



The Effect of Independent Commissioners, Liquidity, and Information Asymmetry on Earnings Quality with the Audit Committee as a Moderating Variable (An Empirical Study of Technology Sector Companies Listed on the Indonesia Stock Exchange 2020-2024 Period)

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ABSTRACT

A key metric for evaluating corporate financial performance is earnings quality, which denotes the trustworthiness of accounting information for decision-makers. However, practical factors like governance flaws, financial standing, and information gaps between managers and outsiders can affect this quality. This underscores the significance of studying what shapes earnings quality and how the audit committee might strengthen relevant influences. Utilizing panel data from 80 technology sector companies on the IDX, this quantitative study examines drivers of earnings quality. It assesses the effects of commissioner independence, liquidity, and information asymmetry, while also testing the audit committee's potential moderating influence. The regression outcomes, however, present a clear dichotomy. A significant impact is solely attributable to liquidity. The purported effects of commissioner independence, information asymmetry, and the audit committee (both directly and as a moderator) are found to be statistically insignificant. Further, moderated regression analysis (MRA) confirms that the audit committee does not strengthen or weaken the influence of the other three variables on earnings quality. These results, derived from descriptive, assumption, and regression testing, point to a key conclusion: successful corporate governance is determined less by its formal framework and more by how effectively it is practiced.

Keywords: Audit Committee, Earnings Quality, Independent Board Commissioners, Information Asymmetry, Liquidity.

1. INTRODUCTION

Companies are established with specific objectives according to the established vision and mission, such as optimizing company value and building stakeholder trust through the presentation of valid financial reports as a form of performance accountability (Larum et al., 2021). In a rapidly growing economic environment, it becomes important to examine the factors that affect earnings quality and the credibility of financial reporting (Aziz et al., 2023). Financial reports become a tool for conveying performance information, but in practice management does not always reflect actual conditions so it has the potential to mislead investors (Mulyati et al., 2021). When managers make assessments and engineer transactions, these conditions can trigger the presentation of biased information, so earnings quality becomes an important representation of the company's financial performance used by investors in decision making (Siagian et al., 2022). Although earnings information is useful to various parties, reported earnings do not necessarily reflect the true quality of financial performance (Nurpermana & Aryati, 2024).

The technology sector in Indonesia developed rapidly post-COVID-19 pandemic and attracted investor interest in various technology issuers. This progress, however, precipitated a series of challenges concerning governance, reporting transparency, and the quality of earnings. Empirical evidence points to phenomena such as income smoothing and persistent discrepancies between reported accounting earnings and actual operating cash flows. A case in point is PT Bukalapak.com Tbk, which was subjected to a financial statement

re-audit by the Indonesia Stock Exchange (IDX) in 2022. This regulatory action was prompted by the company's emphasis on its profit and loss statement and the inclusion of unrealized gains from its investment in BBHI shares (Prarama, 2022). Conversely, several technology companies actually showed performance improvements, such as PT Anabatic Technologies Tbk with increased net profit and revenue (Heriyanto, 2024), as well as PT GoTo Gojek Tokopedia Tbk with improved profit before tax despite still recording a net loss (Luthfiani, 2025). There are also companies facing profit declines such as PT Zyrexindo Mandiri Buana Tbk due to decreasing PC demand (T. Putra, 2023). These facts show that earnings quality is very crucial for assessing the performance and prospects of technology companies (Novius, 2023).

Earnings quality reflects the extent to which earnings depict the company's actual economic condition, measured through persistence, predictability, and the relationship between earnings, cash flows, and accruals (P. S. Putra & Dewi, 2023). High earnings quality is expected to accurately depict the company's operational performance (Fortuna et al., 2023). A number of factors are suspected to affect earnings quality, including independent commissioners, liquidity, information asymmetry, and the existence of audit committees. Independent commissioners play a role in supervising management and suppressing opportunistic behavior so as to improve reporting quality (Agustin & Rahayu, 2022; Hidayatul et al., 2022; Nisa & Rahmawati, 2023; Zabrina & Widiatmoko, 2022). Demonstrating strong liquidity indicates the company's capacity to fulfill immediate financial responsibilities, thus minimizing the temptation to alter profit figures (Ambarwati et al., 2023; Anggraeni & Widati, 2022; Azizah & Asrori, 2022; Luas et al., 2021; P. S. Putra & Dewi, 2023; Septiano et al., 2022). Conversely, high information asymmetry provides opportunities for earnings management and reduces earnings quality, especially in the complex and dynamic technology industry (Fortuna et al., 2023; Hasna & Aris, 2022; E. K. Putra, 2021).

Audit committees play a crucial role in upholding governance and credibility in financial reporting, enhancing internal control, and preventing opportunities for manipulating earnings (Canovala et al., 2023; Harwandita & Srimindarti, 2023; S. H. P. Sari & Haryono, 2021; Tampubolon et al., 2023). A well-functioning audit committee can mitigate information imbalances, tighten supervision over management, and improve the reliability of reported earnings. This function is especially vital in high-risk information environments like the technology industry. Based on empirical phenomena, previous research results, and the existence of differences between reported earnings and actual economic conditions in technology companies, there is still a research gap. Specifically, there is a requirement for conducting empirical tests on how independent commissioners, liquidity, and information asymmetry impact the quality of earnings, with audit committees serving as a moderating factor. This research is motivated by the existence of a number of research gaps in the technology company sector as shown by empirical findings and previous research results. Although the technology industry in Indonesia developed rapidly post-pandemic and attracted investor interest, phenomena in the field show that earnings performance among companies is not comparable.

Evidence for this lies in the notable gaps between accounting profits and cash flows from operations, combined with practices suggesting earnings are reported opportunistically. Meanwhile, studies exploring how independent commissioners, liquidity, and information asymmetry affect earnings quality have produced divergent outcomes. In addition, previous research has not specifically examined the specific characteristics of the technology industry which are closely related to information asymmetry problems. On the other hand, there is a notable lack of studies assessing whether audit committees serve to enhance or diminish the effects of these variables on earnings quality. This research gap is particularly evident in the setting of technology companies listed in Indonesia. Until now, not many studies have simultaneously tested the size of independent commissioners, liquidity, and information asymmetry in one model in the technology sector. In light of this research gap, the present study will target technology companies listed on the Indonesia Stock Exchange over the 2020-2024 period that meet the defined criteria, thereby facilitating a more in-depth empirical analysis.

This study aims to fill a void in existing literature by examining how independent commissioners, liquidity, and information asymmetry collectively impact the quality of earnings within a defined context. A central focus is determining whether the audit committee functions as a moderating mechanism that strengthens or weakens these effects. To this end, specific research questions are formulated concerning the direct impact of each variable and the committee's moderating role. The objective is to furnish empirical evidence on these relationships within the sample of technology firms, thereby generating findings with theoretical and practical relevance. Theoretical contributions of this research are threefold. For the researcher,

it offers an opportunity to apply academic knowledge and gain deeper insight into the role of independent commissioners, liquidity, and information asymmetry on earnings quality, moderated by the audit committee. For the university, it provides a library reference on earnings quality and governance. For subsequent scholars, it establishes a basis for future research in these areas. Practically, the findings are intended to support corporate decision-making regarding earnings quality and internal controls, and to supply stakeholders such as investors, creditors, and regulators with information for evaluating companies with strong governance and credible financial reporting.

2. LITERATURE REVIEW

2.1. Agency Theory

In the fields of economics, management, accounting, and finance, agency theory has a very important role. The roots of this theory have existed since Adam Smith wrote *The Wealth of Nations* (1776). Smith emphasized the existence of differences in interests between managers and owners. Ross (1973) is credited with formally establishing agency theory, which focuses on the contract between agents (mandate implementers) and principals (mandate providers). The theory was later elaborated by Jensen & Meckling (1976), who stressed that agency costs stem from conflicting objectives and unequal information access between the parties (Magdalena & Trisnawati, 2022).

The relationship between agents (company management) and principals (investors) is depicted in this theory. Principals employ agents to run the business and manage interests that have been entrusted to them (Martinus & Kusumawati, 2021). The separation of ownership and management often creates agency conflicts because agents do not always act according to principals' interests, thus creating agency costs (D. P. Sari & Widodo, 2022). Managers have more information about the company's internal conditions compared to shareholders, so they have the potential to alter financial reports for certain interests. This practice can reduce earnings quality through earnings management. Based on this description, agency theory explains how corporate governance mechanisms, liquidity, and information asymmetry affect earnings quality with audit committee moderation. Therefore, these relationships need to be tested empirically.

2.2. Earnings Quality

Companies need earnings to survive in the economy. Earnings quality is an assessment of the company's ability to generate sustainable earnings, control performance, and meet credit requirements (Hidayatul et al., 2022). Quality earnings are not only seen from the nominal amount, but from how representative those earnings depict the company's economic performance. Earnings quality measurement in this research uses the discretionary accruals approach through the Modified Jones Model (Hartoko & Astuti, 2021). Discretionary accruals values are absolute because what is considered is the magnitude of earnings management, not its direction. Earnings quality is said to be high if the absolute discretionary accruals value is low, which shows earnings are more supported by actual operating cash flows, have high persistence, and are able to predict future cash flows. Conversely, a high DA value indicates managerial intervention in earnings so earnings quality is low (Hartoko & Astuti, 2021).

2.3. Board of Commissioners Composition

Independent commissioners are those individuals on the board of commissioners who do not have connections to the directors, significant shareholders, or other commissioners (S. P. Sari & Nugroho, 2020). According to agency theory, independent commissioners serve as a regulatory tool to mitigate conflicts of interest and information imbalances. Independent commissioner measurement refers to (Agustin & Rahayu, 2022; Martinus & Kusumawati, 2021) through the formulation:

$$\text{Independent Board of Commissioners} = \frac{\sum \text{Independent Board of Commissioners}}{\sum \text{All Board of Commissioners}} \times 100$$

2.4. Liquidity

A company's ability to meet its short-term debts is reflected in its liquidity. This financial stability, associated with high liquidity, lessens managerial pressure to resort to earnings management (Magdalena & Trisnawati, 2022). The liquidity ratio used is the current ratio:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Healthy liquidity tends to increase earnings quality because earnings are more supported by operating cash flows (Marlina & Idayati, 2021).

2.5. Information Asymmetry

Information asymmetry occurs when information providers and information users do not obtain information in a balanced manner (Putri, 2023). Management as agents have more information compared to investors as principals, so they have the potential to take opportunistic actions such as earnings management (Abriantini, 2023). Information asymmetry is measured by relative bid–ask spread (Fortuna et al., 2023; Putri, 2023):

$$\text{Relative SPREADit} = \frac{(\text{ASKit} - \text{BIDit})}{(\text{ASKit} + \text{BIDit})} \times 100$$

The larger the spread, the higher the information asymmetry and the greater the opportunity for earnings management.

2.6. Audit Committee

According to Article 10 of POJK No. 55/POJK.04/2015, audit committees are tasked with reviewing internal audit implementation, providing recommendations for accountant appointment, and supervising the financial reporting process (Canovala et al., 2023). As supervisory bodies, audit committees help prevent earnings manipulation and enhance corporate governance functions (Harwandita & Srimindarti, 2023). The identification of an audit committee is based on the count of its members listed in the firm's financial disclosures (Astuti et al., 2022).

3. RESEARCH METHODS

3.1. Research Population

The research population comprises technology sector companies listed on the Indonesia Stock Exchange (IDX), with 47 such firms identified in 2025. The study focuses on IDX-listed technology companies over the 2020–2024 period. This timeframe was selected because it captures a phase of rapid business digitalization and post-pandemic transition, characterized by a sharp rise in online activity and financial technology adoption.

3.2. Research Sample

In this research, purposive sampling has been employed as the sampling technique, which is a type of non-probability sampling that involves selecting participants based on specific traits determined beforehand. The final sample comprises 16 firms over the five-year observation window (2020–2024), generating 80 data points in panel form. The following criteria guided the purposive sample selection:

Table 2. Sample Determination Criteria

No	Criteria	Sample
1.	Technology Sector Companies Listed on the Indonesia Stock Exchange (IDX) during 2020-2024	47
2.	Technology sector companies that did not publish Annual Reports or financial statements consecutively during 2020-2024	18
3.	Companies that did not delist during the observation period 2020-2024	11
4.	Technology sector companies that have complete data for variables needed during 2020-2024	16
	Research year period	5
	Total estimated sample data	80

3.3. Data Collection Techniques

To secure the data required for the study, specific collection techniques are applied (Sugiyono, 2020). The research relies on secondary data, collected via two methods: library research and a documentation study. The former entails sourcing information from literature such as books, scholarly journals, articles, official records,

and report findings. This study aims to strengthen the theoretical foundation, construct the thinking framework, and formulate research variables. Documentation study is conducted by collecting data in the form of financial statements, annual reports, and official company public data. This data is suitable for research using historical and numerical secondary data.

Data collection procedures begin with identifying the types of data needed, then determining official data sources, and stages of obtaining data to the processing process. The execution of all these steps is aimed at ensuring data completeness, validity, and reliability. Sources comprise library materials such as books, journals, articles, theses, and internet publications, along with documented financial statements and annual reports retrieved from the Indonesia Stock Exchange (www.idx.co.id) and the corporate websites of the population and sample firms.

3.4. Research Variable Operations

3.4.1. Dependent Variable

Earnings quality serves as the dependent variable in this research. Its measurement follows the Modified Jones discretionary accruals model introduced by Dechow et al. (1995). This approach is noted for effectively separating discretionary and nondiscretionary accruals and is commonly used in existing literature (Canovale et al., 2023; Fortuna et al., 2023; Hasna & Aris, 2022; Magdalena & Trisnawati, 2022). The discretionary accruals (DACC) value is calculated through several stages, starting from calculating total accruals (TACC) as the difference between net income and operating cash flows, normalized by total assets from the previous year. Next, nondiscretionary accruals (NDACC) are estimated, and the discretionary accruals value is obtained from the difference between normalized TACC and NDACC. In this measurement, earnings quality is represented by the absolute value of DACC. An elevated value reflects increased earnings manipulation, signaling lower quality earnings. The underlying model, its computational stages, the specific formulas employed, and the descriptions of all symbols remain consistent with the original text, thereby maintaining every formula and citation.

3.4.2. Independent Variables

- 1) Independent Board of Commissioners (X1): This refers to the supervisory body of a firm that operates without conflicting interests with management, thereby helping alleviate agency problems. Measurement is based on the percentage of independent commissioners within the total board, as adopted in previous research (Agustin & Rahayu, 2022; Martinus & Kusumawati, 2021; Nisa & Rahmawati, 2023).
- 2) Liquidity (X2): Liquidity represents the ease with which a company can cover its short-term debts. Organizations with ample liquidity are often considered financially robust, lowering the pressure to engage in earnings management. In accordance with established methodology, the current ratio serves as the proxy for liquidity (Magdalena & Trisnawati, 2022; P. S. Putra & Dewi, 2023; Rohmansyah et al., 2022).
- 3) Information Asymmetry (X3): Reflecting the informational disparity between insiders (management) and external stakeholders, information asymmetry is measured by the relative bid-ask spread. The calculation utilizes yearly average stock prices, following methodologies established in previous research (Fortuna et al., 2023; Putri, 2023).

3.4.3. Moderating Variable

The audit committee is included as a moderating variable due to its contribution to financial reporting integrity and transparency. Measured by the count of its members in accordance with OJK Regulation No. 55/POJK.04/2015 and relevant literature (Agustin & Rahayu, 2022; Astuti et al., 2022; S. H. P. Sari & Haryono, 2021) the committee is projected to moderate the impact of the independent board, liquidity, and information asymmetry on earnings quality.

3.5. Data Analysis Techniques

The analytical approach in this study is based on Moderated Regression Analysis (MRA), a multiple regression model that includes interaction terms. It is used to test the direct relationships between independent commissioners, liquidity, and information asymmetry with earnings quality, as well as to determine whether the audit committee serves to enhance or reduce those connections (Sugiyono, 2020).

4. RESULTS AND DISCUSSION

4.1. Research Results

4.1.1. Panel Data Regression Model

1) Chow Test

To select between the common effect and fixed effect models for panel data analysis, the Chow test is utilized. This test operates by testing a specific set of hypotheses: the null hypothesis (H0) supports the common effect model (CEM), while the alternative hypothesis (H1) supports the fixed effect model (FEM), thereby identifying the superior specification.

Table 1. Chow Test Results

Redundant Fixed Effects Tests Equation: Untitled			
Test cross-section fixed effects			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	12.340370	(15,60)	0.0000
Cross-section Chi-square	112.587548	15	0.0000

Source: Eviews 13 Results, 2025

A cross-section F probability value of 0.0000 was obtained from the Chow test, which is statistically significant at the 5% level. This leads to the rejection of the null hypothesis (H0) and the acceptance of the alternative (H1), indicating that the fixed effect model is the correct model to employ.

2) Hausman Test

The selection of a suitable panel data model either the fixed effect or random effect model is guided by the Hausman test. The test operates under the null hypothesis (H0) that the Random Effect Model (REM) is appropriate, against the alternative (H1) that the Fixed Effect Model (FEM) should be used.

Table 2. Hausman Test Results

Correlated Random Effects - Hausman Test Equation: Untitled			
Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0.092442	4	0.9990

Source: Eviews 13 Results, 2025

With a chi-square p-value of 0.9990 from the Hausman test, which is above the 0.05 alpha level, H0 is accepted and H1 is rejected. This leads to the conclusion that the random effect model is the optimal model.

3) Lagrange Multiplier Test

To identify whether the Common Effect Model or the Random Effect Model is more suitable for the panel data, the Lagrange Multiplier test is applied. The test evaluates the following hypotheses: H0: the Common Effect Model (CEM) is appropriate; H1: the Random Effect Model (REM) should be employed.

Table 3. Lagrange Multiplier Test

Lagrange Multiplier Tests for Random Effects Null hypotheses: No effects		
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives		
Cross-section	Test Hypothesis	Time
Breusch-Pagan 76.68680	1.729661	78.41647
(0.0000)	(0.1885)	(0.0000)

Source: Eviews 13 Results, 2025

A Breusch-Pagan p-value of 0.0000 from the Lagrange Multiplier test, being less than $\alpha=0.05$, results in the rejection of H0 in favor of H1. This supports the use of the random effect model. Integrating this outcome with the Chow and Hausman test results confirms that the random effect model is the optimal choice for estimating the first structural equation in the following analytical stage.

4.1.2. Classical Assumption Tests

1) Normality Test

Figure 1 depicts the outcomes of the normality testing procedure.

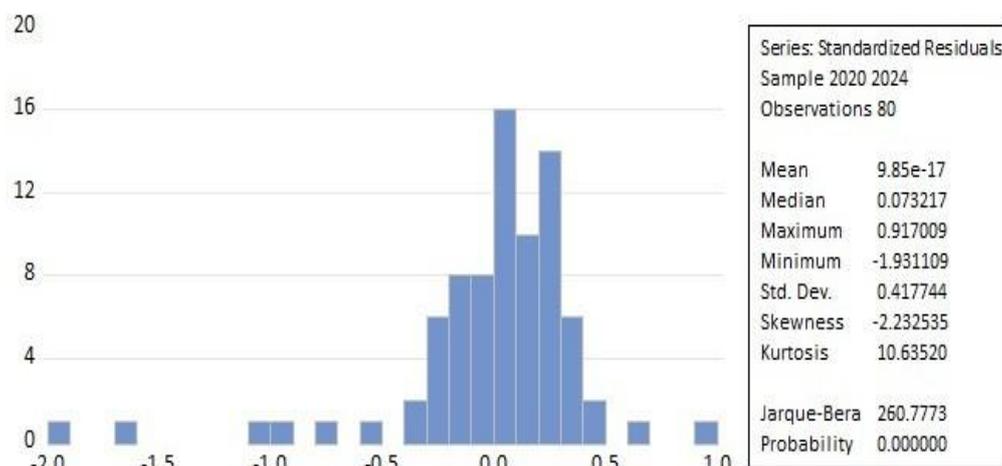


Figure 1. Normality Test Results

Source: Eviews 13 Results, 2025

As presented in Figure 1, the Jarque-Bera test produces a p-value of 0.000000. Given that this is smaller than the 5% significance level, the residuals are determined to be non-normally distributed. According to Gujarati (2009) in Ghozali (2018), if data does not pass the normality test, the central limit theorem assumption can be used. This principle allows the use of non-normal data when the sample size is greater than 30 ($n > 30$). Given that this research employs 80 samples, which satisfies $n > 30$, the normality assumption can be disregarded in accordance with the central limit theorem.

2) Multicollinearity Test

The following table 4 is the multicollinearity test results in this research.

Table 4. Multicollinearity Test Results

	KKI	LIQUIDITY	AI
KKI	1.000000	0.201009	0.059008
LIQUIDITY	0.201009	1.000000	0.184219
AI	0.059008	0.184219	1.000000

Source: Eviews 13 Results, 2025

The correlation matrix in Table 4 indicates the following relationships: independent board of commissioners (KKI) and liquidity ($r = 0.201009$), KKI and information asymmetry (AI) ($r = 0.059008$), and liquidity and AI ($r = 0.184219$). As all correlations are well below the 0.90 threshold, there is no evidence of multicollinearity between the independent variables.

3) Heteroscedasticity Test

Table 5 displays the findings of the heteroscedasticity test.

Table 5. Heteroscedasticity Test Results-Glejser

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.219892	0.177740	1.237158	0.2198
KKI	0.165572	0.277548	0.596552	0.5526

LIQUIDITY	-0.008411	0.170128	-0.049438	0.9607
AI	-0.002381	0.003513	-0.677732	0.5000

Source: Eviews 13 Results, 2025

Table 5 shows that all variables have probability values greater than 0.05. This leads to the acceptance of H0, meaning heteroscedasticity is not a concern in this analysis.

4) Autocorrelation Test

The findings from the Durbin-Watson (DW) test for autocorrelation are presented in Table 6.

Table 6. Autocorrelation Test Results-Durbin Watson

R-squared	0.154310	Mean dependent var	-0.023921
Adjusted R-squared	0.109207	S.D. dependent var	0.244391
S.E. of regression	0.230661	Sum squared resid	3.990336
F-statistic	3.421250	Durbin-Watson stat	1.795989
Prob(F-statistic)	0.012649		

Source: Eviews 13 Results, 2025

As presented in Table 6, the Durbin-Watson statistic is 1.795989 (n=80, k=4; dL=1.5337, dU=1.7430). The value falls within the non-rejection region ($dU < DW < 4-dU$), leading to the conclusion that there is no evidence of autocorrelation, and thus the null hypothesis is accepted.

4.1.3. Hypothesis Testing

1) Coefficient of Determination Test

The coefficient of determination test results in this research are shown in table 7.

Table 7. Coefficient of Determination Results

R-squared	0.154310	Mean dependent var	-0.023921
Adjusted R-squared	0.109207	S.D. dependent var	0.244391
S.E. of regression	0.230661	Sum squared resid	3.990336
F-statistic	3.421250	Durbin-Watson stat	1.795989
Prob(F-statistic)	0.012649		

Source: Eviews 13 Results, 2025

From Table 7, the adjusted R-squared value of 0.109207 reveals that the independent variables (independent commissioners, liquidity, and information asymmetry) jointly explain about 10.92% (or 11%) of the variation in earnings quality. Consequently, around 89% of the variance is explained by variables outside the scope of this research.

2) Partial Test (Statistical t Test)

The partial test (t test) results in this research can be seen in table 8 as follows.

Table 8. Partial Test Results (t Test)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.611405	0.519032	1.177972	0.2425
KKI	-0.250413	0.353621	-0.708140	0.4811
LIQUIDITY	-0.722883	0.217483	-3.323861	0.0014
AI	0.004331	0.004396	0.985052	0.3278
AUDIT COMMITTEE	-0.018274	0.150933	-0.121074	0.9040

Source: Eviews 13 Results, 2025

As evidenced in Table 8, a significant negative effect on earnings quality is observed only for liquidity (coefficient = -0.722883, $p < 0.01$), thereby confirming H2. In stark contrast, the relationships for an independent board of commissioners, information asymmetry, and the audit committee are statistically non-significant, with p-values of 0.4811, 0.3278, and 0.9040, respectively. These results necessitate the rejection of H1, H3, and H4.

3) Simultaneous Test (F Test)

The simultaneous test (f test) results in this research can be seen in table 9 as follow.

Table 9. Simultaneous Test (F Test)

R-squared	0.154310	Mean dependent var	-0.023921
Adjusted R-squared	0.109207	S.D. dependent var	0.244391
S.E. of regression	0.230661	Sum squared resid	3.990336
F-statistic	3.421250	Durbin-Watson stat	1.795989
Prob(F-statistic)	0.012649		

Source: Eviews 13 Results, 2025

Based on the F-test output in Table 9, the null hypothesis of no joint significance is rejected. The decision is supported by an observed F-value (3.421250) surpassing the critical benchmark (2.725) and a statistically significant probability value of 0.012649. Therefore, the alternative hypothesis is accepted, implying that the collective impact of commissioner independence, liquidity, and information asymmetry on earnings quality is statistically significant.

4) Moderated Regression Analysis (MRA) Test

Based on the moderated regression analysis (MRA) test results with the audit committee moderating variable on each independent variable, namely independent commissioners, liquidity, information asymmetry on the dependent variable, namely earnings quality, the moderated regression analysis (MRA) helps test Hypotheses H5, H6, H7.

Table 10. Moderation Analysis Regression Results

Dependent Variable: Earnings Quality				
Method: Panel EGLS (Cross-section random effects) Date: 01/05/26 Time: 00:49				
Sample: 2020 2024				
Periods included: 5				
Cross-sections included: 16				
Total panel (balanced) observations: 80				
Swamy and Arora estimator of component variances				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.038932	2.037591	-0.019107	0.9848
X1	1.948488	7.018356	0.277627	0.7821
X2	-1.943112	6.128942	-0.317039	0.7521
X3	0.053156	0.065422	0.812499	0.4192
Z	0.202807	0.685662	0.295783	0.7682
X1_Z	-0.734874	2.342277	-0.313743	0.7546
X2_Z	0.405071	2.049864	0.197609	0.8439
X3_Z	-0.016565	0.022082	-0.750154	0.4556

Source: Eviews 13 Results, 2025

Audit committees are not proven to moderate the influence of the examined variables on earnings quality. The findings from moderated regression indicate that none of the interaction terms are statistically significant: the coefficient for the independent commissioner interaction (X1_Z) is -0.734874 ($p = 0.7546$); for liquidity (X2_Z), 0.405071 ($p = 0.8439$); and for information asymmetry (X3_Z), -0.016565 ($p = 0.4556$). All probability values lie above the conventional significance threshold.

4.2. Discussion**4.2.1. The Influence of Independent Board of Commissioners on Earnings Quality**

Given the statistically insignificant relationship between an independent board of commissioners and earnings quality, the first hypothesis (H1) is rejected. This outcome indicates that the presumed partial role of commissioner independence in promoting higher earnings quality within the technology sector is not corroborated by the data. Descriptive statistics further illustrate that the sample firms exhibit little variation in their proportion of independent commissioners, evidenced by a minimal standard deviation and a

constrained value range (from 0.00 to 0.67). This consistency indicates widespread formal adherence to governance rules, though the substantive oversight function of these commissioners appears limited.

As a result, independent commissioners' functions are not enough to increase financial reporting credibility or limit earnings management practices. Independent commissioner supervision becomes more difficult in the technology sector due to complex business models, dominance of intangible assets, and dependence on future developments. In addition, technical and strategic company information tends to be more controlled by management, so information asymmetry remains even though there are independent commissioners. The outcomes of this investigation support the view expressed by Zabrina & Widiatmoko (2022) and Hidayatul et al. (2022) that independent commissioners are not always successful in elevating earnings quality, particularly in highly complex industrial environments. On the other hand, they contradict Agustin & Rahayu (2024) research, which found independent commissioners to exert a positive influence on earnings quality. These differing conclusions reveal that the effectiveness of independent commissioners can vary significantly.

4.2.2. The Influence of Liquidity on Earnings Quality

Results from the analysis support the second hypothesis (H2), demonstrating that liquidity exerts a significant positive influence on earnings quality. Therefore, higher corporate liquidity is associated with more credible financial reporting. The observed liquidity values, ranging from 0.0870 to 0.9965 with a standard deviation of 0.1777, underscore substantial dispersion across firms in the technology sector. According to agency theory, this effect arises because strong liquidity diminishes the urgency to meet immediate obligations, thereby alleviating management pressure to engage in earnings manipulation and reducing stakeholder-manager conflicts associated with default risk. With stable financial conditions, management can generate profits that are more in line with actual economic performance. Companies with strong liquidity in the technology industry can produce more consistent earnings reports, although cash flows may fluctuate. Research results support findings of Azizah & Asrori (2020), Septiano et al. (2022) and Putra & Dewi (2023), which state that earnings quality is improved by liquidity. Results show that maintaining company earnings credibility is greatly influenced by healthy short-term financial conditions.

4.2.3. The Influence of Information Asymmetry on Earnings Quality

Empirical analysis leads to the rejection of H3, showing that information asymmetry lacks a significant relationship with earnings quality. This implies that the gap in information between corporate insiders and external investors does not directly impair the quality of earnings in technology companies. Descriptively, the variable displays a broad spectrum (minimum 0.00, maximum 31.0559) and a high standard deviation, underscoring significant heterogeneity in information environments across the sample. However, this pronounced asymmetry does not directly translate into reduced earnings quality. This can be explained by technology industry characteristics, where investors tend to be more tolerant of information uncertainty and more focused on long-term growth rather than short-term profits. In addition, information asymmetry can be reduced by regulatory oversight, more transparent annual reports, and digital information disclosure. These results are in line with research of Putra (2021) which found that information asymmetry does not always have a significant impact on earnings quality. However, different findings by Hasna & Aris (2022) and Fortuna et al. (2023) show that information asymmetry influence is very contextual and influenced by industry characteristics.

4.2.4. The Influence of Audit Committee on Earnings Quality

The analysis finds no statistically significant link between the audit committee and earnings quality, leading to the rejection of the fourth hypothesis (H4). This outcome suggests that the mere presence of an audit committee is insufficient to directly enhance the quality of reported earnings. Descriptively, the variable shows limited variation, with values confined between 2 and 3 and a low standard deviation, reflecting standardized committee composition consistent with legal requirements. However, this uniformity shows that audit committees function more as formal compliance mechanisms rather than as effective oversight tools.

In the technology industry, audit committee members require special expertise due to transaction complexity and rapid business innovation. If audit committees do not have the required competence, oversight of earnings reporting quality will become ineffective. The present evidence supports Sari & Haryono (2021) yet opposes Canovala et al. (2023), whose study asserted that audit committees improve earnings quality. This

divergence highlights that the functional success of an audit committee is highly dependent on the quality of its personnel and the thoroughness of its oversight mechanisms.

4.2.5. Audit Committee Moderates the Relationship of Independent Board of Commissioners on Earnings Quality

H5 is rejected based on the MRA results, which demonstrate that audit committees do not significantly moderate the effect of independent commissioners on earnings quality. Thus, the presence of an audit committee does not reinforce the oversight role played by independent commissioners. Agency theory posits that audit committees should act as a constraint on earnings management by supervising independent commissioners, yet the empirical evidence does not support this expectation. Audit committees ensure financial reporting accuracy, while independent commissioners function as primary oversight (Kusumawati, 2021; Yuli Astuti et al., 2022). This research found that audit committee existence has not been able to enhance independent commissioner oversight.

These results are in line with Kusumawati (2021) opinion, which states that corporate governance success is determined by the existence of oversight structures and level of good coordination and implementation. If audit committees only meet formal requirements without active involvement and sufficient expertise, they may not help independent commissioners. In addition, in the technology industry, traditional oversight mechanisms may not be able to improve earnings quality due to complex business models and intangible assets. Therefore, research findings show that, although audit committees can strengthen independent commissioner oversight conceptually, such moderation functions are not effective in practice, so they have no significant impact on earnings quality.

4.2.6. Audit Committee Moderates the Relationship of Liquidity on Earnings Quality

Testing reveals no moderating role of the audit committee on the liquidity–earnings quality relationship, resulting in the rejection of H6. This finding implies that, despite liquidity's direct and significant impact on earnings quality, the audit committee does not strengthen this connection. This indicates that earnings quality produced by companies is more influenced by internal financial conditions compared to formal oversight mechanisms. According to research by Tampubolon et al. (2023) and Sari & Haryono (2021), audit committees can oversee accounting processes to improve financial report quality. However, this research shows that management urge to manipulate earnings is already relatively low when companies have good liquidity. Therefore, audit committee existence does not provide additional reinforcement. In other words, earnings quality has been prioritized by stable liquidity conditions. As a result, audit committee tasks are more complementary than reinforcing. These results show that liquidity can improve earnings quality without requiring more corporate governance mechanisms.

4.2.7. Audit Committee Moderates the Relationship of Information Asymmetry on Earnings Quality

MRA test results show that interaction between information asymmetry and audit committees does not significantly affect earnings quality. Therefore, the seventh hypothesis (H7) is rejected, which states that audit committees may have the ability to weaken information asymmetry impact on earnings quality. Because investors do not have much information about company internal conditions, information asymmetry increases management opportunities to implement earnings management practices (Putra, 2021; Hasna & Aris, 2022). In addition, audit committees are expected to reduce negative effects of information imbalance by carefully monitoring financial reporting processes (Sari & Haryono, 2021; Fortuna et al., 2023).

Research results show that audit committees have not performed these tasks well. This shows that, structurally, audit committees have not been sufficient to reduce knowledge differences between management and stakeholders. Sari & Haryono (2021) state that audit committee effectiveness is highly dependent on competence, independence, and meeting intensity rather than number or existence. In addition, audit committees are expected to weaken the relationship between earnings quality and information asymmetry in technology sector companies due to high information complexity and innovation. However, empirical results show that audit committee moderation roles are not significant.

5. CONCLUSIONS

This investigation concludes that while governance structures such as independent commissioners and audit committees are formally established, they do not significantly influence earnings quality in the technology sector, nor does information asymmetry directly impair it. Instead, liquidity is identified as the sole significant driver, indicating that financial soundness is more impactful than governance formality in ensuring reporting quality. The audit committee's inability to moderate key relationships further signals that its role remains procedural rather than substantively effective. Theoretically, this research enriches literature on earnings quality and corporate governance by showing that the existence of governance structures alone is not enough, but must be accompanied by effective oversight functions. Practically, research results emphasize the importance of maintaining company liquidity, improving competence and independence of commissioners and audit committees, and strengthening regulations that not only emphasize formal compliance. This research has limitations on sample scope which only covers technology sector companies, limited observation period, and use of certain proxies in measuring earnings quality and corporate governance. Therefore, subsequent research is recommended to expand sectors and research periods, use alternative proxies, and add other variables such as profitability, leverage, or audit quality. Different method approaches can also be used to obtain more comprehensive understanding of earnings quality and corporate governance mechanisms.

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