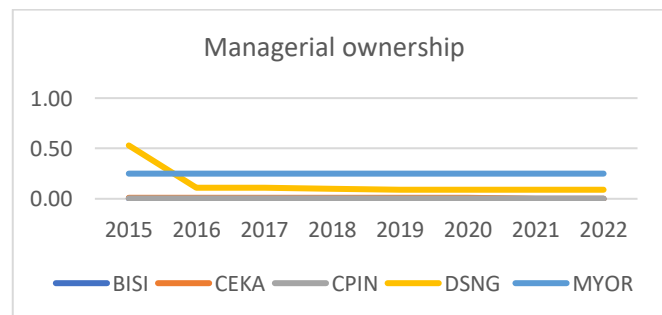


Figure 6. Managerial Ownership Data for the Period 2015 – 2022.

Managerial Ownership data for 2015-2022, descriptive statistical analysis was carried out using IBM SPSS 26.0 and the minimum value, maximum value, average value and standard deviation were identified as follows:

**Table 11. Descriptive Statistics Managerial Ownership 2015-2022**

	Descriptive Statistics				
	N	Minimum	Maximum	Mean	Std. Deviation
Managerial ownership	40	.00	.53	.0818	.12203
Valid N (listwise)	40				

Source: SPSS version 26 output results

The results of descriptive statistical analysis of the Managerial Ownership variable in the table above show that the minimum value of Managerial Ownership occurred at PT Bisi International Tbk, PT Charoen Pokphand Indonesia Tbk in 2015-2022 was 0.00 and the maximum value of Managerial Ownership occurred at PT Dharma Satya Nusantara Tbk in 2015 it was 0.53. The average of Managerial Ownership is 0.0818 with a standard deviation level of 0.12203.

### 3.2 Multiple Linear Regression Test Results

Regression is defined as a data analysis technique used to look for the influence between two or more variables. This test is used to find out whether the independent variables ( $X_1, X_2, \dots, X_n$ ) together have a significant effect on the dependent variable ( $Y$ ).

**Table 12. Results of Multiple Linear Regression Tests**

Model	Coefficients <sup>a</sup>						
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.657	.749		.877	.387		
1	UP	.014	.024	.114	.610	.546	1,344
	DER	.518	.384	.381	1,350	.186	.325
	CR	-.010	.084	-.027	-.117	.907	.477
	KM	-2,090	1,606	-.307	-1,301	.202	.465

<sup>a</sup> Dependent Variable: KL

Source: SPSS version 26 output results

Based on table 12 the test results can be developed into a multiple linear regression equation model as follows:

$$Y = 0.657 + 0.014 X_1 + 0.518 X_2 - 0.010 X_3 - 2.090$$

The above equation can be interpreted as follows:

$\alpha = 0.657$ , meaning that the variables Company Size ( $X_1$ ), *Debt to Equity Ratio* ( $X_2$ ), *Current Ratio* ( $X_3$ ) and Managerial Ownership ( $X_4$ ) have a value of 0, then Earnings Quality ( $Y$ ) has a constant value of 0.657.  $\beta_1 = 0.014$  The regression coefficient for the Company Size variable has a regression coefficient of 0.014, meaning that if the Company Size variable increases by one unit, while the other independent variables, namely *Debt to Equity Ratio*, *Current Ratio*, and Managerial Ownership are considered constant (value 0), then the dependent variable namely the Quality of Earnings will increase by 0.014.  $\beta_2 = 0.518$  The regression coefficient for the *Debt to Equity Ratio variable* has a regression coefficient of 0.518, meaning that if the *Debt to Equity Ratio variable* increases by one unit, while the other independent variables, namely, Company Size, *Current Ratio*, and Managerial Ownership are considered constant (value 0), then the dependent variable, namely Profit Quality, will increase by 0.518.  $\beta_3 = -0.010$  The regression coefficient for the *Current Ratio variable* has a regression coefficient of -0.010, meaning that if the *Current Ratio variable* experiences an increase of one unit, while the other independent variables, namely, Company Size, *Debt to Equity Ratio*, and Managerial Ownership are considered constant (value 0), then the dependent variable, namely Earnings Quality, will experience a decrease of -0.010.  $\beta_4 = -2.090$ .

The regression coefficient for the Managerial Ownership variable has a regression coefficient of -2.090, meaning that the Managerial Ownership variable has increased by one unit, while the other independent variables, namely, Company Size, *Debt to Equity Ratio*, and *Current Ratio* are considered constant (value 0), then the dependent variable, namely Profit Quality, will experience a decrease of -2,090.

#### 4. CONCLUSION

Based on the results of research on the F Test (simultaneously), the results show that Company Size (X1), Debt to Equity Ratio (X2), Current Ratio (X3) and Managerial Ownership (X4) do not simultaneously influence Profit Quality (Y). Because the value of  $F_{count} < F_{table}$  ( $0.889 < 2.64$ ), then  $H_5$  is rejected and  $H_0$  is accepted. The coefficient of determination ( $R^2$ ) value is as large as the calculation results. The  $R^2$  value is 0.092 or 9.2%, meaning that 9.2% of Profit Quality is influenced by Company Size, Debt to Equity Ratio, Current Ratio and Managerial Ownership simultaneously. Based on the correlation criteria table, including correlation values between 0% - 20%, there is a very low relationship. This shows that there are still other factors that can improve Profit Quality besides the variables Company Size, Debt to Equity Ratio, Current Ratio and Managerial Ownership, which is 90.8%. The research conducted by the author still has limitations, both in sample selection and problem analysis. In future research, researchers who use Earnings Quality as a dependent variable are recommended to add or replace subsectors and replace indicators that can influence Earnings Quality so that better predictors can be obtained. In this way, it is hoped that it will provide more useful results for economic development in Indonesia, especially for companies listed on the Indonesian Stock Exchange.

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