

ABSTRACT

This study aims to analyze the effect of corporate governance and investment opportunity set on earnings quality, with firm size, profitability, and cash holding as control variables. The independent variables in this study are board diversity, executive compensation, interlocking directorships, and investment opportunity set, while the dependent variable is earnings quality. The population in this study consists of companies that conducted an IPO on the Indonesia Stock Exchange during the period 2021 to 2023. The sampling method used is purposive sampling, with a total of 292 observations. The data were obtained from company prospectuses, financial statements, and annual reports. The data were analyzed using classical assumption tests before conducting multiple regression analysis.

The results of the study show that board diversity and investment opportunity set have a significant negative effect on earnings quality. Meanwhile, executive compensation and interlocking directorships do not have a significant effect on earnings quality. In addition, the control variables firm size and profitability have a significant positive effect on earnings quality, while cash holding does not have a significant effect.

Keywords: earnings quality, corporate governance, board diversity, executive compensation, interlocking directorship, investment opportunity set, firm size, profitability, cash holding.