ABSTRACT

Financial reports can provide an overview of the company's financial performance. Good financial performance reflects the persistence of earnings during the period of financial management. In this case, earnings persistence occasionally measures a company's profits' stability and consistency. Earnings Persistent is a manifestation of how consistent the company's financial performance is, which can affect investors' and shareholders' (principle) perceptions of the company's performance. Agency problems can affect persistent profits where there is a conflict of Interest between the principal and management. Opportunities for information asymmetry where management has more information than the principal can manipulate financial reports for their interests. To prevent this, the principal needs to strengthen oversight of company management through the board of commissioners.

This study aims to analyze the influence of the board of commissioners' characteristics on public companies' earnings persistence. The number of companies in the food-beverage and pharmaceutical sub-sector on the IDX during the 2017-2021 period included in the population list was 35 companies; then, using a purposive sampling technique, a sample of 16 companies was obtained for five years of research. The analytical method used is panel data regression analysis using the E-Views 12 application. The dependent variable of the study is earnings persistence, with the independent variables the number of Board of Commissioners meetings, the number of independent commissioners, the Board of Commissioners' expertise, and the gender of the Board of Commissioners. In completeness, the control variables used are profitability, company size, and leverage.

The results showed that the common effect model was the best in interpreting the effect of the characteristics of the board of commissioners on earnings persistence. Of the four characteristics of the Board of Commissioners that have been studied, it was found that the variable number of Board of Commissioners meetings had a significant positive effect on earnings persistence. In contrast, the variable number of independent commissioners, board of Commissioners expertise, board of commissioners' gender, profitability, company size, and leverage had no significant effect on earnings persistence. 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, gender, profitability, company size, and leverage do not affect earnings persistence..

Keywords: Earning Persistance, Frequency of board meetings, Number of Independent Commissioners, Expertise of Board of Commissioners, Gender of Board of Commissioners