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THE EFFECT OF PROFITABILITY, LIQUIDITY AND CORPORATE GOVERNANCE ON PROFIT QUALITY IN FOOD AND BEVERAGE SUB-SECTOR COMPANIES THAT LISTED ON THE INDONESIA STOCK EXCHANGE IN 2019-2023

PENGARUH PROFITABILITAS, LIKUIDITAS DAN TATA KELOLA PERUSAHAAN TERHADAP KUALITAS LABA PADA PERUSAHAAN SUB SEKTOR MAKANAN DAN MINUMAN YANG TERDAFTAR DI BURSA EFEK INDONESIA TAHUN 2019-2023

Iis Pratiwi [1], Sahmin Noholo[2], Nilawaty Yusuf [3],
1Accounting Economic and business Faculty, State Universitas of Gorontalo, Email: iispratiwi45@gmail.com
[2]Accounting Economic and business Faculty, State Universitas of Gorontalo, Email: sahmin.noholo@ung.ac.id
[3]Accounting Economic and business Faculty, State Universitas of Gorontalo, Email: nilawaty.yusuf@ung.ac.id

*email Koresponden: iispratiwi45@gmail.com

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Abstract

This study aims to identify and analyze the influence of profitability, liquidity, and corporate governance on the quality of profits. This research was conducted on the food and beverage sub-sector listed on the Indonesia Stock Exchange in the 2019-2023 period using a quantitative approach. The sample determination was carried out by the purposive sampling method, resulting in a total of 12 companies observed over a period of 5 years, so that the total sample used was 60. Data analysis was carried out using the SPSS 26 program. The results showed that profitability, audit committees, and institutional ownership had a significant effect on the quality of profits, while liquidity and independent commissioners did not show a significant influence. However, simultaneously, all of these variables have a significant effect on the quality of profit.

Kata Kunci : Profitability, Liquidity, Corporate Governance and Profit Qaulity

Abstrak

Penelitian ini bertujuan untuk mengidentifikasi dan menganalisis pengaruh profitabilitas,likuiditas, dan tata kelola perusahaan terhadap kualitas laba. Penelitian ini dilakukan pada sub-sektor makanan dan minuman yang terdaftar di Bursa Efek Indonesia pada periode 2019-2023 dengan menggunakan pendekatan kuantitatif. Penentuan sampel dilakukan dengan metode purposive sampling, menghasilkan total 12 perusahaan yang diamati selama periode 5 tahun, sehingga total sampel yang digunakan adalah 60. Analisis data dilakukan dengan menggunakan program SPSS 26. Hasil penelitian menunjukkan bahwa profitabilitas, komite audit, dan kepemilikan institusional berpengaruh signifikan terhadap kualitas laba, sedangkan likuiditas dan komisaris independen tidak menunjukkan pengaruh signifikan.

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Namun, secara simultan, semua variabel tersebut berpengaruh signifikan terhadap kualitas laba.

Kata Kunci : Profitabilitas, Likuiditas, Tata Kelola Perusahaan dan Kualitas Laba

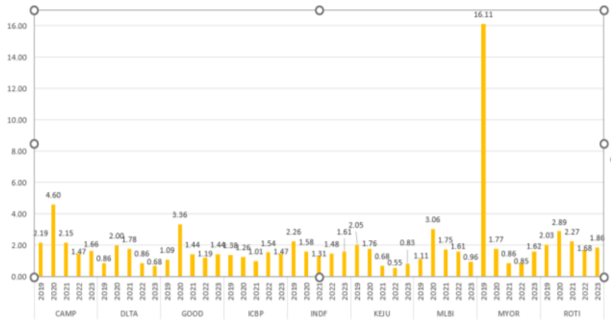
1. INTRODUCTION

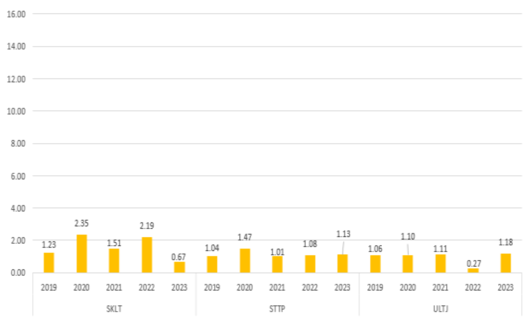
A company as a business entity that carries out production, distribution, or service activities with the main objective of gaining profit and increasing value for shareholders and stakeholders. Increasing the company's value according to Yusmaniarti et al., (2020) can be done through various business activities to provide services to investors which can ultimately support the success of the organization. High company value reflects investor expectations regarding the sustainability and success of the company's operations in the future.

In order for the company's value to be accepted by the community, there are various activities that must be carried out in a planned and effective manner, such as increasing innovation and human resource development (HR) Ading (2020) . In ensuring maximum operational efficiency and management, companies can create added value and increase organizational competitiveness. All of these activities aim to generate profit. One of the indicators of business performance is information related to profit, so that companies do not only focus on achieving profit, but must also focus on the quality of the profit generated. As stated by Handayani & Ersyafdi (2024) high-quality profits reflect the company's truly sustainable operational performance, while low-quality profits often reflect aggressive or manipulative accounting practices. The process of assessing the financial health of a company is not enough to just look at the amount of profit obtained, but it is also important to understand the quality of the profit. Good profit quality reflects transparency and accuracy in financial reporting, so that decision making can be relied on as a basis.

To assess the quality of earnings, an approach based on the time-series nature of earnings can be used, which includes aspects of persistence, predictability, and its level of variability. In addition, Agustin & Rahayu (2022) emphasized that quality earnings must have key characteristics such as relevance, reliability, and consistency. In measuring earnings quality, Harwandita & Srimindarti (2023) proposed a method by comparing operating cash flow to net income. If the ratio of this calculation result is greater than 1.0, then the profit is categorized as high quality because it reflects strong cash flow compared to reported accounting profit. Conversely, if the ratio is less than 1.0, then the quality of earnings is considered low.

Based on several descriptions that have been put forward, it can be understood that there are various aspects that form profit quality, and profit quality is a company that has stable and sustainable profits and tends to increase. However, this condition is not in line with the conditions experienced by several manufacturing companies in the food and beverage sector,





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which experience inconsistent profit performance from year to year, which reflects the potential for low profit quality in several companies. This can be understood from the following Figure:

Based on the Figure, it can be seen that the company's profit data shows inconsistency in the company's profit performance during the 2019-2023 period. As experienced by the company Mayora Indah Tbk (MYOR) which experienced a significant spike in profits in 2019 but declined sharply in the following years, as well as similar conditions experienced by other companies such as Campina (CAMP), Delta Djakarta (DLTA), Garudafood (GOOD), and Nippon Indosari (ROTI). The profit fluctuation indicates the potential for low profit quality, as well as weak continuity of the company's operational strategy. Previous studies have identified a number of factors that influence profit quality, including profitability, liquidity, and corporate governance. Companies with high profitability tend to report profits more transparently without the need for manipulation, because good performance is enough to attract investors. On the other hand, adequate liquidity reflects the company's ability to meet its obligations, thereby reducing the pressure to engineer accounting to maintain a good financial image. However, good profitability and liquidity alone are not enough if they are not supported by effective corporate governance. A strong governance system can increase transparency and accountability in financial reporting, while minimizing *earnings management practices* that can reduce profit quality.

2. RESEARCH METHOD

The object used in this study is the Food and Beverage Sub-Sector Companies listed on the Indonesia Stock Exchange for the period 2019 to 2023. This study uses a quantitative approach with a descriptive research type. This study uses secondary data obtained from the Indonesia Stock Exchange through the official website of the Indonesian Stock Exchange, namely www.idx.co.id to take financial reports from listed companies. Purposive sampling is the sampling method in this study, using data for five years, from 2019 to 2023 on the IDX. The number of samples of food and beverage sub-sector companies listed on the IDX is 12 companies . The data analysis technique in this study uses the SPSS 26 program .

3. RESULTS AND DISCUSSION

In this chapter, the object of this study is the Food and Beverage Sub-Sector Companies on the IDX 2019 - 2023 listed on www.idx.co.id. Descriptive statistical tests used in this study using the SPSS26 program. Includes average scores and significant tests.

A. Descriptive Test Results

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
PROFITABILITAS	60	.72	67.27	13.6472	12.59495
LIKUIDITAS	60	.17	13.31	3.6305	2.99314
KOMITE AUDIT	60	2.00	3.00	2.9167	.27872
KOMISARIS INDEPENDEN	60	20.00	66.67	41.6590	9.79057
KEPEMILIKAN INSTITUSIONAL	60	23.78	97.48	71.3545	18.37973
KUALITAS LABA	60	.27	16.11	1.7728	2.01730
Valid N (listwise)	60				

Sumber: Data diolah, menggunakan SPSS 26, 2025

Based on the results of the descriptive statistical data above, it can be concluded that:

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1. Earnings Quality (Y) shows a minimum value of 0.27, with an average (mean) of 1.7728 and a standard deviation of 2.01730. Because the value of 1.7728 < 2.01130, it shows that the average does not optimally describe the distribution of earnings quality data in the company.
2. The Liquidity variable (X2) has a minimum value of 0.17, with an average value (mean) of 3.6305 and a standard deviation of 2.999314. Because the value of 3.6305 > 2.999314, it can be interpreted as good in describing the company's overall liquidity data.
3. The Audit Committee variable (X3) recorded a minimum value of 2.00, with an average value (mean) of 2.9167 and a standard deviation of 0.27872. The comparison value of 2.9167 > 0.27872, so it can be said to be a good picture of the overall audit committee data in the company.
4. The Independent Commissioner variable (X4) has a minimum value of 20.00, with an average value (mean) of 41.6590 and a standard deviation of 9.79057. Because the average value of 41.6590 > 9.79057, this shows a good representation to describe the overall data of independent commissioners in the company.
5. The Institutional Ownership variable (X5) has the lowest value (*minimum*) of 23.78. The average value (*mean*) is 71.3545 with a standard deviation value of 18.37973. Because the average is 71.3545 > 18.37973, therefore it can be explained that the average is a good representation to describe all independent commissioner data in the company.

B. Data Normality Test Results

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		60
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	1.94854613
Most Extreme Differences	Absolute	.261
	Positive	.261
	Negative	-.241
Test Statistic		.261
Asymp. Sig. (2-tailed)		.000[c]

Based on the SPSS output results in the Table, it shows an indication that the data is not normally distributed because it gets a value of 0.000 [c] which is <0.05 significance, so a test using natural logarithm is needed. Here are the test results:

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		60
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.38667218
Most Extreme Differences	Absolute	.075
	Positive	.052
	Negative	-.075
Test Statistic		.075
Asymp. Sig. (2-tailed)		.200

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As seen in the table above, the variable data in this study has been normally distributed, indicated by a significance value of 0.200 which exceeds the limit of 0.05 or 5%. Thus, the data is suitable for testing the regression model.

C. Multicollinearity Test Results

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	VIF
1	(Constant)	2.233	4.363		0.512	0.611		
	PROFITABILITAS	-0.037	0.030	-0.229	-1.229	0.224	0.496	2.018
	LIKUIDITAS	0.060	0.090	0.090	0.670	0.506	0.962	1.039
	KOMITE AUDIT	0.224	1.637	0.031	0.137	0.892	0.338	2.960
	KOMISARIS INDEPENDEN	-0.005	0.030	-0.024	-0.169	0.866	0.829	1.206
	KEPEMILIKAN INSTITUSIONAL	-0.009	0.020	-0.079	-0.429	0.670	0.505	1.982

a. Dependent Variable: KUALITAS LABA

Based on the results listed in the table, the first equation model shows that the VIF value is less than 10 and the tolerance value is greater than 0.10. While the calculation of the independent variables does not exceed the threshold value.

D. AutoCorrelation Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.259[a]	0.067	-0.019	2.03676	1.926

a. Predictors: (Constant), KEPEMILIKAN INSTITUSIONAL, LIKUIDITAS, KOMISARIS INDEPENDEN, PROFITABILITAS, KOMITE AUDIT

b. Dependent Variable: KUALITAS LABA

Based on the table above, 1.926 was obtained where this value is between -2 and 2. Therefore, there is no autocorrelation in this study.

E. Heteroscedasticity Test Results

Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	2.208	3.782		.584	.562
	PROFITABILITAS	-.029	.026	-.211	-1.123	.266
	LIKUIDITAS	.044	.078	.076	.568	.572
	KOMITE AUDIT	-.101	1.419	-.016	-.071	.944
	KOMISARIS INDEPENDEN	.017	.026	.096	.663	.510
	KEPEMILIKAN INSTITUSIONAL	-.021	.018	-.225	-1.212	.231

a. Dependent Variable: ABS_RES

The table above explains where the probability value (*Sig*) obtained by all independent and dependent variables exceeds 0.05, this can be interpreted as the test results showing that there is no heteroscedasticity in the regression model.

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F. Multiple Linear Regression Test Results

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	8.177	.309		26.494	.000
	X1	-.064	.005	-.399	-13.702	.000
	X2	.035	.018	.054	1.984	.052
	X3	-2.120	.061	-.967	-34.660	.000
	X4	-.003	.006	-.012	-.431	.668
	X5	.009	.003	.081	2.718	.009

a. Dependent Variable: KUALITAS LABA

Based on the table above, it can be seen that the constant value (α value) is 8.177 and for profitability (β value) is -0.064, liquidity (β value) is 0.035 while the audit committee (β value) is -2.120 and independent commissioners (β value) is -0.003 and for institutional ownership (β value) is 0.009. So that the multiple linear regression equation can be obtained as follows: Y = 8.177 + (-0.064 X1) + 0.035 X2 + (-2.120 X3) + (-0.003 X4) + 0.009 X4 +Ɛ. Then each variable coefficient can be explained as follows:

1. A constant with a positive value of 8.177 if it is present (constant) in X1 to X5 then there will be an increase in profit quality.
2. Profitability indicates a negative value of -0.064, indicating that whenever there is an increase in profitability, the quality of profit tends to decrease.
3. The positive Liquidity value of 0.035 shows that every increase in liquidity tends to be followed by an increase in profit quality.
4. The audit committee shows a negative value of -2.120 which indicates that every time there is an increase, the quality of earnings will decrease.
5. Independent Commissioners show a negative value of -0.003, this explains that every time there is an increase in independent commissioners, there is a tendency for there to be a decrease in profit quality.
6. Institutional ownership shows a positive value of 0.009, which indicates that every time there is an increase, there will tend to be a decrease in earnings quality.

G. Results of the determination coefficient test R^2

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.981[a]	0.963	0.960	0.40418

a. Predictors: (Constant), x1, x2, x3, x4, x5
b. Dependent Variable: KUALITAS LABA

As in the table, it can be seen that the adjusted R square value reaches 0.960, this shows that the independent variable is able to describe the dependent variable (earnings quality) by

96 percent, meanwhile, the remaining 4 percent is influenced by other factors outside of this study.

H. Hypothesis Test Results

Model	t	Sig.
(constant)	26.494	0.000
PROFITABILITAS	-13.702	0.000
LIKUIDITAS	1.984	0.052
KOMITE AUDIT	-34.660	0.000
KOMISARIS INDEPENDEN	-0.431	0.668
KEPEMILIKAN INSTITUSIONAL	2.718	0.009

a. Dependent Variable: KUALITAS LABA

Based on the test results above, variable X1 gets a value of 0.000 <0.5, so the first hypothesis is accepted. Then Variable X2 has a value of 0.052> 0.5, so the hypothesis is rejected. Variable X3 has a value of 0.000 <0.5, so the hypothesis is accepted. While in variable X4, independent commissioners have a significant value of 0.668> 0.5, so the variable hypothesis is rejected. And for variable Y, institutional ownership has a significant value of 0.009 <0.5, so the hypothesis of the institutional ownership variable is accepted.

I. Individual Parameter Test Results (t-Test)

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	8.177	.309		26.494	.000
	X1	-.064	.005	-.399	-13.702	.000
	X2	.035	.018	.054	1.984	.052
	X3	-2.120	.061	-.967	-34.660	.000
	X4	-.003	.006	-.012	-.431	.668
	X5	.009	.003	.081	2.718	.009

a. Dependent Variable: KUALITAS LABA

The table of results of the t-statistic test shows the results:

1. The Profitability variable shows a negative and significant t-value, so H1 is declared accepted. This finding shows that statistically, profitability has an effect on changes in earnings quality. The coefficient on this variable is negative, indicating a negative relationship in the regression model. In other words, if there is an increase in profitability, then the quality of earnings will also increase.
2. The Liquidity variable shows a positive but insignificant t-test value, so H2 is rejected. Statistically, this indicates that liquidity has no effect on changes in earnings quality. However, a positive liquidity coefficient value indicates a positive relationship, but an increase in liquidity does not imply an increase in earnings quality.
3. The Audit Committee variable has a negative and significant t-value, so that the H3 hypothesis is accepted. Statistically, this illustrates that there is an influence of the audit committee on changes in earnings quality. A negative regression coefficient indicates an

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inverse relationship, but increasing the effectiveness of the Audit Committee can improve earnings quality.

4. The Independent Commissioner variable shows a negative t-count value but is not significant, so the H4 hypothesis is rejected. This result indicates that statistically, Independent Commissioners do not affect changes in earnings quality. The negative regression coefficient indicates the opposite direction of the relationship, but because it is not significant, the increase in the number of Independent Commissioners does not have an impact on improving earnings quality.
5. The Institutional Ownership variable shows a positive and significant t-test value, so that the H5 hypothesis is accepted. This indicates that statistically, institutional ownership has an effect on changes in earnings quality. A positive regression coefficient indicates a unidirectional relationship, meaning that increasing institutional ownership can contribute to improving earnings quality.

J. Results of Model Eligibility Significance Test (F Statistic Test)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	231.278	5	46.256	283.153	.000[b]
	Residual	8.821	54	0.163		
	Total	240.100	59			

a. Dependent Variable: KUALITAS LABA

b. Predictors: (Constant), x1, x2, x3, x4, x5

From Table 4.12, a significance value of 0.000 is obtained, which is smaller than 0.05, which indicates that overall the variables have a significant influence on earnings quality, therefore, the regression model is suitable for use.

Discussion

The Influence of Profitability on Profit Quality

This study shows that profitability has a negative and significant effect on earnings quality, which means that the higher the level of profitability of a company, the lower the quality of earnings generated. This finding contradicts the general view that more profitable companies tend to have better earnings quality. One of the main reasons for this result is the possibility of earnings management *by* entities with high profitability. Companies with high profits often face pressure to maintain their performance to remain attractive to investors. *Agency theory* has implications for this research through a conflict of interest between management (agent) and shareholders (principal). Where management, which is responsible for the company's operations, often has the motivation to manipulate profit figures to make them look stable and profitable, especially if their incentives depend on the company's financial performance.

The results of this study are consistent with Erawati & Sari, (2021) and Shinta Eka Kartika et al, (2023) who found a negative and significant relationship and influence between profitability and earnings quality. Their research shows that companies with high levels of

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profitability tend to be more susceptible to earnings manipulation practices, especially when there is pressure from investors to maintain a growth trend. However, this is not in line with the results by Purnamasari & Kerbau Gold, (2020) where there is a positive influence of profitability on earnings quality. Their research shows that companies with high profits actually have an incentive to be more transparent in financial reporting, because they do not need to use aggressive accounting strategies to attract investors. It can be concluded that high profitability does not always reflect good earnings quality. In some cases, high profitability can lead to greater incentives for management to engineer accounting, which ultimately reduces the transparency and reliability of the company's financial statements. Therefore, these results emphasize the importance of corporate governance and stricter oversight mechanisms to ensure that reported earnings truly reflect the company's true financial condition.

The Effect of Liquidity on Profit Quality

This study illustrates that liquidity has a positive but insignificant effect, that the higher the company's liquidity, there is a tendency for profit quality to increase, but the effect is not strong enough to be considered significant. This shows that although companies with high liquidity have the ability to meet their obligations better, there is no guarantee that the profit report submitted is classified as quality. Companies with sufficient cash may still have incentives to carry out earnings management, or choose to maintain transparent reporting without the need for accounting manipulation. In the Signaling Theory *by* Spence (1973), these results show that high liquidity can be a positive signal for investors, this is because it indicates that the company has good financial stability. However, based on the results of the study, the signal theory is not in line with this study so that it can be assessed that liquidity alone is not enough to guarantee quality profits.

So this result is in line with the research of Putra & Dewi (2023) , which shows that there is no significant relationship or influence between liquidity and profit quality. Where companies with high liquidity are not always more transparent in financial reporting, and there are several other factors such as profitability and corporate governance that play a greater role in improving profit quality. However, this is different from the research of Magfiroh & Widati (2023) and Lestari & Khafid (2021) , which states that liquidity has a positive and significant effect on earnings quality. And confirms that companies with high liquidity tend to be more able to avoid financial pressure, so they do not need to practice earnings manipulation (*earnings management)* to cover up the actual financial condition.

Based on the explanation above, it can be concluded that a high level of liquidity cannot always determine good profit quality. Investors do not only rely on the liquidity ratio in assessing the quality of profit and financial transparency of a company, but also need to look at other factors, such as corporate governance mechanisms and accounting policies applied. Therefore, companies do not only focus on maintaining good liquidity, but must also ensure transparent profit reporting and in accordance with actual financial conditions in order to increase investor and stakeholder confidence.

The Influence of the Audit Committee on Earnings Quality

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The results of this study indicate that the audit committee has a significant negative effect on earnings quality, where the greater the role of the audit committee, the better the quality of earnings obtained. With an effective audit committee, companies can be more consistent in implementing the principles of Good Corporate Governance (GCG), so that the resulting financial statements better reflect the actual financial conditions. Within the framework of the agency theory by Jensen & Meckling (1976), these results are consistent with the theory because the audit committee acts as a monitoring mechanism that reduces the potential for conflicts of interest between management (agents) and shareholders (principals). Agency Theory explains that management often has incentives to manipulate earnings for personal gain, such as to obtain bonuses or maintain the company's stock price. However, with tighter supervision from the audit committee, it becomes more difficult for management to manipulate earnings, so that the resulting financial statements are more accurate and can be trusted by investors.

The results of this study are in line with the research of Martinus & Kusumawati (2021) , which found that the audit committee has a negative effect on earnings management practices, thereby improving the quality of the company's earnings. They explained that an active and independent audit committee is able to detect and prevent earnings manipulation practices, so that financial reports become more transparent and reliable. However, this finding differs from the research of Wahyudianti et al. (2021) , which states that the audit committee does not have a significant effect on earnings quality, because in some companies, the audit committee only functions as a formality without having a real role in overseeing financial reports. Effective supervision by the audit committee can reduce the potential for earnings management, thereby improving the quality of the company's earnings. Therefore, in order for the audit committee to carry out its functions optimally, the company needs to ensure that the audit committee members have independence, adequate expertise, and sufficient access to supervise the financial reports. Thus, the company can increase investor and stakeholder confidence in the quality of the financial reports presented.

The Influence of Independent Commissioners on Profit Quality

Based on the results of processing and analysis, it was found that there was a negative and insignificant influence on profit quality. This means that the quantity of independent commissioners in an entity cannot always increase or improve profit quality significantly and is not always effective in carrying out the supervisory function of the company. In this study, the agency theory is not in line with the results of the study, where in the perspective of Agency Theory, independent commissioners should play a role in preventing and minimizing conflicts of interest between management (agents) and shareholders (principals). With these elements, it is hoped that every business organization has optimal control procedures in preventing profit management activities. However, according to the results of this study, the role played by independent commissioners in the company to supervise management is not strong, so there is no major impact on profit quality.

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The explanation above is in line with Martinus & Kusumawati (2021) , who found that independent commissioners have no influence on earnings quality. The study also explains that the independent board of commissioners' overall supervision is not always carried out, sometimes the existence of independent commissioners is to comply with applicable regulations. However, this result contradicts the research of Diandra Soraya et al. (2022) , which states that there is an important role for independent commissioners in improving earnings quality, especially if they have strong experience and independence in overseeing financial statements. This difference shows that the effectiveness of independent commissioners is highly dependent on their level of involvement in the company and the extent to which they can carry out their supervisory function without intervention from management.

The Effect of Institutional Ownership on Earnings Quality

In accordance with the results of the study indicate that institutional ownership has a positive and significant influence on earnings quality, which means that the greater the proportion of share ownership by institutional investors, the better the quality of earnings generated by the company. This finding indicates that institutional shareholders, such as investment companies, banks, or pension funds, have an important role in overseeing corporate policies and preventing earnings manipulation practices. If reviewed, these results have implications for agency theory, where ownership of an institution can be part of supervision to minimize conflicts of interest between agents in this case management and principals, namely investors.

Then in line with the research of Pratiwi & Pralita (2021) , which found that institutional ownership plays an important role in improving profit quality, because institutional investors are more active in supervising the company's activities. However, it is different from Ersanti & Anggraini (2019) and Rahmawati & Retnani (2019) , which explain that there is no significant impact on profit quality from institutional ownership, because it only focuses on gaining short-term profits and does not routinely supervise the leadership of the entity. So it can be concluded that with institutional ownership, it can create an efficient and effective monitoring mechanism as a control effort for management, the output of which is transparent and accountable financial reports. Therefore, companies with a higher percentage of institutional ownership tend to have more reliable financial reports, because institutional investors have an incentive to ensure that the financial information presented truly reflects the company's true financial condition.

The Influence of Profitability, Liquidity and Corporate Governance on Profit Quality

The results of simultaneous testing show a calculated F value of 283.153 which is greater than the F table of 2.39 with a significance level of 0.000. This shows that all independent variables have a significant influence on earnings quality. In other words, all variables used in this study can jointly explain the variations that occur in the earnings quality variable.

4. CONCLUSION

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Based on the research results above, the following conclusions can be drawn:

1. Profitability has a negative and significant effect on earnings quality with a p-value of -0.064 and a significance level of 0.000. Therefore, the first hypothesis proposed in this study is accepted.
2. Liquidity has a positive and insignificant effect on earnings quality with a p-value of 0.035, and a significant value of 0.052. Thus, the second hypothesis stated in the study is rejected.
3. The Audit Committee has a negative and significant effect on earnings quality with a p-value of -2.120, and a significant value of 0.000. Thus, the third hypothesis stated in the study is accepted.
4. Independent Commissioners have a negative and insignificant effect on earnings quality with a p-value of -0.003, and a significant value of 0.668. Thus, the fourth hypothesis stated in the study is rejected.
5. Institutional Ownership has a positive and significant effect on earnings quality with a p-value of 0.009, and a significant value of 0.009. Thus, the third hypothesis stated in the study is accepted.

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