The Role of Intellectual Intelligence and Corporate Governance on Earnings Quality: A Company Size as Moderator Approach

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ABSTRACT

This study aims to examine the effect of intellectual capital and corporate governance on earnings quality, with firm size as a moderating variable. The sample in this study consists of 47 companies included in the LQ45 index during the 2021–2023 period. Data were analyzed using a quantitative approach with WarpPLS 8.0 software. The results show that intellectual capital and the audit committee have a significant effect on earnings quality, while the independent board of commissioners and joint board meetings do not have a significant effect. The moderation test indicates that firm size does not moderate the relationship between intellectual capital, independent commissioners, audit committees, or joint board meetings and earnings quality. These findings highlight the importance of intellectual capital and the audit committee in improving earnings quality, while firm size does not strengthen these relationships. This study provides implications for company management and stakeholders to pay more attention to intellectual aspects and internal supervision in maintaining the integrity of financial reporting.

Keywords: *Earnings Quality, Intellectual Capital, Corporate Governance, Firm Size, Sustainable Finance, Volatility Modeling.*

ABSTRAK

Penelitian ini bertujuan untuk menguji pengaruh modal intelektual dan tata kelola perusahaan terhadap kualitas laba, dengan ukuran perusahaan sebagai variabel moderasi. Sampel dalam penelitian ini terdiri dari 47 perusahaan yang tergabung dalam indeks LQ45 selama periode 2021–2023. Data dianalisis menggunakan pendekatan kuantitatif dengan perangkat lunak WarpPLS 8.0. Hasil penelitian menunjukkan bahwa modal intelektual dan komite audit berpengaruh signifikan terhadap kualitas laba, sedangkan dewan komisaris independen dan rapat dewan komisaris gabungan tidak berpengaruh signifikan. Uji moderasi menunjukkan bahwa ukuran perusahaan tidak memoderasi hubungan antara modal intelektual, komisaris independen, komite audit, atau rapat dewan komisaris gabungan dengan kualitas laba. Temuan ini menyoroti pentingnya modal intelektual dan komite audit dalam meningkatkan kualitas laba, sedangkan ukuran perusahaan tidak memperkuat hubungan tersebut. Penelitian ini memberikan implikasi

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bagi manajemen perusahaan dan para pemangku kepentingan untuk lebih memperhatikan aspek intelektual dan pengawasan internal dalam menjaga integritas pelaporan keuangan.

***Kata kunci**: Kualitas Laba, Modal Intelektual, Tata Kelola Perusahaan, Ukuran Perusahaan, Keuangan Berkelanjutan, Pemodelan Volatilitas.*

INTRODUCTION

In a knowledge-based economy, a company's competitive advantage is no longer solely determined by physical assets, but also by intellectual capital, which encompasses knowledge, skills, and organizational innovation. Intellectual capital is a crucial factor in creating added value and improving company performance. Furthermore, the effective implementation of Good Corporate Governance (GCG) plays a crucial role in ensuring transparency, accountability, and integrity in company management, which in turn can impact the quality of profits generated. This phenomenon, related to corporate profits, occurs among companies in the LQ 45 index on the Indonesia Stock Exchange. The financial performance of various issuers shows striking differences across sectors. ANTM from the mining sector recorded sales growth of 203.4% and a profit surge of 794.1%, followed by INCO, which, despite a 6.2% decline in sales, still saw a significant 268.0% increase in profit. In the livestock sector, CPIN recorded an 11.3% increase in sales and a 116.2% increase in profit. GOTO from the technology sector demonstrated positive performance, achieving 67.1% profit growth. Conversely, the energy and property sectors experienced significant pressure, with PGAS recording a 46.5% profit decline despite 6.3% sales growth, and SMRA from the property sector experiencing a 46% profit decline. Sharp declines also occurred at ADRO and SMGR, which experienced profit declines of 78.6% and 91.0%, respectively. This data suggests that sales growth does not necessarily guarantee profit increases, as operational efficiency and sectoral conditions play a significant role in determining a company's profitability. Riana et al. (2024) Corporate governance plays a crucial role in maintaining transparency and accountability of financial reporting, thereby suppressing earnings management practices.

Quality earnings reflect relevant and reliable information and are free from accounting manipulation. Previous research on factors influencing earnings quality has been conducted, such as research by Rosmawati and Indriasih (2021), Anggraini et al. (2019), Ardiansyah and Sadikin (2023), Puspita and Wahyudi (2021), and Fazira et al. (2024), which found that intellectual capital significantly influences a company's earnings quality. However, these results differ from research by Wellyana and Sulistiawan (2020) and Safitri and Muliati (2023), which found that intellectual capital did not significantly influence earnings quality.

Corporate governance improves earnings quality and financial flexibility through management oversight (Islam et al., 2022). Sululing (2023) and Suryati (2020) found a significant effect of GCG, but Fitranita and Coryanata (2018) stated that GCG had no effect on earnings quality. Previous research by Solihah and Rosdiana (2022) found that an independent board of commissioners has a significant impact on earnings quality. This study differs from research conducted by Ilham et al. (2022); Basyri & Kiryanto (2025), which found that an independent board of commissioners had no impact on earnings quality. Research by Polimpung (2020) and Ilham et al. (2022) has revealed the significant influence of audit committees on earnings quality, finding that audit committees have a substantial impact on earnings quality. However, these results differ from the findings of Hartoko and Astuti (2021), who found that audit committees had no effect on earnings quality.

Sulistyo and Budi (2023) found that joint board of commissioner meetings significantly impacted earnings quality, but Dewi and Sugeng (2025) found no effect. GCG components and company size influence financial performance because they are interrelated and complementary (Bellen et al., 2025). Previous research on the effect of company size on earnings quality was conducted by Arnilla (2023) and Kurniawati

(2023), who found that company size has a significant impact on earnings quality. However, these results contradict those of Hamour et al. (2024), Sari et al. (2021), and Nirmalasari and Widati (2022), who stated that company size does not affect earnings quality. This study aims to analyze the influence of intellectual capital and GCG on earnings quality, considering company size as a moderating variable. This study aims to examine the influence of each element of corporate governance on earnings quality. Three governance elements were addressed in this study: the Independent Board of Commissioners, the Audit Committee, and the Joint Meeting of the Board of Commissioners.

LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT

Intellectual Intelligence and Earnings Quality

Intellectual capital is an intangible asset consisting of an organization's knowledge, skills, experience, and innovation, which directly contributes to the creation of corporate value. In the context of financial reporting, intellectual capital plays a crucial role in determining earnings quality because it influences operational efficiency, reporting accuracy, and information-based managerial decision-making (Ardiansyah & Sadikin, 2023). High earnings quality reflects a company's financial performance that is reliable, relevant, and free from accounting manipulation. According to Rosmawati and Indriasih (2021), companies with high intellectual capital tend to produce more informative financial reports, thereby increasing investor confidence. Similarly, Anggraini et al. (2019) found that optimal utilization of human capital, structural capital, and relational capital improves the integrity of earnings information.

However, several studies, such as Wellyana and Sulistiawan (2020) and Safitri and Muliati (2023), have shown different results, specifically the lack of a significant effect between intellectual capital and earnings quality. This difference reflects the importance of considering contextual factors such as governance structure, internal control systems, and company size. Theoretically, agency theory suggests that intellectual intelligence can mitigate information asymmetry between management and owners, thereby reducing the likelihood of management engaging in earnings management (Juliana & Thayogo, 2019; Indra & Trisnawati, 2020). Based on the theoretical framework and previous empirical evidence, it is posited that intellectual intelligence has a positive influence on earnings quality by enhancing operational efficiency, improving reporting accuracy, and reducing information asymmetry.

H1: Intellectual intelligence has a positive effect on earnings quality.

Independent Board of Commissioners and Earnings Quality

An independent board of commissioners is a crucial mechanism within the Good Corporate Governance (GCG) structure, overseeing management performance and ensuring transparency and accountability in financial reporting. The role of an independent board of commissioners is crucial in reducing earnings management practices, which are directly related to improving earnings quality (Suryati, 2020). Within the framework of agency theory, the presence of independent commissioners aims to minimize conflicts of interest between managers (agents) and owners (principals) by increasing the effectiveness of external oversight of the company's financial statements (Islam et al., 2022). Several studies have found that an independent board of commissioners has a positive impact on earnings quality, as demonstrated by Solihah and Rosdiana (2022), who demonstrated that the presence of independent commissioners can reduce earnings manipulation practices. However, different results were obtained by Ilham et al. (2022) and Basyri and Kiryanto (2025), who found that an independent board of commissioners had no significant effect on earnings quality. These differences in results indicate that the effectiveness of an independent board of commissioners depends heavily on the quality of its independence, the frequency of its involvement in strategic decision-making, and its professional background (Kartika et al., 2023; Muzaki et al., 2024). The

ineffectiveness of an independent board of commissioners can also occur if its presence is merely symbolic or if it fulfills formal regulatory requirements without active involvement in oversight (Buallay & Hamdan, 2019; Solikhah et al., 2022). Therefore, even if an independent board of commissioners is structurally present, it may not be functionally effective in improving earnings quality (Islam et al., 2022; Alsarhani et al., 2023). Based on the theoretical framework and previous empirical evidence, it is hypothesized that the independent board of commissioners has a positive effect on earnings quality.

H2: Independent board of commissioners has a positive effect on earnings quality.

Audit Committee and Earnings Quality

The audit committee is a crucial component of the corporate governance structure, serving as an independent oversight of the financial reporting process, internal controls, and audit practices. The existence of an audit committee is believed to improve earnings quality by reducing the potential for earnings management that is detrimental to stakeholders. From an agency theory perspective, the audit committee's role is to bridge information asymmetries between management and owners, as well as ensure transparency and accountability in financial reporting (Islam et al., 2022). Several previous studies support the significant role of the audit committee in earnings quality. Polimpung (2020) and Ilham et al. (2022) state that the more active and competent the audit committee, the less likely management is to engage in accounting manipulation. Similarly, Basyri and Kiryanto (2025) found that the presence of an effective audit committee can strengthen oversight and reduce distortions in financial reporting. Audit committees that perform their functions independently and professionally can increase the credibility of earnings information presented to investors and the public. However, not all studies show consistent results. Hartoko & Astuti (2021) demonstrate that audit committees do not always have a significant impact on earnings quality, particularly when their function is merely symbolic or not supported by competent members and an adequate meeting frequency. Therefore, the effectiveness of an audit committee in improving earnings quality depends heavily on its structure, expertise, and active involvement in the oversight process (Li et al., 2020; Van et al., 2022; Boachie & Mensah, 2022). A formal presence is not sufficient; the audit committee must be able to carry out its duties substantively to ensure the integrity of financial reporting and maintain investor confidence (Rezaee & Safarzadeh, 2023; Hong et al., 2023). Based on theoretical reasoning and previous empirical findings, it is hypothesized that the audit committee has a positive effect on earnings quality.

H3: Audit committee has a positive effect on earnings quality.

Joint Meetings of the Board of Commissioners and Earnings Quality

The frequency of joint board meetings is part of a corporate governance mechanism designed to enhance oversight of management performance. Within the context of agency theory, board meetings serve as a crucial control mechanism for mitigating conflicts of interest between managers and owners, as well as for reducing earnings management practices that can compromise earnings quality (Islam et al., 2022). Effective joint meetings should reflect active involvement in monitoring and strategic decision-making, promoting transparency in financial reporting. Several studies have yielded mixed results regarding the effectiveness of these joint meetings. Sulistyo and Budi (2023) found that the frequency of board meetings significantly impacted earnings quality, indicating that regular oversight can reduce the scope for accounting manipulation. Conversely, Dewi and Sugeng (2025) stated that meeting frequency had no significant impact on earnings quality. These results indicate that meeting effectiveness depends not only on quantity but also on the quality of discussions, independence, and follow-up on strategic issues discussed. Other studies also emphasize that the oversight role of board meetings is often symbolic unless accompanied by expertise, integrity, and a substantial commitment. This

means that the existence and intensity of meetings must be accompanied by meaningful supervision in order to positively influence the integrity of financial reporting.

H4: Joint meetings of the board of commissioners have a positive effect on earnings quality.

Company size as a Moderator

Company size is a significant factor that can either enhance or diminish the impact of corporate governance on earnings quality. Large companies typically have more complex organizational structures, more comprehensive resources, and face higher regulatory and public pressure, which can enhance the effectiveness of financial oversight and reporting mechanisms (Widhiastuti et al., 2018; Aziz et al., 2023). Large companies are believed to be better able to utilize intellectual capital because they can develop human resources, information systems, and innovation, which contribute to improving earnings quality. This aligns with the findings of Ardiansyah & Sadikin (2023), who suggest that large companies are more effective in managing intellectual assets to create accountable reporting. Company size can strengthen the influence of independent boards of commissioners and audit committees on earnings quality. Large companies tend to have more active, professional independent commissioners and audit committees, supported by adequate facilities, thus ensuring a more effective oversight function over financial reporting (Solihah & Rosdiana, 2022; Ilham et al., 2022). In large companies, the frequency and quality of joint board of commissioner meetings have a more substantial impact on earnings quality, as the complexity of business activities demands more intensive strategic oversight.

H5: Company size strengthens the effect of intellectual intelligence on earnings quality.
H6: Company size strengthens the effect of the independent board of commissioners on earnings quality.
H7: Company size strengthens the effect of the audit committee on earnings quality.
H8: Company size strengthens the effect of joint board of commissioner meetings on earnings quality.

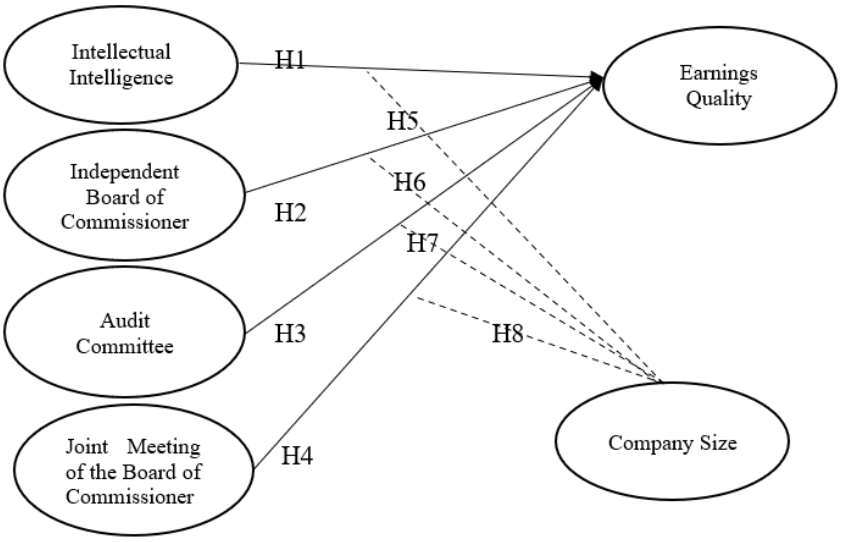

Figure 1. Research Framework

Figure 1 illustrates the research framework showing the relationship between independent variables, namely intellectual intelligence, independent board of commissioners, audit committee, and joint board of Commissioners meetings, on earnings quality as the dependent variable. These four variables are assumed to have a

positive influence in improving the quality of corporate earnings (H1–H4). Furthermore, this framework also includes firm size as a moderating variable that strengthens the relationship between each independent variable and earnings quality (H5–H8). Visually, the arrow pointing directly to earnings quality represents the direct effect, while the line intersecting the relationship between the variables indicates the moderating role of firm size. This framework underpins empirical analysis to examine how governance mechanisms and organizational intelligence, when moderated by firm size, can improve the integrity and accountability of reported earnings information.

RESEARCH METHOD

This study uses a quantitative approach to examine the effect of intellectual intelligence and corporate governance on earnings quality with company size as a moderating variable. The population in this study are all companies that are members of the LQ45 index on the Indonesia Stock Exchange (IDX), with sample selection using purposive sampling method based on the following criteria: companies are included in the LQ45 index consecutively during 2021-2023, publish complete annual financial reports during that period, and are not included in the financial sector. Based on these criteria, 47 companies were selected as samples, yielding a total of 141 observations (47 companies × 3 years). The type of data used is secondary data obtained from the company's annual financial statements available on the official website of the Indonesia Stock Exchange (www.idx.co.id) and the official website of each company for the period 2021-2023. The intellectual intelligence variable is measured using the VAIC™ (Value Added Intellectual Coefficient) model which consists of three components, namely Capital Employed Efficiency (CEE), Human Capital Efficiency (HCE), and Structural Capital Efficiency (SCE). Good corporate governance is measured using several indicators such as the proportion of independent commissioners, the existence of an audit committee, the number of joint meetings of the board of commissioners, and the number of meetings of the board of commissioners. Earnings quality is measured by the discretionary accrual approach using the Modified Jones Model, while company size is measured using the natural logarithm of total assets. The data analysis technique used is Structural Equation Modeling-Partial Least Square (SEM-PLS) with the help of WarpPLS software version 8.0. WarpPLS was chosen because it can handle models with complex data and is suitable for both exploratory and predictive research. Data analysis is conducted through two stages: evaluating the measurement model (outer model) to assess the validity and reliability of constructs, and evaluating the structural model (inner model) to examine the relationships between variables, including the moderating role of company size.

RESULTS

Convergent validity measures the extent to which indicators interrelate to form a latent construct. This validity is determined through the Loading Factor value. An indicator is considered to have good convergent validity if its loading value exceeds 0.70. However, in exploratory research, loading values above 0.50 are still acceptable (Sholihin & Ratmono, 2021). This validity is crucial to ensure that the indicators used consistently and accurately represent the construct being measured, so that the analysis results can be trusted in explaining the relationships between variables in the research model.

The results of the Convergent Validity study in Table 1 show that all research variables have a loading factor value above 0.7, so all research variables are declared to meet the convergent validation criteria. To evaluate the discriminatory validity of the reflective model, cross-loading is used. The AVE value is then compared with the square of the correlation between variables, or the square root of the AVE is compared with the correlation between variables. Cross-loading comparisons also include comparing the correlation of indicators with their own variables and variables from other blocks. Indicators with variables that have higher correlations with other blocks suggest that these variables predict block size more accurately than other blocks. According to the Fornell-

Lacker approach, the AVE value must be greater than the square of the correlation between variables or greater than the square root of the AVE (Sholihin & Ratmono, 2021).

Table 1. Convergent Validity

Indicator	Loading Factor	Description
IC (X1)	1.000	Met
DKI (X2)	1.000	Met
KA (X3)	1.000	Met
RG (X4)	1.000	Met
KL (Y)	1.000	Met
Uk (Z)	1.000	Met
Z*X1	1.000	Met
Z*X2	1,000	Met
Z*X3	1.000	Met
Z*X4	1.000	Met

Table 2. Cross Loading

Ind.	IC	DKI	KA	RG	Uk	Z*X1	Z*X2	Z*X3	Z*X4
IC	(1.000)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
DKI	0.000	(1.000)	0.000	0.000	0.000	0.000	0.000	0.000	0.000
KA	0.000	0.000	(1.000)	0.000	0.000	0.000	0.000	0.000	0.000
RG	0.000	0.000	0.000	(1.000)	0.000	0.000	0.000	0.000	0.000
KL	0.000	0.000	0.000	0.000	0.000	(1.000)	0.000	0.000	0.000
Uk	0.000	0.000	0.000	0.000	(1.000)	0.000	0.000	0.000	0.000
Z*X1	0.000	0.000	0.000	0.000	0.000	(1.000)	0.000	0.000	0.000
Z*X2	0.000	0.000	0.000	0.000	0.000	0.000	(1.000)	0.000	0.000
Z*X3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	(1.000)	0.000
Z*X4	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	(1.000)

The results in Table 2 show that the cross-loading value is smaller than the loading value. Therefore, all research variables meet the cross-loading criteria in the discriminant validity test. Composite Reliability (CR) and Cronbach's Alpha are two methods for measuring the reliability of a variable with reflective items. Composite Reliability (CR) is better at measuring internal consistency than Cronbach's Alpha because it does not ignore the similarity of each indicator. Cronbach's Alpha tends to underestimate Composite Reliability, and the interpretation of Composite Reliability is the same as Cronbach's Alpha. A cutoff value of ≥ 0.7 is acceptable, and a value of ≥ 0.8 is very satisfactory (Sholihin & Ratmono, 2021).

Table 3. Data Reliability

Variable	Composite Reliability Coefficients	Cronbach's Alpha Coefficients	Description
IC (X1)	1.000	1.000	Met
DKI (X2)	1.000	1.000	Met
KA (X3)	1.000	1.000	Met
RG (X4)	1.000	1.000	Met
KL (Y)	1.000	1.000	Met
Uk (Z)	1.000	1.000	Met
Z*X1	1.000	1.000	Met
Z*X2	1.000	1.000	Met
Z*X3	1.000	1.000	Met
Z*X4	1.000	1.000	Met

The research results in Table 3 indicate that all variables in the model meet the reliability criteria, as evidenced by Composite Reliability and Cronbach's Alpha values greater than 0.70. This indicates that the indicators used have good internal consistency in measuring their respective latent constructs. Therefore, the research instrument can be considered reliable and suitable for testing the structural model because it produces stable and reliable data that accurately represent the variables studied.

Table 4. Fit Model

Model Fit and Quality Indices	Criteria Fit	Analysis Result	Description
Average Path Coefficient (APC)	P<0.05	0.137 (P=0.024)	Met
Average R-Squared (ARS)	P<0.05	0,263 (P<0.001)	Met
Average Adjusted R-Squared (AARS)	P<0.05	0.219 (P<0.001)	Met
Average block VIF (AVIF)	Acceptable if <=5 Ideal <=3.3	1.218	Ideal
Average full collinearity VIF (AFVIF)	Acceptable if <=5 Ideal <=3,3	2.813	Ideal
Tenenhaus GoF (GoF)	Small>=0.1, Medium>=0.25, Large>=0.36	0.513	Large
R-Squared Conribution Ratio (RSCR)	Acceptable if >=0.9 Ideal = 1	0.933	Accepted
Statistical Suppression Ration (SSR)	Acceptable if >=0.7	1.000	Accepted
Non Linear Bivariate Causality Direction Ratio (NLBCDR)	Acceptable if >=0.7	0.875	Accepted

The research results in Table 4 shows that all indicators indicate that the structural model analyzed using WarpPLS meets the criteria for feasibility and statistical validity. There were no multicollinearity issues, a high R-squared contribution, and a high level of fit, making this model reliable for hypothesis testing and interpreting relationships between variables.

Table 5. R Square & Q Square

Model	Value
R-Squared	0.263
Q-Squared	0.301

The R-Squared test results depicted in Table 5 have a value of 0.263 which, if percented to 26.3%, indicates that the Intellectual Capital variable can explain the Earnings Quality variable, the Independent Board of Commissioners, the Audit Committee and the Joint Meeting of the Board of Commissioners by 26.3%. While the remaining 73.7% is explained by other variables / indicators outside the study. The Q2 value must have a value greater than 0 (Q2>0) (Ghozali & Latan, 2015). Based on Table 5, which shows the Q-squared test results of 0.301, which is greater than 0.15. So, it can be stated that Q2 is accepted and has moderate predictive capability.

Hypothesis testing uses path values and path coefficients to determine the influence of intellectual capital variables (X1), Independent Board of Commissioners (X2), Audit Committee (X3), and Joint Meeting of the Board of Commissioners (X4) on Earnings Quality (Y) moderated by Company Size (Z). The influence of exogenous, endogenous, and moderating variables on the p-value is tested for each hypothesis.

Table 6. P-value and Path Coefficients

Variables	Path Coefficients	p-value	Description
IC (X1)	0.421	<0.001	Significant effect
DKI (X2)	0.104	0.104	No significant effect
KA (X3)	0.243	<0.001	Significant effect
RG (X4)	-0.046	0.293	No significant effect
Z*X1	0.103	0.107	Does not moderate X1 to Y
Z*X2	-0.005	0.477	Does not moderate X2 to Y
Z*X3	-0.084	0.157	Does not moderate X3 to Y
Z*X4	0.095	0.127	Does not moderate X4 to Y

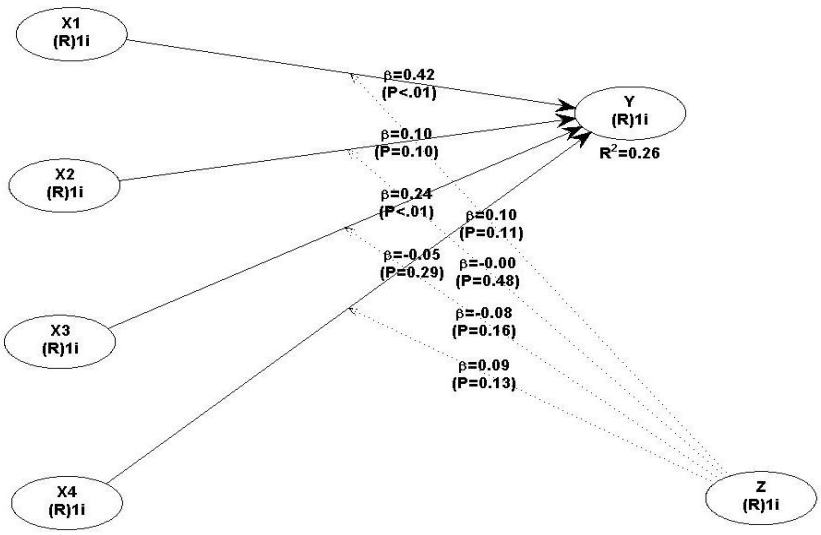

Figure 2. Hypothesis Test Results

The following interpretation is based on the results of hypothesis testing presented in Table 6 and Figure 2. The Effect of Intellectual Capital (X1) on Earnings Quality (Y). The test results show a path coefficient value of 0.421 and a p-value <0.001; this value is smaller than 0.05, which indicates that intellectual capital has a significant effect on earnings quality, so that H1 is accepted. The Effect of the Independent Board of Commissioners (X2) on Earnings Quality (Y) states that the path coefficient has a value of 0.104 with a p-value of 0.104. From these results, it states that the p-value> 0.05, so that the H2 hypothesis is rejected; in other words, the independent board of commissioners does not have a significant effect on earnings quality. The Effect of the Audit Committee (X3) on Earnings Quality (Y) states that the path coefficient has a value of 0.243 with a p-value <0.001. From these results, it states that the p-value <0.05 so that the H3 hypothesis is accepted; in other words, the audit committee has a significant effect on earnings quality. Based on the path coefficient value, this influence has a positive direction. The effect of Joint Board of Commissioners Meetings (X4) on Earnings Quality (Y) shows a path coefficient of -0.046 with a p-value of 0.293. These results indicate that p-value > 0.05, thus rejecting hypothesis H4. In other words, joint board of commissioner meetings do not significantly influence earnings quality.

Moderation of Firm Size (Z) on the Effect of Intellectual Capital (X1) on Earnings Quality (Y). Hypothesis testing results show a path coefficient of 0.103 with a p-value of 0.107. These results indicate that p-value > 0.05, thus rejecting hypothesis H5. In other words, firm size does not moderate the effect of intellectual capital on earnings quality. The moderation of Firm Size (Z) on the Effect of an Independent Board of Commissioners (X2) on Earnings Quality (Y) yields a path coefficient of -0.005 with a p-value of 0.477. From these results, it states that the p-value> 0.05, so that the H6 hypothesis is rejected; in other words, company size does not moderate the influence of the independent board of commissioners on earnings quality. Moderation of Company Size (Z) on the Influence of the Audit Committee (X3) on Earnings Quality (Y) states that the path coefficient has a value of -0.084 with a p value of 0.157. From these results, the p-value> 0.05, so that the H7 hypothesis is rejected, in other words, company size does not moderate the influence of the audit committee on earnings quality. Moderation of Company Size (Z) on the Influence of Joint Meetings of the Board of Commissioners (X4) on Earnings Quality (Y) states that the path coefficient has a value of 0.095 with a p-value of 0.127. From these results, it states that the p-value> 0.05, so that the H8 hypothesis is rejected, in other words, company size does not moderate the influence of joint meetings of the board of commissioners on earnings quality.

DISCUSSION

The study's results indicate that intellectual capital has a positive and statistically significant effect on earnings quality. This suggests that the higher a company's intellectual capital, whether in the form of human resources, organizational structure, or external relationships, the better its earnings quality. From an agency theory perspective, this finding can be explained by the fact that intellectual capital helps minimize information asymmetry between managers and owners by increasing transparency, business process efficiency, and knowledge-based decision-making. These findings are supported by research conducted by Rosmawati and Indriasih (2021), Anggraini et al. (2019), Puspita and Wahyudi (2021), and Ardiansyah and Sadikin (2023), which also found that intellectual capital influences a company's earnings quality.

The Influence of an Independent Board of Commissioners on Earnings Quality indicates that an independent board of commissioners does not significantly impact earnings quality. Theoretically, the existence of an independent board of commissioners is intended to strengthen the supervisory function and limit opportunistic management behavior. In the context of agency theory, this finding suggests that the formal existence of an independent board of commissioners may be ineffective if it is not supported by quality, demonstrated independence, or an active role in decision-making. These results are supported by research conducted by Ilham et al. (2022a), Basyri and Kiryanto (2025), which concluded that an independent board of commissioners has no effect on a company's earnings quality.

The Audit Committee's Influence on Earnings Quality The audit committee has been shown to have a positive and significant influence on earnings quality. This finding is consistent with agency theory, which posits that the audit committee serves as an independent internal monitor, ensuring the integrity of financial statements and compliance with applicable accounting principles. The audit committee's active role in evaluating financial statements and the external audit process can reduce the scope for managers to manipulate earnings, resulting in more reliable earnings information and a true reflection of the company's performance. This study's findings are supported by research conducted by Polimpung (2020), which states that the audit committee influences the quality of company earnings.

The effect of joint board of Commissioners meetings on earnings quality the test results indicate that the frequency of joint board of Commissioners meetings does not significantly impact earnings quality. this suggests that high meeting frequency does not always reflect effective oversight. these results suggest that formality or ceremonial board meetings alone are not sufficient to prevent conflicts of interest or increase transparency. quality discussions, courage in making strategic decisions, and independence in assessing management performance are necessary to truly improve earnings quality. These findings are supported by research conducted by Sulistyo and Budi (2023), which found that the frequency of the board of Commissioners meetings does not impact a company's earnings quality.

The results of the moderation test indicate that company size does not moderate the effect of intellectual capital, independent board of commissioners, audit committee, or joint board of commissioner meetings on earnings quality. In theory, larger companies are expected to have more robust governance systems due to their greater business complexity. However, in this finding, company size neither strengthens nor weakens this relationship. This could be due to various factors, such as the uniformity of governance structures between large and small companies, or the uneven implementation of governance across all company scales. In agency theory, this implies that monitoring mechanisms depend not on the size of the organization, but rather on its internal effectiveness and commitment to implementing good corporate governance principles. he study's findings highlight the importance of intellectual capital and the audit committee as determinants of earnings quality, while also showing that the independent board of commissioners and joint board of commissioners' meetings may not automatically

produce governance benefits without substantive engagement. The lack of a moderating effect of company size further suggests that governance effectiveness is not inherently tied to scale but to how governance mechanisms are practically implemented. These findings offer valuable insights for policymakers and practitioners seeking to enhance earnings quality through more effective governance structures and the strategic utilization of intellectual resources.

CONCLUSION

Intellectual capital has been shown to have a positive and significant effect on earnings quality. This indicates that companies with strong intellectual resources, such as employee knowledge, strong organizational systems, and effective external relationships, tend to produce more reliable and representative earnings information. Independent boards of commissioners did not significantly influence earnings quality, despite their theoretical importance as a mechanism for monitoring. Audit committees had a positive and significant effect on earnings quality, indicating that the existence and active function of audit committees are crucial in maintaining the integrity and transparency of financial reporting. Joint meetings of the board of commissioners did not significantly influence earnings quality. Frequent meetings do not guarantee effective oversight unless they are accompanied by quality discussions, substantive involvement, and the courage to evaluate management. Company size did not moderate the relationship between intellectual capital, corporate governance, and earnings quality.

Overall, the results of this study confirm that improvements in earnings quality are more influenced by internal company factors reflecting competence, commitment to transparency, and effective oversight. These findings have implications for management, regulators, and investors, emphasizing the quality of resources and the need for substantial oversight structures, rather than merely the formality of governance. This study's limitations lie in the selection of indicators to measure earnings quality, which uses only the discretionary accrual approach. This approach is flawed because it is still influenced by accounting estimates and considerations. Furthermore, the data used is limited to LQ45 companies with specific characteristics, so the results cannot necessarily be generalized to all industrial sectors or company scales. Suggestions for future research include adding indicators beyond this study and using a broader company scale to ensure the results are representative of the situation and applicable to other companies in general.

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