International Conference on Finance, Economics, Management, Accounting and Informatics

"Digital Transformation and Sustainable Business: Challenges and Opportunities for Higher Education Research and Development"

The Effect Capital Structure, Profit Growth, Audit Quality, Size on Quality Corporate Profits Various Industries

Febri Yoswan Sianturi[1], Duma Megaria Elisabeth[2*], Wesly Andri Simanjuntak[3].
[1] yoswanfebri@gmail.com
[2] dumamegariaelisabeth@gmail.com
[3] wesly.juntak@yahoo.com

Abstract

This study aims to analyze influence of Capital Structure, Profit Growth, Audit Quality, Size on Quality Profits Industrial Companies. 18 samples from 25 Company populations. Method used *purposive sampling method*. Research data was obtained from www.idx.co.id website. Then data processed using SPSS application version 26. Results of the Capital Structure research partially have positive and significant effect on Quality Profit. Profit growth partially has positive, significant effect on Profit Quality. Audit Quality partially has positive, insignificant effect on Profit Quality. Size partially has positive, significant effect on Quality of Profits. Capital Structure, Profit Growth, Audit Quality, Size simultaneously have significant effect on Profit Quality. The adjusted R square value is 0.339 or 33.9% which means that research variable is able to explain the Quality of Profit as determined by Capital Structure, Profit Growth, Audit Quality, Size of 33.9% while remaining 66.1% is influenced by other factors outside of this study

Keywords: Capital Structure, Profit Growth, Audit Quality, Size, Profit Quality.

Introduction

According to Anggrainy (2019) Financial statements are a communication medium in the company that is used to connect interested parties, both internal and external parties to the company. Financial statements have great benefits for their users, but one of the elements in financial statements that users pay attention to is profit information. Profit information is very important information for users of financial statements, which will be used as a guideline for potential investors in determining their investment decisions. Profit quality refers to the level of difference between the net profit disclosed in the financial statements and the actual profit, so that the quality of profit can be reflected through the company's actual financial performance without fraud (Eldi & Nurwahandiah, 2023).

Capital structure is a combination of total debt and total assets owned by the company (Nadirsyah & Muharram, 2016). A large capital structure in a company indicates that the company is in a bad state because the company's assets are more financed by debt than the capital of the company itself. If this happens, the worst possibility is that the company defaults or is unable to pay its debts. So that the level of investor confidence decreases.

Profit growth is a change in the percentage increase in profit obtained by the company (Anggrainy, 2019). A company that has the opportunity to grow, can show that the company can increase its profits in the future, and can show that the profits generated are quality profits

The quality of the audit itself is closely related to the quality of the presentation of financial statement reporting. The financial statements presented by the auditor contain important information for the users of financial statements so that the financial statements can be used as a decision-making tool for company management. According to Hasanah & Aprilia (2023) An audit opinion is a standard statement of the auditor's conclusions obtained based on the conclusions of the audit process. An independent audit process usually ends with a statement regarding the fairness and reliability of the financial statements. Companies that obtain reasonable opinions without exception will tend to report faster than companies that obtain opinions other than reasonable without exceptions.

Company size is a scale where company is classified according to its size based on the total assets of a company, the larger the total assets, the larger the size of the company (Sari & Wiyanto, 2022). Companies with

large total assets will be able to innovate for the development of the company, generate greater profits and get a positive response from the market.

This study aims to find out whether the variables of Capital Structure, Profit Growth, Audit Quality and Company Size have an effect on the quality of profit. This research was conducted between 2019-2023 and the addition of an Independent variable, namely Company Size, due to considerations from investors in making investment decisions. Rational investors will see how much the company is growing and how the company is running the company. Thus investors are aware of the risks when the company offers greater returns to attract investors.

Agency theory

Agency theory (*agency theory*) presented by Jensen and Meckling (1976) which states that an agency relationship is a contract that occurs between two parties, namely the manager (*Agent*) with shareholders (*principal*). Agency theory describes a company as a meeting point between company owners *(principal)* with management (*Agent*). Conflicts between the principal and the agent occur because it is possible that the agent's actions are not always in accordance with the principal's wishes. This condition is further strengthened by the fact that agents as the executor of company operations have more internal information than principals. In such circumstances, it is possible for the management not to try to maximize the company's profits and the management to try to take advantage of the delegation of authority by the shareholders.

Quality of profit

According to Gunawan Aji et al (2023). The quality of profits in a company is one of the important information available to the public and can be used by investors to assess in the company. Profit quality is the profit in the financial statements that reflects the actual financial performance of the company, and is the degree of difference between reported net profit and actual profit.

Capital Structure

Capital structure measured by *leverage* is a variable to find out how much of the company's assets are financed by the company's debt (Anggrainy, 2019). The capital structure shows the comparison between debt and its own capital used by the company in the expenditure of its assets.

Profit Growth

According to Harahap (2015) Defining profit growth is a ratio that shows the company's ability to increase net profit in the current year compared to the previous year. Profit growth may have an influence on the quality of the company's profits, because if a company has the opportunity to grow its profits, it means that the company's financial performance is good and it is possible to also have the opportunity to grow the quality of its profits.

Audit Quality

According to Sukrisno (2017:74) At the end of the audit, the auditor provides a report consisting of an opinion sheet and a financial report. The opinion sheet is the responsibility of the public accountant, where the public accountant gives his opinion on the fairness of the financial statements prepared by the management. So as to help investors in making good decisions.

Company Size

According to Ridawaty (2019) The size of the company expressed by total assets indicates that the larger the assets owned by a company, the larger the size of the company. A company that has a large total assets can reflect that the company has a relatively more stable condition and has the ability to generate greater profits than a company that has only a small total asset.

Hipotesis

H1: Capital structure has a negative effect on the quality of profits.
H2: Profit growth has a positive effect on the quality of profits.
H3: Audit quality has a positive effect on the quality of profits.
H4: The size of the company has a positive effect on the quality of profits.
H5: Capital Structure, Profit Growth, Audit Quality and Company Size simultaneously have a significant effect on the quality of profits

Methods

The type of data in this study is documentary data. Documentary data is a type of data in the form of archives and data in this research can be obtained from the annual financial statements of companies in the textile and garment sector listed on the Indonesia Stock Exchange (IDX) during 2019 to 2023. The data used is secondary data. Secondary data is data obtained indirectly and through intermediary media. In this study, the data source used is data on textile and garment sector industry companies listed on the Indonesia Stock Exchange (IDX) in 2019-2023.

Independent Variables

Capital Structure

According to Fahmi (2016) The capital structure is an illustration of the form of long-term liabilities and shareholders' equity which is the source of the company's financing. In this study, the capital structure is measured by the level of *leverage*that is *Debt to Equity Ratio* (DER). If the level *leverage* A low company has a high quality of profit, and vice versa. The leverage formula is calculated as follows Hery (2017):

$$\text{Leverage} = \frac{\text{Liability}}{\text{Equity}}$$

Profit Growth

Harahap (2015) Defining profit growth is a ratio that shows the company's ability to increase net profit in the current year compared to the previous year. The increase and decrease in profit has an impact on financial policy for future activities and as one of the important information for internal and external parties of the company. Profit growth is measured using the formula According to Harahap (2018):

$$\text{EAT} = \frac{\text{Profit Per Year t} - \text{Profit Per Year n}}{\text{Profit Per Year n}} \text{ X } 100\%$$

Audit Quality

Audit quality is the probability of an auditor finding and reporting an error or irregularity that occurs in a client's accounting system Hasanah & Aprilia (2023). Based on dummy theory, audited financial statements that receive the quality of audits are reasonable opinions without exception (*unqualified opinion*) value of 1 and audited financial statements that have the quality of a reasonable opinion with exceptions (*qualified opinion*) is worth 0.

Company Size

Company size is an overview of the size of the company as indicated by the total assets owned. The size of the company in this study was measured by *log of total asset,* According to Sartono in Ridawaty (2019) The size of the company is formulated as follows:

$$\text{SIZEit} = \text{Ln Tait}$$

Variable Dependency

Dependent variables are bound variables or variables that are affected by the existence of independent variables. The dependent variable used in this study is the Quality of the Company's Profit. Quality is the relationship between cash flow of operating activities compared to the company's net profit in a period Annisa Nauli Sinaga et al (2022), can be formulated as follows:

$$\text{KL} = \frac{operasional\ cash\ flow}{net\ profit}\ x\ 100\%$$

Data Analysis Techniques

Data analysis techniques are methods of processing data into information. The data of this study was analyzed and tested with statistical tests, namely descriptive statistics, classical assumption tests, and multiple linear regression analysis for testing research hypotheses using SPSS 26 software.

Statistics Descriptive

Descriptive statistics are statistics that are used to analyze data by describing or describing the data that has been collected as it is without intending to make generalized or generalized conclusions. The descriptive analysis in this study is an overview of the summary of research data such as *mean*, median, standard deviation, variance, mode, maximum value and minimum value.

Classic Assumption Test

In this study, a classical assumption test was used before testing the hypothesis using simple regression analysis. The classical assumption tests used in this study include normality tests, multicholelianity tests, autocorrelation tests, and multiple linear regression analysis, as follows:

Normality Test

The normality test is used to find out whether a free variable model has a normal distribution or is close to a normal distribution. This test was carried out using graph analysis. The chart analysis used is *histogram* and *probability plot.* If the residual data distribution is normal, then the line that will describe the actual data will follow the diagonal line (Ghozali, 2021).

1 Normality Test Results with Histogram

If the shape of the graph does not deviate to the left and to the right, then it shows that the variable is distributed normally. Conversely, if the shape of the graph deviates from left to right, it indicates that the variable is not normally distributed.

2 Normality Test Results with Normal P-P Plot

If the point is spread around a diagonal line, then the data is normally distributed. Conversely, if it does not spread around the diagonal line, then the data is not normally distributed.

The Kolmogrov-Smirnov test is made with the hypothesis: If the significant value is > 0.05 then the residual data is normally distributed, while If the significant value is < 0.05 then the residual data is not normally distributed.

Multicollinearity Test

A multicollinearity test is a test that is performed to ascertain whether in a model Regression there is an intercorrelation or collinearity between independent variables. Multicollinearity occurs when each variable is freely connected to each other in a linear manner. If the relationship is very close (r=1), then there is perfect multicollinearity which is based on the regression coefficient of the variable cannot be determined and the magnitude of the *Standard Error* become infinite. Signs of symptoms free of multicollinearity can be assessed if they have a value of *Tolerance* below 1 and the VIF value below 10. If the test results show that all VIF values are <10 and all values *Tolerance* below 1, this means that multicollinearity does not occur and concludes that the multicollinearity test is met (Ghozali, 2021).

Autocorrelation Test

The autocorrelation test aims to find out if there is a correlation between the disruptive error in period t (the analysis period) and the disruptive error in the t-1 period (the previous period) (Ghozali, 2021). To find out whether or not there is an autocorrelation in a regression model, a test is carried out using the Test *Durbin-Waston* (Dw Test). According to (Juliadi, 2010) the autocorrelation test carried out in the *Durbin-Watson* (DW) as follows:

1. If the DW value is below -2, it means that a positive autocorrelation occurs.
2. If the DW value is between -2 and +2, it means that there is no autocorrelation.
3. If the DW value is above +2, it means that a negative autocorrelation occurs.

Heteroscedasticity Test

According to Ghozali (2018) The heteroscedasticity test aims to test whether in the regression model there is an unevenness of variance from the residual of one observation to another. If the variance of the residual of one observation of another observation is fixed, then it is called homokedasticity and if it is different it is called heterokedasticity. In this study, the model used is the *glejser* On the basis of decision-making, comparing the GIS values of the variables independent with a value of confidence level (α=0.05). If the value of sig is

greater than the value of α (sig >α), then it can be concluded that in this regression model there are no symptoms heterokedastisitas.

Analysis of the Regresi Linier Berganda

According to Ghozali (2018) The influence of independent variables on dependent variables was measured using multiple linear regression analysis. Multiple regression analysis is used to determine the pattern of changes in the value of a variable
(dependent variable) caused by another variable (independent variable). Using straight-line equations, multiple regression analysis can define the relationships between the corresponding variables. Using known independent variables, multiple regression test research was used to predict how big the relationship would be.

$$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 1X3 + \beta 1X4 + e$$

Information:

Y = Quality of Profit
X1 = Capital Structure
X2 = Profit growth
X3 = audit quality
X4 = Company Size
A = Interception constant
B1-B2 = The regression coefficient of each independent variable

Pengujian Hypothesis

Hypothesis testing is testing a statement using statistical methods so that the results of the test can be statistically significant. To determine the significant influence between independent variables and dependent variables, the following tests can be carried out:

Partial Test (t-test)

Partial test (t-test) to test how each independent variable individually affects its bound variable. The partial regression coefficient test (t-test) is used to find out if there is a significant influence between independent variables and partially dependent variables. This test can be done by comparing t calculations with t_{table} or by looking at the significance column on each calculation. The t-test uses several basic analyses to determine the influence and relationships of variables. The following is the basis of analysis used in the t-test, namely the comparison of tcount and ttable:

1. If tcalcul< ttable or if –tcount > -ttable then H0 is accepted and H1 is rejected
2. If tcalcul> ttable or if –tcount > -ttable then H0 is rejected and H1 is accepted

The decision-making policy used in the t-test is as follows:

1. If the significance value > 0.05, then the hypothesis is rejected. The rejected hypothesis means that the independent variable has no significant effect on the dependent variable.
2. If the significance value < 0.05, then the hypothesis cannot be rejected. The irresistible hypothesis means that independent variables have a significant effect on dependent variables

Simultaneous Significance Test (F-Test)

The F test is a test to see how all the independent variables together affect the bound variables or to test whether the regression model is significant or insignificant (Ghozali, 2021).

The determination of the acceptance or rejection of the hypothesis is as follows:

1. If the profit quality > 0.05, then all independent variables together do not have a positive effect on the dependent variables.
2. If the profit quality < 0.05, then all independent variables together have a positive effect on the dependent variables.

Based on the comparison of the Fcal value with the Fcal value, the determination of the acceptance or rejection of the hypothesis is as follows:

1. If the value of Fcal > Ftable, then it means that Capital Structure (X1), Profit Growth (X2), Audit Quality (X3) and Company Size (X4) simultaneously affect Profit Quality (Y).

2. If the value of Fcalcul< Ftabl, then it means that the Capital Structure (X1), Profit Growth (X2), Audit Quality (X3) and Company Size (X4) hypothesis are rejected. So simultaneously it has no effect on the Quality of Profit (Y).

R2 Test or Coefficient of Determination

The coefficient of determination is used as information about the compatibility of a model and is calculated to find out the extent to which the compatibility of a number of independent variables in a multiple linear regression equation model together is able to explain its bound variables. The *higher the R2* value explains that the more suitable the independent variable explains the dependent variable. Things that need to be considered regarding the determination coefficient are as follows:

The value *of R2* should range from 0 to 1

1 When *R2* = 1 means that there is a perfect match of the independent variable explaining the dependent variable. 2 When *R2* = 0 means that there is no relationship at all between the independent variable and the dependent variable. 3 3 In value statements *Adjusted R2* can have negative value, although what is desired must have a positive value. According to Ghozali (2018) If in the empirical test a value is obtained *Adjusted R2* negative, then the value *Adjusted R2* Considered to be indigo

Results and Discussion

Descriptive Statistical Analysis

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
Struktur Modal	49	-1.82	5.04	.7988	1.41625	2.006
Pertumbuhan Laba	49	-4.70	1.79	-.4293	1.19580	1.430
Kualitas Audi	49	.00	1.00	.9592	.19991	.040
Ukuran Perusahaan	49	25.97	30.81	28.1918	1.38215	1.910
Kualitas Laba	49	-3.33	3.71	.4599	1.33782	1.790
Valid N (listwise)	49					

Source : SPSS data processing, 2025

Indicating that the average values of X1, X2, X3, and Y are greater than the standard deviation values mean that the value of Voluntary Disclosure, institutional ownership, managerial ownership of the quality of normal distributed profits or minimum values is not significantly related to the maximum value.

Classic Assumption Test

Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		49
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	1.04098251
Most Extreme Differences	Absolute	.108
	Positive	.108
	Negative	-.108
Test Statistic		.108
Asymp. Sig. (2-tailed)		.200[c,d]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

Source : SPSS data processing, 2025

From the table above, the value of the Smirnov kolmogorov is 0.108 with a significance level of 0.200. Because the significance value is greater than the value of 0.05, the residual value is declared to be normally distributed.

Multicollinearity Test

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	Struktur Modal	.992	1.009
	Pertumbuhan Laba	.990	1.010
	Kualitas Audit	.983	1.017
	Ukuran Perusahaan	.973	1.028

a. Dependent Variable: Kualitas Laba

Source : SPSS data processing, 2025

It can be seen that the VIF value of each variable is below 10 and the *tolerance* value of each variable is greater than 0.1 and it can be concluded that there is no multicollinearity in the study.

Autocorrelation Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.406[a]	.165	.095	1.68661	1.876

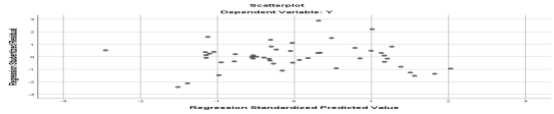
a. Predictors: (Constant), Ukuran Perusahaan, Struktur Modal, Pertumbuhan Laba

b. Dependent Variable: Kualitas Laba

Source : SPSS data processing, 2025

Thus, it can be concluded that there are no autocorrelation symptoms in the regression model because the DW value is greater than dU and smaller than (4-dU) which is 1.6866< 1.876 < 2.124.

Heteroscedasticity Test



Source : SPSS data processing, 2025

The figure above shows that the dots have spread above and below the number 0 on the Y axis and do not form a specific pattern. Thus, it can be concluded that heteroscedasticity does not occur in the regression model.

Multiple Linear Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-13.332	3.383		-3.940	.000
	Struktur Modal	.369	.114	.391	3.239	.002
	Pertumbuhan Laba	.361	.132	.323	2.729	.009
	Kualitas Audi	.791	.793	.118	.998	.324
	Ukuran Perusahaan	.457	.115	.472	3.977	.000

a. Dependent Variable: Kualitas Laba

Source : SPSS data processing, 2025

Based on the table above, the multiple linear regression analysis model between independent variables and dependent variables can be expressed in the following model:

KL = -13.332+ 0.369 DER + 0.361 TOTAL + 0.791 K + 0.457 LN + ε

From the results of the regression equation, each independent variable can be seen with the value of its influence on the Stock Price, which is as follows:

1. The constant value of -13,332 means that if the value of all independent variables of Capital Structure, Profit Growth, Audit Quality and Company Size is considered unchanged (constant), then the value of Profit Quality is -13,332.
2. The value of the Capital Structure coefficient (β1) of 0.369 means that there is no decrease in the value of the Capital Structure variable by one unit (1%), then the value of Profit Quality will increase by 0.369 assuming that other independent variables are considered fixed or equal to 0.
3. The value of the Profit Growth coefficient (β2) of 0.361 means that there is an increase in the value of the Profit Persistence variable by one unit (1%), then the value of Profit Quality will increase by 0.361 assuming that other independent variables are considered fixed or equal to 0.
4. The value of the Audit Quality coefficient (2) of 0.457 means that there is an increase in the value of the Profit Persistence variable by one unit (1%), then the value of Profit Quality will increase by 0.457 assuming that the other independent variables are considered fixed or equal to 0.
5. The value of the Company Size coefficient (β2) of 0.361 means that there is an increase in the value of the Profit Persistence variable by one unit (1%), then the value of Profit Quality will increase by 0.361 assuming that other independent variables are considered fixed or equal to 0.

Uji Hypothesis

Partial Significance Test (t-test)

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-13.332	3.383		-3.940	.000
	Struktur Modal	.369	.114	.391	3.239	.002
	Pertumbuhan Laba	.361	.132	.323	2.729	.009
	Kualitas Audi	.791	.793	.118	.998	.324
	Ukuran Perusahaan	.457	.115	.472	3.977	.000

a. Dependent Variable: Kualitas Laba

Source : SPSS data processing, 2025

Based on the table above, the results of the Partial Significance Test (t-test) can be concluded as follows:

1. Based on the results of the t-test, the value of the Capital Structure regression coefficient was 0.369 and the significance level was 0.002. The coefficient value for the Capital Structure variable shows a positive value and the significance value indicates a value above the significance level of 0.002 < 0.05. Thus, H1 is rejected or in other words the variable Capital Structure has a positive and significant effect on the Quality of Profit.
2. Based on the results of the t-test, the value of the Profit Growth regression coefficient was 0.361 with a significance value of 0.009.The value of the regression coefficient for the Profit Persistence variable showed a positive value and the significance value showed below the significance level of 0.009 < 0.05. Thus, H2 is accepted or in other words the Profit Growth variable has a positive and significant effect on the Quality of Profit.
3. Based on the results of the t-test, the value of the regression coefficient of Audit Quality was 0.791 with a significance value of 0.324.The value of the regression coefficient for the Audit Quality variable showed a positive value and the significance value showed above the significance level of 0.324 < 0.05. Thus, H3 is rejected or in other words, the Audit Quality variable has a positive effect that is not significant on the Quality of Profit.
4. Based on the results of the t-test, the value of the Company Size regression coefficient was 0.457 with a significance value of 0.00. The value of the regression coefficient for the Audit Quality variable shows a positive value and the significance value shows below the significance level of 0.00 < 0.05. Thus, H4 is accepted or in other words the Company Size variable has a significant positive effect on the Quality of Profit

Simultaneous Test (F Test)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.894	4	8.473	7.168	.000[b]
	Residual	52.015	44	1.182		
	Total	85.909	48			

a. Dependent Variable: Y

b. Predictors: (Constant), Ukuran Perusahaan, Pertumbuhan Laba, Kualitas Audi, Struktur Modal

Source : SPSS data processing, 2025

Based on table 4.8 above, it is known that $F_{calculates}$ 7.168 > F_{table} 3.06 with a significance level of 0.000. This shows that the significance value is smaller than the significance level of 0.000<0.05. Thus, the variables of Capital Structure, Profit Growth, Audit Quality and Company Profit Size have a simultaneous and significant effect on Profit Quality.

Coefficient of Determination Test (R 2)

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.628[a]	.395	.339	1.08727

a. Predictors: (Constant), Ukuran Perusahaan, Pertumbuhan Laba, Kualitas Audi, Struktur Modal

b. Dependent Variable: Y

Source : SPSS data processing, 2025

Based on the table above, it can be seen that the value of the determination coefficient or Adjusted R Square is 0.339 or equal to 33.9%. This figure means that the variables of Capital Structure, Profit Growth,

Audit Quality and Company Size are able to explain the Quality of Profit by 33.9%. While the remaining 66.1% was influenced by other variables that were not included in the regression model.

Discussion

The Effect of Capital Structure on Profit Quality

Based on the results of the hypothesis test, it was obtained that the Capital Structure variable had a positive and significant effect on the Quality of Profit. The value of the regression coefficient for the Capital Structure variable is 0.369 with a significance level of 0.002 which is greater than 0.05. It can be explained that when the Capital Structure increases by one unit, it will increase the Quality of Profit by 0.369 and have a significant effect. The results of this study show that Capital Structure has a positive influence on Profit Quality. This means that if the Capital Structure increases, then the Quality of Profit will increase and be significant. So this shows that H1 which states that the Capital Structure has a positive and significant effect on the Quality of Profit is accepted.

The Effect of Profit Growth on Profit Quality

Based on the results of the hypothesis test, it was obtained that the Profit Growth variable had a positive and significant effect on Profit Quality. The value of the regression coefficient for the Profit Growth variable is 0.361 with a significance level of 0.009 which is smaller than 0.05. It can be explained that when Profit Growth increases by one unit, it will increase Profit Quality by 0.361 and have a significant effect. The results of this study show that Profit Growth has a positive influence on Profit Quality. This means that if Profit Growth increases, then Profit Quality will increase and be significant. So this shows that H2 which states that Profit Growth has a positive and significant effect on Profit Quality is accepted.

The Effect of Audit Quality on Profit Quality

Based on the results of hypothesis testing, it was found that the Audit Quality variable had a positive and insignificant effect on Profit Quality. The value of the regression coefficient for the Audit Quality variable is 0.791 with a significance level of 0.324 which is greater than 0.05. This can be explained that when the Audit Quality increases by one unit, it will increase the Profit Quality by 0.791 and has no significant effect. The results of this study show that Profit Persistence has a positive influence on Profit Quality. This means that if the Profit Persistence increases, then the Quality of the Profit will increase.

So this shows that H3 which states that Audit Quality has a positive and significant effect on Profit Quality is rejected.

The Effect of Company Size on Profit Quality

Based on the results of the hypothesis test, it was obtained that the Company Size variable had a positive and significant effect on Profit Quality. The value of the regression coefficient for the Company Size variable is 0.457 with a significance level of 0.000 which is less than 0.05. It can be explained that when the Company Size increases by one unit, it will increase the Quality of Profit by 0.457 and have a significant effect. The results of this study show that Company Size has a positive influence on Profit Quality. This means that if the Company Size increases, then the Quality of Profit will increase and be significant. So this shows that H4 which states that the Size of Employment has a positive and significant effect on the Quality of Profit is accepted.

The Influence of Capital Structure, Profit Growth, Audit Quality and Company Size on Profit Quality

Based on the results of the hypothesis test, it was obtained that the variables of Capital Structure, Profit Growth, Audit Quality and Company Size on Profit Quality obtained a significant value (sig) 0.000 smaller than alpha 0.05 (0.000 < 0.05), then according to the testing criteria, it can be concluded that Capital Structure (X_1),Profit Growth (X_2), Audit Quality (X_3) and Company Size (X_4) Profit has a simultaneous and significant effect on the Quality of Profit in Textile and Garment sector industrial companies on the Indonesia Stock Exchange.

Judging from the Adjusted R Square figures, the variables of Capital Structure, Profit Growth, Audit Quality and Company Size are able to explain the Quality of Profit by 33.9% so that it can be concluded that the role of this study is very small on the Quality of Profit Where it still exists as much as 66.1% is influenced by other research variables.

Conclusion

1. Capital Structure variables partially have a positive and significant effect on Profit Quality in Textile and Garment Industry Sub-Sector companies listed on the Indonesia Stock Exchange for the 2019-2023 period. Thus hypothesis one (H1) in this study is rejected.
2. The Profit Growth variable partially has a positive and significant effect on the Quality of Profit in companies in the Textile and Garment Industry Sub-Sector listed on the Indonesia Stock Exchange for the 2019-2023 Period. Thus hypothesis two (H2) in this study is accepted.
3. The Audit Quality variable partially has a positive and insignificant effect on the Quality of Profit in companies in the Textile and Garment Industry Sub-Sector listed on the Indonesia Stock Exchange for the 2019-2023 period. Thus the third hypothesis (H3) in this study was rejected.
4. The Company Size variable partially has a positive and significant effect on the Quality of Profit in companies in the Textile and Garment Industry Sub-Sector listed on the Indonesia Stock Exchange for the 2019-2023 period. Thus the third hypothesis (H4) in this study is accepted.
5. The variables of Capital Structure, Profit Growth, Audit Quality and Company Size simultaneously have a significant effect on the Quality of Profits in Textile and Garment Industry Sub-Sector companies listed on the Indonesia Stock Exchange for the 2019-2023 period. Thus the third hypothesis (H5) in this study is accepted.
6. The variables of Capital Structure, Profit Growth, Audit Quality and Company Size were able to explain the Quality of Profit by 33.9%. While the remaining 66.1% was influenced by other variables that were not included in the research regression model.

BIBLIOGRAPHY

Anggrainy, L. (2019). The influence of capital structure, profit growth, audit quality, and company size on profit quality. *Journal of Accounting Science and Research*, *8*(6), 1–20.

Anjelica, K., & Prasetyawan, A. F. (2014). The effect of profitability, company age, company size, audit quality, and capital structure on profit quality. *Journal of ULTIMA Accounting*, *6*(1), 27–42.

Agoes, S. (2017). *AUDITING, Book 1 Edition 5: Practical Instructions for Accounting Audits by Public Accountants 2 / Sukrisno Agoes*.

Fahmi, I. (2016). *Introduction to financial management: Theory and question and answer*. Alphabet.

Ghozali, I. (2018). *Multivariate Analysis Application with IBM SPSS 25 Program*. University Publishing Board is in disarray.

Hasanah, Y., & Aprilia, E. A. (2023). Pengaruh Opini Audit, Audit Tenure, Dan Karakteristik Komite Audit Terhadap Audit Report Lag. *Accounting Student Research Journal*, *1*(4), 37–52.

Harahap, S. S. (2018). *Critical Analysis of Financial Statements (12th ed).* PT. Raja Grafindo Persada.

Hery. (2017). *Kajian Riset Akuntansi*. PT Grasindo

Nadirsyah, N., & Muharram, F. N. (2016). Struktur Modal, Good Corporate Governance Dan Kualitas Laba. *Jurnal Dinamika Akuntansi Dan Bisnis*, *2*(2), 184–198. https://doi.org/10.24815/jdab.v2i2.4217

Jensen, M., C., dan W. M. (1976). "*Theo ry of the firm: Managerial behavior, agency cost and ownership structure*." Journal of Financial Economics., 3, 305-360.

Sari, W., & Wiyanto, H. (2022). Pengaruh Struktur Modal, Ukuran Perusahaan dan Profitabilitas terhadap Kualitas Laba Perusahaan. *Jurnal Manajerial Dan Kewirausahaan*, *4*(3), 701–711. https://doi.org/10.24912/jmk.v4i3.19764

Sugiyono. (2019a). *Quantitative and Qualitative Research Methods & R&D Page 80*. ALPHABET.

Siti Aisyah Siregar. (2024). *Financial Accounting*. Learn Accounting Online.

Santoso, S. (2020). *application of spss on parametric statistics.* Jakarta: PT. Elex Media Komputindo