

THE INFLUENCE OF CAPITAL STRUCTURE ON EARNINGS MANAGEMENT WITH DIVIDEND POLICY AS A MODERATING VARIABLE

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Abstrak

Penelitian ini bertujuan untuk mengetahui pengaruh struktur modal terhadap manajemen laba dengan kebijakan dividen sebagai variabel moderasi pada perusahaan sektor perbankan yang terdaftar di Bursa Efek Indonesia tahun 2015-2024. Data yang digunakan adalah data sekunder berupa laporan keuangan perusahaan perbankan yang diunduh melalui website www.idx.co.id. Populasi penelitian ini adalah seluruh perusahaan perbankan yang terdaftar di Bursa Efek Indonesia. Teknik pengambilan sampel menggunakan *purposive sampling* sehingga diperoleh 25 perusahaan dengan 10 tahun periode penelitian, sehingga menghasilkan sampel akhir 250 sampel perusahaan. Penelitian ini menggunakan teknik analisis linier sederhana dan *Moderated Regression Analysis* (MRA). Data diolah menggunakan IBM SPSS Statistik 24. Hasil penelitian menunjukkan bahwa struktur modal berpengaruh signifikan positif terhadap manajemen laba dan kebijakan dividen tidak dapat memoderasi pengaruh struktur modal terhadap manajemen laba.

Kata Kunci: Struktur Modal, Manajemen Laba, Kebijakan Dividen

Abstrak

This research aims to determine the effect of capital structure on earnings management with dividend policy as a moderating variable in banking sector companies listed on the Indonesia Stock Exchange in 2015-2024. The data used is secondary data in the form of banking company financial reports downloaded via the website www.idx.co.id. The population of this research is all banking companies listed on the Indonesia Stock Exchange. The sampling technique used purposive sampling to obtain 25 companies with a 10 year research period, resulting in a final sample of 250 company samples. This research uses simple linear analysis techniques and Moderated Regression Analysis (MRA). Data was processed using IBM SPSS Statistics 24..The research results show that capital structure has a significant positive effect on earnings management and dividend policy cannot moderate the influence of capital structure on earnings management.

Keywords: Capital Structure, Profit Management, Dividend Policy

A. INTRODUCTION

1. Background

Capital structure is a crucial aspect of financial management because financing decisions impact a company's performance, risk, and value (Kontuš *et al.* , 2023). Capital structure also reflects the composition of a company's debt and equity, which can influence financial reporting strategies and managerial decisions (Imelda & Himelda, 2021). Companies with high levels of debt are more likely to engage in earnings management to meet profit targets and avoid violating debt covenants (Tulcanaza-Prieto *et al.* , 2020). Earnings management practices are still common in Indonesia and cause losses for stakeholders, such as in the case of PT Waskita Karya Tbk, which was found to have manipulated financial statements (Christian *et al.* , 2023). This finding aligns with the findings of Silalahi & Warokka (2023) who stated that financial statement manipulation is still prevalent in Indonesia.

Dividend policy can act as a monitoring mechanism. Consistent dividend distribution sends a positive signal of corporate transparency to investors (Njoku & Lee, 2024). Furthermore, dividends can limit management's discretion in earnings manipulation (Ben Salah & Jarboui, 2024). However, previous research has yielded mixed results. Eka *et al.* (2023) found that capital structure influences earnings management. Conversely, Sulistyana (2025) showed that capital structure has no effect on earnings management due to strict regulations in the pharmaceutical industry.

These differences in results demonstrate the importance of considering moderating variables. Dividend policy is considered relevant because it not only serves as a signal of a company's financial health (Spence, 1973) but also reflects a long-term commitment to maintaining stable financial reporting (Watts & Zimmerman, 2014). In fact, companies that are able to pay dividends regularly are perceived as having healthy and stable cash flows (Nastiti, 2022). Furthermore, Febianti *et al.* (2024) asserted that dividend policy can weaken managers' incentives

to engage in earnings management practices when the company's capital structure is high.

2. Objective

The aim of this study is to empirically test whether capital structure has an effect on earnings management and whether dividend policy can strengthen or weaken the effect of capital structure on earnings management.

3. Benefit

research contributes to strengthening the understanding of agency theory and signaling theory in the context of earnings management practices. Practically, this research can be used as a basis for decision-making regarding optimal financing structures and dividend policies, thus avoiding detrimental earnings management practices in the long term.

4. Theoretical review

a. Agency Theory

Agency theory is an important theoretical foundation in the study of corporate finance. This theory, first developed by Jensen and Meckling (1976), explains that an agency relationship is a contract between two parties: *a principal* (capital owner/shareholder) and an agent (manager), in which *the principal* grants authority to the agent (manager). The principal authorizes the agent to carry out the company's operational activities on their behalf.

b. Signal Theory

Signaling theory was first introduced by Michael Spence (1973) in the context of information economics. This theory explains that parties with more information will attempt to send signals to parties with less information, thus enabling more accurate decision-making. Signaling theory explains that companies take certain actions to inform investors about management's outlook on the company's future (Nabilah *et al.* , 2023) .

c. Capital Structure

Capital structure is the cut-off point or balancing ratio between capital owned by parties outside the company (external) and capital owned by itself (internal) (Susetyo et al., 2020). Capital structure is the mixture or proportion of long-term debt and equity, in order to fund company investment. Capital structure shows how good the company is at making funding decisions. This decision is very important because it will have an impact on the risk of capital costs and company value. Companies can choose the source of funds they will obtain for operational activities, either from their own capital or foreign capital (Arniwita et al., 2021).

d. Earnings Management

Research conducted by Firmansyah *et al* (2023) Earnings management is defined as an action taken by managers to increase or decrease a company's profits. Earnings management can diminish the credibility of financial reports and create problems for users of financial statement information. Earnings management is a deliberate action taken by management to influence reported profits by manipulating accounting policies to achieve certain benefits for the company (Abbas *et al* ., 2019) .

e. Dividend Policy

Dividend policy determines whether a company's profits will be distributed to shareholders in the form of dividends or retained for future investment. Deciding whether net profit should be distributed or retained is a key management policy (Triyonowati & Maryam, 2022) . Effectively balancing these two decisions is crucial. Good corporate governance requires careful decision-making to maximize desired results (Rimasari & Amanah, 2024).

5. Hypothesis Development

Based on the theoretical study, the research hypothesis can be stated as follows:

- H1 : Capital structure influences earnings management
H2 : Dividend policy moderates the effect of capital structure on earnings management

B. RESEARCH METHOD

1. Population and Sample

The quantitative method utilizes secondary sources, including annual reports. Data for this study were derived from purposive sampling techniques *used* to collect data from banking companies listed on the Indonesia Stock Exchange (IDX) during the period 2015-2024. Data analysis used multiple linear regression, classical assumption testing, hypothesis testing, and moderated regression analysis (MRA).

Table 2.1 Sampling Criteria

No	Criteria	Amount
1	Number of banking companies listed on the Indonesia Stock Exchange (IDX) in 2015-2024	47
2	Banking companies listed on the Indonesia Stock Exchange (IDX) in 2015-2024 that did not publish financial reports consecutively	(3)
3	Banking companies listed on the Indonesia Stock Exchange (IDX) that have never distributed dividends during the 2015-2024 period	(19)
Total sample 25 x 10 years		250

Source: data processed in 2025

2. Operational Definition of Variables

Research on formation indicators uses operationally defined variables. The table below shows operational descriptions of the research variables:

Table 2.2 Operational Variables and Variable Measurement

No	Variables	Measurement and Formulas	Scale
1	Capital Structure (X)	$DER = \frac{\text{Total Debt}}{\text{Total Equity}}$ <p>(Rahayu & Emarawati, 2024)</p>	Ratio
2	Earnings Management (Y)	$Dait = \frac{TA_{it} - NDA_{it}}{A_{it-1}}$ <p>(Fiqriansyah <i>et al.</i> , 2024)</p>	Ratio
3	Dividend Policy (Z)	$DPR = \frac{\text{Total Deviden}}{\text{Net Income}}$ <p>(Umbung <i>et al.</i> , 2021)</p>	Ratio

C. RESULTS AND DISCUSSION

1. Classical Assumption Test

a. Normality Test

Table 3.1 Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		228
Normal	Mean	0.0000000
Parameters ^{a, b}	Standard Deviation	0.03836738
Most Extreme	Absolute	0.058
Differences	Positive	0.029
	Negative	-0.058
Test Statistics		0.058

Asymp. Sig. (2-tailed)			0.057 ^c
Monte Carlo Sig. (2-tailed)	Sig.		0.403 ^d
	99% Confidence Interval	Lower Bound	0.390
		Upper Bound	0.416
a. Test distribution is Normal.			
b. Calculated from data.			
c. Lilliefors Significance Correction.			
d. Based on 10000 sampled tables with starting seed 2000000.			

Source: data processed by IBM SPSS Statistics 24

Based on the results of the normality test in table 3.1 above, it can be seen that the data after *the outlier* with *Kolmogorov-Smirnov* shows the *Monte Carlo Sig. (2-tailed)* value of 0.403. With this value, it can be concluded that the data is normally distributed because the significance value is greater than 0.05.

b. Multicollinearity Test

Table 3.2 Multicollinearity Test Results

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Capital Structure (X)	0.981	1,019
	Dividend Policy (Z)	0.981	1,019
a. Dependent Variable: Profit Management			

Source: data processed by IBM SPSS Statistics 24

In table 3.2, it can be seen that each independent variable has a tolerance value > 0.10 and a VIF value < 10 . Therefore, it can be concluded that there is no multicollinearity among the independent variables in the regression model.

c. Heteroscedasticity Test

Table 3.3 Heteroscedasticity Test Results

Coefficients ^a			
Model		T	Sig.
1	(Constant)	7,657	0,000
	Capital Structure (X)	-0.631	0.529
	Dividend Policy (Z)	0.824	0.411
a. Dependent Variable: ABS_RES			

Source: data processed by IBM SPSS Statistics 24

Based on Table 3.3, the significance value of capital structure is 0.529 and the significance value of dividend policy is 0.411. Both variables have values greater than 0.05. It can be concluded that this study does not exhibit heteroscedasticity.

d. Autocorrelation Test

Table 3.4 Autocorrelation Test Results

Model Summary ^b			
Model	dU	Durbin-Watson	4-dU
1	1,725	1,772	2,275
a. Predictors: (Constant), Dividend Policy, Capital Structure			
b. Dependent Variable: Profit Management			

Source: data processed by IBM SPSS Statistics 24

Based on table 3.4 shows the results of the autocorrelation test using the *Durbin-Watson* (DW) test with a value of 1.772. Next, this value will be compared with a significance value of 5%, the number of samples is 228 and the number of independent variables is 2, with a dL value of 1.648 and a dU value of 1.725 while the 4-dU value is 2.275. So it can be concluded that $dU <$

$d < 4 - dU$ or $1.725 < 1.772 < 2.275$ which means there is no positive autocorrelation or property in this study.

2. Hypothesis Testing

a. Simple Linear Regression T-Test

Table 3.5 Partial Test Results (t-Test)

Coefficients ^a					
Model		Unstandardized Coefficients		T	Sig.
		B	Std. Error		
1	(Constant)	-0.024	0.007	-3,507	0.001
	Capital Structure (X)	0.003	0.001	2,416	0.016

a. Dependent Variable: Profit Management

Source: data processed by IBM SPSS Statistics 24

Based on Table 3.5, the significance value is $0.016 < 0.05$. Therefore, it can be concluded that capital structure has a significant effect on earnings management partially, thus H1 is accepted. The regression coefficient value is 0.003, indicating that increasing capital structure will improve earnings management, assuming other variables remain constant

b. Moderated Regression Analysis (MRA) Test

Table 3.6 Results of the Moderated Regression Analysis (MRA) Test

Coefficients ^a						
Model		Unstandardized Coefficients		Standard ized Coefficients	T	Sig.
		B	Std. Error			
1	(Constant)	-0.007	0.008		-0.924	0.357
	Capital Structure (X)	0.004	0.001	0.216	2,840	0.005
	Dividend Policy (Z)	-0.103	0.025	-0.526	-4,132	0,000
	XZ Interaction	0.001	0.004	0.032	0.225	0.822

a. Dependent Variable: Profit Management

Source: data processed by SPSS Statistics 24

Based on the results of Table 3.6, the *Moderated Regression Analysis* (MRA) test results show that the interaction variable between capital structure and dividend policy obtained a significance value of 0.822, which is greater than 0.05. Therefore, it can be concluded that dividend policy cannot strengthen or weaken the influence of capital structure on earnings management, thus H2 is rejected.

D. CONCLUSION

This study examines the effect of capital structure on earnings management, with dividend policy as a moderating variable, in banking sector companies from 2015 to 2024. The test results show that capital structure does influence earnings management. However, dividend policy does not moderate the effect of capital structure on earnings management. Future research is expected to expand the scope of the study and include additional independent variables that may influence earnings management.

E. SUGGESTIONS

1. Further research is expected to expand the research objects.
2. Suggestions for further research are to conduct normality tests using other methods to minimize the number of outlier data so that it can explain the condition of the research object as a whole.
3. Further research is expected to take samples with the criteria of companies that regularly distribute dividends

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