



The Influence Of Earning Management On Capital Structure Through Firm Size As An Intervening Variable In Sharia Commercial Banks

Israeni, Sudirman Yudih, Asyraf Mustamin

Universitas Islam Negeri Alauddin Makassar

Surel: israeni23923@gmail.com, yudihsudirman@gmail.com,
asyraf.mustamin@uin-alauddin.ac.id

INFO ARTIKEL

JiAP Volume X
Nomor 2
Halaman 173-183
Samata,
Juli-Desember 2024

ISSN 2441-3017
E-ISSN 2697-9116

Tanggal Masuk:
29 November 2024
Tanggal Revisi:
31 Desember 2024
Tanggal Diterima:
31 Desember 2024

ABSTRACT

The study aims to analyze the impact of profit management on the capital structure through the size of the company as an intervening variable on the Sharia General Bank (BUS). The data used in this study is secondary data, with panel data models over nine years, from 2019 to 2023. The research data was analyzed using the path analysis method (path analysis) with the help of SMART-PLS software version 3. The results of the research showed that profit management had a positive and significant influence on the capital structure of the BUS, profit management has a positive influence and significant effect on the size of the company in the Sharial General Bank, company size did not have a significant impact on the structure of capital in BUS, and indirectly profit management did not influence the structures of capital through the company size at BUS.

Keywords: *Profit Management, Capital Structure, Corporate Size*

Copyright: Israeni¹, Dr. Sudirman, S.E., M.Si², Asyraf Mustamin, S.Pd., M.E³. (2024). The Effect of Profit Management on Capital Structure through Company Size as an Intervening Variable in Sharia Commercial Banks. Vol. X No. 2 (173-183). <https://doi.org/10.24252/jiap.v10i2.52836>

PENDAHULUAN

Along with the times, the Islamic banking sector has grown and is increasingly in demand by the public. According to the latest data from the Financial Services Authority (2023), in January 2023, there were 189 Islamic banks in Indonesia consisting of 14 Sharia Commercial Banks (BUS), 20 Sharia Business Units (UUS), and 164 Sharia People's Financing Banks (BPRS). Currently, the condition of Islamic banking in terms of financing and capital structure is quite good.

One of the indicators to assess a company's financial performance is to earn a profit. Every Company has the same goal, which is to achieve expectations to get finances at a certain level that has been set. In the process of creating and generating profits, users of financial statements sometimes ignore the process of creating profits. This encourages management to carry out an action called earnings management or profit manipulation (Christabel & Bangun, 2020). Profit is one of the sources of information in financial statements. According to PSAK No. 1, the purpose of financial reporting is to provide information about the financial position, financial performance, and cash flow of the entity that is useful for users of financial statements. Profit management is an attempt made by management to influence or manipulate reported profits by using specific accounting methods, accelerating expense or income transactions, or using other techniques designed to affect short-term profits (Umah & Sunarto, 2022).

The higher *the debt-to-equity ratio (DER)*, the smaller the capital required to guarantee its debts, so that it can pose a risk to the Company. And vice versa, if the DER value decreases, it shows that financial performance improves because the return is higher. Mogdiliani dan Miller (1963), The value of DER is obtained from total debt (*liabilities*) minus total capital (*equity*). Debt (*liability*) is an instrument that is very sensitive to changes in the value of a company determined by the capital structure (Manurung & Nuzula, 2014)). The higher the proportion of debt, the higher the stock price, but at some point, an increase in debt will decrease the value of the Company. On the other hand, if the Company uses small or no debt, the Company is considered unable to take advantage of additional external capital that can improve the Company's operations (Masril, Jefriyanto, & Yusridawati, 2021).

The higher *the debt-to-equity ratio (DER)*, the smaller the capital required to guarantee its debts, so that it can pose a risk to the Company. And vice versa, if the DER value is getting smaller, it shows that financial performance is getting better because the return will be higher. The value of this DER is obtained from total debt (*liabilities*) minus total capital (*Equity*), where debt (*liabilities*) is an instrument that is very sensitive to changes in the value of the Company determined by the capital structure (Mogdiliani and Miller, 1963). The higher the proportion of debt, the higher the stock price, but at some point, an increase in debt will decrease the value of the Company. On the other hand, if the Company uses small or no debt, the

Company is considered unable to take advantage of additional external capital that can improve the Company's operations (Sudirman, Kamaruddin, & Possumah, 2020).

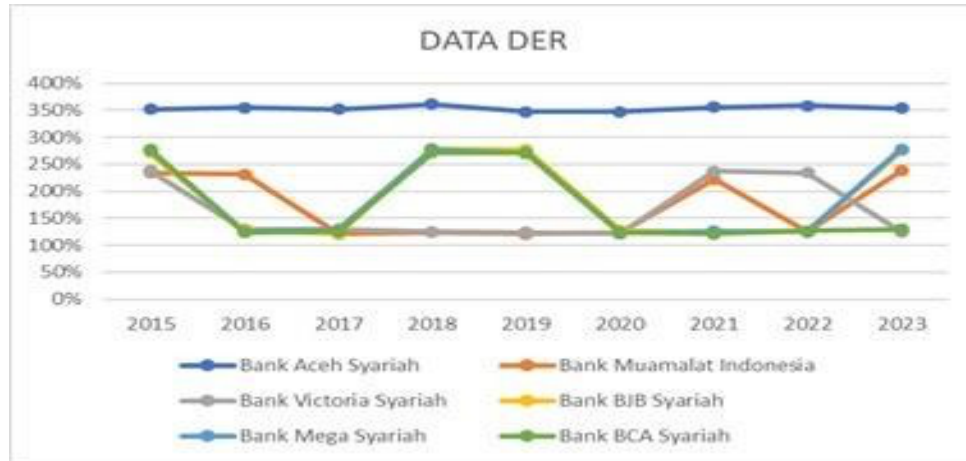
Company size is the size of the Company, which can be seen from total sales, total assets, and market capitalization. Higher turnover indicates higher fund turnover for the Company. Companies with increased asset ownership show greater invested capital (Agustina, Eprianto, & Pramukty, 2023). The size of the Company can determine the perception of investors towards the company (Aulia, Wahyuni, & Subaida, 2022).

Capital structure is the use of debt and Equity. As a manager, the company must balance the use of debt and Equity to achieve a more optimal capital structure. To realize a more optimal capital structure, financial managers must consider many things that affect the capital structure. Factors affecting the capital structure include company size, liquidity, profitability, and asset structure. A determination of the capital structure in a company needs to consider various variables that affect it. The determinant of the capital structure for a company is one of the essential forms of financial decisions because these decisions can affect the achievement and goals of financial management (Aulia, Wahyuni, & Subaida, 2022).

Furthermore, research conducted by Kathryn Sugara (2022) examines the influence of capital structure and company size on profit management. The results of the study show that the capital structure and size of the Company have a positive and significant effect on profit management. Likewise, with the research conducted by Lysa Sheinny Undrian (2023) It was found that capital structure has an influence on profit management, but the size of the company has no effect on profit management. The results of different studies that were carried out by Dayani Okvi Yanto (2020) found that capital structure does not affect profit management. Several studies that previous researchers have conducted show that results tend to be inconsistent. In addition, research on the influence of profit management on capital structure through company size as an intervention variable in Islamic commercial banks has not been carried out much. Thus, research on the influence of profit management, capital structure, and company size on company value in various industry sectors is still important to be carried out so that readers can get new information that can be used as reinforcement of previous research results and become comparative information against research results tend to be conflicting.

Profit management is an attempt made by management to influence or manipulate reported profits by using specific accounting methods, accelerating expense or income transactions, or using other methods designed to affect short-term profits (Umah & Sunarto, 2022).

Figure 1 Graph of the Debt to Equity Ratio (DER) Data Line Chart

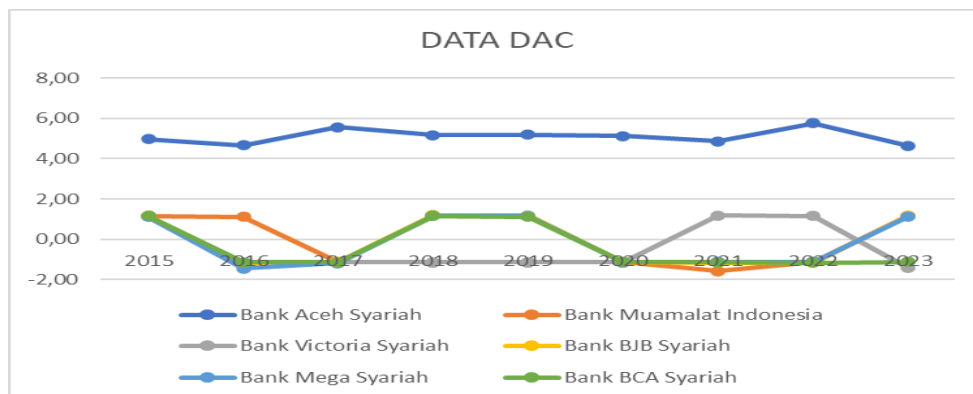


Source: Data processed

The data above shows that the DAC value owned by each bank over the past nine years, Bank Aceh Syariah has a fairly consistent and stable DAC value in the range of 4.5 to 6.0 with a slight increase in 2017 and 2022, but again declining in 2023. Bank Muamalat Indonesia showed large fluctuations; in 2016, it experienced a sharp decline to a negative value of around -2.0 but rose again to close to 1.5 in 2023. Bank Victoria Syariah appears to have high stability with little fluctuation during the period. Bank BJB Syariah showed a more volatile pattern with a sharp decline to negative territory in 2017 but recovered to almost close to a value of 2.0 in 2023. Bank Mega Syariah shows significant instability with DAC values that are often negative and only slightly increase in 2023.

Bank BCA Syariah experienced high stability, with the DAC value not changing much, and remained in a relatively low but positive value range during the period. The following data illustrates the phenomenon of capital structure from the perspective of *debt to equity ratio (DER)* and the size of the company from *the SIZE data*.

Figure 2 Accrual Discretionary Data Line Chart Chart (DAC)



Source: Data processed

The graph above shows that the DER value at Bank Aceh Syariah looks stable at around 300% from 2015 to 2023. Meanwhile, the DER at Bank Muamalat has experienced significant fluctuations. For example, from 2015 to 2016, the value of Bank Muamalat's DER decreased, but in 2018 it increased. However, in 2020, it decreased drastically again. However, the following year, it increased again until 2023. Next, DER Bank Victoria Syariah shows a downward trend. However, the decline in DER lasted gradually from 2015 to 2018. However, in 2019, it experienced a fairly drastic increase. Then, the following year, until 2022, Bank Victoria Syariah's DER ratio was stable, but in 2023, it declined again. Furthermore, Bank BJB Syariah's DER ratio also shows movements that tend to fluctuate from 2015 to 2023. A sharp decline in the value of DER occurred in 2017, but the following year, it increased again until 2023, but it remained in the range below 100 percent. Bank Mega Syariah shows a pattern that is close to stable, and fluctuates slightly. The DER tends to fluctuate slightly from year to year, but remain below 50 percent. The DER of Bank BCA Syariah was relatively stable during this period, with a slight increase in 2018 but then stabilized again until 2023. In general, this chart shows several Islamic banks that have experienced significant fluctuations. Based on the graph above, it shows that the DER value at Bank Aceh Syariah looks stable at around 300% from 2015 to 2023. Meanwhile, the DER at Bank Muamalat has experienced significant fluctuations. For example, from 2015 to 2016 the value of Bank Muamalat's DER decreased, but in 2018 it increased, but in 2020 it decreased drastically again. However, the following year it increased again until 2023. Next, DER Bank Victoria Syariah shows a downward trend. However, the decline in DER lasted gradually from 2015 to 2018. However, in 2019 it experienced a fairly drastic increase. Then, in the following year until 2022, Bank Victoria Syariah's DER ratio was stable, but in 2023 it declined again. Furthermore, Bank BJB Syariah's DER ratio also shows movements that tend to fluctuate from 2015 to 2023. A sharp decline in the value of DER occurred in 2017, but the following year it increased again until 2023, but remained in the range below 100 percent. Bank Mega Syariah shows a pattern that is close to stable, and fluctuates slightly. The DER tends to fluctuate slightly from year to year, but (Mogdiliani dan Miller, 1963). The higher the proportion of debt, the higher the stock price, but at some point an increase in debt will decrease the value of the company. On the other hand, if the company uses small or no debt, the company is considered unable to take advantage of additional external capital that can improve the company's operations (Masril, Jefriyanto, & Yusridawati, 2021). The amount of debt owned by the company is not paid much attention to investors, because investors see more how the company's management uses the funds effectively and efficiently (Sudirman, Kamaruddin, & Possumah, 2020).

Capital structure is the use of debt and Equity. As a manager, the

company must balance the use of debt and Equity to achieve a more optimal capital structure. To realize a more optimal capital structure, financial managers must consider many things that affect the capital structure. Some of the factors that affect the capital structure include company size, liquidity, profitability, and asset structure. A determination of the capital structure in a company needs to consider various variables that affect it. The determinant of the capital structure for a company is one of the most important forms of financial decisions, because these decisions can affect the achievement and goals of financial management (Aulia, Wahyuni, & Subaida, 2022).

Figure 3 Company Size Data Line Chart Chart (SIZE)



Source: Data processed

Based on the data graph above, it shows that the company size of Bank Aceh Syariah is very stable, there is almost no significant change during this period, the size remains in the range of 57 to 58 with a slight increase in 2022 and 2023. The size of Bank Muamalat Indonesia's company has also fluctuated. There was a sharp decline in 2017 and 2019, but the bank was able to recover the size of its company in the following years, with a significant increase in 2023. Bank Victoria Sharia's company size is also relatively stable, ranging from 53 to 58, with a slight decline in 2022. In 2023, the size of the company has increased again to a stable level. The size of BJB Syariah bank companies was quite stable during this period, although there was a slight decline from 2019 to 2021. The size of the company increased steadily again in 2023. Bank Mega Syariah's company size also experienced significant fluctuations, especially in 2016 and 2017. However, this bank succeeded menstabilkan ukuran perusahaan di kisaran 53 hingga 54 pada tahun-tahun berikutnya. Ukuran Bank BCA Syariah companies were also very stable throughout the period, with consistent values in the range of 51 to 52.

Company size is the size of the company, which can be seen from total sales, total assets and market capitalization. Higher turnover indicates higher fund turnover for the company. Companies with increased asset ownership show greater invested capital (Agustina, Eprianto, & Pramukty,

2023). The size of the company can determine the perception of investors towards the company (Aulia, Wahyuni, & Subaida, 2022).

RESEARCH METHODS

The method used in this study is a quantitative method with a descriptive statistical analysis approach. This research aims to test hypotheses or answer research using statistical analysis. This study utilizes secondary data obtained from the websites of the Financial Services Authority (OJK) and Sharia Commercial Banks which are used as research samples, so there is no specific research location. The data used is in the form of an annual *Annual Report* for the period 2015-2023. This research was carried out from July to August 2024.

In this study, the population in question is Sharia Commercial Banks registered with the Financial Services Authority (OJK) in 2023. The sample is a part of the population to be taken for research and the results of the research are used as a representation of the population as a whole. Then the sample withdrawal technique used in this study is *Purposive Sampling* with the aim of obtaining a representative sample in accordance with the specified criteria.

Based on the criteria, the companies that are included in the criteria are as follows:

Tabel 1 List of Research Samples

No.	Bank Sample List
1.	Bank Aceh Syariah
2.	Bank Muamalat Indonesia
3.	Bank Victoria Syariah
4.	Bank Jabar Banten Syariah
5.	Bank Mega Syariah
6.	Bank BCA Syariah

Before the analysis of the research results is carried out, Descriptive Statistical Analysis, Outer Model Analysis (Validity Test) through Discriminant Validity Test, Structural Model (Inner Model) through R-Square, Statistical Hypothesis Test (Bootstrapping) through Path Coefficients and Specific Indirect Effect are first carried out.

RESULTS AND DISCUSSION

The discussion of the research results began with conducting a validity test, in order to ensure that the data to be analyzed met the validity requirements **Uji Discriminant Validity**

Desrminant *Validity* is useful for determining whether a construct has adequate discrimination. The value of discriminant validity is seen from the cross loading value, as can be seen in the following table 2:

Discriminant validity test results

Tabel 2 Hasil Uji Validitas Discriminant validity

INDIKATOR	X	Y	Z
X	1.000		
Y	0.943	1.000	
Z	0.899	0.862	1.000

Source: SmartPls.3

Based on the table above, it can be seen that each variable has a large number at the top rather than below it so this is said to meet the requirements for discriminant validity.

Uji R-Square

The R-Square test is a measurement that assesses the magnitude of the influence that occurs on the test. The R-Square value can be seen in table 3 of this measure:

Tabel 3 Results of Determination Coefficient Test (R-Square)

INDIKATOR	R SQUARE	R SQUARE ADJUSTED
Y	0.890	0.886
Z	0.809	0.805

Source: SmartPls.3

Based on the table above, the Capital Structure variable (Y) has an R-Square value of 0.890 which indicates that about 89% of the variation in the capital structure (Y) can be explained or influenced by profit management (X). The variable company size (Z) has an R-Square value of 0.809 which shows that 80.9% of the variation in company size (Z) can be explained or influenced by profit management (X).

Uji Hipotesis

Hypothesis testing (Bootstrapping) is carried out to assess whether the data obtained from the sample supports or rejects the hypothesis proposed.

Tabel 4 Hypothesis Test Results (Bootstrapping) Path Coefficients

INDIKATOR	ORIGINAL SAMPLE (O)	SAMPLE MEAN (M)	STANDARD DEVIATION (STDEV)	T STATISTIC (O/STDEV)	P VALUES
X→Y	0.877	0.787	0.286	3.066	0.002
X→Z	0.899	0.908	0.069	13.015	0.000
Z→Y	0.073	0.163	0.289	0.252	0.801

Source: Smart Pls.3

Based on the results of table 4 above, the value of the coefficient of the path of influence of profit management (X) on the capital structure (Y) is 0.877 units of value, it can be interpreted that if the variable of Profit Management (X) increases by 1 unit, then the variable of capital structure (Y) will also increase by 0.877 units, assuming that the other variables are constant. The

t-calculated value of 3.066 is greater than the t-table value, and the value of significance of 0.002 is smaller than the alpha value (0.05). Thus, H0 was rejected and H1 was accepted, meaning that the profit management variable (X) had a significant effect on the capital structure variable (Y) in Sharia trading companies in Indonesia.

The results of the study obtained the value of the coefficient of the Profit Management path (X) to the Company Size (Z) of 0.899 units of value, it can be interpreted that if the Profit Management variable (X) increases by 1 unit, then the Company Size variable (Z) will also increase by 0.899 units, assuming that the other variables are constant. The t-count value of 13.015 is greater than the t-table value, and the significance value of 0.000 is less than the alpha value (0.05). Thus H0 is rejected and H1 is accepted, meaning that the profit management variable (X) has a significant effect on the company size variable (Z).

In this study, the value of the coefficient of the influence path of the Company Size (Z) variable on the Capital Structure (Y) variable is 0.073 units of value, it can be interpreted that if the Company Size variable (Z) increases by 1 unit, then the Capital Structure variable (Y) will also increase by 0.073 units, assuming that other variables are constant. The t-count value of 0.252 is smaller than the t-table value, and the significance value of 0.801 is greater than the alpha value (0.05). Thus H0 is accepted and H1 is rejected, meaning that the company size variable (Z) does not have a significant effect on the capital structure variable (Y).

Tabel 5 Hypothesis Test Results (Bootstrapping) Specific Indirect Effect

INDIKATOR	ORIGINAL SAMPLE (O)	SAMPLE MEAN (M)	STANDARD DEVIATION (STDEV)	T STATISTICS (O/STDEV)	P VALUES
X→Z→Y	0.066	0.156	0.281	0.233	0.816

Source: SmartPls.3

Based on the results of table 5 above, the path coefficient value of 0.066, and the t-count value of 0.233 is smaller than the t-table value, and the significance value of 0.816 is greater than the alpha value (0.05). Thus, H0 is accepted and H1 is rejected, this shows that indirectly profit management (X) has no effect on the capital structure (Y) through the size of the company (Y).

CONCLUSION

Based on the description of the analysis of the research results and discussions, the conclusion can be formulated as follows:

1. The results of the study found that profit management had a positive and significant effect on the capital structure of Sharia Commercial Banks (BUS) during the 2015-2023 period. This means that if profit management tends to increase, the capital structure will also increase in the same time period. Improved profit management is usually related to a company's

efforts to display good financial performance, which can increase investor confidence. Thus, it is easier for the company to access external funding sources, thereby improving its capital structure.

2. The results of the study show that profit management has a positive and significant effect on the size of the company in Sharia Commercial Banks (BUS) during the 2015-2023 period. This means that good profit management can drive growth in company size. Thus, if the company can manage its profits effectively, it can increase productivity, so that it will increase profits which will be a source of increasing the number of assets of the Company. This information will be an important capital in strengthening the company's competitiveness.
3. The results of the study show that the size of the company does not have a significant effect on the capital structure of Sharia Commercial Banks (BUS) during the 2015-2023 period. This means that an increase in the size of a company is not always followed by a change in the capital structure. This can happen due to other factors, such as financial policy or market conditions that are more dominant in determining the capital structure than the size of the company.
1. Indirectly, profit management has no effect on the capital structure through the size of the company in Sharia Commercial Banks (BUS) during the 2015-2023 period. Although profit management has a positive effect on the size of the company, the results show that the size of the company does not have a significant influence on the capital structure. Therefore, indirectly, profit management has no effect on the capital structure through the size of the company.

BIBLIOGRAPHY

- Agustina, I., Eprianto, I., & Pramukty, R. (2023, Februari). Pengaruh Leverage dan Ukuran Perusahaan terhadap Tax Avoidance pada Perusahaan Property dan Real Estate yang Terdaftar di Bursa Efek Indonesia (BEI) Periode Tahun 2017-2021. *Jurnal Economina*, 2, 465-475.
- Aulia, R. N., Wahyuni, I., & Subaida, I. (2022, Agustus). Pengaruh Ukuran Perusahaan terhadap Harga Saham dengan Struktur Modal Sebagai Variabel Intervening pada Perusahaan Perbankan Syariah yang Terdaftar di BEI Tahun 2017-2020. *Jurnal Mahasiswa Entepreneur (JME)*, 1, 1645-1661.
- Christabel, & Bangun, N. (2020, Juli). Pengaruh Free Cash Flow, Struktur Modal, dan Asimetri Informasi terhadap Manajemen Laba. *Jurnal Multiparadigma Akuntansi Tarumanagara*, 2, 1010-1017.
- Fadhilah, A., & Kartika, A. (2022). Pengaruh Ukuran Perusahaan, Arus Kas Bebas, Leverage dan Profitabilitas terhadap Manajemen Laba. *Jurnal Ilmiah Komputerisasi Akuntansi*, 15(1), 25-37.

- Fathihani, & Nasution, I. H. (2021). Pengaruh Struktur Modal, Pertumbuhan Perusahaan, Profitabilitas, dan Ukuran Perusahaan Terhadap Manajemen Laba (Studi Empiris pada Perusahaan Pertambangan yang Terdaftar di Bursa Efek Indonesia Periode 2016-2018). *Jurnal Bisnis, Ekonomi, Manajemen, dan Kewirausahaan*, 1(1), 46-55.
- Masril, Jefriyanto, & Yusridawati. (2021). Faktor-Faktor yang Mempengaruhi Kebijakan Hutang. *Jurnal Ilmiah Akuntansi Kesatuan*, 9, 545. Retrieved Mei 07, 2024
- Muslimah, D. N., Suhendro, & Masitoh, E. (2020). Faktor-Faktor yang Mempengaruhi Struktur Modal pada Perusahaan Property dan Real Estate yang Terdaftar di BEI. *Jurnal Ilmiah Universitas Batanghari Jambi*, 20(1), 195-200.
- Nursidin, M. (2024). Pengaruh Tax Planning dan Ukuran Perusahaan terhadap Manajemen Laba pada Perusahaan Property and Real Estate yang terdaftar di Bursa Efek Indonesia Periode 2019-2023. *jurnal Penelitian Ilmu-Ilmu Sosial*, 1(6), 347-350.
- Pramana, I. W., & Darmayanti, N. P. (2020). Profitabilitas Struktur Aktiva, dan Ukuran Perusahaan Berpengaruh terhadap Struktur Modal Perusahaan Otomotif. *E-Jurnal Manajemen*, 9(6), 2127-2146.
- Sudirman, S., Kamaruddin, K., & Possumah, T. B. (2020). The Influence of net Profit Margin, Debt to equity Ratio, return on Equity, and Earning per Share on the Share Prices of Consumer Goods Industry Companies Indonesia. *International Journal of Advanced Sciences and Technology*, 29(7), 13428-13440.
- Sugara, K., Wijaya, T., & Keristin, U. W. (2022, Desember). Pengaruh Kepemilikan Publik, Struktur Modal, dan Ukuran Perusahaan terhadap Manajemen Laba pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia Tahun 2018-2020. *Jurnal Keuangan dan Perbankan*, 19(01), 15-26.
- Sutisna, I. (2020). Statistika Penelitian: Teknik Analisis Data Penelitian Kuantitatif. *Skripsi*, 1-15.
- Umah, A. K., & Sunarto, S. (2022). Faktor-Faktor yang Mempengaruhi Manajemen Laba pada Perusahaan Manufaktur Tahun 2015-2020. *JIMAT (Jurnal Ilmiah Mahasiswa Akuntansi)*, 13, 531-540.
- Undrian, L. S., & Yanti, H. B. (2023, Oktober). Pengaruh Struktur Modal, Ukuran Perusahaan, dan Profitabilitas terhadap Manajemen Laba dengan Kompensasi Manajemen sebagai Variabel Moderasi. *Jurnal Ekonomi Trisakti*, 3(2), 2643-2652.
- Yanto, D. O., & Wati, L. N. (2020, April). Pengaruh Struktur Modal dan Profitabilitas Terhadap Manajemen Laba dan Strategi Diversifikasi. *Jurnal Akuntansi*, 9, 47-57.