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ANALYSIS OF THE INFLUENCE OF PROFIT PERSISTENCE AND *GOOD CORPORATE GOVERNANCE* ON PROFIT QUALITY IN COMPANIES IN THE BASIC AND CHEMICAL INDUSTRIES SUB-SECTORS TERDAFTARDI ON PERIOD 2019 – 2023

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ABSTRACT

This study was conducted to test and analyze the influence of profit persistence, independent commissioners, managerial ownership, and institutional ownership on the quality of corporate profits in the basic and chemical industry subsectors listed on the Indonesia Stock Exchange. This study applies secondary data obtained from financial documents and the company's annual report. The data analysis method applied was multiple linear regression with a sample of 29 companies out of a total of 75 companies that met the research criteria. The analysis was carried out using SPSS version 26. The results of the study showed that profit persistence had a negative and significant impact on the quality of profit, while independent commissioners, managerial ownership, and institutional ownership had a positive and significant impact. The F test shows that all of these variables together affect the quality of profits. However, independent variables only explain 10.2% of profit quality, while the remaining 89.8% are explained by factors outside of this study model. These findings provide a new perspective on how corporate governance and profit persistence affect profit quality, especially in the context of companies in the basic and chemical industries sub-sectors in Indonesia.

Keywords: Profit Persistence, Independent Commissioners, Managerial Ownership, Institutional Ownership and Profit Quality.

ABSTRAK

Penelitian ini dilakukan untuk menguji dan menganalisis pengaruh persistensi laba, komisaris independen, kepemilikan manajerial, dan kepemilikan institusional terhadap kualitas laba perusahaan pada subsektor industri dasar dan kimia yang terdaftar di Bursa Efek Indonesia. Penelitian ini menggunakan data sekunder yang diperoleh dari dokumen keuangan dan laporan tahunan perusahaan. Metode analisis data yang digunakan adalah regresi linier berganda dengan jumlah sampel 29 perusahaan dari total 75 perusahaan yang memenuhi kriteria penelitian. Analisis dilakukan dengan menggunakan SPSS versi 26. Hasil penelitian menunjukkan bahwa persistensi laba berpengaruh negatif dan signifikan terhadap kualitas laba, sedangkan komisaris independen, kepemilikan manajerial, dan kepemilikan institusional berpengaruh positif dan signifikan. Uji F menunjukkan bahwa semua variabel tersebut secara bersama-sama berpengaruh terhadap kualitas laba. Namun, variabel independen hanya menjelaskan 10,2% kualitas laba, sedangkan sisanya sebesar 89,8% dijelaskan oleh faktor di luar model

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penelitian ini. Temuan ini memberikan perspektif baru tentang bagaimana tata kelola perusahaan dan persistensi laba mempengaruhi kualitas laba, terutama dalam konteks perusahaan di subsektor industri dasar dan kimia di Indonesia.
Kata Kunci: Persistensi Laba, Komisaris Independen, Kepemilikan Manajerial, Kepemilikan Institusional Dan Kualitas Laba.

I. INTRODUCTION

Economic development and rapid technological advancements encourage stronger competition among companies to survive in the business environment. One of the company's efforts is to provide financial reporting information. The financial report is a form of responsibility from the management to the company and the communication media between interested parties where the purpose of compiling a financial report is to make it easier for stakeholders to understand the information and to see how the company performs in a certain period of time. Information about the company's performance and economic activities can be assessed based on the profits achieved by the company. For a company, earning a profit is a reflection of good performance. Good performance that produces quality and healthy profits will be taken into account by potential investors, creditors, and other stakeholders.

Quality profit is defined as profits that can be a source of information related to the company's financial performance in accordance with the facts without fraud. If the profits made by the company are proven to be of good quality, external parties will be willing to provide the funds invested in the company. Because of this, many companies want good profits. There are a number of variables that affect the quality of profits, including profit persistence and good corporate governance. Profit persistence is an indicator that confirms how competent a company is with all working hours or profits, as a form of the company's ability to maintain the consistency of current and future profits. The consistent profits earned show excellent performance and can grow well, optimize productive assets, and create an efficient operating system. A company that can maintain consistent profits every year will attract investors' attention.

Due to the high demands of profits, managers must make every effort to make financial reports as accurate as possible to the inside and outside of the company. The problem of misaligned interests can arise despite efforts. By implementing *good corporate governance*, these problems can be minimized. The implementation of good corporate governance includes the company's management system and regulations as a corporate management practice with regard to the remaining interests of stakeholders.

With the implementation of excellent corporate management, investors will invest more with confidence. This happens because the company has good governance. This will prevent major changes to your financial reporting. Until 2023, many companies in the manufacturing sector have been listed on the Indonesia Stock Exchange. A manufacturing company is a company that focuses on producing finished goods to semi-finished goods from raw materials and is synonymous with production factories that deal with various equipment, machinery, and labor. This sector is also a sector that can survive in various circumstances.

Manufacturing companies currently listed on the Indonesia IDX are divided into several sub-sectors, one of which is the basic and chemical industry sectors. This sector is one of the sectors where its products are quite often found in daily life, such as the cement sector, animal feed, plastics and packaging, chemicals, wood and its processing, porcelain and glass ceramics, metals and the like. The breadth of this scope certainly encourages company competition in developing strategies to improve the quality of the company's profits both in terms of prospects, growth, and potential to provide a good image.

Many studies have looked at the factors that affect the quality of results. However, there are still differences between the theories and research findings among the researchers. Based on the above declaration, the researchers hope to conduct further research to examine and examine the influence of profit persistence and *Good Corporate Governance* on the quality of the company's profits in the basic and chemical industry subsector for 2019-2023.

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II. LITERATURE REVIEW

Agency Theory

Based on Jensen and Meckling (1976), an agency relationship is an agreement between a principal and an agent. The holder of the company's shares is known as the principal and the manager of the company as the agent. Both parties have their own rights and obligations in the company. Based on this theory, an owner gives the agent the authority to make decisions. This correlation is usually referred to as an agency relationship, and the agent is responsible for the interests of the owner, namely maintaining the welfare of the company owner.

Based on Prasetya and Muid (2022), *principals* found different preferences and goals from agents. Where agents are responsible for optimizing principal profits and maximizing their own well-being. As a result, agents cannot act in accordance with their primary interests at all times. Which in the end adds to the problem of agency. Despite the agency's issues, managers can still report profits for their profits. If such problems arise, the financial statements will become inconsistent with the actual facts and lead to a decrease in the quality of profits. Based on (Herninta & Ginting, 2020), the existence of a good corporate governance mechanism can be a way to overcome agency problems that occur. Good corporate governance is believed to reduce agency problems and encourage managers to make good financial reports that show profits (Nisa & Rahmawati, 2023).

Quality Profit

Based on Tarigan (2022), Profit quality is information related to the company's financial performance function with decision-makers. Registered profit is related to the amount of profit reported in profit and loss account. This profit is considered good quality if there is a profit in the future. It is very important to analyze the quality of profits for the company, because good profits influence the economic decisions of management and investors. The conclusion can be drawn from the above definition, profit quality is an important aspect of financial reporting that reveals the accuracy of profit information.

Profit Persistence

Based on Khasanah and Jasman (2019), the ability to survive in profit conditions from time to time can be shown by the persistence of profits. Based on Eliana et al. (2021), persistent profits determine that companies have a considerable level of profit. Continued profits will have a positive influence on the company's financial health and overall profitability. One aspect to assess the quality of profit is the continuity of profits obtained each period. Quality profits are permanent and not temporary. Permanent profit is a profit that continues to experience continuous and stable profits, which is the expectation as long as the business runs. Based on Khasanah (2024), there are several components of profit persistence, namely:

a. Compose the Works
b. Components acrual

Good Corporate Governance

Based on Annisa et al. (2021), in managing the entire business system *Good Corporate Governance* is a strategy that must be owned by the company. This aims to make decisions that can produce better decisions and reduce conflicts that can endanger the company's continuity. GCG implementation is important to support economic growth and sustainability. A well-managed company certainly finds properties, including faster, more accurate, and complete information sensitivity. This study applied three mechanisms *Good Corporate Governance* namely independent commissioners, magerial ownership and constitutional ownership.

Independent Commissioner

Based on Dewi et al. (2020), independent commissioners are those who observe the implementation of corporate governance, which is carried out by management to efficiently play a role in the results of creating high-quality financial reports. Members of the board of commissioners in carrying out their duties must work alone, which means they must find independent members from outside the company.

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Independent Commissioners play an important role in implementation because independent commissioners are at the core of corporate governance and are responsible for implementing the company's strategy. The composition of the Board can influence management in creating transactions and allow excellent winning reports to be produced for their role in carrying out their supervisory functions.

Managerial Ownership

Based on Nisa and Rahmawati (2023), management ownership is the ownership of company shares by management. Where he as one of the shareholders will be involved in the decision-making process. By finding shares in the company, managers can improve their performance and motivate them to act. This is because they will be held accountable for their actions. With the ownership owned, it will also pressure the manager not to carry out profit management actions because it will cause losses, including to himself.

With management's participation in the company's shareholding, the manager also indirectly participates in the decision-making process where the manager ensures the company prioritizes profits. Therefore, the value of the company produced will be maximized, and the quality of the profits obtained is also of high quality.

Institutional Ownership

Based on Puji et al. (2022), institutional ownership is the ownership of shares by institutions, be it government, private and other institutions. This ownership can be applied to provide greater monitoring. This reduces agency issues and has a positive effect on the company. Because based on Suparlan (2019), institutional ownership has opportunities related to control of management through an effective monitoring process. So the conclusion that can be drawn is that institutional ownership is the shareholders owned by institutions in the form of governments, private institutions, both national and foreign.

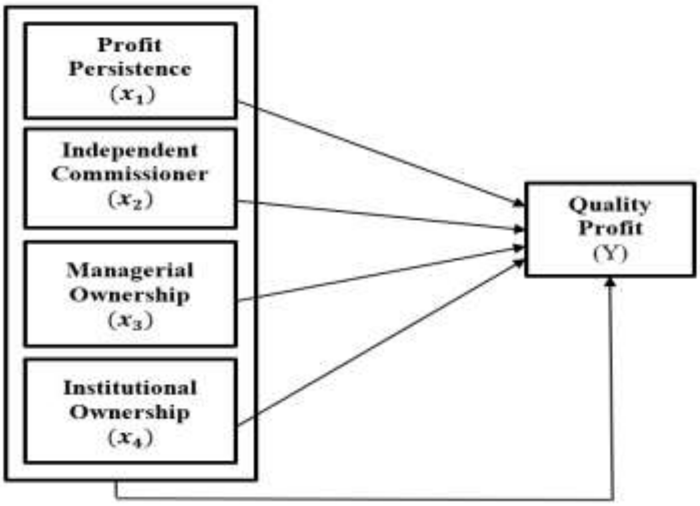

Figure 1. Conceptual Framework

Hipotesis

The hypothesis of this study is:

H1 : Profit persistence has a significant positive effect on profit quality.
H2 : Independent commissioners found a significant positive influence on the quality of profits.
H3 : Managerial ownership has a significant positive influence on the quality of profits.
H4 : Institutional ownership has a significant positive influence on the quality of profits.
H5 : Profit persistence, independent commissioners, managerial ownership and institutional ownership simultaneously found a significant positive influence on the quality of profits.

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III. RESEARCH METHODOLOGY

Data types and sources

This study was a quantitative research. The source of data in this study is the company's financial documents through the official website of the Indonesia Stock Exchange (IDX) www.idx.co.id and the official website of each company with a year period taken from 2019-2023.

Population and sample

Based on Sugiyono (2017), population is a generalized area consisting of quality subjects and objects that have certain characteristics. In this study, the population includes all companies in the basic and chemical industry sectors listed on the Indonesia Stock Exchange for the 2019-2023 period with a total of 75 companies.

Based on Sugiyono (2017), the sample is the total number and characteristics of the population. The sample selection method applies purposive sampling with the following criteria:

1. Companies in the Basic Industry and Chemical Sub-Sectors listed on the Indonesia Stock Exchange for the 2019-2023 Period.
2. Companies in the Basic Industry and Chemical Sub-Sector that have a complete annual report and meet the needs of research data according to the data needed in research variables.
3. Companies in the Basic Industry and Chemical Sub-Sectors that are not threatened with delisting during the research period.

Of the 75 companies, only 29 met the criteria as a sample with a research period of 5 years, resulting in 145 annual financial reports.

Research Variables

Variable Dependency

Based on Sahir (2022), dependent variables are bound variables that are influenced by independent variables. In the context of this study, the dependent variable is the quality of profit. Profit quality is the company's performance in achieving sustainable profits and reflects current operational performance. Based on Yusmaniarti et al. (2023), the formula for measuring profit quality is:

$$\boxed{\textbf{Quality of Earnings} = \frac{\textbf{Operating Cash Flow}}{\textbf{Net profit}}}$$

Independent Variables

Profit persistence

Profit persistence is defined as the potential of a company in maintaining current profits in the future. Based on Ashma and Rahmawati (2019), the formula for measuring profit persistence is:

$$\boxed{\textbf{Profit Persistence} = \frac{\textbf{EBIT}_{t-1} - \textbf{EBIT}_{t}}{\textbf{Total Aset}}}$$

Independent Commissioner

Independent commissioners are those who are responsible for the management of the company, and they effectively contribute to the preparation of high-quality financial statements. The more independent commissioners, the better the profits. Based on Benarda and Desmita (2022), the independent board of commissioners is measured by applying the formula:

$$\boxed{\textbf{Independent Commissioner} = \frac{\textbf{Number of independent commissioners}}{\textbf{Number of commissioners}} \textbf{ x 100\%}}$$

Managerial Ownership

Based on Benarda and Desmita (2022), managerial ownership is the total total of shares owned by management from all outstanding shares. The formula for calculating managerial ownership is:

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$$\text{Managerial Ownership} = \frac{\text{Number of shares owned by management}}{\text{number of shares circulating on the market}} \text{ x } 100\%$$

Institutional ownership

Based on Benarda and Desmita (2022), institutional ownership is the shares owned by institutions and institutions. The formula for calculating institutional ownership is:

$$\text{Institutional ownership} = \frac{\text{Number of institutionally owned shares}}{\text{The number of shares circulating on the market}} x100\%$$

Data Analysis Methods

Descriptive Statistical Analysis

Based on Ghozali (2018), descriptive statistical analysis is a technique that describes data by looking at minimum, maximum, mean, and standard deviation values.

Classic Assumption Test

Normality Test

Based on Rochmat (2017), the data normality test is a test to find out whether the data is normally distributed or not. This test can be done with the Kolmogrov Smirnov test, besides that it can also be seen from the histogram graph and the normal image *of the probability plot* with the following criteria:

1. The Kolmogorov Smirnov test is a normality test that is often used by researchers. Based on Ghozali (2021), the concept of the Kolmogrov Smirnov test is as follows:
   a. The data is said to be normally distributed when its significance exceeds 0.05.
   b. The data is said to be not normally distributed when the significance value is below the threshold of 0.05.
2. Histogram graphs can be used to view data that is normally distributed or that is not normally distributed.
   a. When the block graph in the histogram resembles a perfect bell shape, the data is said to be normally distributed.
   b. When the beam graph in the histogram does not resemble the shape of the bell that Perfect data is said to be not distributed normally.
3. The location of the spread of diagonal axis data from the normality of the probability plot image is the determinant of a data that is said to be normal or abnormal.
   a. Data that are scattered around the diagonal line and follow the direction of the line or histogram graph shows a normal distribution pattern, so the regression model meets the assumption of normality.
   b. Data that are scattered far from the diagonal line and do not follow the direction of the line or the histogram graph does not show a normal distribution pattern, then the regression model does not meet the assumption of normality.

Multicollinearity Test

Based on Ashma and Rahmawati (2019), the multicollinearity test is a test that shows the existence of correlations between independent variables in the regression model. The parameters to determine the absence of multicollinearity are *the Tolerance* value exceeding 0.1 and the VIF value is less than 10.

Autocorrelation Test

It is a test to see whether there is a possible correlation between the current period and the previous period. Based on Ghozali (2021), the basis for decision-making by applying the *Durbin Watson test* method (DW Test) is:

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a. If the value of DW lies between (dU) and (4 - dU), the autocorrelation coefficient is equal to 0. Therefore, it is concluded that there is no athokinity.
b. If the DW value is > (dL), the autocorrelation coefficient is greater than 0. So it is concluded that there is a positive autocorrelation.
c. When the DW value is < (4 - dL), the autocorrelation coefficient is less than 0. So it is concluded that there is a negative autocorrelation.
d. If the value of DW is between (dU) and (dL) or DW is between (4 - dU) and (4 - dU). So the results cannot be concluded.

Heterokedasticity Test

This observation was carried out to detect the occurrence of variance differences from one residual observation to another. Indications of the absence of heterokedasticity are seen from randomly scattered points above and below the number 0 on the Y axis and do not form a clear pattern. In addition, in order to detect heterokedasticity, a glycer test can also be carried out by looking at the level of significance. the absence of heterokedasticity is indicated by a significance value of more than 5% confidence level.

Multiple Linear Regression

This observation applies multiple regression analysis to determine the correlation between profit persistence, independent commissioners, managerial ownership and institutional ownership on profit quality applying the equation formula:

$$\mathbf{Y = a + + + + + e}\beta_1 X_1 \beta_2 X_2 \beta_3 X_3 \beta_4 X_4$$

Ket:

Y = Quality of Profit
A = Konstanta
X_1 = Profit Persistence
X_2 = Independent Board of Commissioners
X_3 = Managerial Ownership
X_4 = Institutional Ownership
β_1- = The regression coefficient of each independent variable β_4
e = *Error term*

Hypothesis Testing

Partial test (t test)

Measuring the influence of each independent variable on the dependent variable with the following criteria:
a. When the Sig value < 0.05, the independent variable has a significant influence on the dependent variable
b. When the Sig value > 0.05, the independent variable did not find a significant influence on the dependent variable.

Simultaneous Test (F test)

Measure the influence of independent variables equally on dependent variables with the following criteria:
a. If the significant value is less than 0.05, then the independent variables tested simultaneously have a significant effect on the dependent variables.
b. If the significant value is greater than 0.05, then the independent variables tested simultaneously have no significant effect on the dependent variables.

Determination Coefficient Test (R^2)

Assess the extent to which the model can explain the variation of dependent variables. The coefficient of the determinants is generally in the range of 0 to 1. If the value () is smaller, the influence between variables is weaker and vice versa, if the value () is close to 1, then the influence between variables is getting bigger.

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IV. RESULTS AND DISCUSSION

Description of Research Object

Companies in the basic and chemical industries sub-sectors listed on the Indonesia Stock Exchange in 2019-2023 are the objects of this study. Based on the *purposive sampling* method, out of 75 companies, there are 29 companies that meet the criteria. This study period lasted for 5 years. Thus, there are 145 data to be studied.

Descriptive Statistical Test

In this study, the data applied includes 145 basic and chemical industry companies listed on the IDX from 2019 to 2023. This data allowed researchers to determine the minimum, maximum, mean, and standard deviation values for each of the company's variables they investigated.

Table 1 Descriptive Statistical Test Results

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Persistensi Laba	145	-.5503	.3908	-.005277	.0833247
Komisaris Independen	145	25.00	66.66	39.4896	8.83614
Kepemilikan Manajerial	145	.00	87.08	19.3639	23.85803
Kepemilikan Institusional	145	1.58	92.50	59.0063	25.01616
Kualitas Laba	145	-1.8305	2.4615	.517733	.7501178
Valid N (listwise)	145				

Source: SPSS Processed Products, 2025

Table 1 consists of 145 data. Data on profit persistence, managerial ownership and profit quality are not normally distributed because the average value is lower than the standard deviation value. Meanwhile, the variable data of independent commissioners and institutional ownership are distributed normally, where the average value is higher than the standard deviation value.

Classic Assumption Test

Normality Test

Table 2 Results of the Kolmogorov-Smirnov Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		145
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.70085588
Most Extreme Differences	Absolute	.046
	Positive	.039
	Negative	-.046
Kolmogorov-Smirnov Z		.555
Asymp. Sig. (2-tailed)		.917

a. Test distribution is Normal.
b. Calculated from data.

Source: SPSS Processed Products, 2025

The Asymp Sig value is 0.917 above the sig value of 0.05. Until the data is concluded to be distributed normally.

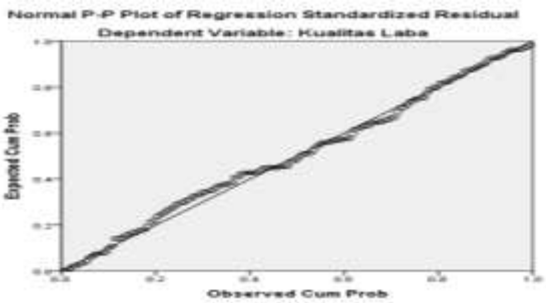

Figure 1. Normal Probability Plot P-P Test Results
Source: SPSS Processed Products, 2025

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From Figure 1 above, it shows the dots in the plot distributed around the diagonal line. This shows the data being distributed normally.

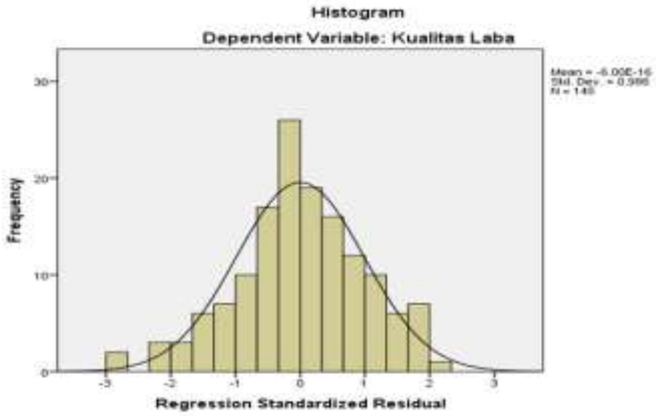

Figure 2. Histogram Graph Test Results
Source: SPSS Processed Products, 2025

The image shows that the data is distributed normally because the graph shows a distribution pattern that is not tilted to the left or right.

Table 3. Multicollinearity Test

Coefficients^a

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	-1.553	.483		-3.214	.002		
	Persistensi Laba	-.733	.713	-.081	-1.028	.306	.995	1.005
	Komisaris Independen	.020	.007	.235	2.847	.005	.918	1.089
	Kepemilikan Manajerial	.013	.005	.404	2.482	.014	.235	4.249
	Kepemilikan Institusional	.018	.005	.585	3.584	.000	.234	4.268

a. Dependent Variable: Kualitas Laba

Source: SPSS Processed Products, 2025

The test results showed that there was no VIF value that exceeded 10 and the *Tolerance value* was not below the value of 0.1, so the conclusion was that the research regression model did not experience multicollinearity.

Table 4. Autocorrelation Test Results

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.356^a	.127	.102	.7107976	1.787

a. Predictors: (Constant), Kepemilikan Institusional, Persistensi Laba, Komisaris Independen, Kepemilikan Manajerial

b. Dependent Variable: Kualitas Laba

Source: SPSS Processed Products, 2025

The Durbin Watson value (DW) is 1.787 located between the dU and (4-dU) boundaries, until it is concluded that there is no autocorrelation.

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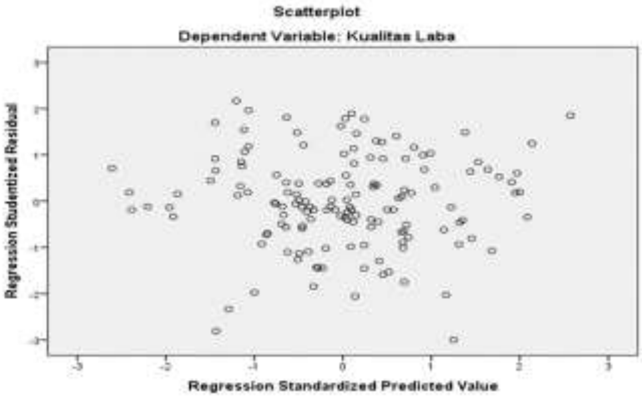

Figure 3 Heterokedasticity Test Results

Source: SPSS Processed Products, 2025

Figure 3 clearly shows the dots scattered randomly, no clear pattern and located above and below the zero on Y. This shows that there is no heterokedasticity.

Table 5. Results of the Glejser Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.407	.301		1.353	.178		
	Persistensi Laba	.037	.443	.007	.082	.934	.995	1.005
	Komisaris Independen	.007	.004	.133	1.528	.129	.918	1.089
	Kepemilikan Manajerial	-.003	.003	-.149	-.864	.389	.235	4.249
	Kepemilikan Institusional	-.001	.003	-.070	-.406	.685	.234	4.268

a. Dependent Variable: Abs_Res1

Source: SPSS Processed Products, 2025

The test applying the glaxer test showed a significance value exceeding the 5% confidence level until it could be concluded that there was no heterokedasticity.

Table 6. Results Multiple linear regression test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-1.553	.483		-3.214	.002		
	Persistensi Laba	-.733	.713	-.081	-1.028	.306	.995	1.005
	Komisaris Independen	.020	.007	.235	2.847	.005	.918	1.089
	Kepemilikan Manajerial	.013	.005	.404	2.482	.014	.235	4.249
	Kepemilikan Institusional	.018	.005	.585	3.584	.000	.234	4.268

a. Dependent Variable: Kualitas Laba

Source: SPSS Processed Products, 2025

The equation from the results of multiple linear regression analysis is as follows:

$$\mathbf{Y = -1.553 - 0.733 + 0.020 + 0.013 + 0.018 + e}X_1X_2X_3X_4$$

Where:

a. α = -1.553, is a constant value which means that if the variables of profit persistence, independent commissioners, managerial ownership and institutional ownership are 0, then the profit quality is -1.553.
b. β = -0.733, for profit persistence to show that the higher the rate of profit persistence will be followed by a decrease in profit quality and vice versa.
c. β = 0.020 for independent commissioners shows that the higher the level of independent commissioners, the more likely it is to improve the quality of profits.

d. β = 0.013 for managerial ownership shows that the higher the level of managerial ownership will be followed by an improvement in the quality of profits.
e. β = 0.018 for institutional ownership shows that the higher the level of institutional ownership, the more it is followed by an improvement in the quality of profit.

Table 7. Partial Test Results (t-test)

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	-1.553	.483		-3.214	.002		
	Persistensi Laba	-.733	.713	-.081	-1.028	.306	.995	1.005
	Komisaris Independen	.020	.007	.235	2.847	.005	.918	1.089
	Kepemilikan Manajerial	.013	.005	.404	2.482	.014	.235	4.249
	Kepemilikan Institusional	.018	.005	.585	3.584	.000	.234	4.268

a. Dependent Variable: Kualitas Laba

Source: SPSS Processed Products, 2025

From the table above, it can be seen:
1. Profit persistence: significance of 0.306 > 0.05 with a coefficient of -0.733, showing a negative and insignificant influence on the quality of profit.
2. Independent commissioner: significance of 0.005 < 0.05 with a coefficient of 0.020, showing a positive and significant influence on the quality of profits.
3. Managerial ownership: significance of 0.014 < 0.05 with a coefficient of 0.013, showing a positive and significant influence on the quality of profit.
4. Institutional ownership: significance of 0.002 < 0.05 with a coefficient of 0.018, showing a positive and significant influence on the quality of profit.

Table 8. Simultaneous tests (F tests)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.293	4	2.573	5.093	.001[b]
	Residual	70.733	140	.505		
	Total	81.025	144			

a. Dependent Variable: Kualitas Laba
b. Predictors: (Constant), Kepemilikan Institusional, Persistensi Laba, Komisaris Independen, Kepemilikan Manajerial

Source: SPSS Processed Products, 2025

From the F test, a significance value of 0.001 < 0.05 was obtained. Therefore, it can be concluded that the persistence of profits, independent commissioners, managerial ownership and institutional ownership simultaneously have a significant effect on the quality of profits.

Table 9 Results of the Determinant Coefficient Test (R^2)

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.356[a]	.127	.102	.7107976	1.787

a. Predictors: (Constant), Kepemilikan Institusional, Persistensi Laba, Komisaris Independen, Kepemilikan Manajerial
b. Dependent Variable: Kualitas Laba

Source: SPSS Processed Products, 2025

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The *adjusted R-square value* of 0.102 shows that the variables of profit persistence, independent commissioners, managerial ownership and institutional ownership can explain the quality of the company's profit by 10.2% while the remaining 89.8% is explained by variables outside the research variable.

Discussion

The Effect of Profit Persistence on the Quality of Profit

Based on the test of the profit persistence variable, the value of the coefficient (B) was -0.733. The test results also showed a significance value, the variable of profit persistence, which was 0.306, was greater than 0.05. Therefore, the conclusion that can be drawn is that the variable of profit persistence has a negative and insignificant effect on the quality variable. This indicates that when the persistence of profit is higher, the quality of profit decreases.

From the perspective of agent theory, these results reveal the agency problem arising in the company. This problem occurs when a manager (agent) tries to maintain high profits for the company. Managers can manipulate results to show stable and sustainable profits. This will reduce the actual quality of the profit. Profit management often involves manipulating numbers with conclusions that can distort information about a company's financial performance. This error can mislead financial reporting users when making decisions. Revenue management practices can also reduce the transparency of annual financial statements and the quality of a company's profits

The results of this study are supported by research conducted by Asyifa et al., (2024), Marlina and Idayati (2021) and Ashma and Rahmawati (2019) which found that the variable of profit persistence has a negative and insignificant effect on the quality of profit. On the other hand, these findings are not in accordance with the research carried out by Kristanti (2022), Tarigan (2022) and Nisa and Rahmawati (2023), which determined that the variable of profit persistence is influenced by the quality of profit.

The Influence of Independent Commissioners on the Quality of Profits

The results of the independent commissioner's variable test showed a coefficient value (B) of 0.020. The test results also show that the significance value of the independent commissioner variable is 0.005 less than 0.05. Therefore, the conclusion is that the independent commissioner variable has a positive and significant effect on the profit quality variable in companies in the basic industry and chemical sub-sector companies listed on the Indonesia Stock Exchange in 2019-2023. This indicates that the more independent commissioners increase, the better the quality of profits generated by the company.

From the perspective of agent theory, an independent commissioner as an internal monitoring mechanism aims to address conflicts of interest between managers and shareholders. Key findings from the study show that effective monitoring of independent commissioners can reduce the chances of opportunistic management behaviour and ensure that the financial statements presented reflect the actual economic situation of the company. The positive influence of independent commissioners on the quality of profits can be explained through several mechanisms, namely: first, the existence of independent commissioners improves the function of the oversight of the board of commissioners as a whole, which will encourage transparency and accountability in the financial reporting process. Second, independent commissioners gain more professional expertise and experience that can improve the quality of discussions and decision-making related to accounting and financial reporting policies.

This study is in line with research based on Benarda and Desmita (2022) and Hidayatul et al. (2022) which determined that the independent commissioner variable has a positive and significant effect on the variable of profit quality. However, this study is in contrast to research based on Nisa and Rahmawati (2023), Kartika et al. (2023) and Ilham et al. (2022) which determined that the independent commissioner variable had a negative and insignificant effect on the profit quality variable.

The Influence of Managerial Ownership on the Quality of Profits

The results of the test of the managerial ownership variable showed a coefficient value (B) of 0.013. The test results also showed a significance value, the managerial ownership variable of 0.014 was smaller than 0.05. Therefore, the conclusion that can be drawn is that the variable of managerial ownership has a positive and significant effect on the variable of profit quality in companies in the sub-

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sector of basic and chemical industries listed on the Indonesia Stock Exchange in 2019-2013. This indicates that the higher the managerial ownership, the better the quality of profits.

When viewed from the perspective of agency theory, managerial ownership is seen as an effective internal mechanism to adjust the interests between management and shareholders. When a manager becomes one of the shareholders in the company, it will encourage the manager to maximize the company's value rather than pursue short-term interests. The ownership of the company's shares makes the manager act more carefully. The results of this study show that ownership of company shares by management can be a fairly effective mechanism in reducing agency costs and can improve the quality of company financial information.

The positive influence of managerial ownership on profit quality can be explained by several mechanisms, namely managers who find longer investments and tend to avoid decisions that can damage the company's value in the long run, including manipulating profits and managerial ownership reducing incentives to carry out opportunistic profit management because managers will also bear the impact of these actions. This significance of managerial ownership also highlights the importance of incentive structures in addressing agency issues. The results of the study prove that giving ownership of company shares to managers can be a method to improve the quality of financial reporting. The results of this study are the same as the research conducted by Safira et al. (2022) and Hidayatul et al. (2022) which determined that the managerial ownership variable had a positive effect on the profit quality variable. However, in contrast to research conducted by Kartika et al. (2023), Saraswati et al. (2020) and Dewi and Fachrurrozie (2021) which determined that the variable of managerial ownership had a negative effect on profit quality and was insignificant.

The Effect of Institutional Ownership on the Quality of Profits

The results of the institutional ownership variable test showed a coefficient value (B) of 0.018. The test results also showed a significance value, the institutional ownership variable of 0.000 was smaller than 0.05. Therefore, from the results of the above test, the conclusion that can be drawn is that the institutional ownership variable has a positive and significant effect on the profit quality variable in the basic and chemical industry sub-sector companies listed on the Indonesia Stock Exchange in 2019-2023. This indicates that the higher the institutional ownership, the better the quality of profits.

From the perspective of agency theory, institutional investors act as monitors who find the capacity, resources, and expertise to effectively supervise management behavior. The large investment invested by institutional investors such as companies and financial institutions provides them with a strong incentive to be actively involved in management supervision, including monitoring the quality of financial reporting. In contrast to individual investors who may lack resources, institutional investors find a professional analysis team that can detect profit management practices or accounting fraud, creating pressure for management to present high-quality financial information.

The presence of institutional investors is an effective external corporate governance mechanism to improve the quality of results and reduce information asymmetry. These results highlight the important role of institutional investors as parties that are able to manage and protect the interests of all shareholders. These results are in line with the findings based on Hidayatul et al. (2022) and Dewi and Fachrurrozie (2021) who determined that institutional ownership has a positive and significant effect on profit quality. Thus, the fourth research hypothesis (H4) which establishes that institutional ownership has a positive and significant effect on the quality of profit is accepted. However, contrary to the findings by Ilham et al. (2022), Prastyatini and Yuliana (2022) and Martinus and Kusumawati (2021) which determined that institutional ownership variables have a negative and insignificant effect on the quality of profits.

Influence of Profit Persistence, Independent Commissioners, Ownership Managerial and Institutional Ownership of Profit Quality

Simultaneous testing showed a significant influence of the variables of profit persistence, independent commissioners, managerial ownership and institutional ownership together on the quality of profits. With a significance value of 0.001 less than 0.05. Simultaneously, the assessment of the four independent variables on the quality of profits indicates that the corporate governance mechanism

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represented by independent commissioners, managerial ownership and institutional ownership as well as the persistence of corporate profits together form a system of supervision and incentives that are effective in improving the quality of financial reporting in the company.

When these four variables function optimally, the company tends to generate profits with better quality, which reflects the company's actual economic performance. Judging from the *Adjusted R-Square figure* of the variable of profit persistence, independent commissioners, managerial ownership and institutional ownership were only able to explain the quality of profit by 10.2% until it was concluded that the role of this study variable on the quality of profit where there was still 89.8% was influenced by other research variables.

V. CONCLUSIONS AND RECOMMENDATIONS

Conclusion

From the research carried out on the influence of profit persistence, independent commissioners, management ownership and institutional ownership on the quality of profits, conclusions can be drawn from the results of the study with a t-test, showing that profit persistence has a negative and significant influence on the quality of profit. The variables of independent commissioners, management ownership and institutional ownership, found a positive and significant impact on the quality of profits. Simultaneously showing the persistence of profits, independent commissioners, managerial ownership, and institutional ownership have an effect on the quality of profits. The results of this study also show that independent variables can explain the profit quality variable by 10.2%, with the remaining 89.8% explained by other variables outside this study model.

Suggestion

For future research, other research objects can be applied. Not only companies in the basic and chemical industries subsector, but also companies in other sectors listed on the Indonesia Stock Exchange. Other researchers may also increase the observation period, for example 5 years or more. Therefore, the results of the research are expected to be better. Researchers can also add other variables that are thought to affect the quality of profits.

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