



Received: October 31, 2023, Revised: December 4, 2023, Accepted: December 5, 2023,  
Published: January 31, 2024

## Determinants of Earnings Quality on Financial Sector Companies in Indonesia

<sup>1</sup> Eliisa Putri Wachdaniyah, <sup>2</sup> Alfiana Fitri

Universitas Internasional Semen Indonesia

Email: <sup>1</sup> [elisa.wachdaniyah19@student.uisi.ac.id](mailto:elisa.wachdaniyah19@student.uisi.ac.id), <sup>2</sup> [alfiana.fitri@uisi.ac.id](mailto:alfiana.fitri@uisi.ac.id)

### ABSTRACT

*Along with the movement of the growth rate of Gross Domestic Product (GDP) in Indonesia, which can describe economic conditions in a country, it is necessary to conduct research related to the quality of profits in the business sector, which is recorded as not experiencing growth contraction based on the Gross Domestic Product (GDP) data. This study examines the effect of managerial ownership, institutional ownership, independent boards of commissioners, audit committees, and prudence on earnings quality. The population in this study is represented by financial sector companies listed on the Indonesia Stock Exchange for 2017-2021. A purposive sampling method was used to determine the research sample, resulting in 48 companies that met the sample criteria. It is quantitative research using secondary data from the official website [idx.co.id](http://idx.co.id) and determining the data analysis technique through multiple linear regression analysis. The findings of this study indicate that institutional ownership, independent board of commissioners, and prudence affect earnings quality. Meanwhile, managerial ownership and audit committees do not affect earnings quality.*

**Keywords:** *earnings quality, independent commissioner, ownership, prudence*

## 1. INTRODUCTION

Even if social restrictions were imposed on the entire community during the COVID-19 pandemic, Indonesia's GDP experienced a 2.07% contraction in economic growth in 2020 (BPS, 2020). This contraction has an impact on several industrial sectors in Indonesia. However, Indonesia's economic growth increased by 5.02% in 2021 (BPS, 2020). However, some sectors, including the financial services and insurance industry, recorded no growth over the last five years. GDP can reflect economic conditions in a country; therefore, when a business sector does not experience a contraction in the rate of GDP, it can be concluded that the economic conditions in that sector are experiencing a downturn ((Tandelilin, 2010)).

GDP affects profitability because consumer savings are based on the income earned (Nadzifah & Sriyana, 2020). Furthermore, the level of profitability of banking companies is

also stated to be able to influence the level of profit growth (Lumbantoruan et al., 2021), and companies that have good earnings quality will most likely be able to maintain the quality of earnings sustainably and consistently (Bellovary et al., 2005).

Good Corporate Governance is a control system in a company that regulates various parties within it, whether parties who manage the company or only look at the values contained in the management mechanism itself ((Kusmayadi et al., 2015). The existence of an independent board of commissioners and audit committee structure can suppress tax avoidance practices in a company, which will later affect the level of earnings quality in financial reports so that it is likely to be able to avoid negative impacts on the company in the short and long term (Romadhon et al., 2021). Suitable corporate governance components include various aspects, such as managerial ownership, institutional ownership, independent boards of



commissioners, and audit committees (Ratnasari, 2022).

Several studies related to the influence of good corporate governance on earnings quality with different research results, including Ilham et al. (2022), which revealed that institutional ownership, public ownership, independent board of commissioners, and audit committees influence earnings quality; Sugianto and Sjarief (2018) stated that managerial ownership and independent commissioners do not affect earnings quality; Dewi et al., (2020) revealed that the independent commissioner, managerial ownership, institutional ownership and audit committee do not affect earnings quality; and Pratama and Sunarto (2018) prove that the variables of managerial ownership, institutional ownership and independent commissioners influence earnings quality.

Other factors can influence the quality of earnings in financial reports, namely prudence. Prudence is a convergence of accounting conservatism. Accounting conservatism is a practice carried out by companies by applying a careful attitude in managing income and expenses to anticipate conditions of uncertainty in the future (Hellman, 2008). Kurniawan et al. (2019) revealed an influence between accounting conservatism and earnings quality. Meanwhile, the results of research by Azizah and Khairudin (2022) reveal the opposite.

The inconsistency of several research results by previous researchers has encouraged researchers to review the variables that influence the quality of earnings in a company

## 2. LITERATURE REVIEW

The agency theory states a contract between the principal and agent, where the principal agrees to permit the agent to participate in all company operational activities and management's best decision-making actions. The principal is an investor or shareholder, while an agent is a manager or management of the company (Jensen & Meckling, 1979). Considering the position of shareholders outside the company, information asymmetry is detrimental to shareholders as part of the stakeholders. Therefore, shareholders need reliable information regarding the company to

by referring to the research of (Fitri et al., 2019) and Azizah and Khairudin (2022). Fitri et al. (2019) found that institutional and managerial ownership do not affect earnings quality in manufacturing companies. Research conducted by Azizah and Khairudin (2022) suggests that accounting conservatism (Prudence) and independent boards of commissioners do not affect earnings quality, while audit committees influence earnings quality in real estate and property sector companies listed on the Indonesia Stock Exchange.

Based on BPS's GDP growth rate in Indonesia from 2017 to 2021, it shows that financial sector companies have not experienced a growth contraction over the last five years. The financial sector plays a vital role as the provider of funds, increasing the economic and other rill sector's growth. Many countries develop their financial sector to improve the economy (Rasbin et al., 2015). With the development of this sector, it is believed that it can reduce the number of poverties, economic macrovolatility, and growth economics (Baroroh, 2012). This research was conducted due to the inconsistency of several research results by previous researchers. Therefore, this research will examine the quality of earnings of financial companies in Indonesia. This study aims to determine the effect of Ownership Structure, Independent Commissioners, Audit Committee, and Prudence on Earnings Quality in Financial Sector Companies Listed on the Indonesia Stock Exchange in 2017-2021.

evaluate its future performance prospects (Fitri, 2016). Corporate governance is a potential factor that will impact earnings quality due to its role in disclosure. Corporate governance influences earnings quality (Korutaro, 2013). An adequate company management system will improve the earning quality. Managerial ownership is a shareholder action by company management who actively participates in decision-making regarding established policies (Sudana, 2015). Managerial ownership has a positive effect on earnings quality because management in a company that has a high

portion of share ownership will tend to improve its performance in order to be able to produce good-quality financial reports (Oktaviani et al., 2015). Management who owns shares in the company they lead tend to utilize the resources they have in order to achieve the planned nominal profit target ((Setyarini et al., 2021).

**H1: Managerial ownership has a positive effect on earnings quality.**

Institutional ownership is the proportion of share ownership held by other institutions in the company. Institutional investors are known as large shareholders or large creditors, and this position has a stronger incentive to supervise company managers than other minority shareholders. It causes the level of supervision to be tighter and can reduce problems related to agency theory (Robertus, 2016). Ananda and Ningsih (2016) state that institutional ownership influences earnings quality. The higher the proportion of institutional ownership in a company, the better the control of the company. In this case, it will be able to reduce the level of agency costs and increase the company's value in the eyes of other stakeholders. It means that if the level of institutional ownership is high, the potential profits presented in the financial statements will also be of higher quality. Setiyowati and Irianto (2020) also revealed that institutional ownership can improve earnings quality.

**H2: Institutional ownership has a positive effect on earnings quality.**

Independent board of commissioners is a structure that can carry out better supervision than other corporate governance components because of its independence (Hidayatul et al., 2022). The independent board of commissioners can carry out its function as a supervisor for the company's management in properly preparing financial reports. Furthermore, management will prepare a quality net income report without any manipulation. It indicates that the higher the number of independent boards of commissioners in a company, the higher the level of earnings quality in a financial report Puspitawati et al., (2019).

**H3: Independent board of commissioners has a positive effect on earnings quality.**

The audit committee is a group of people that assist members of the board of commissioners in carrying out all their responsibilities and maintaining the auditor's independence (Tugiman, 1995). The role of a company's audit committee is to supervise the implementation of managerial activities in the company. Therefore, the higher the number of committee members, the higher the quality of the profits will be. The committee will perform its supervisory function and minimize the fraud that could occur (Polimpung, 2020). The audit committee can enhance the integrity and effectiveness of the company's financial reports by reviewing the financial reporting to assess the quality of earnings (Supomo & Amanah, 2019).

**H4: The audit committee has a positive effect on earnings quality.**

Prudence or conservatism in accounting is a careful attitude of management in making decisions to process financial information so as not to present earnings that are too high within reasonable limits by expert policy to minimize the risk of uncertainty in future conditions (Belkaoui, 2006). Accounting conservatism determines management's opportunistic actions in managing profits and taking advantage of the position. Consequently, the recognition and measurement of company assets and earnings will be carried out carefully, impacting earning quality (Sugianto & Sjarief, 2018). The proper implementation of conservatism improves the earning quality. This principle of conservatism needs to be applied by management to avoid the uncertainty that can put shareholders at risk (Safitri & Afriyenti, 2020). This careful attitude can help reduce acts of manipulation of financial reports caused by the principle that prioritizes a careful attitude when presenting financial information so that the earning quality generated by the company will also be increased (Maulia & Handoyo, 2022)

**H5: Prudence has a positive effect on earning quality**

### 3. RESEARCH METHOD



### 3.1. Research Methodology

It is quantitative research. A quantitative research method is a method that uses specific populations and samples, data collection methods using research instruments, and statistical data analysis to test hypotheses (Sugiyono, 2018). Five independent variables and one dependent variable are used. The independent variables used are managerial ownership, institutional ownership,

independent board of commissioners, audit committee, and prudence. Meanwhile, the dependent variable is Earnings Quality.

### 3.2. Data Collection Techniques

Objects used in this research are financial sector companies listed on the Indonesia Stock Exchange (BEI) in 2017-2021. Meanwhile, the data collection method in this research uses secondary data in two ways: literature study and documentation.

### 3.3 Operational Definitions of Variables

**Table 1. Variable Measurement**

Variables	Measurement
-----------	-------------

**Dependent Variables:**

1. *The Earnings quality in this study is proxied by discretionary accruals using the Modified Jones model (Dechow et al., 1995).*

a. *Total Accruals*

$$TACC_{it} = NI_{it} - OCF_{it}$$

*Information:*

*TACC<sub>it</sub>: Total accruals in year t*

*NI<sub>it</sub>: Net profit for the year in year t*

*OCF<sub>it</sub>: Cash flow originating from operating activities (operating cash flow) in year t*

*After the total accruals calculation has been determined, the next step is to estimate specific parameters using the model:*

$$\frac{TACC_{it}}{TA_{i,t-1}} = a_1 \frac{1}{TA_{i,t-1}} + a_2 \frac{\Delta REV_{it}}{TA_{i,t-1}} + a_3 \frac{PPE_{it}}{TA_{i,t-1}}$$

*Information:*

*TACC<sub>it</sub>: Total accruals in year t*

*TA<sub>i,t-1</sub>: Total assets for sample company i at the end of year t-1*

*ΔREV<sub>it</sub>: Change in company i's income from year t-1 to year t*

*PPE<sub>it</sub>: Gross Property, plant and equipment of company i in year t*

b. *Non-Discretionary Accruals*

*In the Modified Jones model, non-discretionary accruals are calculated using the following formula:*

$$NDACC_{it} = a_1 \frac{1}{TA_{i,t-1}} + a_2 \frac{(\Delta REV_{it} - \Delta REC_{it})}{TA_{i,t-1}} + a_3 \frac{PPE_{it}}{TA_{i,t-1}}$$

*Information:*

*NDACC<sub>it</sub>: Non-discretionary accruals in year t*

*TA<sub>i,t-1</sub>: Total assets for sample company i at the end of year t-1*

*ΔREV<sub>it</sub>: Change in company i's income from year t-1 to year t*

*ΔREC<sub>it</sub>: Change in company i's receivables from year t-1 to year t*

*PPE<sub>it</sub>: Gross Property, plant and equipment of company i in year t*

c. *Discretionary Accruals*

*Total accruals consist of discretionary accruals and non-discretionary accruals, discretionary accruals can be formulated as follows:*

Variables	Measurement
	$DACC_{it} = \frac{TACC_{it}}{TA_{i,t-1}} - NDACC_{it}$

**Independent Variables:**

1. *Managerial ownership is the proportion of shares owned by company management who actively participate in decision making (Effendi, 2016).*  

$$\text{Managerial Ownership} = \frac{\text{Number of managerial shares}}{\text{Number of outstanding shares}}$$
2. *Institutional ownership is ownership of company shares owned by institutions or institutions such as insurance companies, banks, investment companies and other institutional ownership (Pasaribu et al., 2016).*  

$$\text{Institutional ownership} = \frac{\text{Number of Institutional shares}}{\text{Number of outstanding shares}}$$
3. *An independent board of commissioners is a party chosen to carry out duties in the interests of the company but does not have the capacity to represent any party (Agoes & Ardana, 2009)*  

$$\text{Independent board od commissioners} = \frac{\text{Number of independent board of commissioners}}{\text{Number of board of commissioners}}$$
4. *The audit committee is a group of people who carry out special duties to assist a number of members of the board of commissioners and are responsible for assisting auditors in maintaining their independence from other parties (Tugiman, 1995). Based on Bank Indonesia Regulation (2006) No. 8/14/PBI/2006 concerning the implementation of Good Corporate Governance, the number of audit committees in a company has at least 3 members including the audit committee.*  
*Using a dummy variable with a scale of 1 if the audit committee is  $\geq 3$ , and a scale of 0 if the audit committee is  $< 3$ .*
5. *Prudence or accounting conservatism is an implication of accounting principles that immediately recognizes costs or expenses that may occur but does not immediately recognize income or profits that are likely to occur (Suwardjono, 2010).*

$$CONACC = \frac{NI + DEP - CFO}{\text{Total Aset}} x - 1$$

CONACC: Conservatism of company *i* in year *t*

NI: Net profit of company *i* in year *t*

DEP: Depreciation of company *i* in year *t*



Variables	Measurement
	<i>CFOit</i> : Cash flow in operating activities of company <i>i</i> year <i>t</i>
	<i>Total Assets</i> : Total assets in the current year.

Source: Data processed, 2022

### 3.3. Sample Collection Techniques

This research uses 105 financial sector companies listed on the Indonesia Stock Exchange (BEI). Meanwhile, the sample selection method uses purposive sampling using several criteria, including (1) Financial sector companies listed on the Indonesia Stock Exchange consecutively during the period 2017 to 2021; (2) Financial sector companies that publish annual financial reports for the period 2017 to 2021; (3) Financial sector companies that did not experience consecutive losses during 2017 to 2021.

**Table 2. Research Sample**

Sample Criteria	Number
Financials sector companies listed on the Indonesia Stock Exchange	105
<b>Violation of Criteria:</b>	
Financial sector companies that are not listed in a row	-18
Financials sector companies that do not publish complete financial reports	-6
Financials sector companies that experienced losses from 2017 to 2021	-33
<b>Total</b>	<b>48</b>

Sample Criteria	Number
-----------------	--------

Source: Data processed, 2022

### 3.4. Data Analysis Techniques

The data analysis technique uses multiple linear regression analysis with SPSS (Statistical Package for Social Sciences) software. This research uses multiple linear regression analysis because there is one dependent variable and more than one independent variable. This technique aims to determine the influence of the independent variable on the dependent variable. Therefore, a multiple linear regression equation model can be found to test the following hypothesis:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$$

Information:

Y = Quality of earnings

$\alpha$  = Constant

$\beta$  = Regression coefficient

X1 = Managerial Ownership

X2 = Institutional Ownership

X3 = Independent Board of Commissioners

X4 = Audit Committee

X5 = Prudence

e = Error

## 4. RESULTS AND DISCUSSIONS

### 4.1. Results

**Table 3. Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
Y	240	-4,17	3,52	-,1832	1,11676
X1	240	,00	,62	,0162	,08575
X2	240	,21	1,00	,7287	,16641
X3	240	,20	,75	,5035	,11686
X4	240	,00	1,00	,9667	,17988
X5	240	-,37	,50	,0093	,10977

Source: Output SPSS26, 2022

Table 3 shows the average level of earnings quality in financial sector

companies listed on the Indonesia Stock Exchange (BEI) for the period 2017 to 2021

is -0.1832 with a standard deviation of 1.11676; this can be interpreted that most companies in this sector do not implement earnings management practices. The average number of managerial ownerships in financial sector companies listed on the Indonesia Stock Exchange (BEI) from 2017 to 2021 is 0.0162, with a standard deviation of 0.08575. The average number of

institutional ownerships from 2017 to 2021 is 0.7287, with a standard deviation of 0.16641. The average number of independent boards of commissioners and audit committees from 2017 to 2021 is 0.5035, 0,9667, with a standard deviation of 0.1168 and 0,17988. The last is prudence in 0,0093.

**Table 4. Normality Test**  
*One-Sample Kolmogorov-Smirnov Test*

		Unstandardized Residual
N		240
Normal Parameters <sup>a,b</sup>	Mean	,0000000
	Std. Deviation	1,00734951
Most Extreme Differences	Absolute	,054
	Positive	,054
	Negative	-,048
Test Statistic		,054
Asymp. Sig. (2-tailed)		,085 <sup>c</sup>

Source: Output SPSS 26, 2022

**Table 5. Multicollinearity test**

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
X1	,680	1,471
X2	,742	1,347
X3	,989	1,011
X4	,733	1,364
X5	,947	1,056

Source: Output SPSS 26, 2022

Table 5 shows that the normality test results using the One Sample Kolmogrov-Smirnov Test have obtained a value from Asymp. Sig. (2-tailed) is 0.085. This figure can state that the data used in this research is normally distributed because the Asymp value Sig. (2-tailed) > 0.05. Table 4.3 shows that each

independent variable has a tolerance value above 0.10 and a Variance Inflation Factor (VIF) value below 10, therefore, it can be concluded that the regression model does not have multicollinearity and this research is suitable to continue to the next testing stage.

**Table 6. Heteroscedasticity test**

Model	Sig.
1 (Constant)	,604
X1	,999
X2	,274
X3	,222
X4	,717
X5	,542

Source: Output SPSS 26, 2022

**Table 7. Autocorellation Test**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
-------	---	----------	-------------------	----------------------------	---------------



1	,432 <sup>a</sup>	,186	,169	1,01805	,930
---	-------------------	------	------	---------	------

Source: Output SPSS 26, 2022

Based on the Glejser test in table 7 above, it shows the Sig. of each independent variable is >0.05. Therefore, it can be concluded that the regression equation model does not have heteroscedasticity. The table 4.5. shows that the

Durbin-Watson value is 0.930, so it can be stated that the regression model does not have autocorrelation symptoms because the Durbin-Watson value is between -2 and 2 (Santoso, 2014).

**Tabel 8 T-test Analysis**

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
X5 (Constant)	,855	,548		1,559	,120
X1	,543	,931	,042	,583	,561
X2	1,578	,459	,235	3,435	,001
X3	-2,901	,567	-,304	-5,119	,000
X4	-,740	,428	-,119	-1,731	,085
X5	-2,204	,616	-,217	-3,576	,000

Source: Output SPSS 26, 2022

**Table 9. F-test Analysis ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	55,542	5	11,108	10,718	,000 <sup>b</sup>
Residual	242,526	234	1,036		
Total	298,068	239			

Source: Output SPSS 26, 2022

**Tabel 10. Coefficient of Determination Test Results Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,432 <sup>a</sup>	,186	,169	1,01805	,930

Source: Output SPSS 26, 2022

Table 8 shows the t-test result on the managerial ownership variable, which is 0.561 or a significance value greater than 0.05. That is why H1 is rejected, which means that the managerial ownership variable does not affect the quality of earnings. The institutional ownership variable is 0.001 or a significance value smaller than 0.05. Therefore, H2 is accepted, meaning the institutional ownership variable affects earnings quality. Next is the statistical result of the t-test on the independent board of commissioners' variable, which is 0.000 or a significance value smaller than 0.05, and it can be concluded that H3 is accepted, which means that the independent board of commissioner's variable affects earnings quality. The statistical result of the t-test on the audit committee variable is 0.085 or a significance value greater than 0.05. It can be concluded that H4 is rejected, which means that the audit committee variable does not affect

earnings quality. The last is prudence, which shows 0.000 or a significance value smaller than 0.05. Therefore, H5 is accepted, meaning the prudence variable influences earnings quality.

Table 9 shows that the significance level of 0.000 is smaller than 0.05, which means that the variables institutional ownership, institutional ownership, independent board of commissioners, audit committee, and prudence simultaneously influence earnings quality. Table 10 shows that this study's coefficient of determination (R<sup>2</sup>) was 0.186 or 18.6%. This percentage can explain that the variables managerial ownership, institutional ownership, independent board of commissioners, audit committee, and prudence affect earnings quality by 18.6%. In comparison, the remaining 81.4% is influenced by the other variables not included.



## 4.2. Discussion

Managerial ownership does not affect the quality of earnings in financial reports. The number of managerial ownerships cannot be used as a benchmark of a company's earnings quality, even though the proportion of shares owned by management should encourage management to improve its performance (Dewi et al., 2020). Furthermore, other corporate governance components, such as independent commissioners, ensure the quality of financial reports in a company (Barokah & Putra, 2020). The company's small proportion of managerial ownership can make management lack its supervision functions (Rhomyah & Fitri, 2020).

When the level of institutional ownership increases, the value of discretionary accruals will increase, thereby reducing the level of earnings quality in the company due to earnings management actions. The proportion of institutional ownership can reduce earning quality because the majority ownership position by other institutions will prioritize their interests. In this case, these institutions tend to support company management so that they can produce high profits in financial reports they can, provide high dividends to their shareholders, and have an impact on reducing the level of profit quality in a company (Dewi et al., 2021); Martinus & Kusumawati, 2021). When the ownership structure is concentrated in an institution, generally, the proportion of ownership is large enough to reflect the power of a company so that the institution can intervene in company activities and regulate the process of preparing financial reports (Perdana, 2019); (Sulistyoningsih & Asyik, 2019).

## 5. CONCLUSIONS

This research examines the impact of managerial ownership, institutional ownership, independent boards of commissioners, audit committees, and prudence on earnings quality. The method used in this research is a quantitative method that determines the sample using a purposive sampling method.

The sample for this research was 48 financial sector companies listed on the Indonesia Stock Exchange (BEI) from 2017 to 2021. Based on the results of hypothesis testing,

The independent board of commissioners affects earnings quality. The independent board of commissioners is a structure that can carry out better supervision than other corporate governance components because it is free from the company's internal interests. That is why it can be interpreted that the higher the level of the independent board of commissioners in a company, the higher the level of earnings quality due to supervision from parties who are not affiliated with the company and can avoid earnings management (Hidayatul et al., 2022).

The audit committee does not affect profit quality due to weaknesses of corporate governance practices in Indonesia. It means that the process of presenting financial reports can still be manipulated by related parties and decrease the earning quality. The audit committee also does not perform a direct role in the company's operational activities and the company's internal control system (Dewi et al., 2020) and is not related to preparing the financial reporting (Tita & Pohan, 2022).

Accounting conservatism affects earnings quality. Prudence can limit management's opportunistic actions in managing profits and take advantage of its position of knowing more in-depth company information. Thus, the recognition and measurement of company assets and profits will be carried out carefully, impacting the quality of the profits presented. The conservatism of accounting needs to be implemented by management to avoid uncertainty and opportunistic behavior, which can risk its shareholders (Sugianto & Sjarief, 2018).

the following research results found that managerial ownership and audit committees do not affect earnings quality. Meanwhile, institutional ownership, an independent board of commissioners, and prudence improve the quality of earnings. The number of companies that meet the research criteria causes limitations in this research. Therefore, the results cannot be generalized to all business sectors' conditions on the Indonesia Stock Exchange. Based on the R Square test, the five independent variables



only influence 0.186 or 18.6% of the earnings quality variable. Meanwhile, the remaining 0.814 or 81.4% of the earnings quality variable is determined by other variables outside the independent variables in this study.

This research can be used as a reference for investors to pay more attention to what determines a company's earnings quality. Moreover, the company's profits will affect the dividends that will be distributed to the

company's shareholders. For example, the number of majority owners by other institutions will prioritize their interests over the public's interests; in this case, the institution tends to support the company's management so that it can generate high profits, which are presented in the financial reports so that it can provide high dividends or returns to its shareholders. Investors must study and analyze other factors besides financial reports before deciding.

## REFERENCES

- Barokah, S., & Putra, R. R. (2020). *Pengaruh Pertumbuhan Perusahaan Dan Kepemilikan Manajerial Terhadap Keputusan Investasi Dengan Kualitas Laba Sebagai Variabel Intervening*. 5(2), 1–11.
- Belkaoui, A. R.-. (2006). *Accounting Theory* (Edisi 5 Bu). Salemba Empat.
- Bellovary, J. L., Giacomino, D. E., & Akers, M. D. (2005). Earnings Quality: It's Time to Measure and Report. *The CPA Journal*, 75(11), 32.
- Dewi, N. D. G. S., Suryandari, N. N. A., & Putra, G. B. B. (2021). . Pengaruh Mekanisme Corporate Governance dan Investment Opportunity Set (IOS) Terhadap Kualitas Laba Pada Perusahaan Manufaktur di Bursa Efek Indonesia Tahun 2013-2015. *Karya Riset Mahasiswa Akuntansi*, 1(6), 2083–2093.
- Fitri, A. (2016). Analisis Pengaruh Mekanisme Tata Kelola Perusahaan Terhadap Luas Pengungkapan. In *Akrual* (Vol. 7, Issue 2). <http://journal.unesa.ac.id/php/index/aj>
- Fitri, K. A., Puspa, D. F., Darmayanti, Y., & Rahmi, S. (2019). Pengaruh Struktur Kepemilikan terhadap Kualitas Laba (Studi Empiris Perusahaan Manufaktur yang Listed di BEI Tahun 2009-2011). *Jurnal Kajian Akuntansi Dan Auditing*, 14(1), 37–48. <https://doi.org/10.37301/jkaa.v14i1.7>
- Hellman, N. (2008). Accounting conservatism under ifrs. *Accounting in Europe*, 5(2), 71–100. <https://doi.org/10.1080/17449480802510492>
- Jensen, M. C., & Meckling, W. H. (1979). Rights and production functions: An application to labor-managed firms and codetermination. *Journal of Business*, 469–506.
- Kusmayadi, D., Rudiana, D., & Badruzaman, J. (2015). *Good Corporate Governance* (I. Firmansyah, Ed.). LPPM Universitas Siliwangi.
- Nadzifah, A., & Sriyana, J. (2020). *Analisis Pengaruh Inflasi , Kurs , Birate , PDB Dan Kinerja Internal Bank Terhadap Profitabilitas Pada Perbankan Syariah Dan Konvensional*. 6(1), 79–87.
- Oktaviani, R. N., Nur, E., & Ratnawati, V. (2015). Pengaruh Good Corporate Governance Terhadap Kualitas Laba: Studi Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia Tahun 2013-2017. *Jurnal Ekonomi KIAT*, 26(2), 1–20.
- Perdana, A. A. (2019). Pengaruh Kepemilikan Institusional, Leverage, dan Komite Audit Terhadap Manajemen Laba Pada Perusahaan Yang Terdaftar di PT Bursa Efek Indonesia (Studi Empiris Pada Perusahaan Yang Terdaftar di PT Bursa Efek Indonesia Dari Tahun 2015-2017). *Jurnal Ekonomi Sakti (JES)*, 8(1), 1–19.
- Polimpung, L. J. C. (2020). Pengaruh Good Corporate Governance Terhadap Kualitas Laba Perusahaan (Studi pada Perusahaan Sektor Consumer Goods dalam Bursa Efek Indonesia Periode 2016-2018). *Jurnal Akuntansi*, 12(2), 215–222. <https://doi.org/10.28932/jam.v12i2.2305>

- Rhomyah, U., & Fitri, A. (n.d.). *Pengaruh Penerapan Good Corporate Governance (Gcg) Dan Struktur Kepemilikan Terhadap Penerimaan Opini Audit Going Concern Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia (Bei) Tahun 2011-2018*.
- Safitri, R., & Afriyenti, M. (2020). Pengaruh Ukuran Perusahaan, Likuiditas, Dan Konservatisme Akuntansi Terhadap Kualitas Laba. *Jurnal Eksplorasi Akuntansi*, 2(4), 3793–3807. <https://doi.org/10.24036/jea.v2i4.319>
- Setyarini, J., Trisanti, T., & Miswanto, M. (2021). Kecakapan Manajerial Dan Kepemilikan Manajerial Terhadap Kualitas Laba Yang Dimoderasi Oleh Keahlian Keuangan Komite Audit Dan Gender. *JBTI : Jurnal Bisnis : Teori Dan Implementasi*, 11(3), 244–259. <https://doi.org/10.18196/jbti.v11i3.10720>
- Sudana, I. M. (2015). *Manajemen keuangan perusahaan: Teori & praktik* (kedua). Erlangga.
- Sulistyoningsih, N., & Asyik, N. F. (2019). Pengaruh Good Corporate Governance dan Kinerja Keuangan terhadap Manajemen Laba. *Jurnal Ilmu Dan Riset Akuntansi*, 8(3), 1–20.
- Supomo, M., & Amanah, L. (2019). Pengaruh Komite Audit, Struktur Modal, Dan Persistensi Laba Terhadap Kualitas Laba. *Jurnal Ilmu Dan Riset Akuntansi*, 8(5), 1–17.
- Suwardjono. (2010). *Teori Akuntansi perekayasaan Pelaporan Keuangan*. BPFÉ.
- Tandelilin, E. (2010). *Portofolio dan Investasi: Teori dan Aplikasi* (Edisi 1). Kanisius.
- Tita, A. W., & Pohan, H. T. (2022). Pengaruh Good Corporate Governance, Financial Distress, dan Likuiditas Terhadap Kualitas Laba. 2(2), 1735–1746.