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Do Institutional Ownership, Managerial Ownership, Independent Commissioners and Audit Committees Affect Earnings Persistence of Listed Manufacturing Companies Listed in Indonesia?

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Abstract

The issue of earnings persistence refers to the company's challenges in maintaining stable and consistent profits over time, especially in business. This research examines the influence of institutional ownership, managerial ownership, independent commissioners and audit committees on the persistence of profits of manufacturing companies listed on the Indonesia Stock Exchange (BEI). The sample in this research was 26 manufacturing companies from 2014 - 2022. A purposive sampling method was used to determine the quantitative research sample. The data analysis technique in this research uses descriptive statistical analysis and partial hypothesis testing. The analytical method in this research is by using multiple linear regression analysis. This research shows that institutional ownership, managerial ownership, independent commissioners, and audit committees significantly affect earnings persistence. The discussion of this research will be explained further in the following description.

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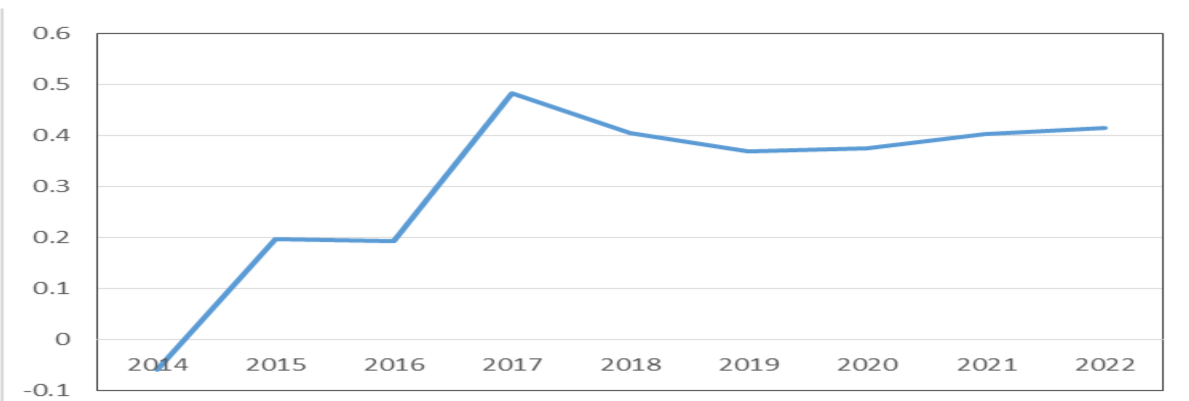
1. Introduction

Company profits in financial reports concern all internal and external company users. The vital role of profit in making decisions must have accurate and credible information for management. Earnings persistence is the probability that the company's profit level could be repetitive in the next period. Thus, the more consistent the profits, the better the estimate of the company's future performance (Zainuddin & Anfas et al., 2022). Earnings persistence refers to the consistent stability and predictability of earnings over time. In the Indonesian context, the economy has demonstrated remarkable resilience, maintaining stability through the transition from Susilo Bambang Yudhoyono's regime in 2014 to President Joko Widodo's era and weathering the significant shock of COVID-19, which had a profound impact on industries and their ability to safeguard their annual financial performance.

Reporting from circulating media stated that the Covid 19 pandemic had a significant impact on the Indonesian economy, starting from changes in the world supply chain to a decrease in foreign investment in Indonesia. This decline can be seen through economic growth of 5.02% in 2019 to 2.97% in 2020. An increase in the number of unemployed also accompanied this slowdown in economic growth. However, in 2021, Indonesia's economic growth remains strong. In the fourth quarter of 2022, Indonesia's economic growth was recorded as high, 5.01%. With these developments, Indonesia's overall economic growth was recorded at 5.31% in 2022, a significant increase from the previous year's achievement of 3.70%. This increase was driven by domestic demand, namely household consumption and investment. The condition is in line with the increase in community mobility after the abolition of the Community Activity Restrictions (PPKM) policy, improving business prospects, increasing inflows of Foreign Investment (PMA), as well as the continued completion of National Strategic Projects (PSN) (https://www.bi.go.id).



2014	2015	2016	2017	2018	2019	2020	2021	2022
-0.05856	0.198146	0.194378	0.484601	0.405297	0.370125	0.375077	0.404044	0.414688

Figure 1. Earnings Persistence Graphic

Problems related to earnings persistence underlie the following research. In the period analyzed, several companies listed on the Indonesian Stock Exchange still presented profits that tended to experience less stable fluctuations. The unstable value of company profit fluctuations triggers a need for more confidence in earning persistence. These fluctuations can question the earning persistence because they cannot maintain stable profits, so the probability of maintaining profits in the future is doubtful. Fluctuating profits occur due to several aspects that influence the persistence of profits in one period.

In this study, we aim to extend the findings of previous research conducted by Pratomo and Athiyya (2019), Zainuddin and Anfas (2022), Sari (2021), Nurochman et al. (2015), and Khafid (2012). We incorporate variables related to independent commissioners and audit committees into our research model. These variables are crucial as they oversee and supervise the activities of vital bodies within organizations, ultimately safeguarding the interests of shareholders. As previously discussed, the pandemic serves as a stress test for corporate governance structures. By examining these constructs through the lens of agency theory, we seek to understand their impact on corporate governance and shareholder value. We also aim to explore how COVID-19 affected earnings persistence and how this can help prepare for future pandemics or similar global crises.

More specifically, we focused the research object on manufacturing companies. However, several problems are identified when determining whether the four variables above affect company earnings persistence, namely, proving whether or not there is a significant influence of institutional and managerial ownership on earning persistence. Likewise, indicators can be used as references to determine whether independent commissioners and audit committees affect earning persistence. Based on the explanation above, it is essential to carry out the following research to prove whether institutional ownership, managerial ownership, independent commissioners, and audit committees affect the persistence of company profits. Apart from that, several previous studies have different opinions regarding the influence of institutional ownership, managerial ownership, independent commissioners, and audit committees on the persistence of company profits. Hence, a further examination will shed light on the influence of these variables on earnings persistence.

2. Literature Review

Agency Theory
According to Jensen & Meckling (1976), agency theory describes the relationships that occur due to a contract with the principal, known as the company owner, who uses an agent's or management's services to realize company profitability. To maximize company performance, company owners and managers must have the same goals to achieve the desired targets. According to agency theory, the principal and agent separation can cause conflict. Agency conflicts are caused by various related parties, such as principals (contract givers/owners/shareholders) and agents (contract recipients and owners' fund managers) with contradictory interests. Suppose the agent and principal try to maximize their respective roles and have different goals. In that case, the agent acts not according to what the principal expects, and the agent's freedom in managing the company and making persistent profits leads to the agent's interests.

Earnings Persistence
Earnings persistence reflects the quality of a company's profits, which shows the company's ability to maintain profits over time, not just because of certain events. Earnings persistence includes stability, predictability, diversity, and trends in earnings. So, with profit persistence, future profits

can be calculated by looking at current profits (Fatma & Hidayat, 2019). Earnings can be used as a basis for compiling, updating, or changing strategies to control management's workforce so that the company can maintain its stability. On the principal side, profit can be fundamental in deciding a policy. Persistence in earnings is profit, with capability being the profit parameter for the next period. Persistence is a factor in quality earnings.

The higher the level of profit continuity, the higher the quality of the company's profits (Madhavi et al., 2022). Measuring earnings persistence focuses on the slope that connects profits in the current period with profits in the previous period. The result showing the trend of the profits allows us to see the relationship between current and past profits. The company's profit persistence is high if the slope is greater than one. The company's profits are persistent if the slope is greater than zero. Also, if the slope is smaller than zero, the company's profits are not persistent (Canina & Potter, 2019).

Institutional Ownership

According to Zainuddin et al. (2022), institutional ownership is shared ownership owned by institutions. Institutional shareholders usually have better business experience in the financial sector. Institutional owners can carry out monitoring so that management will reduce behavior that can reduce earnings quality. According to Haron et al. (2020), institutional ownership is a party that owns a large number of shares in a company. This large amount of ownership has excellent control over the company. Institutional ownership has a role in monitoring company performance. Institutional ownership can play a role in effectively controlling each manager's policies. Therefore, institutional ownership can control company management in obtaining earnings persistence.

Research by Zainuddin and Anfas (2022) shows that institutional ownership significantly influences earnings persistence. This result is consistent with research by Haron et al. (2020). However, the findings of the study from Pratomo and Athiyya (2019) shows that institutional ownership has a negative effect on earnings persistence. Institutional investors, typically from companies involved in mutual funds, pension funds, and hedge funds, usually have significant resources and expertise to oversee the performance and governance of the companies they invest in. According to agency theory, higher levels of institutional ownership may result in more effective monitoring of management actions and financial reporting practices, leading to improved earnings persistence, and likewise. Therefore, the first hypothesis of this study is as follows:

H_1. Institutional Ownership Influences Earning Persistence

Managerial Ownership

Managerial ownership is the percentage of share ownership owned by an agent so that the agent can make company decisions. In agency theory, it is explained that problems can arise between the agent and the principal (Bian et al., 2023). According to Jensen & Meckling (1976), the greater the share ownership by management, the less likely management will be to use resources and reduce agency costs due to differences in interests, thereby increasing the company's financial performance because management who have ownership in the company through managerial ownership will feel like they own the company so that all decisions taken by management will be carried out carefully because all decisions taken will also have an impact on themselves.

The influence of managerial ownership in generating persistent profits includes: Performance improvements, Managerial risk, and Long-term durability. The description above is supported by research by Agustian (2020), Pratomo & Athiyya (2019), and Khafid (2012), which show the influence of managerial ownership on the persistence of company profits. However, Nyoman et al. (2019); and Nurochman et al. (2015) provide different results by stating that managerial ownership has no influence on the persistence of company profits. These rationales suggest that managerial ownership can influence various aspects of corporate behavior and decision-making that contribute to earnings persistence. Although empirical studies have yielded mixed findings on the relationship between managerial ownership and earnings persistence, the findings implicitly highlight the importance of subsequent investigation to understand the mechanisms at play, particularly in manufacturing companies. Hence, we have formulated the second hypothesis as follow:

H_2 Managerial Ownership Influences Earnings Persistence

Independent Commissioners

Independent commissioners come from outside the issuer or public company, do not have ownership of the issuer or public company, have no affiliation with the issuer concerned, and have no direct or indirect business relationships related to the company. It is written in Article 21, paragraph 2 of OJK regulation No.33/POJK.04/2014 concerning Directors and Board of Commissioners of Issuers or Public Companies. Independent commissioners function as objective supervisors in carrying out their duties. It is because independent commissioners have no affiliation with the company, members of the board of commissioners, members of the board of directors, or major shareholders of the company; they do not have any direct or indirect business relationships related to the company's business activities (McTavish & Pyper, 2007).

The influence of independent commissioners on the persistence of company profits can be seen from various aspects. Independent commissioners ensure that company management runs by established standards so that there are no violations of laws or regulations. Independent commissioners are responsible for evaluating management performance and increasing management's commitment to implementing appropriate business strategies. Apart from that, independent commissioners also play an essential role in ensuring company profits can be maintained for the coming period. They strictly supervise the company's financial management, ensuring that all transactions are carried out with high transparency and accountability. Independent commissioners also play a role in improving the company's internal control system to prevent errors and violations.

Khafid's research (2012) shows that independent commissioners significantly affect earning persistence. The presence of independent commissioners can help mitigate agency costs by representing shareholders' interests and holding management accountable for their actions. By promoting transparency, integrity, and ethical behavior in financial reporting, independent commissioners can contribute to earnings persistence and long-term value creation. Companies with a higher proportion of independent commissioners on their boards tend to exhibit more reliable and consistent earnings over time, as they are subject to greater scrutiny and accountability. The following hypothesis is formulated as follow:

H_3 The Independent Commissioners influences Earnings Persistence

Audit Committees

DeZoort et al. (2002) define an audit committee as mandatory for public companies. The audit committee must have members per the agreed accounting competency requirements to maintain the urgency of shareowners by ensuring the quality of financial reports, risk management, and internal supervision. According to Financial Services Authority Regulation No. 55/POJK.04/2015 concerning the Formation and Implementation Guidelines for the Audit Committee, which was then concluded to be a group of people selected by the board of commissioners to carry out the functions and duties of a committee. This committee is accountable for its work to the board of commissioners. The members are composed of at least one independent commissioner as chairman and at least two other members from external to the issuer. If there is more than one independent commissioner, one becomes chairman of the committee.

The purpose of forming an audit committee is to assist the board of commissioners in fulfilling its responsibilities and providing complete control. In other words, the audit committee's role is similar to that of the board of commissioners, namely controlling the performance of company management in meeting its company targets, which is none other than obtaining persistent profits. An effective audit committee can significantly contribute to earnings persistence by promoting consistent and reliable financial reporting practices. This is because an audit committee that actively monitors financial reporting can deter opportunistic behavior by management, such as earnings management or earnings smoothing, which may compromise earnings persistence. Companies with robust audit committees are better positioned to report more reliable and sustainable earnings, ultimately enhancing future earnings predictability.

Prior research supports the notion that the audit committee's effectiveness positively influences earnings quality [see, for example, Sari (2021); Zainuddin and Anfas (2022), Nurochman et al. (2015), and Khafid (2012)]. These findings suggested that a more effective audit committee will enhance the quality and reliability of financial reporting, thereby contributing to more persistent and predictable earnings. Thus, based on the above rationale, the hypothesis can be formulated as follows:

H_4 Audit Committee Influences Earnings Persistence.

3. Research Methods

Research Design

This research was conducted in the manufacturing company sector listed on the Indonesia Stock Exchange in 2014 - 2022. This research was conducted to determine the influence of institutional ownership, managerial ownership, independent commissioners, and audit committees on the persistence of company profits. The population in this study was 202 manufacturing companies, and the sample for this research was 26 manufacturing companies listed on the Indonesia Stock Exchange.

Data Collection

This research utilized documentation techniques for data collection. The technique involved copying and archiving secondary data sources accessed from the official website of the Indonesia Stock Exchange, available at www.idx.co.id. The secondary data was previously gathered from primary sources and made readily available for researchers (Ahyar et al., 2020). The data used in this research comprises company financial reports audited for 2014-2022. Table 1 details the selection process, from the initial 202 Indonesian-listed manufacturing companies to the final selection of 26 eligible samples for the study.

Table 1. Sample Criteria

No	Samples Criteria	Total
1	Manufacturing companies listed on IDX from 2014 – 2022	202
2	Manufacturing companies that do not publish the financial statements in period 2014 - 2022	(35)
3	Companies that offers foreign currency in financial statements	(68)
4	Companies that do not have the required data.	(54)
The amount of samples		**45**
Outlier samples		**19**
Samples post outlier		**26**

Table 2 below is an essential resource that outlines the operational definition and variable measurements, which are used in data collection and analysis.

Table 2. Operational Definition and Measurement of Variable

No	Variables	Operational Definition	Measurements	Scale
1	Earnings Persistence (Y)	Earnings persistence is one of the indicators of earnings quality, where quality earnings can show stable fluctuations from time to time.	Earning Persistence = $\frac{\text{Earnings}_{jt}}{\text{Outstanding stocks}_{jt}} = \beta_0 + \beta_1 \frac{\text{Earnings}_{jt-1}}{\text{Outstanding stocks}_{jt-1}} + \varepsilon_{jt}$. Fatma & Hidayat, (2019)	Ratio

2	Institutional Ownership (X1)	Institutional Ownership is the percentage of Ownership owned by institutional investors.	$\frac{\text{Stocks owned by institutions}}{\text{Outstanding Stocks}}$ Zainuddin & Anfas, et,al.,(2022)	Ratio
3	Managerial Ownership (X2)	Managerial Ownership is the percentage of Ownership by management in the company.	$\frac{\text{Stocks owned by Managers}}{\text{Outstanding stocks}}$ Zainuddin & Anfas, et al.,(2022)	Ratio
4	Independent Commissioners (X3)	Independent commissioners are external board members of the company, meaning they are not affiliated.	$\frac{\text{Number of Independent Comissioners}}{\text{Total number of Commissioners}}$ Zainuddin & Anfas, et,al.,(2022)	Ratio
5	Audit Committee (X4)	The Board of Commissioners forms the Audit Committee to perform financial oversight functions.	Audit Committee Based on Gender Diversity Frequency of Audit Committee Meeting $\frac{\text{Audit Committee Independent}}{\text{Total of Audit Committee}}$ Ha, (2022)	Ratio

Data Analysis Technique

The data analysis technique in this research uses descriptive statistical analysis. Descriptive statistics is a research data transformation process that explains or describes data in tabulations regarding data distribution. Data tabulation describes the arrangement of data in the form of graphs and numbers. This research describes the amount of data, maximum and minimum values, standard deviation, and average (mean) (Ahyar et al., 2020). Data analysis in this research uses SPSS 25, which includes institutional ownership, managerial ownership, independent commissioners, and audit committees so that each variable's amount of data, maximum value, minimum value, average, and standard deviation can be known. Subsequently, we performed the Multiple Regression Analysis to examine the influence of institutional ownership, managerial ownership, independent commissioners, and audit committees on earnings persistence in Indonesia's listed manufacturing companies, as illustrated in the following research model:

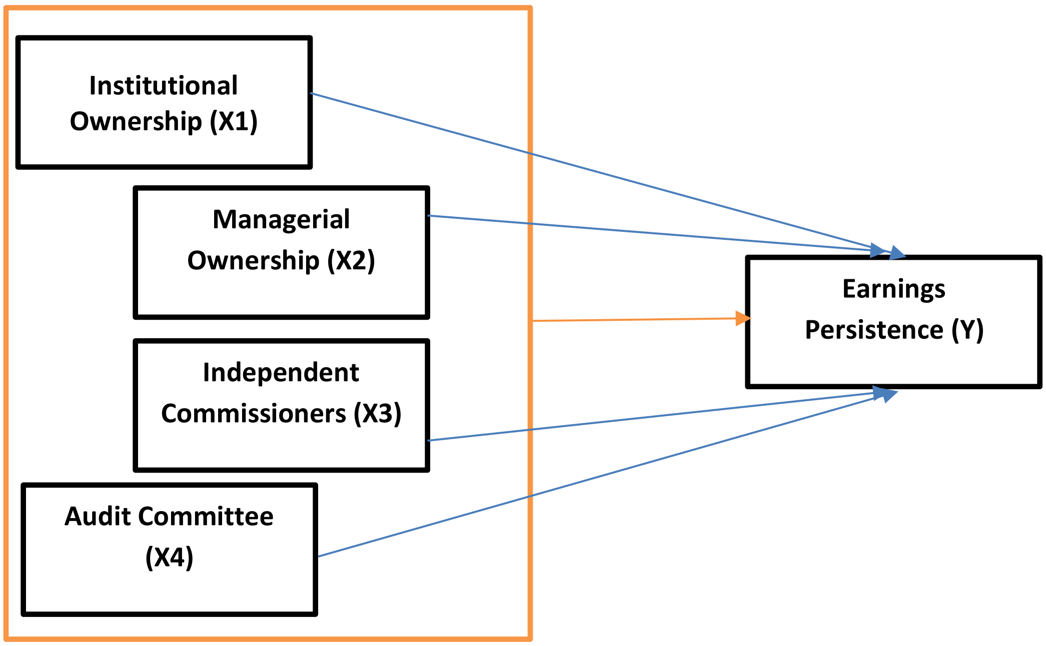


Figure 2. Research Model

4. Results

Descriptive Statistic Analysis

This research examines the influence of institutional ownership, managerial ownership, and independent commissioners on the persistence of profits of manufacturing companies listed on the Indonesia Stock Exchange (BEI). Hypothesis testing uses multiple linear regression. The following are the results of the statistical description:

Table 3. Statistics Descriptive Result Test

	N	Minimum	Maximum	Mean	Std. Deviation
EP	234	-8.71	2.20	.3099	.84741
IO	234	-3.84	1.86	.6339	.49012
MO	234	-2.70	1.02	.1658	.33910
IC	234	-2.42	1.11	.4314	.28474
ACGD	234	-1.76	2.57	.8419	.83106
FACM	234	1.51	21.25	7.3761	2.86350
ACI	234	-2.26	1.01	.3986	.28750
Valid N (listwise)	234				

Source: SPSS 25 generated output

The dependent variable in this research is earnings persistence, which has an average value of 0.3099. This result indicates that most manufacturing companies listed on the Indonesia Stock Exchange can maintain company profits, which can be seen from the slope value showing a number more than 0 on the graph (Figure 1). The graph in Figure 1 shows a relatively significant decline from 2018 - 2020. This decline occurred because manufacturing companies were affected by the COVID-19 pandemic, so the companies' effectiveness in achieving profit persistence decreased. However, from 2021 to 2022, companies in the manufacturing sector will be able to increase their earning persistence again.

This study's independent variable, institutional ownership, has an average value of 0.6339. With this ownership, institutional owners dominate control of company management in making strategic decisions to obtain profit persistence, which can be seen based on the graph that there is an increase in profit persistence every year even though there was a slight decline in the financial performance particularly in the beginning of the Covid 19 pandemic. The result signifies that companies can maintain the stability of their profits through institutional ownership. This study's independent variable, managerial ownership, has an average value of 0.1658. With this ownership, the agent will focus on the company's long-term growth by improving its performance to obtain persistent profits. However, this is difficult to achieve in the 2018 - 2020 period, which is marked by a decline in the company's profit persistence, but in 2021 - 2022, the company's profit persistence increased, meaning that after the Covid pandemic is over, management has tried harder to improve its performance.

This study's independent variable for independent commissioners has an average of 0.4314. Based on the graph (Figure 1), there is an increase in company profit persistence every year. However, there has been a decrease in profit persistence during the COVID-19 pandemic. The audit committee variables in this study, which were measured by audit committee members based on gender, number of meetings, and independent audit committees, had an average of 0.8419 for (ACGD), 7.3761 for (FACM) and 0.3986 for (ACI). Based on the graph (Figure 1), there is an increase in profit persistence every year, which indicates that the audit committee carries out strict supervision of company management, which is indicated by the number of meetings held by the audit committee, an average of 7 times per year.

Analysis of the Coefficient of Determination

The coefficient of determination analysis tests whether the independent variable is strong or weak against the dependent variable. Following are the results of the regression coefficient analysis.

Table 3. Coefficient Determination Result

Model	R	Adjusted R Square
1	.876[a]	.735

a. Predictors: (Constant), ACI, ACGD, FACM, MO, IO, IC
b. Dependent Variable: EP

Based on the data above, the value in the Adjusted R Square (R2) column is 0.735. So, the ability of the institutional ownership, managerial ownership, independent commissioner, and audit committee variables can explain the profit persistence variable by 73.5%. Meanwhile, 26.5% is explained by other variables outside the regression model.

The t-Test Hypotheses testing

The t-test partially tests the influence of institutional ownership, managerial ownership, independent commissioners, and audit committees on the earnings persistence of manufacturing companies listed on the Indonesia Stock Exchange (BEI). The test uses multiple linear regression. Following are the results of hypothesis testing.

Table 4. Hypothesis Test Result

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.732	.047		-15.676	.000
	IO	.149	.057	.086	2.602	.010
	MO	.631	.055	.253	6.431	.000
	IC	1.453	.103	.488	4.099	.000
	ACGD	.057	.017	.056	3.275	.001
	FACM	-.011	.005	-.037	2.354	.019
	ACI	.625	.091	.212	6.850	.000

a. Dependent Variable: EP

Discussion

Institutional Ownership Influences Earnings Persistence

This study found that institutional ownership influences the persistence of company profits. The calculated t-value is 2.602, more significant than the t-table of 1.656, with a significance level of

0.010. On average, institutional owners own 63% of manufacturing company shares, which means they can influence decision-making and management actions. Institutional ownership is crucial in mitigating conflicts of interest between shareholders and management. Institutional owners, who share long-term goals with shareholders, advocate for enhanced oversight and transparency practices within a company. Their support for better corporate governance practices leads to the transparent conveyance of financial and operational information to shareholders, thereby reducing conflicts of interest.

This study is consistent with Zainuddin and Anfas (2022), which explains how institutional ownership can reduce agency conflict. In other words, companies with a higher ratio of institutional ownership experience more substantial control exercised by institutional owners over the company. Further, the more substantial control reduces agency conflicts within the company. Our findings, however, diverge from the perspective of Nurochman et al. (2015), who argue that institutional ownership has no impact on the persistence of company profits. They view institutional investors as temporary owners, primarily concerned with current profits or earnings. Changes in earnings can sway their decisions, and if they perceive the change as unprofitable, they may liquidate their shares. This can affect the overall share value, potentially leading managers to engage in earnings management actions to avert this scenario.

Managerial Ownership Influences Earnings Persistence

In this research, the calculated t-value of 6,431, which is significantly higher than the t-table value of 1,656 at a significance level of 0.00, underscores the strong influence of managerial ownership on the persistence of company earnings. This is further supported by the fact that, on average, 16% of shares in manufacturing sector companies are owned by management, indicating a potential alignment of interests between management and shareholders due to their shared stake in the profits. In agency theory, there is a potential conflict of interest between shareholders and management. However, managerial ownership can serve as a powerful tool to mitigate these conflicts. Having management own a significant amount of the company's shareholdings incentivizes it to maximize its performance, leading to persistent profits and alignment of goals with other shareholders.

It is important to note that while managerial ownership can be beneficial, an excessively large ownership stake can lead to management dominating company policies. This becomes a concern if management's personal goals diverge from the shareholders' interests. Therefore, the presence of effective corporate oversight and governance structures is crucial to ensure that shareholder interests are safeguarded and management is held accountable. The result of this hypothesis test is in line with research by Agustian (2020), Pratomo and Athiyya (2019), and Khafid (2012), which shows the influence of managerial ownership on the persistence of company profits. However, Nyoman et al. (2019) and Nurochman et al. (2015) provide different results by stating that managerial ownership does not influence the persistence of company profits.

Independent Commissioners Influence Earnings Persistence

This study found that independent commissioners significantly influence the persistence of company profits in the manufacturing sector. The calculated value was 4,099, more significant than the t-table value of 1,656, with a significance level of 0.00. According to POJK No.57 Article 19, the board of commissioners must consist of more than two members, and the percentage of independent commissioners must be at least 30% of the total number of members. This research observed that the average number of independent commissioners in manufacturing companies was 43%, which complies with the standards set out in the POJK regulation.

The presence of independent commissioners can increase transparency and accountability in the company. They can ensure that the company's financial and operational information is conveyed transparently and can be accounted for by shareholders. Moreover, the company's supervision level is more effective, with an average score of 43%, which should help management carry out its duties with integrity and compliance. This research is based on agency theory, which posits that the more monitors there are, the better, as independent commissioners can prevent management fraud. This finding is consistent with previous research by Khafid (2012), which also shows that independent commissioners significantly affect profit persistence. However, other studies, such as Zainuddin and Anfas (2022) and Nurochman et al. (2015), provide different results, indicating that independent commissioners do not affect earnings persistence.

Audit Committee Influences Earnings Persistence

This study examines the impact of the audit committee on a company's profit persistence. The study uses three proxies - Audit Committee Based on Gender Diversity (ACGD), Frequency of Audit Committee Meetings (FACM), and Audit Committee Independence (ACI) - to measure the effectiveness of the audit committee. The ACGD proxy shows that women dominate the audit committee by 84%. This is significant because previous research has shown that having women on the audit committee positively impacts the company's profit persistence. The FACM proxy shows that the audit committee holds an average of 7.37 annual meetings, which comply with regulations. The ACI proxy shows that the audit committee consists of at least three independent members from outside the issuer or public company, which is also in compliance with regulations.

The study's results align with agency theory, which suggests that the audit committee plays a crucial role in achieving a company's long-term goals and reducing the risk of agency conflicts by supervising, controlling, and advising management. The findings support the studies conducted by Zainuddin and Anfas (2022), Sari (2021), Nurochman et al. (2015), and Khafid (2012), which also found that the audit committee significantly influences earnings persistence.

5. Conclusion and Suggestion

In summary, the study found that institutional ownership, managerial ownership, independent commissioners, and the Audit Committee positively influence earnings persistence. Institutional investors and managerial ownership align management's interests with those of shareholders. At the same time, independent commissioners and the Audit Committee ensure that decisions are made in the company's and its shareholders' best interest. However, this research was limited to the manufacturing sector of listed companies in Indonesia with a sample size of 26, so further research is recommended to identify other factors that may affect earnings persistence in different sectors and with different independent variables.

The study's results could have broader relevance if control variables are included. Control variables are important because they consider specific characteristics of individual firms and industries, making the findings more applicable to a wide range of scenarios. It is recommended that future studies incorporate relevant control variables to ensure that the findings are more widely applicable and robust, especially in the listed manufacturing companies sector in Indonesia and other regions.

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