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Demikian Surat Tugas ini dibuat untuk dilaksanakan dengan sebaik-baiknya dan yang bersangkutan melaporkan hasil penugasan tersebut kepada Pimpinan Fakultas Ekonomi dan Bisnis Universitas Tarumanagara sesuai ketentuan yang berlaku.

25 Januari 2021

Dekan,



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Tembusan :

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The Influence of Women in the Board of Commissioners, CFO, and the Audit Committee on Earnings Quality

Fanny A. Setiawan, Herni Kurniawati, Septian B. Kristanto

Abstract

This research tries to prove whether in Indonesia the presence of women in companies is needed to hold positions of the Board of Commissioners, Chief Financial Officer (CFO) and the Audit Committee in order to generate quality profits to attract investors. This research is quantitative using panel data regression to test whether or not there is an effect of the presence of female gender on the positions of the Board of Commissioners, CFO, and the Audit Committee on earnings quality. The research sample is a manufacturing company in the 2013-2017 period using secondary data. The results of the research are (1) the presence of women holding positions in the Board of Commissioners causes a decline in the quality of earnings; (2) The presence of women in CFO can reduce the quality of earnings; and (3) The presence of women in the Audit Committee improves the quality of earnings.

Keywords

Board of Commissioners, CFO, Audit Committee, Earnings Quality.

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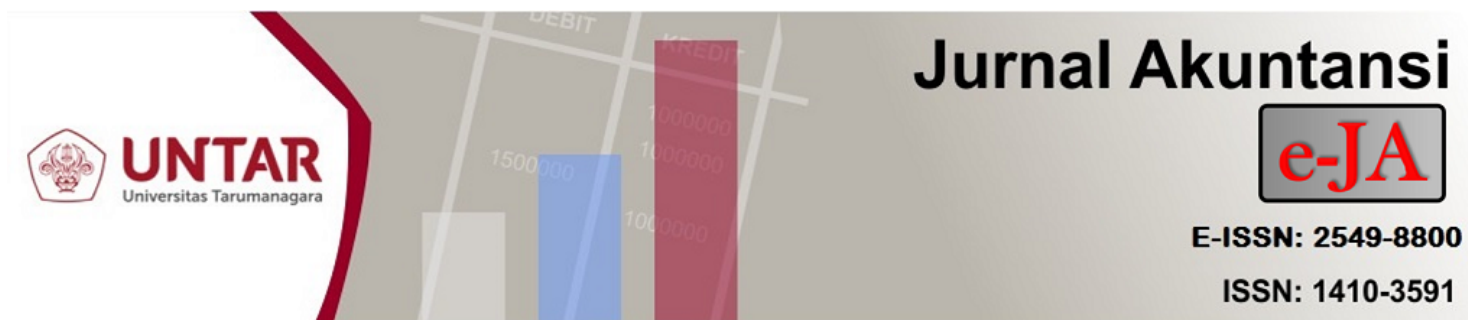
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Influence of Women on BOC, CFO, & audit Committee on Earnings Quality

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Abstract: This research tries to prove whether in Indonesia the presence of women in companies is needed to hold positions of the Board of Commissioners, Chief Financial Officer (CFO) and the Audit Committee in order to generate quality profits to attract investors. This research is quantitative using panel data regression to test whether or not there is an effect of the presence of female gender on the positions of the Board of Commissioners, CFO, and the Audit Committee on earnings quality. The research sample is a manufacturing company in the 2013-2017 period using secondary data. The results of the research are (1) the presence of women holding positions in the Board of Commissioners causes a decline in the quality of earnings; (2) The presence of women in CFO can reduce the quality of earnings; and (3) The presence of women in the Audit Committee improves the quality of earnings.

Keywords: Board of Commissioners, CFO, Audit Committee, Earnings Quality.

Abstrak: Riset ini mencoba membuktikan apakah di Indonesia keberadaan wanita dalam perusahaan dibutuhkan untuk menduduki jabatan Dewan Komisaris, *Chief Financial Officer* (CFO) dan Komite Audit agar menghasilkan laba yang berkualitas untuk menarik minat investor. Riset ini adalah kuantitatif yang memakai regresi data panel untuk menguji ada tidaknya pengaruh keberadaan jender wanita menduduki jabatan Dewan Komisaris, CFO, dan Komite Audit terhadap kualitas laba. Sampel riset merupakan perusahaan manufaktur periode 2013-2017 dengan menggunakan data sekunder. Hasil dari riset adalah (1) Keberadaan wanita menduduki jabatan Dewan Komisaris menyebabkan menurunnya kualitas laba; (2) Keberadaan wanita dalam CFO dapat menurunkan kualitas laba; dan (3) Keberadaan wanita dalam Komite Audit meningkatkan kualitas laba.

Kata kunci: Dewan Komisaris, CFO, dan Komite Audit, Kualitas Laba.

INTRODUCTION

The existence of earnings information presented in the annual report published on the Indonesia Stock Exchange website becomes input for investors to invest their money in a company. Why this earnings information is important because the earnings information in general tells how the company was at that time, whether it was in good condition (generating profit) or not in good condition (loss). If the company generates negative profit (loss). This

means that the company is in a bad condition financially, and vice versa, if the company generates positive profits, it means that the company is in good condition which gives investors an advantage. Positive earnings information conveys an indication that the company has the capability to reach the company's goals where the company can operate for a long period of time (going concern) so as to convince investors to get dividend returns in the long term. A company that is going concern reflects good corporate performance with the realization of the results of achieving good corporate governance (GCG).

GCG is a way for a company to be a going concern, which means a structure that regulates and controls the company, in order to achieve harmony among the authority holders that the company needs to create a going concern and provide accountability to the stakeholders (Riadi, 2019). For GCG, there are six principles to achieve a company's going concern consisting of (1) openness, (2) liability, (3) obligation, (4) independence, (5) honesty, and (6) equality by paying attention to stakeholders (Control of the Minister of State for BUMN Number PER-01/MBU/2011). The important role of the Board of Commissioners for the company is to run GCG is to oversee the policies made by the Board of Directors in running the company. In addition, Dekoms also provides consultation to the board of directors if needed directed toward achieve GCG.

The role of the Board of Commissioners is increasingly important when there has been a white-collar crime in large companies involving company leaders. White collar crimes are white collar criminals, namely corruption, bribery, tax fraud, deception and so on (<https://news.detik.com/berita/d-2427820/>, 29 July 2018). The case of white collar crime in Indonesia that has caught the attention of the public is the case of Century Bank, where the intellectual actor is an educated person and is done very well without the public knowing (<https://news.detik.com/berita/d-2427820/>, 29 July 2018), like the board of commissioners, the Chief Financial Officer (CFO) also has an important role in implementing GCG in the company by controlling the company's business with the Chief Executive Officer (CEO). CFOs are people who conceptualize business values that motivate them to achieve growth while facing complexity to become more visionary and oversee the cycle of business parameters early on.

Staff of the Audit Committee board likewise acquire a crucial role so that companies raise awareness of implementing GCG practices. The Audit Committee is a commission formed by the Board of Commissioners which aims to assist the implementation of its obligations and functions from the Board of Commissioners. The presence of an Audit Committee that is associated with the creation of GCG and can become a standard for the company regarding whether GCG has been realized or not. Therefore, the Audit Committee has a crucial function to cause the company to pay attention to the formation of people who fill the positions of the Audit Committee.

Gender issues in company management are interesting things to do research if they are related to good corporate in Indonesia (Tremblay et al., 2016; Gull et al., 2018). This is because the existence of women who hold positions in the Board of Commissioners, CFO, and Audit Committees in companies located in Indonesia is still considered less appropriate than men, because according to many people they think that men are more capable of holding leadership positions in companies. The opinion of the crowd is in accordance with The Gender Socialization Theory, which implies that gender differences between women are in their characters which in turn will lead to differences in behavior between men and women (Shorrock, 2016). This assumption is refuted by the evidence of several studies in

Europe and America, starting with research by Belot and Serve (2017) and Zalata et al. (2018) provide the same research results that women who occupy top management in European and American countries tend to reduce earnings management so that companies are able to generate quality profits.

Therefore, the aim of this research is to try to prove whether in Indonesia the presence of women in a company is required to hold the positions of the Board of Commissioners, CFO and the Audit Committee in order to generate quality profits to attract investors. So that based on the explanation of the research problem above, the research questions posed by the researcher are (1) Can the existence of women on the Board of Commissioners improve the quality of earnings ?; (2) Can the existence of women as CFO improve the quality of earnings? And (3) Can the existence of women in the Audit Committee improve the quality of earnings?

The results of testing the three hypotheses that were suspected in the research, namely H1 to answer the first research problem, which states that the number of women on the Board of Commissioners in manufacturing companies can reduce the quality of earnings. For H2 to answer research problem number two gives results where the presence of women in the CFO (Board of Directors) can improve earnings quality For H3, the answer to research problem number three gives the results that a greater proportion of women in the Audit Committee can improve the quality of company earnings.

THEORETICAL REVIEW

The Gender Socialization Theory. This concept asserts that each gender carries divergent values as well as character, and this can result in gender decisions, judgments, and behavior (Shorrocks, 2016). The Gender Socialisation theory traceable back to Freud's psychoanalytic theory and social learning theory. Freud's theory argues that gender is biologically determined and that there are differences in the personality development of women and men starting in childhood. Boys, identified as men by identifying themselves with their fathers and, because of this, become masculine and develop a masculine identity regarding gender and expectations of masculine behavior (Brannon, 2016). The mechanism of personality development among men and women develops differently and thus produces unequal results.

The gender socialization theory implies that the gender differences of women and men are in their respective characters so that it will cause differences in behavior between men and women. Some of the gender-related characteristics that have been identified in the literature include moral development, moral sensitivity, and a tendency to take risks. Moral development is defined as the transformation that occurs in moral judgments in individual structures (Gibbs, 2019). Individual moral sensitivity is their ability to identify any moral dilemmas or problems, followed by an interpretation of the situation and the possible actions taken and the impact of each action taken on related parties (Baykara *et al.*, 2014). Tendency to take risks is the tendency of individuals to take risks in particular circumstances. An individual who tends to take huge risks is seen as a risk seeker with a great resistance for opportunism (Cahyani *et al.*, 2019).

Earnings Quality. Azzoz and Khamees. (2016) defines high quality earnings that directly convey more and more correct information related to company performance so that it affects the decisions of interested parties. can describe the company's performance that is running well so that it affects. Earnings quality can be measured by many proxies, namely accrual quality, persistence, predictability, smoothness, value relevance, timeliness and conservatism (Šodan, 2015; Fakhfakh and Slaheddine, 2016), where this study will focus on assessing quality earnings and earnings response coefficient (ERC) as a proxy for measurement.

ERC means the scale of the abnormal return on shares of securities as a response to the element of unexpected earnings notified by the issuer that circulates the securities (Scott, 2017, p. 155). The ERC measurement is carried out in two stages of calculation, (1) the company calculates the cumulative abnormal return (CAR) and (2) the company calculates the unexpected earnings (UE) (Aryanti & Sisdyani, 2016):

$$CAR_{i(t1,t2)} = \sum_{t=t1}^{t2} AR_{it} \dots \dots \dots (1)$$

Explanation:

$CAR_{i(t1,t2)}$ = CAR value for company i from t1 - t2 period

AR_{it} = Abnormal return marketable securities for company i in event period t, where the formula is below

t1 = the starting point of the observation period

t2 = the ending point of the observation period

$$AR_{it} = R_{it} - R_{mt} \dots \dots \dots (2)$$

Explanation:

$AR_{i,t}$ = The abnormal return of shares i in period t

$R_{i,t}$ = The actual return of shares i in period t

$R_{m,t}$ = Market return in period t

An example of abnormal return used with estimation, the estimator chosen to predict the rate of return of securities is the market price index at that time, so that the abnormal return value exceeds the market return (Aryanti & Sisdyani, 2016). Meanwhile, the return on market shares uses the Composite Stock Price Index (IHSG), which is calculated daily (Aryanti & Sisdyani, 2016).

$$R_m = \frac{IHSG_t - IHSG_{t-1}}{IHSG_{t-1}} \dots \dots \dots (3)$$

Explanation:

R_m = the rate of return on market shares

$IHSG_t$ = IHSG on day t

$IHSG_{t-1}$ = IHSG on day t-1

And the actual daily stock return is calculated using the formula (Aryanti and Sisdyani, 2016):

$$R_{it} = \frac{P_{it} - P_{it-1}}{P_{it-1}} \dots \dots \dots (4)$$

Explanation:

$R_{i,t}$ = repayment of share i on day t

$P_{i,t}$ = share cost i on the day t

$P_{i,t-1}$ = share cost i on the day t-1

Unexpected earnings are measured using the measurement of earnings per share (Hartono, 2017):

$$UE_{it} = \frac{EPS_t - EPS_{t-1}}{EPS_{t-1}} \dots \dots \dots (5)$$

Explanation:

UE_{it} : Unexpected earnings for company i in year t

EPS_{it} : Company i's accounting income in year t

EPS_{it-1} : Company i's accounting income in the previous year

The conclusion is the ERC value used in research by calculating the slope of b in the CAR relationship with the EU (Aryanti and Sisdyani, 2016), namely:

$$CAR_{it} = a + bUE_{it} + \epsilon_{it} \dots \dots \dots (6)$$

Explanation:

CAR_{it} = Firm i's cumulative abnormal return during the observation period after the publication date of the auditor's report

UE_{it} = *unexpected earnings*

b = ERC value

ϵ_{it} = errors in the research model

Board of Commissioners. The government regulates the existence of the Board of Commissioners in Law number 40, 2007 where the task of the issuer is to oversee and submit recommendations to the directors to operationalize the company. KNKG is of the opinion that the Board of Commissioners is a company unit that works and is committed to jointly supervising and submitting recommendations to the board of directors and ensuring the issuer has implemented GCG. In order to support the proper implementation of the supervisory function of the Board of Commissioners in the company, supported by the number of staff and the formation of the Board of Commissioners who serve, one of which is the formation of a gender presence of women who fill positions in the Board of Commissioners. As in previous research, it is emphasized that the character of women is more cautious, avoids risk, and has high ethics so that it shows that the existence of women on the Board of Commissioners can prove directed toward increase the quality of income by first reducing the value of earnings management (Emadi and Mansour, 2015, Fitriana). and Sugiri, 2018)

Chief Financial Officer (CFO). Is a position in the firm that expands the task of controlling the firm's financial risk (Fransisca and Hery, nd). In addition, the CFO has several tasks, including making financial planning and also having the responsibility of planning, copying and reporting financial for top management (Fransisca and Hery, nd). The results of research that have been proven by Liu et al., (2016) state that CFO has a greater influence on earnings management than CEO, on the grounds that CFO has a role in controlling the company's financial mechanism which ends in production and calculating the numbers contained in the financial report. The results of Liu et al. (2016) are supported by research by Gieger & North (2006) where CFO affects earnings management. They analyzed the CFO's control over discretionary accruals on reported revenue with a focus on exploration of new CFOs. The result is beyond their expectation that the value of discretionary accruals has decreased substantially because of the appointment of a new CFO, so this provides strong evidence that CFO affects earnings management

Audit Committee. The government regulates the existence of an Audit Committee based on SE BAPEPAM number SE-03 / PM / 2002 that the number must be a minimum of three people, where one person serves as chairman and the rest as members. According to SE BAPEPAM, the leader of the Audit Committee must be an Independent Commissar who is not part of the internal company. Meanwhile, the two members must be from outwar the firm who are competent in finance also accounting. The responsibilities of the Audit Committee as outlined in the SE BAPEPAM are (1) reviewing the financial information reported as predictions, (2) various risks that the company may experience must be notified to the Board of Commissioners and also convey risk management that has been enforced by the Board of Directors, and (3)) GCG implementation in issuers.

Research Framework. Earnings quality is a basic characteristic of an audited financial report and has long been used by investors and shareholders to evaluate and predict the company's current and future performance. Several studies have proven that gender impacts in top management positions consisting of the Board of Commissioners, the Board of Directors, CFO, and the Audit Committee can affect quality earnings. As produced by Emadi and Mansour's research, which has proven that the existence of women in top management can reduce the level of earnings management, which means increasing the quality of earnings (2015). Research by Arun et al. (2015) and Gavius, et al. (2012) proved that the proportion of women who occupy the Board of Directors and the Audit Committee can reduce the level of earnings management so that it can improve earnings quality. This explanation is described in the research framework below:

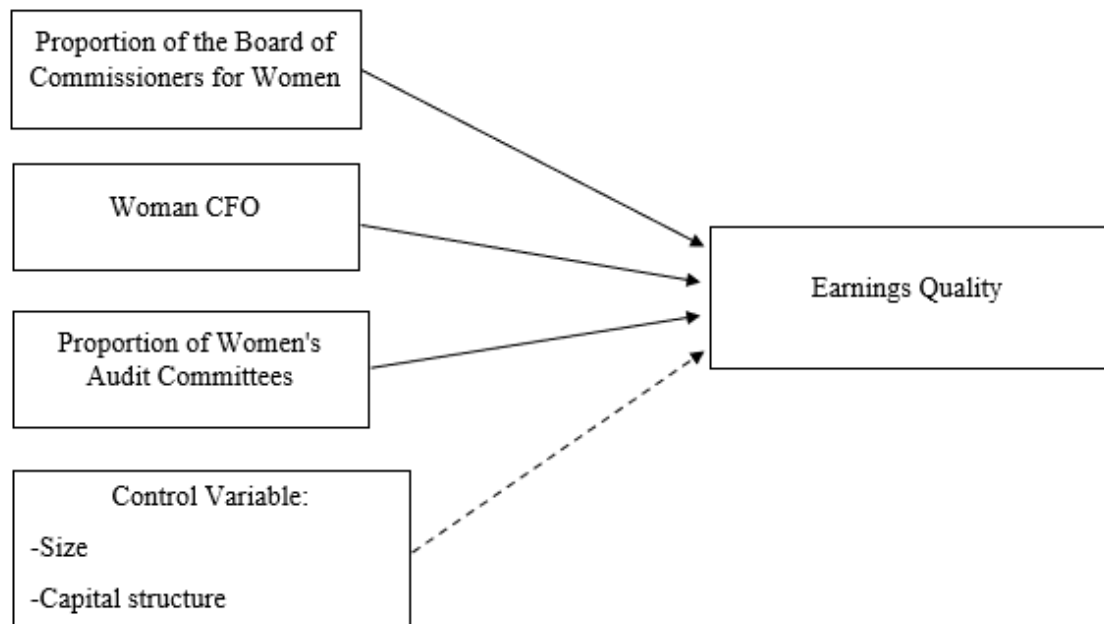


Figure 1. Research Model

Research Hypothesis Development. Studies conducted by Belot and Serve (2017), Zalata et al. (2018), and Setyaningrum et al. (2019) investigating gender differences associated with earnings quality have proven that companies whose top management are more women than men, do not work on earnings management to produce good financial reports that are reflected in producing high quality earnings. The high gender diversity indicated by the number of women who hold top management positions is greater than the number of men which can certainly reduce earnings management which has an impact on improving the quality of earnings, so the hypothesis:

H1: The proportion of women Board of Commissioners has a positive effect on earnings quality.

In all sectors in the company, CFO is also obliged to conduct data analysis. Agree with research by Liu et al. (2016) which proves that a CFO can influence earnings management compared to a CEO, arguing that the CFO is the person who actually controls all financial processes that end in the production and calculation of the numbers listed in the company's financial statements. Gavius, et al. (2012) have conducted research testing which has proven that the presence of women on the board of directors is shown to be significantly associated with low earnings management. The results of this research also prove that a company that has more women in top management than men will certainly produce good quality earnings. Other research is evidenced by Francis et al. (2015), Arun et al. (2015) where women who hold top management positions in a company are found in many companies that have a high level of management turnover so that it has an impact on the high quality of earnings that the company can generate. This is because women have the characteristics of being able to communicate frontally and focus on the interests of the

internal parties of the company. Another characteristic is that women have the courage to take risks to generate quality profits, so this research proposes a hypothesis:

H2: Female Chief Financial Officer (CFO) has a positive effect on earnings quality.

In the company, the Audit Committee is believed to be able to reduce earnings management activities, which in turn can have an impact on the high-quality earnings generated by the company, this is because the presence of the Audit Committee can reduce the opportunistic characteristics of management which is proven to carry out earnings management, namely supervising the preparation of financial reports and monitoring an external auditor who checks the financial statements that have been produced by the company's management (Inaam and Khamoussi, 2016). Some research related to gender proves that the presence of women as members of top management can generate high-quality profits, because women have better ethics in making management decisions related to earnings quality, compared to men (Zalata, et al. (2018) Their research results also prove that the proportion of women who are greater than the proportion of men in the Audit Committee can have a positive impact on the quality of earnings generated by the company, so the hypothesis is:

H3: The proportion of women audit committee members has a positive effect on earnings quality.

METHODS

This research uses a descriptive causal investigative design aimed at proving empirically the extent to which the gender of women who sit in the positions of the Board of Commissioners, Chief Financial Officer, and the Audit Committee affect the quality of the company's earnings. This research uses independent, dependent, and control variables. The reason control variables are used in research is because to control the effects of the independent variables on the dependent are not influenced by external elements that are not studied, namely company size (size) and capital structure (leverage).

Table 1. Operational Variable

Information	Variable	Measurement Proxy
Women presence on the Board of Commissioners	Independent	The number of women serving on the board of commissioners
Women presence in the CFO	Independent	The variable is dummi, with a value of 1 CFO for women and a value of 0 CFO for men
Women presence on the audit committee	Independent	The number of women in the audit committee positions.
Earnings quality	Dependenr	<i>Earnings Response Coefficient</i>
Size	Control	Ln Asset
Capital structure	Control	Total Debt/ Equity share holder

The research population is all companies of all sectors that have gone public, with the sample being manufacturing companies registered in the 2013-2017 period. The research sample was taken using purposive sampling to meet the following qualifications: (1) in the 2013-2017 period publishing financial reports through the stock exchange, (2) in the 2013-2017 period the company made a profit (not losing money), and (3) stock prices the company registered during the research period. So that the finale results of the study sample were two hundred and seventy-five observations. So that the panel data regression research model is as follows:

$$KL = b_0 + b_1PDK + b_2DCFO + b_3PKA + b_4SM + b_5UP + e$$

Information:

KL = earnings quality

PDK = proportion of women on the board of commissioners

DCFO = dummy variable

PKA = proportion of women on the audit committee

SM = Capital structure

UP = Size

RESULTS

Table 2. Descriptive Statistics Result

	ERC	DEKOMW	CFOW	KAW	DER	SIZE
Mean	0,046665	0,111104	0,221818	0,173758	1,058719	28,82776
Median	-0,4455500	0,00000	0,000000	0,000000	0,734902	28,45637
Maximum	44,48414	0,750000	1,000000	0,666667	7,396695	33,71658
Minimum	-1,848103	0,000000	0,000000	0,000000	0,044399	24,25884
Std.Dev.	3,288965	0,176006	0,416227	0,228227	0,984475	1,736219

Women Chief Financial Officer in manufacturing companies is an average of twentytwo point eighteen percents (22.18%). This means that some companies already trust women to hold positions of finance directors. The percentage of women audit committee in manufacturing companies is an average of seventeen point four percents (17.4%). This means that almost all the audit committee members are men, and only a few companies have female audit committee members.

Hypothesis Testing Results

Significance Test (t-test and F-test). Aiming to prove the effect of independent variables, namely the presence of women on the Board of Commissioners, Women Chief Financial Officers, and the presence of women on the Audit Committee, coupled with the capital structure

control variables and the size of the company on the dependent variable (quality earnings), required to perform statistical tests using the program. Eviwes 9, with the results:

Table 3. Panel Data Regression Result

Variabel	β	Standar Error	t_{hitung}	Sig.t
Konstanta	7,029955	0,454083	15,48166	0,0000
PDK	-1,603718	0,156200	-10,26707	0,0000*
DCFO	-0,764724	0,064688	-11,82171	0,0000*
PKA	0,289000	0,119294	2,422591	0,0154*
SM	-0,220705	0,027092	-8,146632	0,0000*
UP	-0,223813	0,015544	-14,39868	0,0000*
R-squared/ Determinasi	=	a. Predictor: (Constant)		
F_{hitung}	0,029882	▪ Proportion of women on the Board of Commissioners, female CFO, and the Audit Committee		
Prob(F-stat)	= 93,13940	b. Dependent Variable:		
	= 0,0000	▪ Earnings quality as measured by ERC		

*significant with α 5%

**significant with α 10%

Based on the results of the panel data regression output of the research model with control variables, the regression equation is obtained:

$$KL = 7,029 - 1,063PDK - 0,764DCFO + 0,289PKA - 0,220SM - 0,223UP$$

The results of the F statistical test obtained a probability of 0.0000 which indicates that the research model with control variables of capital structure and company size is significant because based on significance (α) is less than five percent (5%). This means it is proven that the research model with control variables is fit (feasible to calculate the accuracy of the benefits of sample regression in calculating the actual value). Another result of the F statistical test is that the research model explains that the quality earnings of a manufacturing company are caused by the presence of women occupying the positions of the board of commissioners, CFO, and the Audit Committee.

While the results of the t statistical test explain that a constant that is negative indicates that an increase in one (1) independent variable causes the dependent variable, namely the quality of earnings to increase by seven point twenty nine (7,029).

Determination Coefficient Test (R^2). The goal is to assess how much the capability of the research model explains the variables, and the R^2 value of the research model with the control variable is two points ninety-eight percent (2.98%) (table 5.2). This means that the independent variable in this research only has the ability to explain two point ninety-eight percent (2.98%) of the variance of the dependent variable, while the remaining ninety-seven point two percent (97.02%) explains the variance of the dependent variable by other variables outside research model.

This means that only less than three percent (3%) of the company's earnings quality is influenced by the presence of women on the board of commissioners, the Chief Financial

Officer, and the audit committee. The remaining ninety-seven percent (97%) is influenced by other variables such as audit quality, GCG, and others.

DISCUSSION

The results of the panel data regression research model with control variables found that the number of women who occupy the position of the Board of Commissioners in manufacturing companies can reduce the quality of earnings. So it is concluded that the test rejects H1 and accepts H0. The results of the study support Fitriana and Sugiri's (2018) research but contradict the research results of Belot and Serve (2017), Zalata et.al. (2018), and Setyaningrum et al. (2019), namely the proportion of women on the board of commissioners in the company has a positive effect on earnings quality. The reason for the rejection of H1 is because Indonesian culture still considers women not to have the same capabilities as men, which encourages women to not have the opportunity to occupy the position of the Board of Commissioners. In addition, shareholders do not believe that women have the same ability as men to oversee company operations as the board of commissioners.

The proposed H2 test whereby the presence of female gender in CFO in a manufacturing company is rejected, accepts H0. So that the results of this research prove different results from the research of Gavius, et al. (2012), Francis et al. (2015), and Arun et al. (2015), where the presence of women on the board of directors (CFO) can improve earnings quality (has a positive effect on earnings quality). The reason is because there are doubts to the shareholders of manufacturing companies to give women the opportunity to sit on the board of directors, in this case the CFO. Shareholders are still not entirely sure if women can work like men's hours, which in fact are longer than women.

The H3 test proposed in the study where a greater proportion of women on the Audit Committee can increase quality earnings, this means accepting H3 and rejecting H0. And it is proven that the H3 test results justify the research conducted by Zalata, et.al. (2018). This is because the presence of women in the audit committee is believed to be able to reduce earnings management activities, so that it has an impact on the quality of earnings generated by the company, this is because the presence of the Audit Committee can reduce the opportunistic characteristics of management which is proven to carry out earnings management, namely supervising the preparation of financial reports and supervision of an external auditor who checks the financial statements produced by the management of the company. Another reason is that the presence of women as members of top management can result in high-quality profits, because women have better ethics in making management decisions related to earnings quality, than men.

The control variables for capital structure and firm size are proven in this research to reduce quality earnings. The high level of leverage (capital structure) causes investors not to have the confidence to invest in the company, on the grounds that investors do not want to invest with large risks. Therefore, when earnings are announced, the market reaction to earnings is relatively low, so that the market reaction describes the company's earnings as not quality (Wulansari, 2013). The size of the company as seen from the size of the company's assets can reduce the quality of earnings, this illustrates that large and very small companies perform earnings management because of the large number of parties that supervise, and on the other hand, small companies often carry out earnings management

because there are not many parties. who supervise (Kusumawardhani, 2012 and Novianti, 2014).

CONCLUSION

The conclusion of this research is the first that the existence of women who occupy board positions in manufacturing companies can reduce earnings quality. This is because Indonesian culture still considers women's abilities to be carried over by men's abilities, which causes women not to be given the same opportunity to occupy the board of commissioners. In addition, it is also reinforced by the reason that shareholders do not believe that women have the same ability as men to oversee company operations as the board of commissioners. Second, the existence of women who hold the position of Chief Financial Officer has a significant negative effect on earnings quality. The reason is because there are doubts about the shareholders of manufacturing companies to give women the opportunity to occupy the board of directors, in this case the Chief Financial Officer. Shareholders are still not entirely sure if women can work like men's hours, which in fact are longer than women. And third is that the existence of women in the Audit Committee can increase quality earnings in manufacturing companies, the reason is that the presence of women on the audit committee can reduce the opportunistic characteristics of management which are proven to carry out earnings management, namely supervising the preparation of financial reports and supervision of external auditors who carry out audits. financial reports that have been produced by company management. Another reason is that the presence of women as members of top management can result in high-quality profits, because women have better ethics in making management decisions related to earnings quality, than men.

Based on the research results, the suggestions that can be used for further research are first to use earnings management as another measurement proxy, where low earnings management can improve earnings quality; The second second research can add the variable Chief Executive Official (CEO) women to improve the quality of company earnings, and the third replace the research sample is companies in the financial sector (banking and insurance), to be compared with the results of this research.

The implication of the results of this research is in the form of policies made by the government regarding the number of women in the Audit Committee and the Board of Commissioners, given that women in European and American companies can reduce earnings management so that the profits generated by companies are of high quality. This is because it is proven that companies whose members contain more than fifty percent of women (50%) can have a positive effect on company-quality earnings which have an impact on increasing investor confidence in investing in the company.

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