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PENGARUH KONSERVATISME AKUNTANSI, PERSISTENSI LABA, PENGHALUSAN LABA, KEPEMILIKAN INSTITUSIONAL, DAN UKURAN PERUSAHAAN TERHADAP KUALITAS LABA

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ABSTRAK

Penelitian ini bertujuan untuk mengetahui pengaruh Konservatisme Akuntansi, Persistensi Laba, Perataan Laba, Kepemilikan Institusional, dan Ukuran Perusahaan terhadap Kualitas Laba pada perusahaan transportasi dan logistik yang terdaftar di Bursa Efek Indonesia selama periode 2019-2023. Penelitian ini menggunakan data sekunder, dan teknik pengambilan sampel yang digunakan adalah Purposive Sampling, menghasilkan ukuran sampel sebanyak 22 perusahaan. Metode analisis penelitian meliputi analisis deskriptif dan berbagai jenis evaluasi menggunakan perangkat lunak SmartPLS. Hasil penelitian menunjukkan bahwa Konservatisme Akuntansi berpengaruh negatif signifikan terhadap Kualitas Laba, Persistensi Laba tidak berpengaruh terhadap Kualitas Laba, Perataan Laba berpengaruh negatif signifikan terhadap Kualitas Laba, Kepemilikan Institusional tidak berpengaruh terhadap Kualitas Laba, dan Ukuran Perusahaan tidak berpengaruh terhadap Kualitas Laba.

Kata Kunci: *Konservatisme Akuntansi; Persistensi Laba; Perataan Laba; Kepemilikan Institusional; Ukuran Perusahaan; Kualitas Laba*

THE EFFECTS OF ACCOUNTING CONSERVATISM, EARNINGS PERSISTENCE, INCOME SMOOTHING, INSTITUTIONAL OWNERSHIP, AND COMPANY SIZE ON EARNINGS QUALITY

ABSTRACT

This Research Purposed to determine the effect of Accounting Conservatism, Earning Persistence, Income Smoothing, Institutional Ownership, and Company Size on Earning Quality in transportation and logistics companies listed on the Indonesia Stock Exchange during the period 2019-2023. This study utilizes secondary data, and the sampling technique employed is Purposive Sampling, resulting in a sample size of 22 companies. The research analysis method includes descriptive analysis and various types of evaluations using the SmartPLS software. The results indicate that Accounting Conservatism has a negative significant effect on Earning Quality, Earning Persistence has no effect on Earning Quality, Income Smoothing has a negative significant effect on Earning Quality, Institutional Ownership has no effect on Earning Quality, and Company Size has no effect on Earning Quality.

Keywords: Accounting Conservatism; Earning Persistence; Income Smoothing; Institutional Ownership; Company Size; Earning Quality

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INTRODUCTION

The transportation and logistics sector is crucial in Indonesia, which has the largest territory and comprises over 17,000 islands. This sector connects various regions, facilitating the movement of goods and people to support the economy. Transportation companies listed on the Indonesia Stock Exchange (IDX) have significant growth potential, particularly in land, sea, and air transportation. Demand for domestic transportation services remains high, making it an attractive investment sector. This sector has a significant impact on other sectors, such as agriculture and manufacturing, as it ensures efficient distribution of goods and labor mobilization. The sector's efficiency also helps lower operational costs and increase the competitiveness of Indonesian products in the global market. Furthermore, this sector creates jobs and supports infrastructure development that improves accessibility to remote areas.

However, this sector faces several challenges, such as fluctuations in GDP growth. In 2019, the sector grew 6.38%, but in 2020, it experienced a drastic decline due to the COVID-19 pandemic. Since 2021, the sector has shown recovery, with strong growth in 2022, although it declined slightly in 2023 due to the global economic slowdown. This GDP fluctuation reflects the instability of corporate earnings, which can affect market perceptions of profit sustainability and investment attractiveness. In 2023, the transportation and logistics sector's stock price index ranked sixth lowest out of 11 sectors, with a negative value lower than other sectors. The sector's stock index has also been highly volatile, particularly between 2021 and 2023. In 2021, there was a significant increase exceeding the JCI, but in 2022, there was a drastic decline that continued into 2023.

Stock prices in the transportation and logistics sector also exhibit significant fluctuations, reflecting unstable performance. Declining stock prices can encourage companies to use creative accounting practices, which can damage the quality of reported earnings. High earnings quality is crucial for investor decision-making. Non-transparent accounting practices can degrade earnings quality, negatively impacting investment decisions. The fraudulent revenue recognition case at PT Garuda Indonesia is a clear example of how inaccurate financial reporting can undermine public trust. Therefore, earnings quality is an important indicator for investors. Relevant and reliable information in financial statements will facilitate better investment decisions. Poor earnings quality can result from agency conflicts, indicating the need for further oversight of a company's financial statements.

Observing the declining earnings quality of transportation and logistics companies in Indonesia and the importance of earnings quality, researchers have been encouraged to further examine the factors influencing earnings quality. Several previous studies have examined factors suspected of influencing earnings quality. Five of these factors are accounting conservatism, earnings persistence, income smoothing, institutional ownership, and company size.

LITERATURE REVIEW

Agency Theory and Signaling Theory

Agency theory states that management and owners have different interests, reflected in a contract between the principal and the agent, which mandates decision-making (Jensen & Meckling, 1976). Management may act opportunistically, such as smoothing, increasing, or decreasing profits, resulting in unreliable financial reports because the information contained therein does not reflect the true information (Arista et al., 2023).

Signaling theory explains how a company should signal to users of financial statements. This signal takes the form of financial report information about its results (Kepramareni et al., 2021). Therefore, signaling theory predicts that companies will report information about their condition more openly and fairly, including information about their profits (Soly & Wijaya, 2018).

Accounting Conservatism

(Watts, 2003) in (Savitri, 2016) defines conservatism as a principle of prudence in financial reporting where companies do not rush in recognizing and measuring assets and profits and immediately recognize losses and liabilities that have the possibility of occurring. The application of this principle results in the choice of accounting methods aimed at methods that report lower profits or assets and report higher liabilities.

Earnings Persistence

According to (Delvira & Nelvirita, 2013) profit persistence is one of the components of profit prediction value in determining profit quality and profit persistence is determined by the accrual component and cash flow from current profit.

Income Smoothing

Income smoothing is one of the implementations of profit management to reduce profit volatility so that profits do not vary each year by increasing or decreasing profits (Yoanita & Khairunnisa, 2021).

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Institutional Ownership
Institutional ownership is the proportion of shares held by an institution in a company. These institutions include governments, insurance companies, banks, pension funds, and investment banks (Novieyanti & Kurnia, 2016).

Company Size
Company size is determined by total assets; the greater the total assets, the larger the company. Large companies have greater total assets than small and medium-sized companies, and large companies tend to generate stable and sustainable profits (Kepramareni et al., 2021).

Hypothesis Formulation
The Influence of Accounting Conservatism on Earnings Quality
Accounting conservatism mitigates adverse selection problems between management and investors or between management and lenders. By restricting managers from altering earnings, a company's earnings quality can be better maintained. According to (Delkhosh & Sadeghi, 2017), (Kurniawan & Aisah, 2020), (Pratiwi & Pralita, 2021), and (Magdalena & Trisnawati, 2022), a company's earnings quality can be negatively affected by accounting conservatism. Based on this description, the first hypothesis in this study is as follows:
H1: Accounting Conservatism has a negative effect on Earnings Quality

The Effect of Earnings Persistence on Earnings Quality
Earnings persistence is the ability of current period earnings information to reflect future earnings, which is influenced by a series of management policies, thereby creating earnings stability. Through these various policies, there is the possibility of opportunistic actions that are considered to affect earnings quality. Thus, earnings persistence will be related to earnings quality. According to (Agus Petra et al., 2020), (Elianan et al., 2021), and (Lubis & Sari, 2024), earnings persistence has a positive effect on earnings quality. Based on this description, the hypothesis in this study is as follows:
H2: Earnings Persistence has a positive effect on Earnings Quality

The Effect of Income Smoothing on Earnings Quality
*Income smoothing*Income smoothing can be a form of earnings management that can be detrimental to users of financial statements in the decision-making process due to the manipulation of data on the company's profits, which can ultimately affect the company's actual earnings quality. Therefore, it can be said that income smoothing is related to earnings quality. According to (Wijayanti & Diyanti, 2017), (Ani, 2018), and (Andalawestyas & Ariyanti, 2019), income smoothing has a negative effect on earnings quality. Based on this, the hypothesis in this study is as follows.
H3: Income Smoothing has a negative effect on Profit Quality

The Effect of Institutional Ownership on Earnings Quality
External parties within a company, particularly institutional shareholders, desire high-quality earnings. Institutional ownership is considered capable of overseeing the company's efforts to optimize its performance to generate quality earnings. Research conducted by (Masmoudi & Boujelbène, 2014), (Ananda & Ningsih, 2016), and (Dewi & Fachrurrozie, 2021) indicates that the size of institutional shareholding positively influences earnings quality. Based on this description, the following hypotheses are formulated in this study:
H4: Institutional Ownership has a positive effect on Profit Quality

The Effect of Company Size on Earnings Quality
The greater the total assets owned by a company, the larger the company's size. Large companies have greater total assets than small and medium-sized companies, and large companies tend to generate stable and sustainable profits. A larger company size means greater business continuity in improving performance, thus reducing the company's tendency to manipulate profits and assessing higher earnings quality. According to (Kepramareni et al., 2021), (Abidin et al., 2022), and (Rohmansyah et al., 2022), company size has a positive effect on earnings quality. Based on this description, the hypothesis in this study is as follows:
H5: Company size has a positive effect on profit quality

Framework
The framework of thought used in this research can be described as follows:

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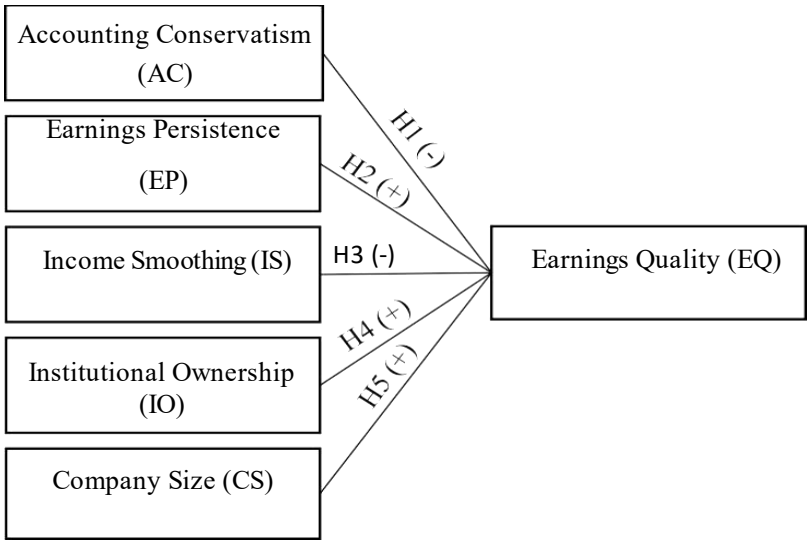

Figure 1 Framework of Thought

RESEARCH METHODOLOGY

Place and Time of Research

This research was conducted by taking data from the Indonesian Stock Exchange (BEI) which was accessed via the Indonesian Stock Exchange website (www.idx.co.id) using data from transportation and logistics companies. The research period was from August 2024 to December 2024.

Population and Sample

The population in this study is all 37 companies in the transportation and logistics sector listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023. From this population, the sample used is 22 companies in the transportation and logistics sector listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023. The sampling technique used in this study is purposive sampling, with the following criteria determined for the research sample:

Table 1 Sampling Criteria

Sampling Criteria	Number of Companies
Transportation and logistics companies listed on the IDX for the 2019-2024 period	37
Companies that IPO after January 1, 2019	(14)
Transportation and logistics companies that do not have complete financial reports	(1)
Number of Samples	**22**

Source: Processed Data, 2024

Operational Variables of Accounting Conservatism Research

This method measures conservatism using accruals, which is the difference between net profit from operational activities and cash flow. The accruals measure formula, according to (Savitri, 2016), is as follows:

$$\mathbf{CONACC_{it}} = \frac{\boldsymbol{CFOit}}{\mathbf{TAit}}(-\mathbf{1})$$

Earnings Persistence

According to (Lubis & Sari, 2024), accounting profit persistence is measured using the regression coefficient between current accounting profit and previous accounting profit. The data scale used is a ratio, with the formula:

$$\mathbf{PE} = \frac{\boldsymbol{EBIT_t} - \boldsymbol{EBIT_{t-1}}}{\mathbf{TA}}$$

Income Smoothing

*Income smoothing*measured using the Eckel index (Suhartono & Hendraswari, 2020). This index is also the same as that used in research by (Rizqi et al., 2020) and research by (Octaviani et al., 2023) with the following formula:

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$$\textbf{Indeks Eckel} = \frac{CV\Delta I}{CV\Delta S}$$

Institutional Ownership

According to (Murniati, 2019), the measurement of institutional ownership uses the following scale:

$$\textbf{Institutional Ownership} = \frac{\textbf{Number of institutional shares}}{\textbf{Total outstanding shares}} \times 100$$

Company Size

To measure company size, this study refers to research by (Purnamasari & Fachrurrozie, 2020), (Sudarno et al., 2022), and (Ramadan, 2015), using the natural logarithm of the company's total assets. The formula for calculating company size can be expressed as follows:

Company size = Ln Total Assets

Earnings Quality

Earnings quality in this study will be proxied by discretionary accruals and calculated using the Modified Jones Model, also used by Delkhosh & Sadeghi (2017). The calculation uses the following formula:

Finding Total Accruals

TACCit = **Nl** it − **CFO**it

Estimating Total Accruals Value

$$\frac{TACCit}{\text{TAit}-1} = \beta 1\left(\frac{1}{TAit-1}\right) + \beta 2\left(\frac{\Delta REVit}{TAit-1}\right) + \beta 3\left(\frac{PPEit}{TAit-1}\right) + \varepsilon$$

Determine the value of Nondiscretionary Accruals (NDACC) by using the regression coefficient with the formula as follows:

$$\text{NDACCit} = \beta 1\left(\frac{1}{TAit-1}\right) + \beta 2\left(\frac{\Delta REFit - \Delta RECit}{TAit-1}\right) + \beta 3\left(\frac{PPEit}{TAit-1}\right) + \varepsilon$$

Determining Discretionary Accruals (DACC)

$$\text{DACCit} = \frac{TACCit}{\text{TAit}-1} - NDACCit$$

Data Analysis Techniques Descriptive Statistical Analysis

This analysis aims to provide a general overview of the data obtained. This overview includes the minimum, maximum, mean, and standard deviation, which are directly related to the research instrument used.

Normality Test

A normality test is performed to determine whether the variables in the regression model have a normal distribution. Normality testing can be performed by looking at the PP Plot graph and the results in the Kolmogorov-Smirnov Test table. If the data distribution in the graph follows a diagonal line, then the data is normally distributed, and conversely, if the data is spread not following the diagonal line, the data is not normally distributed. Meanwhile, in the Kolmogorov-Smirnov test results table, if the Sig. or Significance value is <0.05, then the distribution is not normal. Conversely, if the Sig. or Significance value is >0.05, then the distribution is normal. If the data is normally distributed, the test will continue, if the data is not normally distributed, the test will be carried out using Smart-PLS.

Multicollinearity Test

The multicollinearity test aims to determine whether a regression model detects correlation between independent variables. A good regression model should have no correlation between independent variables. The presence or absence of multicollinearity can be seen from the tolerance and VIF values. If the tolerance value is <0.1 and the VIF value is >10, then multicollinearity is present in the regression model. If the tolerance value is >0.1 and the VIF value is <10, then multicollinearity is not present in the regression model.

Multiple Linear Regression Equation (Path Coefficient)

*Path Coefficient*is a direct development of multiple regression with the aim of providing an estimate of the magnitude and significance of a hypothetical causal relationship in a set of variables. The path coefficient indicates the magnitude of the direct influence of a variable determined as the cause (exogenous variable) on a variable determined as the effect (endogenous variable). Provided that If the independent variable is more than one unit, then multiple linear regression analysis is performed. The following is an example of a regression model for this study:

KL = a + β1KI + β2PSL + β3PRL + β4KI + β5UP + e

Coefficient of Determination Test

The coefficient of determination is used to measure the model's ability to explain variation in the dependent

variable. The coefficient of determination has values ranging from 0 to 1. A small R2 value indicates that the independent variables' ability to explain variation in the dependent variable is very limited. A value close to 1 indicates that the independent variables provide almost all the information needed to predict variation in the dependent variable.

Hypothesis Test (T-Test)
The t-test is used to test whether the independent variable has a partial or individual effect on the dependent variable. If the Sig. value is <0.05, the conclusion is that the independent variable has a partial and significant effect on the dependent variable. Conversely, if the Sig. value is >0.05, the conclusion is that the independent variable has no effect on the dependent variable.

RESEARCH RESULT

Descriptive Statistical Analysis
In this study, the descriptive statistical test contains the minimum value, maximum value, mean, and standard deviation of each research variable which can be seen in the following table:

Table 2 Results of Descriptive Statistical Tests

Variables	Minimum	Maximum	Mean	Standard Deviation
Accounting Conservatism	-0.458	1,075	0.003	0.178
Earnings Persistence	-2,671	3,525	0.057	0.573
Income Smoothing	-91,490	18,267	-1,292	20,445
Institutional Ownership	0.181	0.984	0.676	0.234
Company Size	24,041	32,656	27,512	2,042
Earnings Quality	-0.580	1,292	0.026	0.224

Source: Processed Data, 2024

Normality Test
The following table shows the results of the Kolmogorov-Smirnov test:

Table 3 Results of the One-Sample Kolmogorov-Smirnov Test

Unstandardized Residual		
N		110
Normal Parametersa,b	*Mean*	0.0000000
	Standard Deviation	0.19184284
	Absolute	0.163
Most Extreme Differences	*Positive*	0.163
	Negative	-0.131
Kolmogorov-Smirnov Z		1,708
Asymp. Sig. (2-tailed)		**0.006**

Source: Processed Data, 2024

Based on the table above, the results of the normality test using the Kolmogorov-Smirnov method show that the results of the significant value (asymp. Sig. (2-tailed) < 0.05), so it can be concluded that the residual data is not normally distributed. Therefore, the researcher continued data processing using the SmartPLS program.

Multicollinearity Test
The following table shows the results of the multicollinearity test:

Table 4 Multicollinearity Test Results

Variables	*Collinearity Statistics*		Information
	Tolerance	**VIF**	
Accounting Conservatism	0.694	1,440	There is no multicollinearity
Earnings Persistence	0.967	1,035	There is no multicollinearity
Income Smoothing	0.623	1,606	There is no multicollinearity
Institutional Ownership	0.949	1,054	There is no multicollinearity
Company Size	0.794	1,259	There is no multicollinearity

Source: Processed Data, 2024

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Based on the data presented in the table above, the test results show that the Earnings Quality variable, which is influenced by variables such as Accounting Conservatism, Earnings Persistence, Income Smoothing, Institutional Ownership, and Company Size, has a VIF value of <10 and a Tolerance value of >0.1. This condition indicates that there are no significant symptoms of multicollinearity between the independent variables used in the analysis model.

Multiple Linear Regression Equation (Path Coefficient)
The following table shows the results of the Path Coefficient test:

Table 5 Path Coefficient Test Results

Variables	*Original Sample*(O)	*Sample Mean*(M)	*Standard Deviation* (STDEV)	*T Statistics* (|O/ STDEV|)	*P Values*	Conclusion
AC → EQ	-0.418	-0.511	0.132	3,613	0.000	Significant
EP → EQ	0.230	0.221	0.179	1,281	0.200	Not Significant
IS → EQ	-0.309	-0.315	0.153	2,017	0.044	Significant
IO→ EQ	-0.102	-0.108	0.099	1,037	0.300	Not Significant
CS → EQ	0.023	0.021	0.076	0.300	0.764	Not Significant

Source: Processed Data, 2024

Based on the data in the table above, the following research analysis model was obtained:

KL = - 0418(KI) + 0.230(PSL) - 0.309(PRL) - 0.102 (KI) + 0.023(UP)

Coefficient of Determination Test
The following table shows the results of the Coefficient of Determination test:

Table 6 Results of the Determination Coefficient Test

Variables	*R Square*	*R Square Adjusted*
Earnings Quality (Y)	0.274	0.239

Source: Processed Data, 2024

Based on the coefficient of determination test results table above, the Adjusted R-Square value for the Earnings Quality variable is 0.239, or 23.9%. This indicates that earnings quality is influenced by the variables Accounting Conservatism, Earnings Persistence, Income Smoothing, Institutional Ownership, and Company Size by 0.239, or 23.9%. The remaining 76.1% is influenced by other variables not included in this study.

Hypothesis Testing
The Influence of Accounting Conservatism on Earnings Quality
Based on the data presented in Table 5, the results of the Path Coefficient test show that the P-value for the Accounting Conservatism variable is 0.000, while the significance level (alpha) used is 0.05. Seeing the P-value is smaller than 0.05 (P Value <0.05), the null hypothesis Ho is rejected and the hypothesis H1 is accepted. Thus, it can be concluded that there is a significant influence between the Accounting Conservatism variable and the Earnings Quality variable.

The Effect of Earnings Persistence on Earnings Quality
Based on the data presented in Table 5, the results of the Path Coefficient test show that the P-value for the Earnings Persistence variable is 0.200, while the significance level (alpha) used is 0.05. Seeing the P-value greater than 0.05 (P Value <0.05), the null hypothesis Ho is accepted and the hypothesis H2 is rejected. Thus, it can be concluded that there is no significant influence between the Earnings Persistence variable and the Earnings Quality variable.

The Effect of Income Smoothing on Earnings Quality
Based on the data presented in Table 5, the results of the Path Coefficient test show that the P-value for the Income Smoothing variable is 0.044, while the significance level (alpha) used is 0.05. Seeing the P-value is smaller than 0.05 (P Value <0.05), the null hypothesis Ho is rejected and the hypothesis H3 is accepted. Thus, it can be concluded that there is a significant influence between the Income Smoothing variable and the Earnings Quality variable.

The Effect of Institutional Ownership on Earnings Quality
Based on the data presented in Table 5, the results of the Path Coefficient test show that the P-value for the Institutional Ownership variable is 0.300, while the significance level (alpha) used is 0.05. Seeing the P-value

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greater than 0.05 (P Value <0.05), the null hypothesis Ho is accepted and hypothesis H4 is rejected. Thus, it can be concluded that there is no significant influence between the Institutional Ownership variable and the Earnings Quality variable.

The Effect of Company Size on Earnings Quality

Based on the data presented in Table 5, the results of the Path Coefficient test show that the P-value for the Company Size variable is 0.764, while the significance level (alpha) used is 0.05. Seeing the P-value greater than 0.05 (P Value <0.05), the null hypothesis Ho is accepted and hypothesis H5 is rejected. Thus, it can be concluded that there is no significant influence between the Company Size variable and the Earnings Quality variable.

RESULTS AND DISCUSSION

The Influence of Accounting Conservatism on Earnings Quality

Based on the test results, the measured Accounting Conservatism variable shows that the variable has a significant negative effect on earnings quality. This result supports the proposed hypothesis, which states that conservatism negatively affects earnings quality. Therefore, it can be concluded that H1 is accepted. This means that the greater the net profit affected by operating cash and depreciation factors, the lower the company's earnings quality, especially when compared to total assets. An increase in profit accompanied by an increase in operating cash and depreciation can reduce earnings quality because it does not reflect healthy operational performance.

This is consistent with research conducted by Kurniawan & Aisah (2020), Pratiwi & Pralita (2021), and Magdalena & Trisnawati (2022), which revealed a significant negative relationship between accounting conservatism and earnings quality. These findings contradict those of Iqbal et al. (2019) and Ayem & Lori (2020), which found that a company's earnings quality can be positively influenced by several variables, including accounting conservatism. Furthermore, this study also contradicts Azizah & Khairudin (2023), which found no significant relationship between accounting conservatism and earnings quality.

The Effect of Earnings Persistence on Earnings Quality

Based on the test results, the measured Earnings Persistence variable shows that the variable has no significant effect on earnings quality. This result does not support the proposed hypothesis, which states that earnings persistence positively influences earnings quality. Therefore, it can be concluded that H2 is rejected. Earnings persistence does not affect earnings quality because in determining investment decisions, investors not only assess based on earnings information, but investors also assess other information that may affect their investments. Investors tend to consider a wider range of factors, such as the company's financial health, future growth prospects, competitive position, and reputation.

This is consistent with research conducted by (Lubis & Sari, 2024) and (Ashma & Rahmawati, 2019), which found that earnings persistence has no effect on earnings quality. This finding contradicts research by (Agus Petra et al., 2020) and (Elianan et al., 2021), which found that earnings persistence has a positive effect on earnings quality.

The Effect of Income Smoothing on Earnings Quality

Based on the test results, the measured Income Smoothing variable shows that the variable has a significant negative effect on earnings quality. This result supports the proposed hypothesis, which states that Income Smoothing negatively affects earnings quality. Therefore, it can be concluded that H3 is accepted. Income smoothing is often accompanied by manipulation of revenue or expense recognition, which causes financial statements to become less transparent. This reduces the reliability of earnings reports for investors or other parties who rely on information that reflects the company's true condition. As a result, although earnings appear stable, earnings quality declines because it does not reflect actual performance.

This is consistent with research conducted by (Wijayanti & Diyanti, 2017), (Ani, 2018), and (Andalawestyas & Ariyanti, 2019), which revealed a significant negative relationship between income smoothing and earnings quality. These findings contradict those of (Sasongko et al., 2021) and (Baseri et al., 2013), which found that income smoothing has a positive effect on earnings quality. Furthermore, this study also contradicts research by (Rizqi et al., 2020), which found that income smoothing had no effect on earnings quality.

The Effect of Institutional Ownership on Earnings Quality

Based on the test results, the measured Institutional Ownership variable shows that the variable has no significant effect on earnings quality. This result does not support the proposed hypothesis, which states that Institutional Ownership positively influences earnings quality. Therefore, it can be concluded that H4 is rejected. In general, institutional investors only play their role as transient investors (temporary owners of the company) who only focus on short-term profits. Therefore, the existence of institutional ownership does not necessarily increase effective monitoring of management, which will have an impact on reducing management policies in carrying out earnings management. This shows that institutional ownership has no effect on earnings quality.

This is consistent with research conducted by (Aryanti et al., 2017) and (Tinenti & Nugrahanti, 2023), which revealed that institutional ownership had no effect on earnings quality because the percentage of institutional ownership did not affect earnings quality. This finding contrasts with research conducted by (Masmoudi & Boujelbène, 2014), (Ananda & Ningsih, 2016), and (Dewi & Fachrurrozie, 2021), which found that institutional share ownership positively impacts earnings quality.

The Effect of Company Size on Earnings Quality

Based on the test results, the measured Company Size variable shows that the variable has no significant effect on earnings quality. This result does not support the proposed hypothesis, which states that Company Size positively influences earnings quality. Therefore, it can be concluded that H5 is rejected. A large company does not always reflect a healthy and stable company condition. Many factors can contribute to a company's large size. In this study, company size is measured based on assets, which consist of debt and equity. Being large does not guarantee that the company will also achieve high profits. This could be because the company's large size is due to its higher debt composition, which reflects a greater risk.

This is consistent with research conducted by (Marpaung, 2019), (Azizah & Asrori, 2022), and (Telaumbanua & Purwaningsih, 2022), which found that company size has no effect on earnings quality. This finding contrasts with research conducted by (Rohmansyah et al., 2022) and (Kepramareni et al., 2021), which found that company size has a positive effect on earnings quality.

CONCLUSIONS

Based on the research that has been conducted, it can be concluded that (1) The Accounting Conservatism variable shows a significant negative influence on earnings quality. This means that the greater the net profit affected by operational cash and depreciation factors, the lower the company's earnings quality, especially when compared to total assets. An increase in profits accompanied by an increase in operational cash and depreciation can reduce earnings quality because it does not reflect healthy operational performance. (2) The Earnings Persistence variable does not show a significant influence on earnings quality. This occurs because in making investment decisions, investors do not only consider profits, but also other factors that have the potential to influence their decisions. Investors are more likely to consider a wider range of aspects. (3) The Income Smoothing variable has a significant negative influence on earnings quality. Income smoothing often involves manipulation of revenue or expense recognition, which makes financial reports less transparent. This reduces the reliability of earnings reports for investors or other parties who rely on information that describes the company's true condition. As a result, even though profits appear stable, earnings quality decreases because it does not reflect actual performance. (4) The Institutional Ownership variable does not show a significant influence on earnings quality. In general, institutional investors focus more on short-term profits, so institutional ownership does not always increase oversight of management. This shows that institutional ownership does not affect earnings quality. (5) The Company Size variable also does not show a significant effect on earnings quality. In this study, company size is measured based on assets consisting of debt and capital. Having a large size does not guarantee that the company will obtain high profits and high earnings quality, because it could be that the large size is caused by a high debt composition, which reflects a large risk for the company.

This research has been conducted according to established scientific procedures, however, there are several limitations such as (1) Only Accounting Conservatism and Income Smoothing showed a significant influence on Earnings Quality, so further research is recommended to add other variables that may have an influence. (2) The sample used is limited to transportation and logistics sector companies listed on the Indonesia Stock Exchange, which reduces the ability to generalize the results to other sectors.

(3) This study uses only one measurement, so it is hoped that further research can use a more diverse approach or method, including in sample selection. Suggestions that researchers can provide are (1) For companies, it is recommended to improve and maintain profit quality to attract investors, as well as improve financial performance for. (2) For investors, it is recommended to be more careful in selecting shares by considering the quality of profit and the company's financial performance. (3) For academics, it is better to add other variables that may affect profit quality, such as audit committees and capital structure, as well as use different measurement methods and expand the sample to obtain more representative results.

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