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# DOES CHARACTERISTICS OF THE BOARD OF COMMISSONERS AFFECT EARNING PERSISTANCE?

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**Abstract.** The board of commissioners is one of the elements that must be present in a public company. This study aims to analyze the influence of the board of commissioners' characteristics on public companies' earnings persistence. The research period is 2017-2021, with a research sample of 16 companies in the food and beverage sector. The dependent variable of the research is earnings persistence, with the independent variable, as the completeness of this study using control variables. The results showed that the common effect model was the best in interpreting the impact of the influence of the Board of Commissioners on earnings persistence from the four characteristics of the Board of Commissioners that had been examined. It was found that the variable number of Board of Commissioners meetings had a significant positive effect on earnings persistence, while the variable had no significant effect. These findings suggest that the more and the quality of the number of meetings held by the board of commissioners will result in better earnings persistence. Another interesting finding is that the number of independent commissioners, expertise, and gender does not affect earnings persistence.

**Keywords**: earning persistence; characteristics of the board of commissioners; independency; gender diversity

## I. INTRODUCTION

Financial reports are part of the responsibility of financial reporting. In presenting the financial statements, the actual financial position must be described, relevant, and the accuracy can be accounted for. Profit can reflect the condition of the company. One prediction of profit can be formed from financial information and financial ratios contained in financial reports [1]. The company's profit report is generated based on the preparation of the report involving the management and company managers. In making decisions for investment, investors see quality profits as material for consideration. Persistent profit shows the company has stable and reliable financial performance within a certain period. This can indicate that the company has a strong position in the market, good operational efficiency, and the ability to maintain profits from its business activities. In accounting earnings, the constraints are usually caused by transitory events or the application of the accrual concept in accounting. The greater the accrual, the lower the earnings persistence [2]. Earning persistence is the ability of a company to show future profits that it will generate (sustainably) repeatedly in the long term [1]. Earnings persistence is often considered because earnings persistence is a component of the qualitative characteristic of relevance, namely predictive value. Profit persistence becomes the target of the laba forward and can be seen from this year's profit. Because if changes in earnings are more constant from time to time, the higher the predictive value of the financial statements presented, this will attract investors. High profit persistence shows that the company can maintain good profits over time and is a sign of a stable and sustainable business. A healthy company is reflected in the persistence of earnings. Companies with good financial performance will have high-profit persistence because their profits are stable and consistent from year to year. Agency problems in managing public companies can interfere with earnings persistence.

Earning persistence is reflected in the pharmaceutical and food-beverage sub-sectors during the 2017-2021 period, even though 2020-2022, it experienced the COVID-19 pandemic. Indonesia's food-beverage and pharmaceutical sub-sectors have demonstrated a persistent level of profit that has been steadily increasing in the last five years. Food and drink is a primary human need, meaning it will continue to be needed. Even though there are obstacles; even though during the COVID-19 pandemic, food and drink are still needed to maintain and improve public health during a pandemic. This can be seen in the profit persistence of the food and beverage sub-sector, as shown by the increase in company profits from 2017-2021 at INDF of 118%, CAMP at 130%, and ULTJ at 79%. As is known, during the pandemic, many sectors were affected so that they experienced a decline. Public companies have 3 organs: GMS, directors, and commissioners [3]. In public company activities, the board of commissioners supervises and advises the Board of Directors. The board of commissioners is a form of compliance with sound corporate governance practices. Sound corporate governance is needed to maintain the stability of the company's business so that the company can be sustainable. Compliance with sound corporate governance is mandatory and has been regulated through POJK SAL 57/04/2017 [4]. In carrying out its functions, the Financial Services Authority (OJK) is an institution that oversees activities in the capital market and determines several criteria for selecting a good board of commissioners. In POJK SAL regulation 33/04/2014 [5], it is

Volume 08, Number 01, Page 087-094
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stated that the Board of Commissioners is tasked with supervising and being responsible for overseeing management policies, the course of management in general, both regarding Issuers or Public Companies and the business of Issuers or Public Companies and providing advice to the Board of Directors. Several criteria for the selection of the board of commissioners that can enhance the principles of good governance are determined, among others; minimum number of commissioners, the minimum number of independent commissioners, moral condition, the minimum number of periodic meetings, as well as various other characteristics that are necessary for the board of commissioners to work properly.

Several studies have been conducted to see the results of empirical tests on the effect of the characteristics of the board of commissioners on earnings persistence. Among others [6] look at the number of board of commissioners meetings [7]; [6], and [8] look at the number of independent commissioners, [9] look at the gender of the board of commissioners. The results obtained from the above research show diversity. The research period was carried out before 2017 or before the period when the COVID-19 pandemic occurred. This study wants to test empirical evidence on some of the characteristics of the board of commissioners in a public company. The characteristics to be tested are the number of Board of Commissioners meetings, the number of independent commissioners, the expertise of the Board of Commissioners, and the gender of the Board of Commissioners. The novelty element in this study relates to the period after the COVID-19 pandemic, where the economy can be said to be experiencing difficult times in 2020-2022. Agency Theory. Agency theory was put forward by Jensen and Meckling (1976) as a theory that explains the agency relationship between principals and agents who work to manage companies can cause agency problems. Agency problems arise because of differences in interests between principals and agents in a company. Agency problems can be triggered by conflicts of interest where agents have different interests from shareholders and can take actions that are irresponsible or detrimental to shareholders. In addition, there is information asymmetry, The concept of asymmetric information assumes that the company's internal parties (agents) as managers have access to more accurate information and know more about the company's future than principals or investors who are outsiders who cannot possibly get all company information [10].

Regarding the persistence of company profits, agency problems will have implications because they can lead to actions that are detrimental to shareholders and affect the company's performance in the long run. The implications may include; profit manipulation and lack of transparency in financial reports. To prevent conflicts of interest in agency relations between agents and principles this can be overcome by applying good corporate governance. Earning Persistance. According to [9], earnings persistence is the condition that the current period's profit reflects the future or current period. Profit persistence is an important indicator of a company's financial performance because it shows how consistently a company generates profits from year to year. If the profit earned in the current year can be a good indicator of future profits, then the profit is said to be persistent [11]. Companies with high earnings persistence tend to be more stable and reliable in generating income and profits. Profit persistence is profit that can reflect sustainable earnings in the future [12]. Companies with high earnings persistence tend to be more stable and reliable in generating income and profits. Earnings persistence is one of the earnings quality measurement tools, where quality earnings can show the continuity of earnings, so persistent earnings tend to be stable or do not fluctuate in each period. Profit persistence is measured by :

$$\mathrm{PTBIt{+}1} / \text{ Total Assett}{+}1 = \alpha + \beta \,\mathrm{PTBIt} / \text{ Total Assett} + e \quad (1)$$

Good Corporate Governance. Is a framework that regulates how a company is directed, controlled, and operated. The general principles underlying GCG include; transparency, accountability, responsibility, independence, equality and fairness. The essence of corporate governance is improving company performance through supervision or monitoring of management performance and management accountability to other stakeholders based on the framework of applicable rules and regulations. The Board of Commissioners plays a role in realizing the principle of accountability in managing the company. The Board of Commissioners is one of the main elements in implementing Good Corporate Governance (GCG). The role of the Board of Commissioners in GCG includes; (1) Supervision and Control, (2) Determination of Policy and Strategy, (3) Management Evaluation, (4) Reporting and Transparency, and (5) Protection of Shareholders' Interests. The characteristics of the Board of commissioners play an important role in ensuring the effectiveness and success of GCG implementation in the company. The characteristics of the Board of Commissioners can be realized in the form; (1) independence, (2) expertise and experience, (3) effective communication, and (4) integrity and ethics. The independent variables of this study are the number of board of commissioners meetings, the number of independent commissioners, the expertise of the board of commissioners, the gender of the board of commissioners. As a comparison, earnings persistence is used as the dependent variable. The following is the hypothesis in this study. Effect of the number of board of commissioners meetings on earnings persistence. In regular meetings, the board of commissioners can monitor and supervise management performance to ensure that the actions taken follow the company's strategy and objectives (a forum for collaboration). This can prevent and correct bad practices within the company, especially regarding the quality of financial reporting, which can affect company profits [13]. According to shareholders and other stakeholders, the frequent frequency of meetings is a sign that the board of commissioners is working well and committed to ensuring that the company operates properly and earns stable and persistent profits. The number of board of commissioners meetings can help increase earnings persistence by reducing the risk of unethical practices or detrimental to the company through monitoring

Volume 08, Number 01, Page 087-094
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and supervision. This is in line with several previous studies obtained empirical evidence from the Board of Commissioners as measured by the frequency of Board of Commissioners' meetings has a positive effect on earnings persistence. If meetings are held more frequently, the company's reported profits will be more persistent because profits are presented realistically. Measurement of the number of board of commissioners meetings is carried out by [6]:

Frequency of Commissioners' Meetings = Number of Commissioners' Meetings in a Year (2)

H1: the number of board of commissioners meetings has a positive effect on earnings persistence

Effect of the number of independent commissioners on earnings persistence. Independent Commissioners are members of the board of commissioners from outside the company. Public companies in the capital market must have independent commissioners with exemplary integrity, financial reputation and competence [14]. Independent commissioners are required to be able to make an effective contribution to the final quality of the company's financial statements or may be free from fraud, independent commissioners can also act as mediators in disputes between internal company managers and can also oversee policies to be taken by management and provide direction [15]. In carrying out its duties, the independent board of commissioners may not provide advice or decisions in favor of individual interests. Still, it must be based on interests in advancing the company. This is related to the characteristics of an independent board of commissioners, which are expected to provide more objective and independent oversight of company management to help improve the quality of decision-making, ensure that decisions taken are growth-oriented, and increase the persistence of the company profits. In line with [6], the number of independent commissioners significantly positively affects earnings persistence. Calculation of the number of independent commissioners is calculated by the following formula [16]:

$$\frac{\text{Number of Independent Commssioners}}{\text{Number of Commissioners}} \text{x100} \qquad (3)$$

H2: the number of independent commissioners has a positive effect on earnings persistence.

Effect of the expertise of the board of commissioners on earnings persistence. The expertise of the board of commissioners influences the persistence of a company's earnings. This is related to the ability of the board of commissioners to provide more effective and in-depth oversight of the activities and decisions of the company's management to provide valuable insights and perspectives that can help identify and mitigate risks. Those with an educational background in finance and accounting have a higher level of earnings persistence than companies whose boards of commissioners come from different educational backgrounds. This is because the board of commissioners with adequate educational background can provide more effective and in-depth supervision of the company's financial reports to help prevent accounting practices that are detrimental to the company and provide more effective and in-depth supervision of management activities and decisions. company. Measuring the expertise of the board of commissioners is carried out by [17]:

Expertise of the Board of Commissioners = Board of Commissioners who have expertise in accounting or finance (4)

H3: the expertise of the board of commissioners has a positive effect on earnings persistence

Effect of board of commissioners' gender on earnings persistence. The proportion of women is believed to assist companies in identifying problems, increasing creativity, motivating and using human resources effectively, and improving decision-making processes at all organizational levels. A female board of commissioners can contribute to increased oversight and transparency within the company. The presence of women on the board of commissioners correlates with an increase in corporate information disclosure and the quality of financial reporting so that financial reports are in actual condition. Women who act as executives in companies greatly influence problem-solving. The influence of the gender of female commissioners can affect the level of earnings persistence because gender can affect behavior and decision-making. This is consistent with [11] that the gender diversity of the board of commissioners affects earnings persistence. Gender is calculated by [9]:

$$\frac{\text{Number of Female Commissioners}}{\text{Number of Commissioners}} \text{x100} \qquad (5)$$

H4: board of commissioners' gender has a positive effect on earnings persistence

Control Variables. The control variable is the variable that is controlled so that the influence of the independent variable on the dependent variable is not influenced by external factors that are not examined. The function of the control variable is to prevent biased calculation results, to obtain a complete and better empirical model. Profitability. Profitability is the level of the company's ability to generate profits by using company assets. Profitability can be measured using the Return on Assets (ROA) ratio, with the formula [18]:

$$\frac{\text{Net Profit}}{\text{Total Assets}} x100 \qquad (6)$$

Size. Company size shows the size of the company's scale in running the business. Company size can be seen from the assets owned by the company in influencing the value of the company. Size size can be measured using the formula [19]
Size = Ln (total assets) (7)

*Volume 08, Number 01, Page 087-094*
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Leverage. Leverage is the company's ability to pay obligations. Leverage also reflects the funding structure of the company's capital in running its business. Leverage is measured by the debt to asset ratio (DAR) [19]:

$$\frac{\text{Total Liabilities}}{\text{Total Assets}} X100 \quad (8)$$

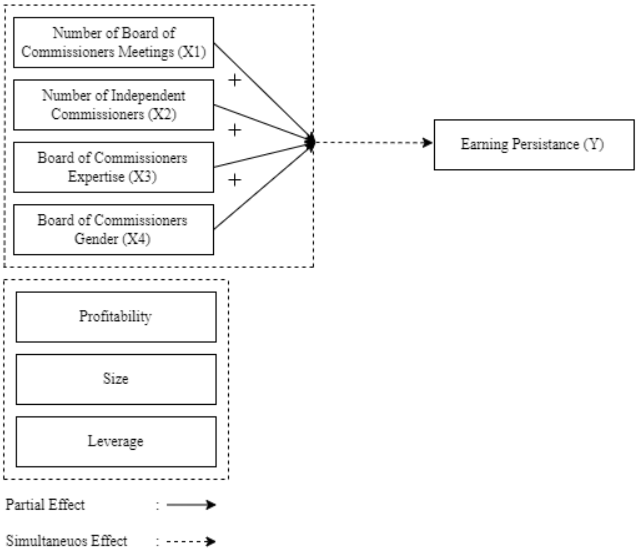


Figure 1. Conceptual Framework
Source: data processed by author (2023)

## II. RESEARCH METHODS

This study uses secondary data with a quantitative approach method. Secondary data in this study came from the official website of the food-beverage and pharmaceutical sector companies, which were the object of research, and the official website of the Indonesia Stock Exchange, which includes financial reports, annual reports and sustainability reports published and publicly accessible. The population in this study are energy and mineral sector companies listed on the Indonesia Stock Exchange from 2017 to 2021, which sequentially and openly issue financial, annual and sustainability reports. Purposive sampling technique was used in this study to take samples. This study examines the effect of the characteristics of the board of commissioners on earnings persistence. The independent variables that reflect the characteristics of the board of commissioners in this study are the number of board of commissioners meetings, the number of independent commissioners, the expertise of the board of commissioners, and the gender of the board of commissioners. This study uses three control variables profitability, company size is measured, leverage. Data analysis method. The method used in this study is the panel data method (pooled regression). Panel data is data that is structured in time sequence as well as cross section. Panel data is obtained by observing a series of cross-sectional observations (between individuals) in a certain period. The analytical tool used is Eviews 12 software. In this study, the implementation of linear regression was based on OLS and only carried out multicollinearity and heteroscedasticity tests (Basuki prawoto). Panel data regression is a combination of cross-sectional data and time series data with three approaches, namely, Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). To determine the right model for data processing, a series of statistical tests was then carried out using the chow test aims to determine the most suitable test model between the common effect model and the fixed effect model, hausman test to determine the best model between the fixed effect model and the random effect model, the LM (langrage multiplier) test to determine the best model between the common effect model and the random effect model [20].

## III. RESULTS AND DISCUSSION

A. Descriptive Statistical Analysis

Table 1. Result of Descriptive Statistical Analysis

| | PRST | RK | DKI | EK | GK |
|---|---|---|---|---|---|
| Means | -0.3048 | 1.9274 | 1.5753 | 1.8903 | 3.0735 |
| Median | -0.1083 | 1.9459 | 1.5229 | 1.7320 | 1.0000 |
| Maximum | 10.6599 | 2.9444 | 1.6990 | 2.8284 | 8.2260 |
| Minimum | -22.8738 | 0.6931 | 1.5229 | 1.4142 | 1.0000 |
| std. Dev. | 4.9976 | 0.4581 | 0.0652 | 0.3580 | 2.4843 |
| Observations | 80 | 80 | 80 | 80 | 80 |

| | ROA | SIZE | LEV |
|---|---|---|---|
| Means | 8.9531 | 5.4052 | 0.6822 |
| Median | 7.6619 | 5.3858 | 0.4675 |
| Maximum | 30.9881 | 5.7289 | 2.5061 |
| Minimum | 0.0526 | 5.2039 | 0.0906 |
| Std. Dev. | 5.9267 | 0.1439 | 0.5809 |
| Observations | 80 | 80 | 80 |

Source: data processed by the author (2023)
Notes: PRST= Profit Persistence; RK = Number of board of commissioners meetings; DKI = Number of independent commissioners; EK = Expertise of the board of commissioners; GK = Gender of the board of commissioners; ROA= Profitability, SIZE= Company Size, LEV= Leverage

Based on the data in table 1, the variable PRST, RK, GK, ROA, SIZE, LEV is explained on the mean, median, maximum, minimum, standard deviation, and the number of samples used.

B. Classic Assumption Test
1) Multicollinearity Test

Table 1. Multicollinearity Test Result

| | PRST | RK | DKI | EK | GK | ROA | SIZE | LEV |
|---|---|---|---|---|---|---|---|---|
| PRST | 1.000 | 0.370 | -0.187 | -0.271 | 0.009 | -0.041 | 0.014 | 0.122 |
| RK | 0.370 | 1.000 | 0.110 | -0.407 | -0.005 | -0.011 | 0.263 | 0.226 |
| DKI | -0.187 | 0.110 | 1.000 | 0.196 | 0.091 | 0.249 | 0.365 | -0.061 |
| EK | -0.271 | -0.407 | 0.196 | 1.000 | -0.391 | -0.020 | 0.441 | -0.025 |
| GK | 0.009 | -0.005 | 0.091 | -0.391 | 1.000 | 0.009 | -0.439 | -0.318 |
| ROA | -0.041 | -0.011 | 0.249 | -0.020 | 0.009 | 1.000 | -0.049 | -0.472 |
| SIZE | 0.014 | 0.263 | 0.365 | 0.441 | -0.439 | -0.049 | 1.000 | 0.412 |
| Lev | 0.122 | 0.226 | -0.061 | -0.02 | -0.318 | -0.472 | 0.412 | 1.000 |

Source : processed data of the research result (2023)

Volume 08, Number 01, Page 087-094
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Table 3 shows the results of the correlation between the independent and dependent variables of this study. Indicates that each variable tested in this study has a correlation value below 0.80. Based on these results, in this study no multicollinearity was detected.

2) Heteroskedasticity Test

Table 2. Heteroskedasticity Test Result

| | | | |
|---|---|---|---|
| F-statistics | 1.166113 | Prob. F(7,72) | 0.3330 |
| Obs*R-squared | 8.146215 | Prob. Chi-Square(7) | 0.3199 |

Source : processed data of the research result (2023)

Table 4 shows the results of the similarity of variance from one residual observation to another. This study used the breusch pagan godfrey test method in testing heteroscedasticity. Based on the table, the value of 0.3199 is greater than the significance level of 0.05. So it can be concluded that there was no heteroscedasticity in this study.

C. Hypothesis Test

1. Chow Test

Table 3. Chow Test Result

| Effect Test | Statistics | df | Prob. |
|---|---|---|---|
| Cross-section F | 1.370458 | (15,57) | 0.1937 |
| Chi-square cross-sections | 24.636813 | 15 | 0.0550 |

Source : processed data of the research result (2023)

Table 5 shows the test results where from the results of the Chow test the probability value of the Chi-Square cross section in the model is 0.0550, which means greater than 0.05. Then H0 is accepted and the model chosen is the common effect model (CEM), so the next test that needs to be done is the lagrange test to determine the best model between the common effect model and the fixed effect model.

2. Lagrange Test

Table 4. Lagrange Test Result

| | Test Hypothesis Cross-section | time | Both |
|---|---|---|---|
| Breusch-Pagan | 0.987138 (0.3204) | 9.614768 (0.0019) | 10.60191 (0.0011) |

Source : processed data of the research result (2023)

The results of the multiplier Langrange test in table 6 show that the Breusch-Pagan value is 0.3204, which means it is greater than 0.05. Then H0 is accepted and the model chosen is the common effect model (CEM). So it can be concluded that the best model for this regression is the common effect model (CEM)

The results of testing the hypothesis of this study using the common effect model are shown in table 7:

Table 5. Common Effect Model

| Variables | coefficient | std. Error | t-Statistics | Prob. |
|---|---|---|---|---|
| C | 12.03804 | 26.26826 | 0.458273 | 0.6481 |
| RK | 3.625505 | 1.502141 | 2.413558 | 0.0183 |
| DKI | -18.03209 | 9.678693 | -1.863071 | 0.0665 |
| EK | -1.443817 | 2.239419 | -0.644729 | 0.5212 |
| GK | 0.056775 | 0.269780 | 0.210450 | 0.8339 |
| ROA | 0.030925 | 0.108833 | 0.284152 | 0.7771 |
| SIZE | 2.066134 | 5.839047 | 0.353848 | 0.7245 |
| Lev | 0.271316 | 1.256124 | 0.215994 | 0.8296 |

| | | | |
|---|---|---|---|
| Root MSE | 4.445283 | R-squared | 0.198802 |
| Mean dependent var | -0.304760 | Adjusted R-squared | 0.120907 |
| SD dependent var | 4.997592 | SE of regression | 4.685740 |
| Akaike info criterion | 6.021564 | Sum squared residue | 1580,843 |
| Schwarz criterion | 6.259767 | Likelihood logs | -232.8626 |
| Hannan-Quinn criter. | 6.117066 | F-statistics | 2.552197 |
| Durbin-Watson stat | 2.853110 | Prob(F-statistic) | 0.020945 |

Source : processed data of the research result (2023)

The regression equation of this study is formulated as follows

C= 12.0384-3.625505KM-18.03209DKI-1.443817EK+0.056775GK+0.030925ROA+2.066134SIZE+0.271316LEV+e

1) Simultaneously Test (F-Test)

Simultaneous testing shows the influence of the independent variables in influencing the dependent variable.the profitability value (F-Statistic) has a value of 0.020945 or less than a significance value of 0.05. So it can be concluded that the independent variables, namely the number of board of commissioners meetings, the number of independent commissioners, board of commissioners expertise, board of commissioners gender as well as the control variable profitability, company size, and leverage simultaneously have a significant effect on the dependent variable, namely earnings persistence.

2) Partial Test (t-test)

Number of board of commissioners meetings (RK). This result accepts the first hypothesis (H1) of this study. So it can be concluded that the number of board of commissioners meetings has a partial positive effect on earnings persistence. Number of board of commissioners meetings and earnings persistence. The results of empirical tests on the variable number of board of commissioners' meetings show that there is a significant influence on earnings persistence. This is consistent with agency theory. The existence of a principal and agent relationship can cause agency problems so as to create information asymmetry. The board of commissioners acts as a shareholder representative to oversee company management activities. They are responsible for ensuring that management's decisions and actions are in the shareholders' best interest. In agency theory, the presence of an independent and strong board of commissioners is considered an important control mechanism

Volume 08, Number 01, Page 087-094
e-ISSN: 2598-120X; p-ISSN: 2598-117X

to reduce conflicts of interest and ensure that management acts in the interests of major shareholders. Thus, the link between the number of board of commissioners meetings and earnings persistence is related to how better supervision and control can affect the integrity of financial reporting and the quality of corporate earnings. A more frequent number of board of commissioners meetings can improve the quality of oversight and transparency within the company. With more regular meetings, the board of commissioners can be more active in monitoring management performance, supervising financial policies, and ensure the integrity of financial reporting. More active involvement of the board of commissioners in supervising company management can reduce the opportunity for management to carry out non-conservative or manipulative accounting practices that can reduce earnings persistence. Regular board of commissioners meetings and strict supervision can help improve the quality of financial reporting, so that company profits reflect actual performance and are more persistent over time. The results of this study are in line with several studies that have been conducted that obtained empirical evidence from the board of commissioners as measured by the frequency of board of commissioners meetings which are held more often can reduce the possibility of fraud, if meetings are held more frequently then the reported profit of the company will be more persistent because profits are presented in actual conditions.

Number of independent commissioners (DKI). This result ignore the second hypothesis (H2) of this study.So it can be concluded that the number of independent commissioners has no partial effect on earnings persistence. Number of independent commissioners and earnings persistence. The results of empirical tests on the variable number of independent commissioners show no effect on earnings persistence. The board of commissioners, which should act as a shareholder representative to oversee company management activities, cannot fully perform its function to anticipate/minimize agency problems. This can occur due to (1) the limited role of the independent board of commissioners in decision-making and daily operational supervision. (2) Independent commissioners do not have relevant knowledge, experience or understanding of the company's industry or business, they may not be able to make a significant contribution in optimizing the company's financial performance. (3) The number of independent commissioners is disproportionate to improper accounting practices or profit manipulation can affect the persistence of company profits. If management engages in practices such as earnings manipulation or dubious accounting adjustments, then the independence of an independent board of commissioners may not be sufficient to prevent a negative impact on earnings persistence.

The results of this study are in line with [8], the board of commissioners as measured by the independence of the board of commissioners has no effect on earnings persistence, even though the number of independent commissioners meets the minimum standard of 30% of the total board of commissioners. This is because the appointment of an independent board of commissioners is solely for compliance with the minimum standard policy. However, according to [7] the board of commissioners as measured by the independence of the board of commissioners has a positive effect on earnings persistence, a company's profits will be more persistent if the number of independent commissioners is increasing and [6] which states that the independent board of commissioners has a positive effect on earnings persistence.

Board of commissioners' expertise (EK). This result ignore the third hypothesis (H3) of this study. So it can be concluded that the expertise of the board of commissioners has no partial effect on earnings persistence. Board of commissioners expertise and earnings persistence. The empirical test results on the board of commissioners' expertise variable show no effect on earnings persistence. This is not in line with agency theory, where the board of commissioners does not carry out its functions with the expertise it has to overcome agency problems. This condition may be caused by (1) Lack of industry understanding, even though the board of commissioners has a strong accounting and finance background. (2) are too focused on financial expertise so they pay less attention to non-financial factors, (3) Have a conflict of interest that can affect their independence and objectivity. The results of this study are in line with [6] but in line with the research i examined that the board of commissioners' expertise has no significant effect on earnings persistence.

Board of commissioners' gender (GK). These results ignore the fourth hypothesis (H4) of this study. So it can be concluded that the gender of the board of commissioners has no partial effect on earnings persistence.

Board gender and earnings persistence. The empirical test results on the board of commissioners' gender variable show no effect on earnings persistence. This is not in line with agency theory. This is due to (1) the number of female commissioners is relatively small and does not reach a significant enough level in the composition of the board, their impact on earnings persistence may be limited. (2) lack of effective communication between women commissioners and others. The results of this study are not in line with [9] where gender diversity has a positive effect on earnings persistence.

3) Coefficient of Determination (R2)

The regression coefficient shows the effect of the combination of independent variables in describing the dependent variable. Based on the tabel, it can be seen that the adjusted R-square value is 0.120907 or 12.09 percent. It can be concluded that the independent variables are the number of commissioners' meetings, the number of independent commissioners, the commissioners' gender expertise, the board of commissioners' gender and the control variable profitability, company size and leverage can describe the variance of earnings persistence of 12.09 percent and the remaining 87.91 percent is described by other factors besides the independent variables and control variables in this study.

## IV. CONCLUSION

The research results were based on observations of 16 food-beverage and pharmaceutical sub-sector companies listed on the Indonesian Stock Exchange from 2017 to 2021. The following conclusions can be put forward from the research that has been conducted. One independent variable in the study has results consistent with the hypothesis proposed by the researcher, namely, the number of board of commissioners meetings has a positive effect on earnings persistence. This means more frequent board of commissioners meetings can improve the quality of oversight and transparency within the company. With more regular meetings, the board of commissioners can more actively monitor management performance, oversee financial policies, and ensure the integrity of financial reporting. Meanwhile, the other three independent variables do not affect earnings persistence: the number of independent commissioners, board of commissioners' expertise, and board of commissioners' gender. Furthermore, the researcher hopes to continue research with its newness by using the characteristics of the board of commissioners, such as other ages and the quality of meetings which might affect the sustainability of earnings. Alternatively, add the research object and period for a larger sample size to get more comprehensive results.

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*Volume 08, Number 01, Page 087-094*
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