

AN INTEGRATED MODEL TO EXPLAIN EARNINGS QUALITY: FINANCIAL PERFORMANCE AS A INTERVENING

Herlina¹, R. Ery Wibowo A Santosa², Destiana Nur Alfitri³, Wawan Sadyo Nugroho⁴

^{1,2}Fakultas Ekonomi, Universitas Muhammadiyah Semarang

^{3,4}Fakultas Ekonomi, Universitas Muhammadiyah Magelang

email: herlinna78@gmail.com

ABSTRACT

This study aims to empirically determine the relationship between intellectual capital and accounting conservatism on earnings quality with financial performance as an intervening variable. This study uses data from manufacturing companies listed on the Indonesia Stock Exchange during 2018-2021. The sample was selected using a purposive sampling method to produce 35 companies. The analysis technique in this research is Multiple Linear Regression Analysis with a path analysis model. Based on the outcomes of the study shows that intellectual capital has an effect on financial performance, accounting conservatism has no effect on financial performance, intellectual capital has an effect on earnings quality, accounting conservatism has no effect on earnings quality, financial performance has an effect on earnings quality, financial performance is not able to mediate the influence of intellectual capital on earnings quality, financial performance is not able to mediate the effect of accounting conservatism on earnings quality.

Keywords: Earnings Quality, Accounting Conservatism, Intellectual Capital, Financial Performance.

Introduction

Profit manipulation in Indonesia has been going on for several years. One of them was in 2021, where Two former Directors of PT Tiga Pilar Sejahtera Food Tbk (AISA) Stefanus Joko Mogoginta, and Budhi Istanto were prosecuted by the Attorney General's Office with a prison sentence of seven years and a maximum fine of IDR 2 billion, a subsidiary of six months in prison. Based on information from Suara.com, the alleged manipulation by Joko and Budhi was proven to have been carried out to increase the organization's share price in the Three Pillars Financial Report for the 2017 financial year. This manipulation was carried out by inflating (overstatement) the receivables of six distributors from the actual IDR 200 billion to IDR 1.6 trillion. The six distributors that belong to Joko are listed as third parties. Deni Alfianto, Chair of the AISA Retail Investor Forum (Forsa), said the 2017 Three Pillars Financial Report, which looked good, was why investors bought AISA shares. Because at that time, the book value was recorded at Rp 1.300-1.500 per share, but in reality, the company had negative equity (Supriyatna, 2021).

This study uses two theories, namely Agency Theory and Resource Dependence Theory. Agency theory can be defined as that in every organization, the individual (the agent) will act as a party trusted by another individual or group (the principal). The interests of the first party (principal) as shareholders and stakeholders usually have different interests from those of the second party (agent) (Lestari & Khafid, 2021). Differences in interests between principals (stakeholders) and agents (companies) can result in agents who are directly involved in business transactions tending to take actions that are inconsistent with existing regulations (dysfunctional behaviour), one of which is by manipulating data in financial statements so that they can

presenting profits as expected by the principal so that the profits shown do not explain the actual condition of the company. This causes lower earnings quality (quality of earnings) because it does not display gains by actual conditions in the company. Resource dependence theory is a theory centred on how the organizational composition depends on the nature and limited resources of each resource needed by the organization to carry out its operational activities compared to focusing on the complexity and uncertainty of each transaction (Nawaz & Ohlrogge, 2022). There are different resources owned by other companies that will make the company superior in facing its competitors.

Earnings quality can be measured by utilizing one of the intangible assets, namely Intellectual Capital. Knowledge-based resources that describe intangible assets put to good use to increase the company's priorities and privileges in the industrial competition are intellectual capital (Mutuc, 2021). Based on research conducted by Ardilla & Nuswantara (2021) states that intellectual capital has an adverse effect on earnings quality. Meanwhile, a study conducted by Ardi & Murwaningsari (2018); Sowaity (2022); Mutuc (2021) declare that intellectual capital has a positive effect on earnings quality.

The principle of conservatism is one of the accounting principles that must be applied. Considering existing uncertainties to estimate risk is called conservatism (Nizar & Kiswanto, 2022). Accounting conservatism can improve the standards of information described in the financial statements so that it can cause information asymmetry and agency costs and ultimately lead to opportunistic behaviour of managers (Zadeh et al., 2022). Based on research conducted by Nizar & Kiswanto (2022) and Sadalia et al., (2019) states that accounting conservatism has a positive effect on earnings quality. In the meantime, a study conducted by Zadeh et al., (2022) and Pratiwi & Pralita (2021) states that accounting conservatism negatively affects earnings quality. And research conducted by Ani & Chong (2021) found that accounting conservatism does not affect earnings quality.

This research is necessary because information about earnings is very important for users of financial reports and stakeholders, primarily when used as a reference in decision-making. This is because the information contained in it is used by parties not directly involved in the company to meet various needs (Mutuc, 2021). The findings of previous studies yielded many differences, so this study is intended to close this gap. This study has the benefit of measuring the effect of intellectual capital and accounting conservatism on earnings quality and financial performance as intervening variables. In addition, this study is also equipped with leverage and firm size as control variables.

Hypotheses Development

Organizations have Intellectual Capital which serves as a stock of knowledge-based resources that organizations can leverage in their value-creation activities (Mutuc, 2021). The resource-based theory views intellectual capital (both human and structural capital) and physical and financial capital as strategic resources. This is because utilizing resources efficiently and strategically can increase an organisation's competitive advantage and excellent performance. Research conducted Faisal (2019) showed that intellectual capital is positively related to an organisation's long-term performance. The outcome of this study is kept up by Xu & Liu (2021), Nawaz & Ohlrogge (2022) Tahir et al., (2021) who found that intellectual capital has a positive effect on financial performance. Meanwhile, research Nishanthini & Arthika

(2021) states that intellectual capital does not affect financial performance. Based on the description above, the hypothesis that can be developed is as follows:

H1: Intellectual capital affects financial performance

Companies with good financial performance will provide a sense of security for investors so that they will continue to invest in profitable companies. Profitable companies will also find it easy to find funds from creditors because of the company's image as capable of generating profits. High company profitability will increase the attitude of accounting conservatism to avoid excessive dividend distribution (Shubita, 2021). Accounting conservatism is recognizing expenses and debts as soon as possible despite the eventual uncertainty, then identifying income and assets when they are confident they will be received because the more fantastic the dividends will be obtained later. This is reinforced by research conducted by Sardo et al., (2018), Amin et al., (2018), and Ali et al., (2021) which state that conservatism has a positive effect on financial performance. Meanwhile, research Krismiaji & Sururi (2021) states conservatism does not affect financial performance.

H2: Accounting conservatism affects financial performance

Intellectual capital is related to competitive advantage, which can generate added value along with the increase in intellectual capital performance owned by the company to increase the quality of earnings (Mutuc, 2021). If the intellectual capital company's financial position report has not been presented publicly, it will result in the profit earned being unable to produce relevant and reliable information for stakeholders (Ani & Chong, 2021). Based on research conducted by (Ardilla & Nuswantara, 2021) states that intellectual capital has an adverse effect on earnings quality. Meanwhile, a study conducted by (S & Murwaningsari, 2018), (Sowaity, 2022), and (Mutuc, 2021) declare that intellectual capital has a positive effect on earnings quality. Based on the description above, the hypothesis that can be formulated is as follows:

H3: Intellectual Capital influences Earnings Quality

Conservatism is the behaviour of being cautious about existing uncertainties to estimate the risk (Nizar & Kiswanto, 2022). Accounting conservatism can improve standards of information described in the financial statements so that it can cause information asymmetry and agency costs and ultimately lead to opportunistic behaviour of managers (Zadeh et al., 2022). Agency conflicts can be overcome using accounting conservatism by reducing information asymmetry. This can be done by limiting the process of manipulating or inflating information on accrual earnings by management (Nizar & Kiswanto, 2022). Based on research conducted by (Nizar & Kiswanto, 2022) and (Ani & Chong, 2021) states that accounting conservatism has a positive effect on earnings quality. Meantime, studies conducted by (Zadeh et al., 2022), (Magdalena & Trisnawati, 2022), and (Pratiwi & Pralita, 2021) state that accounting conservatism has a negative effect on earnings quality. And research conducted by (Ani & Chong, 2021) found that accounting conservatism does not affect earnings quality. Based on the description above, the hypothesis that can be developed is as follows:

H4: Accounting Conservatism influences Earnings Quality

One of the requirements in manipulating profits is a company with low financial performance. To report financial statements that show low earnings quality, these companies usually carry out earnings management in several ways, such as window dressing, significant bath charges, and revenue recognition. Companies with low corporate performance tend to carry out earnings management, which indicates the low quality of reported earnings. However, high financial performance can positively influence actual earnings management activities as an indicator of low-quality financial statements (Mutuc, 2021). A study conducted by (Pratama et al., 2022) explains that there is no effect between financial performance and Earnings Quality. Based on the description above, the hypothesis that can be developed is as follows:

H5: financial performance affects earnings quality

Intellectual capital makes better managerial skills, which has a direct impact on earnings quality. Management capability is an essential element of human and intellectual capital. When managers do not manipulate financial information and accounting transactions, it can be seen from profit information. Companies with poor financial performance tend to manipulate earnings to show low earnings quality (Mutuc, 2021). This is the following study conducted by (Mutuc, 2021) which explains that financial performance can mediate the effect of intellectual capital on earnings quality. Based on the description above, the hypothesis that can be developed is as follows:

H6: Financial Performance can mediate the effect of intellectual capital on earnings quality

Conservatism is a precautionary principle that can be considered in accounting for financial statements because company activities are accompanied by uncertainties (Mutuc, 2021). Accounting conservatism can prevent the actions of a manager from manipulating profits excessively to make the company's performance match what a manager wants. Companies that earn profits will provide returns to investors who place their funds in the company in the form of dividends. The higher the profit of a company will lead investors to buy shares in the organization because the more significant the dividend will be obtained later (Krismiaji & Sururi, 2021). Based on the description above, the hypothesis that can be developed is as follows:

H7: Financial Performance can mediate the effect of accounting conservatism on earnings quality

Material dan Method

Manufacturing companies were selected in this study since of the companies listed on the Indonesia Stock Exchange, 30% of which are dominated by manufacturing companies, and the rest are scattered in various other types of businesses. Manufacturing companies listed on the Indonesia Stock Exchange until December 30, 2021, to obtain data similarities in the 2018 to 2021 observation range are the population of this study. The purposive sampling method was used as the sampling technique in this study. The purposive sampling method is a sampling technique that determines the sample based on specific criteria or considerations (Gunawan, 2017). There are criteria for sampling are as follows:

1. Companies in the manufacturing sector were listed on the Indonesia Stock Exchange during the 2018-2021 period.
2. Companies that use the rupiah currency in their financial statements.
3. Companies in the manufacturing sector publish consecutive audited financial statements for the 2018-2021 period.
4. Companies in the manufacturing sector that experienced profits or did not experience losses during the 2018-2021 period. This is because to calculate the quality of earnings (KL), net income or net profit is needed, so companies with negative profits or suffer losses need to be eliminated.

The measurement of this research variable uses proxies that previous researchers have developed.

Table 1. Variable Measurement

Variable	Description	Measurement
Earnings Quality	Dependent Variabel	$KL = \frac{\text{Operating Cash Flow}}{\text{Net Income}}$ Source: (Pratama et al., 2022)
Intellectual Capital	Independenent Variable 1. Value Added 2. Value Added Capital Employed (VACA) 3. Value Added Human Capital (VAHU) 4. Structural Value Added (STVA) 5. Value Added Intellectual Coefficient (VAICTM)	$VA = \text{OUT} - \text{IN}$ $VACA = \frac{VA}{CE}$ $VAHU = \frac{VA}{HC}$ $STVA = \frac{SC}{VA}$ $VAICTM = VACA + VAHU + STVA$ (Source: Arnas et al., 2021)
Accounting Conservatism	Independent Variable	$KONS = \frac{L - AKO - \text{DEPRESIASI}}{\text{Total Assets}} x - 1$ (Source: Magdalena & Trisnawati, 2022)
Financial Performance	Intervening Variable	$ROA = \frac{\text{Profit Before Tax}}{\text{Total Assets}}$ (Source: Mutuc, 2021)
Leverage	Control Variable	$\text{Leverage} = \frac{\text{Total Liability}}{\text{Total Assets}}$ (Source: Kalbuana et al., 2022)
Firm Size	Control Variable	$\text{Size} = \text{Ln}(\text{Total Assets})$ (Source: Hasanuddin et al., 2021)

The data analysis technique is in the form of path analysis. Model 1 describes a direct relationship between financial performance (ROA) with intellectual capital (VAICTM) and accounting conservatism (KONS). Model 2 explains how earnings quality (KL) is influenced by intellectual capital (VAICTM), accounting conservatism (KONS), and financial performance (ROA).

$$ROA = \alpha + \beta_1 VAIC^{TM} + \beta_2 KONS + \beta_3 Leverage + \beta_4 Size + e \dots\dots\dots(1)$$

$$KL = \alpha + \beta_1 VAIC^{TM} + \beta_2 KONS + \beta_3 ROA + \beta_4 Leverage + \beta_5 Size + e \dots\dots\dots(2)$$

The Sobel test is used as an analytical method to measure the mediation model or indirect relationship in this study. The Sobel test was carried out to determine how significant financial performance variables are in mediating the connection between intellectual capital and earnings quality and how substantial financial performance variables are in mediating the relationship between accounting conservatism and earnings quality.

Result and Discussion

The sample for this research is 35 manufacturing companies listed on the Indonesia Stock Exchange in 2018-2021. Because the monitoring was carried out for four years, the total tracking was 140 observation samples. Then, 18 data outliers were removed, so the number of monitoring in this study was 122 observations.

Table 2. Descriptive statistics

No	Variable	Mean	Std. Deviation	Minimum	Maximum
1	KL	1.58940	0.968205	0.045	4.601
2	VAIC TM	7.12378	6.618343	-6.929	25.477
3	KONS	0.04961	0.063060	-0.089	0.289
4	ROA	0.10420	0.73491	0.003	0.359
5	Leverage	0.36316	0.164750	0.009	1.010
6	Size	23.44977	0.073491	12.731	30.025

Source: secondary data, 2022

The mean earnings quality as the dependent variable proxied by KL is 1.58940, which means that the company has a good earnings quality condition because the earnings information reported in the financial statements shows information that is by the company's actual situation. Campina Ice Cream Industry Tbk owned the highest earnings quality in 2019, and Champion Pacific Indonesia Tbk possessed the lowest earnings quality in 2021. The mean of independent variable intellectual capital proxied by VAICTM is 7.12378. The highest intellectual capital occurred in 2021, of 25.477, by Gudang Garam Tbk. Meanwhile, the lowest intellectual capital occurred in 2020 of -6.929 by Mark Dynamics Indonesia Tbk. The mean of independent variable accounting conservatism proxied by KONS is 0.04961, the highest accounting conservatism occurred in 2020 of 0.289 by Campina Ice Cream Industry Tbk. Meanwhile, the lowest accounting conservatism occurred in 2018 at -0.089 by Darya Varia Laboratoria Tbk.

The mean of financial performance as an intervening variable proxied by ROA is 0.10420. the highest economic performance occurred in 2019 of 25.477 by Hanjaya Mandala Sampoerna Tbk. Meanwhile, the lowest financial performance occurred in 2018 of 0.003 by Wismilak Inti Makmur Tbk. The mean Leverage value as a control variable proxied by Leverage is 0.36316. The highest accounting conservatism occurred in 2021 of 1.010 by Budi Starch and Sweetener Tbk. The mean of firm size as a control variable proxied by Size is 23.44977. The largest company size occurred in 2018 of 30.025 by Fajar Surya Wisesa Tbk. Meanwhile, the smallest company size occurred in 2020, 12.731, by Astra International Tbk. Meanwhile, the lowest accounting conservatism occurred in 2018 at 0.009 by Gudang Garam Tbk.

The results of the regression analysis of model 1 can be seen in table 3.

Table 3. Regression Model 1

Independent Variable	Coefficient	t-statistic	sig
(Constant)	0.035		0.000
VAICTM	0.001	0.192	0.026
KONS	0.009	-0.084	0.325
Leverage	0.039	-0.349	0.000
Size	0.001	-0.093	0.284

Source: secondary data process, 2022

In the results of regression test 1 (table 3), VAICTM positively affects ROA at a significance level of 0.026. The KONS indicator has no significant impact on ROA. At the same time, the control variable does not influence ROA.

Table 4. Regression Model 2

Independent Variable	Coefficient	t-statistic	sig
(Constant)	0.530		0.000
VAICTM	0.013	-2.153	0.033
KONS	1.362	1.235	0.219
ROA	1.268	-2.227	0.028
Leverage	0.567	-0.184	0.854
Size	0.016	0.157	0.875

Source: secondary data process, 2022

In the results of the Regression Model 2 (table 4), VAICTM has a negative effect on KL at a significance level of 0.033. The KONS indicator has no significant impact on KL. And the ROA indicator has a positive effect on KL at a significance level of 0.028. At the same time, the control variable does not influence KL.

Intervening Test

Intervening tests were carried out using SPSS Statistics 26 software and the Sobel test calculator.

Table 5. Sobel Test Result

Path	Undstd Coef.	SE	p-value
IC → FP	0.002	0.001	
AC → FP	-0.098	0.099	
IC → EQ	-0.029	0.013	
AC → EQ	1.682	1.362	
FP → EQ	-2.824	1.268	
IC → FP → EQ			0.1367
AC → FP → EQ			0.3656

Note: IC=intellectual capital; FP = Financial Performance; AC=Accounting Conservation; EQ=Earning Quality

Source: Research data. 2022

The effect of intellectual capital on financial performance

The outcomes of data processing using regression model 1 (table 3) of the intellectual capital variable (VAICTM) on the financial performance variable (ROA) shows that statistically, the intellectual capital variable (VAICTM) has a significant effect on the financial performance variable (ROA). It means the more significant the company's intellectual capital, the greater the organization's financial performance. Therefore, the first alternative hypothesis, which states that intellectual capital affects financial performance, is accepted. By exploiting intellectual capital, companies can use it as a medium in a continuous learning process to gain a competitive advantage. For example, Structural capital information can be used by companies to obtain information on customer needs and preferences as a basis for innovation. Financial performance will increase if the company's ability to innovate when responding to market demand (Faisal, 2019).

The effect of conservatism on financial performance

The outcomes of data processing using the regression model 1 (table 3) accounting conservatism variable (KONS) on financial performance (ROA) variables show that statistically, the accounting conservatism variable (KONS) does not affect financial performance (ROA) variables. Therefore, the first alternative hypothesis, which states that accounting conservatism affects financial performance, is not accepted. Some company management adopts a policy of conservatism by recognizing costs or losses even when they expect them to occur, while they do not realise revenues whenever they do. Accounting conservatism is essential for limiting managers' choices regarding recognising future income and losses (Ali et al., 2021). However, this study found no effect between accounting conservatism and financial performance.

Effect of intellectual capital on earnings quality

The outcomes of data processing using regression model 2 (table 4), the intellectual capital variable (VAICTM) to the earnings quality variable (KL) shows that statistically, the intellectual capital variable (VAICTM) has a significant effect on the financial performance variable (ROA). Based on t-statistics, intellectual capital has a negative effect on earnings quality variables. That is the peak of the intellectual capital of a company, the downgrade of the quality of earnings in that company. Therefore, the first alternative hypothesis states that intellectual capital affects the quality of revenues received. Intellectual capital is related to competitive advantage because it can generate extra value for the organization along with improving the performance of the company's intellectual capital so that it can increase profit quality (Sowaity, 2022). Intellectual Capital has yet to be presented publicly in the company's statement of financial position, making the profits obtained unable to produce relevant and reliable information for stakeholders (Mutuc, 2021).

Effect of accounting conservatism on earnings quality

The outcomes of data treatment using regression model 2 (table 4) accounting conservatism variable (KONS) to earnings quality variable (KL) shows that statistically, the

accounting conservatism variable (KONS) has no effect on financial performance (ROA) variables. Therefore, the first alternative hypothesis, which explains that accounting conservatism affects earnings quality, is not accepted. Accounting conservatism depends on the extent to which the preparer measures and reports financial items so that it affects the fair presentation of the quality of earnings in financial statements (Ani & Chong, 2021). The existence of information misalignment between preparers who are responsible for calculating and reporting financial details and shareholders who receive financial reports can lead to conflicts of interest. This conflict of interest can be avoided by accounting conservatism (Zadeh et al., 2022). So accounting conservatism has a role in increasing the quality of earnings (Ani & Chong, 2021). However, this study found no effect between accounting conservatism and financial performance.

Effect of financial performance on earnings quality

The outcomes of data treatment using the regression model 2 (table 4) the variable financial performance (ROA) to the variable earnings quality (KL) shows that statistically, the variable financial performance (ROA) affects the inconsistent financial performance (ROA). It means, the more peak the financial performance of an organization, the smaller the quality of the company's earnings. Therefore, the first alternative hypothesis states that accounting conservatism affects the quality of earnings received. To report financial statements that show low earnings quality, these companies usually carry out earnings management in several ways, such as window dressing, significant bath charges, and revenue recognition. Companies with low corporate performance tend to carry out earnings management, which indicates the low quality of reported earnings. However, high financial performance can positively influence actual earnings management activities as an indicator of low-quality financial statements (Mutuc, 2021). Financial performance shows how the company maximizes its profits by controlling its operational activities. The higher the value of Return on Assets (ROA), the more the organisation manages its assets to maximize profits (Pratama et al., 2022). However, in this study, it was found that financial performance has a negative effect on earnings quality.

Financial Performance can mediate the effect of intellectual capital on earnings quality.

Based on the indirect effect test, financial performance could not mediate in the connection model between intellectual capital and earnings quality. Therefore. The first alternative hypothesis, which states that financial performance can judge the effect of intellectual capital on earnings quality, is not accepted. Intellectual capital makes better managerial skills, which has a direct impact on earnings quality. Management capability is an essential element of human and intellectual capital. When managers do not manipulate financial information and accounting transactions, it can be seen from profit information. Companies with poor financial performance tend to manipulate earnings to show low earnings quality (Mutuc, 2021). However. In this study, there was no relationship between Financial Performance mediating the effect of intellectual capital on earnings quality.

Financial Performance can mediate the effect of accounting conservatism on earnings quality.

Based on the indirect effect test, it can explain that financial performance cannot mediate the connection between accounting conservatism and earnings quality in the model. Therefore. The first alternative hypothesis states that financial performance can judge the effect of accounting conservatism on earnings quality is not accepted. Conservatism is a precautionary principle that can be considered in accounting for financial statements because company activities are accompanied by uncertainties (Mutuc, 2021). Accounting conservatism can prevent the actions of a manager from manipulating profits excessively to make the company's performance match what a manager wants. Companies that earn profits will provide returns to investors who place their funds in the company in the form of dividends. The higher the profit of a company will bring investors to buy shares of the company because the more significant the dividend that will be obtained later (Krismiaji & Sururi, 2021). However. this study found no relationship between financial performance mediating the effect of accounting conservatism on earnings quality.

Conclusion

Based on the outcomes of testing and analysis that have been done. The following decisions are obtained: 1) intellectual capital influences financial performance; 2) accounting conservatism does not affect financial performance; 3) intellectual capital affects earnings quality; 4) accounting conservatism does not affect earnings quality. 5) financial performance affects earnings quality; 6) financial performance cannot mediate the effect of intellectual capital on earnings quality; 7) financial performance cannot mediate the effect of accounting conservatism on earnings quality. This study produces results that can be beneficial as a reference for company management to continue to increase intellectual capital and accounting conservatism so that organizations can continue to survive in market competition.

This research has some limitations, including 1) it is considered that intellectual capital in Indonesia has not yet reached the peak of its influence because Indonesian people value tangible assets more than intangible assets, such as intellectual capital; 2) In Indonesia, there is still a lack of standards that can be used to assess intellectual capital in financial statements. This research requires a lot of development and refinement that needs to be done for further research, namely by including study samples of organizations from other countries so that the research outcomes can be used to compare the work of intellectual capital in the business world and financial performance between organizations in Indonesia and organizations in other countries. In addition, future researchers can also add additional variables that are believed to affect earnings quality. The variable that is supposed to affect earnings quality is Good Corporate Governance (GCG) because exemplary GCG implementation will produce higher-quality financial reports.

Acknowledgments

This research was supported by the Accounting Study Program, University of Muhammadiyah Semarang, through a P.K.K.M program grant from the Ministry of Education, Culture, Research and Technology.

References

- Ali, U., Khan, M. M., & Iqbal, M. N. (2021). Accounting Conservatism And Corporate Financial Performance : Moderating Role Of Governance Mechanism. *Journal of ISOSS*, 7(3), 183–194.
- Amin, S., Usman, M., Sohail, N., & Aslam, S. (2018). Relationship between intellectual capital and financial performance: The moderating role of knowledge assets. *Pakistan Journal of Commerce and Social Science*, 12(2), 521–547.
- Ani, M. K. Al, & Chong, H. G. (2021). Interplay Between Accounting Conservatism, Auditing Conservatism And Quality Of Earnings in Oman. *International Journal of Economics, Management and Accounting (The International Islamic University Malaysia)*, 1(1), 167–205.
- Ardilla, A., & Nuswantara, D. A. (2021). The Influences Of Corporate Governance And Intellectual Capital On Earning Quality In Indonesian Public Listed Companies. *Review of Business, Accounting & Finance*, 01(04), 328–342.
- Ardi, S. & Murwaningsari, E. (2018). 2018 Financial Performance Determination , Earnings Quality ,. *South East Asia Journal of Comtemporary Business, Economics and Law*, 15(5), 1–16.
- Arnas, Y., Lamtiar, S., Kurniawati, Z., Kurnianto, B., & Kalbuana, N. (2021). Factors Affecting Earning Management on Transportation Corporations in Indonesia. *International Journal of Economics, Business, and Accounting Research (IJEBAAR)*, 5(1), 150–159.
- Faisal, F. (2019). Intellectual capital and financial performance of the company. *Jurnal Reviu Akuntansi Dan Keuangan*, 9(1), 13–23. <https://doi.org/10.22219/jrak.v9i1.40>
- Gunawan, H. (2017). Impact of Intellectual Capital on Financial Perfomance. *JOURNAL OF APPLIED MANAGERIAL ACCOUNTING*, 1(1), 45–50. <https://doi.org/10.30871/jama.v1i1.1239>
- Hasanuddin, R., Darman, D., Taufan, M. Y., Salim, A., Muslim, M., & Putra, A. H. K. P. (2021). The Effect of Firm Size , Debt , Current Ratio , and Investment Opportunity Set on Earnings Quality : An Empirical Study in Indonesia. *Journal of Asian Finance, Economics and Business*, 8(6), 179–188. <https://doi.org/10.13106/jafeb.2021.vol8.no6.0179>
- Kalbuana, N., Suryati, A., & Pertiwi, C. P. A. (2022). Effect Of Company Age, Audit Quality, Leverage And Profitability on Earnings Management. *International Journal of Economics, Business and Accounting Research (IJEBAAR)*, 6(1), 389–399.
- Krismiaji, & Sururi. (2021). Conservatism, Earnings Quality, and Stock Prices - Indonesian Evidence. *Journal of Accounting and Investment*, 22(1), 37–50. <https://doi.org/10.18196/jai.v22i1.9419>
- Lestari, S. P., & Khafid, M. (2021). The Role of Company Size in Moderating the Effect of Profitability , Profit Growth , Leverage , and Liquidity on Earnings Quality. *Accounting Analysis Journal*, 10(2), 9–16. <https://doi.org/10.15294/aaj.v10i2.45939>
- Magdalena, V., & Trisnawati, E. (2022). Pengaruh Profitabilitas, Likuiditas, Konservatisme Akuntansi, dan Modal Intelektual terhadap Kualitas Laba. *Jurnal Ekonomi, Spesial Issue*, 402–419. <https://investor.id/>
- Mutuc, E. B. (2021). An Integrated Model to Explain How Intellectual Capital Affects Earnings Quality : Some Evidence from Asian Emerging Economies. *Asia-Pacific Social Science Review*, 21(2), 202–221.
- Nawaz, T., & Ohlrogge, O. (2022). Clarifying the impact of corporate governance and intellectual capital on financial performance : A longitudinal study of Deutsche Bank (1957 – 2019). *International Journal OfFinance & Economics Published*, 1(1), 1–16. <https://doi.org/10.1002/ijfe.2620>
- Nishanthini, A., & Arthika, R. (2021). The Impact of Intellectual Capital on Financial Performance: A Study of Sri Lankan Financial Institution. *International Journal of Multidisciplinary Research and Analysis*, 04(09), 1342–1348. <https://doi.org/10.47191/ijmra/v4-i9-21>
- Nizar, M., & Kiswanto. (2022). Analysis Of The Influence Of Accounting Conservatism, Company

- Size, Capital Structure, Liquidity And Profit Growth On Earnings Quality. *Kajian Akuntansi*, 23(1), 101–118.
- Pratama, B. F., Hariyani, D. S., & Hasanah, K. (2022). Capital Structure, Liquidity, And Financial Performance on The Quality Of Earnings. *Neo Journal of Economy and Social Humanities (NEJESH)*, 1(2), 119–127.
- Pratiwi, W., & Pralita, T. (2021). The Influence of Corporate Governance Mechanism , Accounting Conservatism , And Company Size on Earnings Quality. *Journal of Economics, Finance and Management Studies*, 4(1), 26–34. <https://doi.org/10.47191/jefms/v4-i1-04>
- Sadalia, I., Daulay, I. E., Marlina, L., & Muda, I. (2019). The influence of intellectual capital towards financial performance with brand value as an intervening variable. *Quality - Access to Success*, 20(168), 79–85.
- Sardo, F., Serrasqueiro, Z., & Alves, H. (2018). On the relationship between intellectual capital and financial performance: A panel data analysis on SME hotels. *FilipeSardobZéliaSerrasqueiroaHelenaAlvesa*, 75, 67–74.
- Shubita, M. F. (2021). *Accounting Conservatism and Profitability of Commercial Banks : Evidence from Jordan*. 8(6), 145–151. <https://doi.org/10.13106/jafeb.2021.vol8.no6.0145>
- Sowaity, S. M. A. (2022). Does Intellectual Capital Efficiency Affect Earnings Quality ? Evidence for Jordanian Listed Companies. *Open Journal of Accounting*, 11, 80–109. <https://doi.org/10.4236/ojacct.2022.112006>
- Supriyatna, I. (2021). Manipulasi Laporan Keuangan, 2 Mantan Direksi AISA Dituntut 7 Tahun Penjara. <https://www.suara.com/Bisnis/2021/06/04/132347/Manipulasi-Laporan-Keuangan-2-Mantan-Direksi-Aisa-Dituntut-7-Tahun-Penjara?Page=2>.
- Tahir, M., Shah, S. Q. A., Khan, M. M., & Afridi, M. A. (2021). *Intellectual Capital and Financial Performance of Banks in Pakistan Intellectual Capital and Financial Performance of Banks in Pakistan*. XIII(1), 105–118.
- Xu, J., & Liu, F. (2021). Nexus Between Intellectual Capital And Financial Performance : An Investigation Of Chinese. *Journal of Business Economics and Management*, 22(1), 217–235.
- Zadeh, F. N., Askarany, D., & Asl, S. A. (2022). Accounting Conservatism and Earnings Quality. *Journal of Risk and Financial Management*, 15, 413.