



Comparative Analysis Of The Influence Of Capital Structure, Company Size, And Governance On Company Bankruptcy With Profit Quality As A Moderating Variable In The Period Before The Pandemic And During The Covid-19 Pandemic

Yongki Riyadi¹, Lucky Nugroho^{2*}, Yananto Mihadi Putra³, Timea Gal⁴, Audita Setiawan⁵

^{1,2,3} Universitas Mercu Buana, Jakarta, Indonesia

⁴ University of Debrecen, Debrecen, Hungary

⁵ Universitas Sangga Buana YPKP, Bandung, Indonesia

(*) Corresponden Author: lucky.nugroho@mercubuana.ac.id

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Abstract

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This study uses earnings quality as a moderating variable to determine a comparative analysis of the effect of capital structure, firm size, and management on corporate bankruptcy. This quantitative study uses secondary data obtained and accessible through the website of the Indonesia Stock Exchange. The sample for this study consisted of 53 refined manufacturing companies. This study uses the purposive sampling method to select the desired sample. The analysis method of this study uses linear regression analysis and moderated regression analysis as analysis tools in Eviews 12. The results show that (1) Capital structure affects the company's bankruptcy in the phase 2015-2018, but not in the phase 2019-2022. (2) The size of the company does not affect the bankruptcy of the company in the phase 2015-2018, but it has an effect in the period 2019-2022 (3) The management, in this case, the ownership of the management, has an effect on the bankruptcy of the company also in 2015. -in phase 2018 and phase 2019-2022 (4) Institutional ownership affects the bankruptcy of the company and in the phases 2015-2018 and 2019-2022 (5) The quality of results does not affect the bankruptcy of the company in the 2015-2018 phase, but it has an effect in the 2019-2022 phase. (6) Earnings quality can slow company size to corporate bankruptcy in both phases, 2015-2018 and 2019-2022. (7) In the phase 2019-2022, the quality of the result can slow down the ownership.

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INTRODUCTION

A company's bankruptcy is a threat that companies often avoid because various indicators and conditions can cause bankruptcy. Many companies have different practices and policies to prevent this, because if it happens, it greatly affects the company's liability. People are increasingly worried about events occurring worldwide, namely Covid 19. At the end of 2019, in Wuhan, China, a new virus emerged, namely COVID-19, and spread throughout the world, causing the spread of disease in humans, such as respiratory tract infections due to influenza. Indonesia is classified as an industrial country based on the weight of its economy. This is because Indonesian industry, especially industry and manufacturing, is the most significant contributor to the Indonesian economy, with a contribution level of more than 20%. The consequences of this phenomenon have a significant negative impact. A manufacturing company is a business entity that processes raw materials into finished products so they are ready for sale.

In the COVID-19 pandemic phase, many manufacturing companies face the threat of bankruptcy. This is due to the company's declining operational performance (Setyaningrum et al., 2020). Manufacturing is an industry that uses machines, equipment, and labor and has an operational process flow to convert raw materials into finished products that can be marketed on a large scale. Some phenomena occurred due to this condition: PT Sariwangi Agriculture Estate Agency (SAEA) was declared bankrupt after the Jakarta Central Commercial Court granted PT Bank ICBC Indonesia's request to cancel the peace agreement. In other cases, all Giant stores closed permanently. This was conveyed by the Trade and Consumer Affairs Director of PT Hero Supermarket Tbk. Contact Diky Risbianto. Based on the company's interim financial report for the first quarter of 2021, which was not audited and reported to the Indonesia Stock Exchange on Thursday last week, the company still recorded significant losses (Widyastuti, 2021). Furthermore, CNBC reports that bankruptcy cases also show an unstoppable trend. As of the first semester of 2020, 43 companies were declared bankrupt. Most cases occurred at the Central Commercial Court in Jakarta, with almost half or 20 cases, followed by the Semarang Commercial Court, with 16 cases. The total number of bankruptcy cases in 2019 reached 124 cases. This situation is worrying because it shows many companies' difficulty fulfilling payment obligations (Sandi, 2020). Then, the Commercial Court finally decided on the PT Nyonya Meneer Company, which had been established for 98 years. The court declared it bankrupt in 2017 because it could not fulfill its obligations (Anam, 2022).

This research aims to answer the following questions: (1) Does Capital Structure influence Company Bankruptcy? (2) Does company size influence company bankruptcy? (3) Does Governance affect Company Bankruptcy? (4) Does Earnings Quality influence Company Bankruptcy? (5) Does Earnings Quality Moderate the Effect of Capital Structure on Company Bankruptcy? (6) Does Earnings Quality Moderate Company Capital Size on Company Bankruptcy? (7) Does Earnings Quality Moderate the Effect of Governance on Corporate Bankruptcy?. Following the problem formulation that has been stated, this research aims to (1) Empirically analyze Capital Structure on Company Bankruptcy (2) Empirically analyze Company Size on Company Bankruptcy. (3) Analyze empirically Governance on Company Bankruptcy. (4) Analyze empirically the Quality of Earnings on Company Bankruptcy (5) Analyze the Moderation Results of Profit Quality with the Effect of Capital Structure on Company Bankruptcy (6) Analyze the Results of Moderation of Profit Quality with the Effect of Company Size on Company Bankruptcy (7) Analyze the Results of Moderation of Profit Quality with The Influence of Governance on Company Bankruptcy.

LITERATURE REVIEW

Jensen and Meckling explained in 1976 that agency theory is a theory that explains the agency relationship of one or more main parties to other parties, where an agent carries out various tasks, which can result in a conflict of interest between the principal parties. Conflicts between principals and agents can arise because of the manager's role as an agent, with the motive to gain profit, so that it can harm the principal's interests. To minimize this conflict, principals can monitor and incentivize agents (Romadhon & Kusuma, 2020). Signal theory was discovered by Michael Spence in 1973 and then developed by Ross in 1977. Prakoso et al. (2022) explained in their research that there are signals given by the owner of the information that conveys information that the recipient can use. The Information from Message recipients can then adjust their behavior to understand the signals conveyed by the message owner. Signals can be in the form of information such as management activities to achieve what the owner wants to achieve, company performance, and other information that describes the company's superiority compared to other companies. This theory is based on the assumption that the parties do not receive the same information.

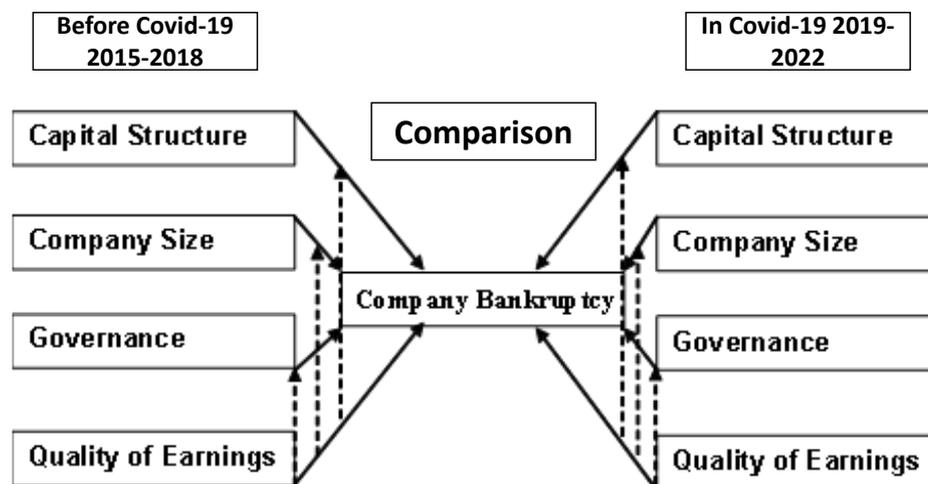
Company bankruptcy or financial distress is when the company's operating cash flow cannot pay off current obligations, such as trade payables and interest payables, so the company takes preventive action. Financial distress is when the company's finances are in an unhealthy state or crisis (Mahardika & Setyawan, 2022). Usmany & Loupatty (2021) provide an opinion in explaining that bankruptcy as a failure that occurs in a company can be interpreted as follows: (1) Economic failure (Economic distress) is a situation where a business loses its ability to gain profits to pay all debts that have been incurred and paid for the business. Net income is the smaller amount of the company's current capital or financial value minus debt. Failure occurs when a business's income is lower than expected. (2) Financial failure (Financial distress) is when a business experiences difficulty investing working capital. Management plays a crucial role in maintaining the company's capital so it does not experience insolvency. Olivia & Setiany (2021) argues that financial reports must contain quality and profit information. Investment information usually measures the success or failure of achieving established goals over a certain period. Hidayah et al. (2021) define income quality as a sustainable condition predicting future income. Profitability is said to be adequate if there is no difference between cash flow and investment, or in other words, cash flow can accurately reflect the cash flow that will be received. In addition, the choice of accounting method is consistent with each report.

Nugroho et al. (2021) and Wahyono et al. (2019) believe that capital structure is a combination of total debt and assets owned by a company. If more of the company's assets are financed with company debt, the greater the financial risk of the company being unable to pay its debts. To overcome the risk of default, the company will incur costs that impact decreasing company profits. Company size is the size of the company, which can be estimated by balance sheet volume, total sales, market value and number of employees. A large company size will be attractive to investors because it is considered to have good performance and quality profits. Company size can assess whether the performance of a company's management is good or bad (Jonnardi, 2020).

The Managerial and Institutional Ownership related to Puji (2021) believes that ownership is the proportion of ordinary shares owned by company directors participating in company decision-making. The existence of management control in the company will increase the efficiency of the company's management functions. Meanwhile, institutional ownership of a company is the proportion of shares owned by company members. A high

level of corporate governance will lead to increased monitoring efforts by company investors to encourage managers to focus on company performance, thereby reducing self-serving behavior. Moreover, the research conceptual framework of this article is as follows.

Figure 1. The Conceptual Research Framework



Sources: Author

Referring to Figure 1 above, the development of the hypothesis in this study is as follows:

- Capital Structure Influences Company Bankruptcy
Debt to Equity Ratio (DER) or the company's capital structure can potentially affect the company's bankruptcy rate. This is because capital structure indicates how much a company relies on debt (debt) instead of capital (equity). The higher the DER, the greater the interest expense the company must pay creditors. If this interest expense is too significant, the company may face difficulties paying this interest, which can increase the risk of bankruptcy (Clifford W. Smith & Warner, 1979). Thus, the hypothesis in this study is
H01: Capital structure does not affect bankruptcy companies.
HA1: Capital structure affects bankruptcy companies.
- Company size influences company bankruptcy.
The size of a company's assets can affect the bankruptcy rate because large companies with significant assets may have more fixed assets, such as land, buildings, and equipment. Therefore, if a company faces liquidity difficulties and cannot quickly sell or convert these assets into cash, the giant asset size can be an additional burden in overcoming bankruptcy (Sponerova et al., 2021). Thus, the hypothesis in this study is
H02 : Company size does not affect company bankruptcy.
HA2 : Company size influences the bankruptcy of the company.
- Governance (Managerial and Institutional Ownership) influences company bankruptcy
Corporate governance, including managerial and institutional ownership, can affect a company's bankruptcy rate in several ways. Good governance can help reduce the risk of bankruptcy, while poor or less effective governance can increase that risk (). Thus, the hypothesis in this study is:
H03 : Governance tidak berpengaruh terhadap company bankruptcy

HA3 : Governance berpengaruh terhadap company bankruptcy

- Earnings Quality influences Company Bankruptcy

The quality of earnings can affect a company's bankruptcy rate. Earnings quality refers to the extent to which a company's financial statements reflect actual and reliable decision-making performance (Durana et al., 2021). Thus, the hypothesis in this study is:

H04 : Earning quality does not affect bankruptcy companies.

HA4 : Earning quality affects bankruptcy companies.

- Earnings Quality can Moderate the Effect of Capital Structure on Company Bankruptcy.

Profit quality can be a moderating factor in linking the capital structure with the risk of corporate bankruptcy. This is because profit quality can serve as a moderation that can help reduce the negative impact of high capital structure on bankruptcy risk (Sadaa et al., 2023). Thus, the hypothesis in this study is:

H05 : Profit quality does not moderate the effect of capital structure on bankruptcy companies.

HA5 : Profit quality moderates the effect of capital structure on bankruptcy companies.

- Earnings Quality can Moderate the Effect of Company Size on Company Bankruptcy. Good profit quality can stabilize the company's operating cash flow and net profit. Large companies with stable profits may have more financial reserves to overcome potential financial difficulties. In this case, good profit quality can moderate the effect of company size on bankruptcy risk (S. P. Lestari & Khafid, 2021). Thus, the hypothesis in this study is:

H06 : Profit quality does not moderate the effect of company size on company bankruptcy.

HA6 : Profit quality moderates the effect of company size on company bankruptcy

- Earnings Quality can Moderate the Effect of Governance (Managerial and Institutional Ownership) on Company Bankruptcy.

Good profit quality reflects the reliability of the company's financial statements. Investors, lenders, and other stakeholders will have more confidence in the company's financial health when financial statements are reliable and transparent. Thus, good profit quality can moderate the influence of corporate governance on bankruptcy risk by maintaining stakeholder trust (Islam et al., 2022). Thus, the hypothesis in this study is:

H07 : Profit quality does not moderate the influence of governance on bankruptcy companies.

HA7 : Profit quality moderates the influence of governance on bankruptcy companies.

RESEARCH METHODS

The research was conducted on the general population by taking information from the annual reports of companies listed on the Indonesia Stock Exchange (BEI). This research is a causal study that tests a hypothesis about the effect of an independent variable on a dependent variable. Causal designs test cause-and-effect relationships. This research variable consists of the independent, dependent, and moderating variables. This research focuses on manufacturing companies listed on the Indonesia Stock Exchange that publish annual financial reports from 2015 to 2022. The criteria for selecting and

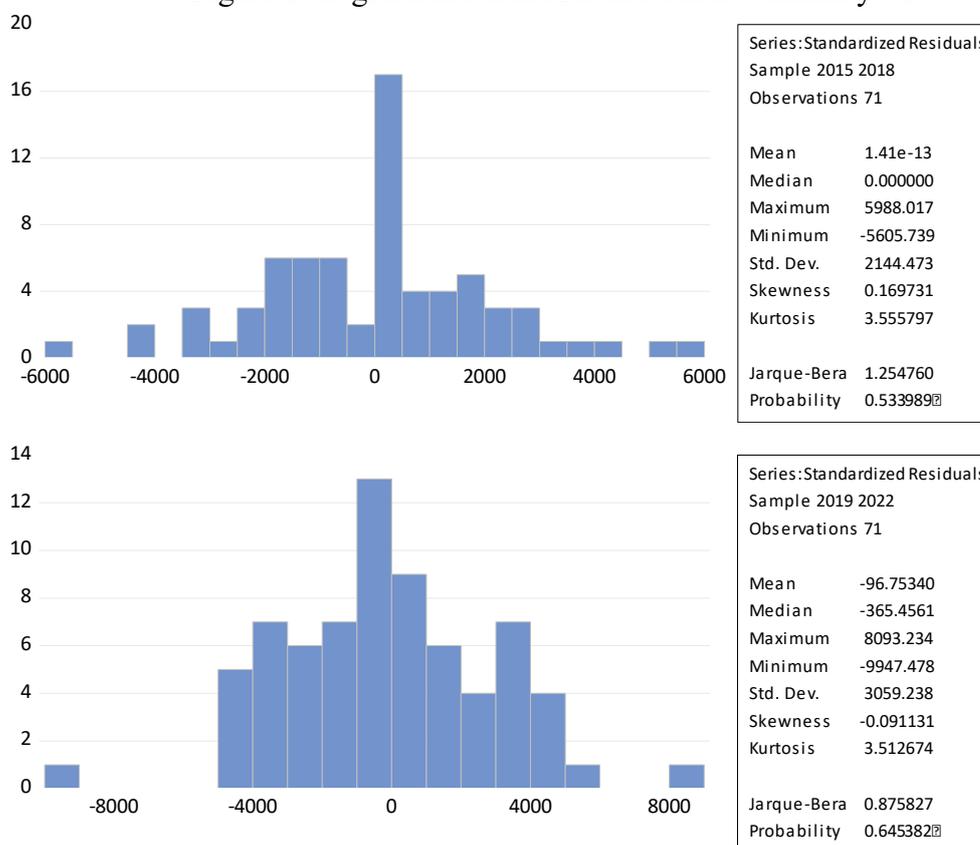
processing the sample above were obtained from 53 companies.

Variable	Indicator	Measurement Scale
Company Bankruptcy	$S = 1.03 X1 + 3.07 X2 + 0.66 X3 + 0.4 X4$	Ratio
Quality of Earnings	$TACCit = EBXTit - OCFit$	Nominal
Capital Structure	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$	Ratio
Company Size	$\text{Company Size} = \ln \text{Total Assets}$	Ratio
Managerial Ownership Structure	$\text{Directors' shares} / \text{outstanding shares} \times 100\%$	Ratio
Institutional Ownership Structure	$\text{Institutional shares} / \text{outstanding shares} \times 100\%$	Ratio

Research result

Based on the picture, there are differences in the percentage of companies experiencing potential bankruptcy. In the 2015 – 2018 phase, 15.09% of manufacturing companies in the research had the potential to experience bankruptcy. However, in the 2019 – 2022 phase, the company experienced an increase in the potential for bankruptcy, in this case by 20.28%.

Figure 1. Regression Model Results Table Normality test



Based on the above results, it can be seen that the two-stage normality test of the year shows that each meets the valid criteria. In 2015-2018, it was 0.5339; in 2019-2022, it was 0.6458. The picture above shows that the probability value is greater than the value $\alpha=5\%$ (0.05), so reject H_0 , meaning the data is usually distributed. So, it can be concluded that in this study, there is no problem with normality.

Table 2. Multicollinearity Test

Breusch-Godfrey Serial Correlation LM Test:			
Null hypothesis: No serial correlation at up to 2 lags			
F-statistic	5.646854	Prob. F(2,63)	0.0055
Obs*R-squared	10.79302	Prob. Chi-Square(2)	0.0045
Breusch-Godfrey Serial Correlation LM Test:			
Null hypothesis: No serial correlation at up to 2 lags			
F-statistic	25.72122	Prob. F(2,63)	0.0000
Obs*R-squared	31.91485	Prob. Chi-Square(2)	0.0000

Based on the results of the multicollinearity test, the correlation matrix value between the independent variables from the two phases of the year studied produced numbers smaller than 0.80, so rejecting H_0 means there is no multicollinearity. Then, the chi-square probability value in 2015 - 2018 was 0.0496 and 0.0464 in 2019 - 2022, so based on the heteroscedasticity test criteria, it can be seen that the calculated chi-square probability value is <0.05 , so reject H_0 , meaning that the equation in this study does not have heteroscedasticity problems.

Table 3. Heteroscedasticity Test

Heteroskedasticity Test: Glejser			
Null hypothesis: Homoskedasticity			
F-statistic	2.407324	Prob. F(5,65)	0.0459
Obs*R-squared	11.09343	Prob. Chi-Square(5)	0.0496
Scaled explained SS	10.14632	Prob. Chi-Square(5)	0.0712
Heteroskedasticity Test: Glejser			
Null hypothesis: Homoskedasticity			
F-statistic	2.320896	Prob. F(5,65)	0.0530
Obs*R-squared	10.75548	Prob. Chi-Square(5)	0.0464
Scaled explained SS	10.35296	Prob. Chi-Square(5)	0.0658

Partial Significance Test (t-test)

Based on the results of the t-test (partial test), it can be seen that the partial influence of the dependent variable on the independent variable is as follows:

- The first hypothesis in this research is that capital structure influences company bankruptcy. Based on the table above, it is known that the capital structure regression coefficient is negative in each phase, namely -1.2163 and -0.1959, the t-statistic value is -4.1223 and -0.7633 < table 1.9714 and the significant value is 0.0002 < 0.05 in 2015-2018 and 0.448 > 0.05 in 2019 - 2022, then reject H_0 and the hypothesis can be

accepted or not accepted. This means there is a significant influence on capital structure in 2015-2018 and no influence on company bankruptcy in 2019-2022.

- The second hypothesis in this research is that company size influences company bankruptcy. Based on the table above, it is known that the company size regression coefficient is negative and positive in each phase; namely -0.0069 and 1.9162, and the t-statistic value is $-0.1048 < 1.9714$ and $2.6263 > 1.9714$. The significant value is $0.9171 > 0.05$ in 2015-2018 and $0.0108 < 0.05$ in 2019 - 2022, so reject H_0 , and the hypothesis can be accepted or not accepted. This means there is an insignificant influence on company size in 2015-2018 and an influence in 2019-2022 with company bankruptcy.
- The third hypothesis in this research is that managerial ownership influences company bankruptcy. Based on the table above, it is known that the regression coefficient for managerial ownership is negative and positive in each phase, namely -3.2133 and 1.744, the t-statistic value is $-2.8801 < 1.9714$ and $3.7762 > 1.9714$, and the value is significant amounting to $0.0066 < 0.05$ in 2015-2018 and $0.0003 < 0.05$ in 2019 - 2022, then reject H_0 and the hypothesis can be accepted. This means managerial ownership significantly influences both phases, 2015-2018 and 2019-2022, with company bankruptcy. Then Governance. Next, institutional ownership influences company bankruptcy. Based on the table above, it is known that the institutional ownership regression coefficient is negative in both phases, namely -1.2078 and -0.9534, the t-statistic value is $-2.7369 < 1.9714$ and $-3.1745 < 1.9714$, and the value is significant of $0.0095 < 0.05$ in 2015-2018 and $0.0023 < 0.05$ in 2019 - 2022, then reject H_0 and the hypothesis can be accepted. This means a significant influence of institutional ownership in both phases, 2015-2018 and 2019-2022, with company bankruptcy.
- The fourth hypothesis in this research is that earnings quality influences company bankruptcy. Based on the table above, it is known that the earnings quality regression coefficient is negative and positive, namely -1.1324 and 0.4201, the t-statistic value is $-1.2687 < 1.9714$ and $2.2438 > 1.9714$. The significant value is $0.2125 > 0.05$ in 2015-2018 and $0.0283 < 0.05$ in 2019 - 2022, then reject H_0 , and the hypothesis can be accepted. This means that the influence was not significant in 2015 - 2018 but had a significant influence in 2019-2022.
- The following hypothesis test in this research uses Moderated Regression Analysis (MRA). MRA aims to test the relationship between independent and dependent variables, in which some factors strengthen or weaken (moderating variables). Based on the output results in table 4.10, this moderated regression analysis shows that the results of the significance of the capital structure variable have results in two phases of 0.002 and 0.6313 or it can be said that $0.0002 < 0.05$ and $0.6313 > 0.05$ means the capital structure variable had an effect in 2015 - 2018 but had no effect in 2019-2022, then the moderating variable between capital structure and earnings quality showed a result of 0.1044 in 2015-2018 and 0.3899 in 2019-2022 or it could be said that $0.1044 > 0, 05$ is also $0.3899 > 0.05$, meaning the capital structure moderating variable has no effect. So, it can be concluded that the moderating variable for earnings quality in 2015-2018 is pure moderation, and in 2019 - 2022 it is a potential moderation variable.
- The sixth hypothesis of this moderated regression analysis is that the results of the significance of the company size variable have results in two phases of 0.4922 and 0.0651, or it can be said that $0.4922 > 0.05$ and $0.6313 > 0.05$ means the size variable the company has no effect in both phases of the research year. The moderating variable between company size and earnings quality shows results of 0.0188 in 2015-

2018 and 0.0328 in 2019-2022, or it can be said that $0.0188 < 0.05$ and $0.0328 < 0.05$ means that the moderating variable company size has an influence. So, it can be concluded that the moderating variable of earnings quality in both phases of the research year is a moderating predictor variable.

- The seventh hypothesis of this moderation regression analysis is that the results of the significance of the managerial ownership variable have resulted in two phases of 0.0012 and 0.1859, or it can be said that $0.0012 < 0.05$ and $0.1859 > 0.05$ means the ownership variable managerial influence in 2015 - 2018 but no influence in 2019-2022, then the moderating variable between managerial ownership and earnings quality shows a result of 0.5272 in 2015-2018 and 0.0330 in 2019-2022 or it can be said that $0.0572 > 0.05$ is also $0.0330 < 0.05$, meaning that the moderating variable size of managerial ownership has no effect in the first phase but has an effect in the second phase. So, it can be concluded that the moderating variable for earnings quality in both phases of the research year is a pure moderation variable in 2015 - 2018 and a moderation predictor in 2019 - 2022. Then, the hypothesis of this moderation regression analysis is obtained that the results of the significance of the institutional ownership variable have resulted in two phases of 0.0036 and 0.5417 or it can be said that $0.0036 < 0.05$ and $0.5417 > 0.05$ means that the institutional ownership variable has an effect in 2015 - 2018 but has no effect in 2019-2022, then the moderating variable between institutional ownership and earnings quality shows a result of 0.6014 in 2015-2018 and 0.9854 in 2019-2022 or it can be said that $0.6014 > 0.05$ is also $0.9854 > 0.05$, meaning the moderating variable of institutional ownership has no effect. So, it can be concluded that the moderating variable for earnings quality in 2015-2018 is pure moderation, and in 2019 - 2022, it is a potential moderation variable.

Moreover, based on testing the fixed effect model method, the calculated F value was 13.36650 with a probability of 0.00000 in the 2015 - 2018 phase, and the calculated F value was 6.913126 with a probability of 0.000031, which indicates < 0.05 . Thus, the analysis results show that the same independent variables influence company bankruptcy together so that the panel data regression model is feasible or able to explain the dependent variable.

Furthermore, based on the results of testing the fixed effect method, the Adjusted R-squared values obtained were 0.8535 and 0.2969, meaning that all independent variables consisting of capital structure, company size, managerial ownership, institutional ownership, and earnings quality were slightly able to explain the dependent variable, namely 85 company bankruptcies. 35% in the 2015-2018 phase year and 29.69% in the 2019-2022 phase year. Meanwhile, the remaining 14.65% and 70.31% indicate that other variables can explain variations in company bankruptcy variables that are not included in this research's panel data regression model.

DISCUSSION

The Influence of Capital Structure on Company Bankruptcy

This research has an initial hypothesis (HA1): testing whether Capital Structure affects company bankruptcy. Based on the hypothesis testing results, the capital structure variable affected company bankruptcy in the 2015-2018 phase but had no effect in the 2019-2022 phase (HA1-2015-2018 phase, accepted). Jonnardi (2020) said that Capital Structure can also be a financial ratio that connects a company's debt with the company's capital and assets. Capital structure is closely related to how a company manages its

financial resources. The results obtained support the first hypothesis. Rachmawati & Maulana (2023) explain that financial difficulties mean a company's financial inflows cannot meet its operational costs. Bankruptcy occurs when a business has liquidity problems that cannot be adequately resolve, resulting in financial difficulties. Following similar research, Natalia & Sulistyowati (2022) have results on the influence of company bankruptcy. However, the 2019 – 2022 phase shows that capital structure does not affect company bankruptcy (HA1-2019-2022 phase, rejected). The unpredictable pandemic phase has had a negative impact on company operations. T. M. Natalia (2018) explains that Capital Structure is a comparison between long-term debt and own capital concerning company activities. From this understanding, the company does not act according to existing theory and only focuses on maintaining work operations during the pandemic. Rachmawati & Maulana (2023) argue that if a company has difficulty maintaining its financial performance, it can easily experience financial difficulties when something outside its control occurs, such as the Covid-19 pandemic.

The Influence of Company Size on Earnings Management

The second hypothesis (H2) in this research is to test whether company size positively affects company bankruptcy. Based on the results of hypothesis testing, it was found that the company size variable had no effect on company bankruptcy in the 2015-2018 phase but had an effect in the 2019-2022 phase (HA2-2015-2018 phase, rejected). According to research, the results do not affect company bankruptcy (Pertiwi, 2018). The research results show that company size is processed by Ln total asset, which indicates that the results do not affect the company's chance of financial distress. However, in the current pandemic phase, company size influences company bankruptcy (HA2-2019-2022 phase, accepted). A good company size can survive the uncertainty that occurs in this phase. Many small companies have failed and cannot deal with the phenomena occurring. Under signaling theory, Usmany & Loupatty (2021) argue that a company's ability to survive the financial crisis is crucial. Management must provide positive signals to investors to ensure investment comfort. Investors need complete, relevant, accurate, and timely information when making important investment decisions, so the company size factor is essential for management to formulate policies.

The influence of governance on company bankruptcy

Furthermore, the third hypothesis (H3) in this research is to test whether governance in this research, namely managerial ownership and institutional ownership, has a positive effect on company bankruptcy. Based on the results of hypothesis testing, the results showed that governance variables influenced company bankruptcy in both phases of the year (HA3-2015-2018 and 2019-2022 phase, accepted). Agency theory and signal theory have provided an essential picture of how governance is a factor in the relationship between company bankruptcy variables. Agency theory assumes that each person is motivated by self-interest, which leads to a conflict of interest between the principal and the agent. Managers acting as banking agents are motivated to increase their financial and psychological requirements for investment contracts, credit and profits. Shareholders, as principals, join the contract to increase their wealth by generating continuously increasing income (Valdiansyah & Murwaningsari, 2022). Pertiwi (2018) states that signal theory means that companies provide signals to investors in the form of information that can be used for decision analysis. The information provided in this research can be in the form of company financial reports. However, this is not in line with Puji's (2021) research, which states that managerial and institutional ownership has no effect, so it is very interesting for further research in the future.

The Effect of Earnings Quality on Company Bankruptcy

This research's fourth hypothesis (H4) is to test whether earnings quality affects company bankruptcy. Based on the research results, it was found that earnings quality had no effect on company bankruptcy in the 2015-2018 phase (HA4-2015-2018 phase, rejected) but had an effect in the 2019-2022 phase (HA4-2019-2022 phase, accepted). Earnings quality is a fundamental issue because it is considered significant in a company's survival and maintenance. The global crisis has revealed massive scanning of several large companies worldwide (Rashedi & Dargahi, 2019). If the profit the company earns is more significant, the company will survive amidst the threat of bankruptcy. However, if income continues to decline, it will trigger financial distress (Pertiwi, 2018). Research by Valdiansyah & Murwaningsari (2022) shows that the earnings quality of banks in Indonesia before the coronavirus crisis was still affected by profitability, liquidity and efficiency.. This provides the reason that in 2015 - 2018, the earnings quality variable had no effect. However, from good quality, interested parties will find many options to prevent company bankruptcy. This aligns with the opinion of Olivia & Setiany (2021) that earnings quality is a condition where profits are sustainable and can predict future profits.

Earnings Quality as a Moderating Effect of Capital Structure on Company Bankruptcy

The fifth hypothesis (H5) in this research is to test whether earnings quality can moderate the influence of capital structure on company bankruptcy. Based on the research results, earnings quality was found to be unable to moderate the influence of capital structure on company bankruptcy in the 2015-2018 phase and was also unable to moderate it in the 2019-2022 phase (HA5, rejected). According to legitimacy theory, a company must maintain social legitimacy to continue operating. Large companies tend to be more careful about disclosing different information about the company because the bigger the company, the bigger the audience and attention it gets (Solikhah et al., 2022). In this case, the phase can be moderated in 2015-2018 because there is still the ability to predict the company's condition for the following year. Good profit quality can provide good capital and restructure capital. (T.M. Natalia, 2018) explains that capital structure is the ratio of long-term debt to equity regarding company activities. Companies with high leverage have high obligations to external parties and financial risks. This is what makes the pandemic year phase make the earnings quality variable unable to strengthen the company's capital structure. Many companies experienced declining profit quality, so they could not provide current capital relaxation from last year's operational profits due to efforts to maintain the company during the pandemic.

Earnings Quality as a Moderating Effect of Company Size on Company Bankruptcy

The sixth hypothesis (H6) in this research is to test whether earnings quality can moderate the influence of company size on company bankruptcy. The results show that earnings quality can moderate the influence of company size on company bankruptcy in both phases of the year (HA6, accepted). Robiansyah et al. (2022) said that a company's health status is vital for companies to improve their management so that potential profits can increase, which ultimately can avoid the possibility of the company going bankrupt. Business failure will cause many problems related to the owner, and employees will lose their jobs. This will not cause more severe problems if the bankruptcy process of a company can be predicted in time to reduce the risk of bankruptcy. Then, T.M. Natalia (2018) gave the opinion that company size is the number of company sizes that can be

grouped in various ways: total sales, total assets, and sales level ratio. The size of a company can be analyzed based on total assets and turnover, depending on whether it is a large or small company. Thus, if a company is large, there is no need to maintain financial reports because there is more information related to it, and it shows high performance. Good performance can produce good profits or indicate that the business produces good quality profits.

Earnings Quality as a Moderating Influence of Governance on Company Bankruptcy

The sixth hypothesis (H6) in this research is to test whether earnings quality can moderate the influence of governance. It has no effect at either stage of the year for institutional ownership (HA6, rejected). According to Lestari et al. (2020), the quality of the results of financial statements is affected by the company and its seriousness in applying management principles. Weak implementation of management leads to conflicts of interest in the organization of the bank. Conflicts of interest occur because of differences in views between the agent and the principal. Differences in interests between the two parties often give rise to agency conflicts. Managerial interests in determining company policy are considered to be able to maintain profit quality so that this can influence the company's bankruptcy indicators in the pandemic phase. In line with Agency theory, theoretically, in the absence of management mechanisms, incentives for potential opportunistic behavior by managers increase. Governance mechanisms are believed to balance potential differences in the interest of shareholders and management by presenting actual profits (Valdiansyah & Murwaningsari, 2022). Indicators of financial problems are seen from aspects of business management related to operational efficiency and performance, for example, a decrease in sales due to changes in customer demand, increased product prices, reduced competition, bad credit, and shortages. Support or access to banking does not develop (Solikhah et al., 2022).

CONCLUSION

So, the researcher provides suggestions for further research, namely as follows:

- Capital structure affects company bankruptcy in the 2015 - 2018 phase but has no effect in the 2019-2022 phase for the manufacturing sector listed on the Indonesia Stock Exchange (BEI) for the 2015-2022 period.
- Company size did not affect company bankruptcy in the 2015 - 2018 phase but did have an effect in the 2019-2022 phase for the manufacturing sector listed on the Indonesia Stock Exchange (BEI) for the 2015-2022 period.
- Governance, in this case, Managerial Ownership and Institutional Ownership, influences Company Bankruptcy in both the 2015 - 2018 and the 2019-2022 phases for the manufacturing sector listed on the Indonesia Stock Exchange (BEI) for the 2015-2022 period.
- Earning quality did not affect company bankruptcy in the 2015 - 2018 phase but had an effect in the 2019-2022 phase for the manufacturing sector listed on the Indonesia Stock Exchange (BEI) for the 2015-2022 period.
- Earning Quality does not moderate the influence of Capital Structure on company bankruptcy in the 2015 - 2018 and 2019-2022 phases for the manufacturing sector listed on the Indonesia Stock Exchange (BEI) for the 2015-2022 period.
- Earning Quality can moderate the influence of Company Size on Company Bankruptcy in the 2015 - 2018 and 2019-2022 phases for the manufacturing sector listed on the Indonesia Stock Exchange (BEI) for the 2015-2022 period.

- Earning Quality is not able to moderate the influence of managerial ownership on company bankruptcy in the 2015 - 2018 phase but can moderate it in the 2019-2022 phase, while Earning Quality is unable to moderate the influence of institutional ownership on company bankruptcy in both phases of the year for the manufacturing sector listed on the Stock Exchange Indonesian Securities (BEI) for the 2015-2022 period.

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