

THE ROLE OF THE BOARD OF COMMISSIONERS IN IMPROVING THE QUALITY OF FINANCIAL REPORTS: THE INFLUENCE OF AGE, EXPERIENCE AND EDUCATION ON TRADE, SERVICES AND INVESTMENT COMPANIES

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Abstract

This study aims to determine the effect of age, experience, and education of board commissioners on the quality of financial reports in companies in the trading, service, and investment sectors listed on the Indonesia Stock Exchange (IDX). The method used in this study is descriptive quantitative. The population of this study are companies in the trading, service, and investment sectors listed on the IDX. The sample size is 49. The analysis technique used is multiple linear regression. The results of this study are the t-count value I is greater than the t-table value (-0.117 smaller than I 2.028) and the significant value of 0.907 I is greater than 0.05 I indicates that age partially has no effect on the quality of financial reports. The t-count value I is greater than the t-table value (-0.570 smaller than I 2.028) and the significant value of 0.570 I is greater than 0.05 I indicates that experience partially has no effect on the quality of financial reports. The t-count value I is greater than the t-table value (-0.874 smaller than I 2.028) and the significant value of 0.385 greater than 0.05 I indicates that education has partially no effect on the quality of financial reports. According to Table 3, the calculated F value for each variable (age, experience, and education of the board of commissioners) is 0.408, with a significance level of 0.748, which is greater than 0.05. Therefore, it can be concluded that each independent variable (age, experience, and education of the board of commissioners) simultaneously has no effect on the dependent variable (financial reporting quality).

Keywords: age, experience, education of the board of commissioners, financial reporting quality

Introduction

The current phenomenon is incomplete data, late reporting, misinterpretation of data, lack of transparency, and inconsistent reporting. This has an impact on the public, such as the loss of investor confidence. The public and investors need information, so companies must present quality financial reports that have an impact on the company's future. The quality of financial reports is important because it is a characteristic requirement for financial reporting to be trusted by its users. This requires a commitment from the board of commissioners to maintain the quality of its financial reports. The Board of Commissioners is at the core of the implementation of Good Corporate Governance. The main function of the Board of Commissioners is to oversee the company's operations by requiring the implementation of the principle of accountability. The role of the Board of Commissioners in a company is crucial. The Board of Commissioners is expected to bridge the interests of the principal so that good financial performance can be achieved. This is because the Board of Commissioners is tasked with acting in the best interests of the company by avoiding personal interests [1].

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ProblemsThe first in this study can be seen from the following table data:

Table 1. Data on Return on Equity, Age, Experience and Education of the Board of Commissioners

Kode Perusahaan	Nama Perusahaan	Tahun	Usia Dewan Komisaris	Pengalaman Dewan Komisaris	Pendidikan Dewan Komisaris	ROE
MIKA	PT. Mitra Keluarga Karyasehat Tbk	2022	57 tahun	11 tahun	S2	19,7
		2023	58 tahun	12 tahun	S2	23,0
		2024	59 tahun	13 tahun	S2	17,8
MVN	PT. MNC Visions Networks Tbk	2022	61 tahun	10 tahun	S1	3,29
		2023	62 tahun	11 tahun	S1	2,36
		2024	63 tahun	12 tahun	S1	1,80
NICK	PT. Charnic Capital Tbk	2022	76 tahun	45 tahun	S1	2,86
		2023	77 tahun	46 tahun	S1	68,83
		2024	78 tahun	47 tahun	S1	19,98
BMTR	PT. Global Mediacom Tbk	2022	72 tahun	27 tahun	S1	4,39
		2023	73 tahun	28 tahun	S1	9,98
		2024	74 tahun	29 tahun	S1	7,73
KMDS	PT. Darmi Bersaudar Tbk	2022	53 tahun	3 tahun	S1	0,48
		2023	54 tahun	4 tahun	S1	0,19
		2024	55 tahun	5 tahun	S1	2,21

Source: data processed from www.idx.co.id.

Based on the table above, it can be concluded that in the companies PT. Mitra Keluarga Karyasehat Tbk, PT. MNC Visions Networks Tbk, PT. Charnic Capital Tbk and PT. Global Mediacom Tbk have a higher age of board of commissioners, experience and education of board of commissioners, but seen from Return On Equity (ROE) there are ups and downs in each current period from 2022-2024. Meanwhile, at PT. Darmi Bersaudara Tbk has a low age of board of commissioners, experience of board of commissioners and education of board of commissioners but seen from Return On Equity (ROE) increases in each current period from 2022-2024. In practice, the board of commissioners is very dependent on the environment created by the company. In some cases in Indonesia, the board of commissioners plays a relatively passive role, often not even carrying out its very basic supervisory role over the board of directors. The board of commissioners is often considered to have no benefits [2].

In some cases, the board of commissioners has not fully played an active role in its supervisory function. According to Law No. 40 of 2007 Article 108 paragraph (1) The board of commissioners supervises general management policies, both regarding the company and the company's business, and provides advice to the board of directors. Each member of the board of commissioners is personally responsible for the company's losses if the person concerned is at fault or negligent in carrying out their duties (Law No. 40 of 2007). The age of the board of commissioners influences the financial report disclosure policy. More senior members of the board of commissioners demonstrate broader experience and expertise. In addition, their work experience increases their ability to handle complex business situations. Of course, in situations like this, older board of commissioners will be better able to reveal the company's transparency [3].

In addition to the age of the board of commissioners, work experience also influences the performance achieved in running an organization. Work experience is the measure of the knowledge and skills a person has from the length of time he or she has worked at a job in a workplace. Work experience results in a person's knowledge and skills in performing the jobs that have been assigned to him or her. The more work experience an employee has, the better the performance produced by that experience [4]. The educational background of a company's organizational structure can influence the process and results of decision-making [5]. Commissioners who have a background in economics and business education will be more effective in carrying out supervision [6].

The second problem in previous research which had different results, namely:

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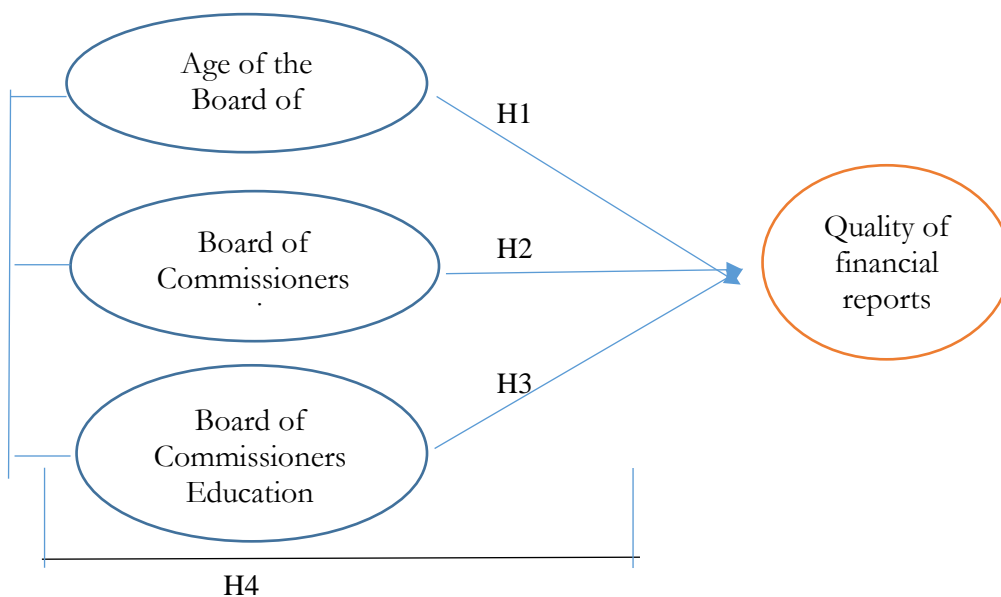
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Table 2. Research Gap in Financial Report Quality

Variabel Dependen	Variabel Independen	Nama Peneliti	Hasil Penelitian
Kualitas Laporan Keuangan	Usia (X ₁)	Annisa Riztya Firdayanti (2017)	Berpengaruh
		Aisyah Aura Vatur dan Raudhatul Hidayah (2022)	Tidak Berpengaruh
	Pengalaman (X ₂)	Riana Nugrah Wardani (2014)	Berpengaruh
		Annisa Riztya Firdayanti (2017)	Tidak Berpengaruh
	Pendidikan (X ₃)	Melani Silvia Anggraini (2019)	Berpengaruh
		Cintia dan Siti Khairani (2022)	Tidak Berpengaruh

Based on previous research, the research gap table above shows several inconsistent results from several studies related to financial report quality. Therefore, further testing is needed to determine the variables that influence financial report quality. The research question in this study is whether the age, experience, and education of board members influence the quality of financial reports in companies in the trading, service, and investment sectors listed on the IDX.

The framework of this research can be described as follows:



According to (Sugiono, 2019), the hypothesis serves as a temporary solution to the problem formulation. So the hypothesis in this study is:

- H₁: Uthe board of commissioners' influence on the quality of financial reports
- H₂: The experience of the board of commissioners has an influence on quality of financial reports
- H₃: Education of the board of commissioners influences the quality of financial reports.
- H₄: Age, experience and education of the board of commissioners influence the quality of financial reports.

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Method

The type of data used in this study is secondary data in the form of audited annual reports of companies for the period 2022-2024 obtained from the official website of the Capital Market Reference Center of the Indonesia Stock Exchange (IDX). The population in this study is all Trade, Services, and Investment sectors listed on the Indonesia Stock Exchange (IDX) in 2022-2024, totaling 178 companies. This research uses a purposive sampling collection method, namely taking samples from the population based on certain criteria[8]. Based on sample selection based on the criteria, the sample of this study is 49 companies with a total of 3 years of observation, namely from 2022-2024. MethodThe research in this study is multiple linear regression analysis with moderating variables.

Regression Model

$$KLK_{it} = \beta_0 + \beta_1 UDK_{it} + \beta_2 PDK_{it} + \beta_3 PDDK_{it} + \epsilon_{it}$$

Results

Table 1. Results of Multiple Linear Regression Analysis. Before Outlier

Model		Unstandardized Coefficients		Coefficients ^a	t	Sig.
		B	Std. Error	Standardized Coefficients Beta		
1	(Constant)	.184	.126		1.467	.146
	X1	-2.055E-5	.002	-.001	-.010	.992
	X2	-.002	.002	-.100	-.866	.389
	X3	-.019	.038	-.066	-.516	.607

a. Dependent Variable: Y

Table 2. Results of Multiple Linear Regression Analysis. After Outlier

Model		Unstandardized Coefficients		Coefficients ^a	t	Sig.
		B	Std. Error	Standardized Coefficients Beta		
1	(Constant)	.433	.277		1.561	.123
	sqrX1	-.004	.036	-.015	-.117	.907
	sqrX2	-.009	.016	-.065	-.570	.570
	sqrX3	-.039	.044	-.112	-.874	.385

a. Dependent Variable: sqrty

Source: Processed Research Data, 2025

The multiple regression equation of this study is as follows, based on table 1:

$$Y = 0.433 - 0.004 X1 - 0.009 X2 - 0.039 X3 + e$$

1. The constant value (a) is 0.433 (positive value). In other words, there is an influence of 0.433 on the quality of financial reports if Age, experience and education of the board of commissioner equals 0.
2. The regression coefficient of age is -0.004, which is negative. This means that if the age variable changes by one (unit) and the other variables remain constant, it will affect the quality of the financial report by -0.004.
3. The value of the experience regression coefficient is -0.009, which is a negative value. This means that if there is a change in the experience variable of 1 and other variables remain constant, it will affect the quality of the financial report by -0.009.
4. The regression coefficient of education is -0.039, which is a negative value, indicating that if the education variable changes to one and the other variables remain constant, it will affect the quality of financial reports by -0.039.

Hypothesis Testing

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The t-test (partial) shows how much influence one independent variable has on the dependent variable.

1. The calculated t-value is greater than the t-table value (-0.117 is smaller than 2.028) and the significant value of 0.907 is greater than 0.05 indicating that age partially has no effect on the quality of financial reports.
2. The calculated t-value is greater than the t-table value (-0.570 is smaller than 2.028) and the significant value of 0.570 is greater than 0.05 indicating that experience partially has no effect on the quality of financial reports.
3. The calculated t-value is greater than the t-table value (-0.874 is smaller than 2.028) and the significant value of 0.385 is greater than 0.05 indicating that education partially has no effect on the quality of financial reports.

The F (simultaneous) test shows whether all independent variables in the model influence the dependent variable simultaneously.

Table 3. IFI Test Results (Simultaneous) after outliers

		ANOVA ^a				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.037	3	.012	.408	.748 ^b
	Residual	2.424	80	.030		
	Total	2.461	83			

a. Dependent Variable: *sqrty*

b. Predictors: (Constant), *sqrtx3*, *sqrtx2*, *sqrtx1*

Source: Processed Research Data, 2025

According to Table 3, the F count value for each variable of age, experience and education of the board of commissioners is 0.408, with F table 2.866, with a significance of 0.748 which is greater than 0.05. Thus, it can be concluded that each variable of independent variable of age, experience and education of the board of commissioners simultaneously does not affect the dependent variable of financial report quality.

Discussion

Influence of board of commissioners on the quality of financial reports

The calculated t-value is greater than the t-table value (-0.117 is smaller than 2.028) and the significant value of 0.907 is greater than 0.05 indicating that age partially has no effect on the quality of financial reports. This is in line with research conducted by Vatur (2022) which found that age does not have a significant influence on the quality of financial reports. The quality of financial reports is more influenced by more specific internal company factors, such as: Human Resources (HR) Competence in accounting and finance, Implementation of an effective Internal Control System.

The Influence of the Board of Commissioners' Experience on quality of financial reports

The calculated t-value is greater than the t-table value (-0.570 is smaller than 2.028) and the significant value of 0.570 is greater than 0.05 indicating that experience partially has no effect on the quality of financial reports. This study in line with research conducted by Maulia (2014) which shows that experience does not have a significant influence on the quality of financial reports. The quality of financial reports is also greatly influenced by other factors such as overall human resource competency, implementation of adequate accounting systems, utilization of information technology, and strong internal controls.

The influence of education of the board of commissioners on the quality of financial reports

The calculated t-value is greater than the t-table value (-0.874 is smaller than 2.028) and the significant value of 0.385 is greater than 0.05 indicating that education partially has no effect on the quality of financial reports. This study in line with research conducted by Firdayanti (2017), it shows that education does not have a significant influence on the quality of financial reports. Formal education is often theoretical. The quality of financial reporting depends heavily on practical experience in the field, including dealing with real-world situations. The quality of financial reporting is influenced by various factors beyond formal education, which sometimes have a more dominant influence.

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The influence of age, experience and education of the board of commissioners on the quality of financial reports

According to Table 3, the F-value for each of the variables of age, experience, and education of the board of commissioners is 0.408, with F-table 2.866), with a significance of 0.748 which is greater than 0.05. Thus, it can be concluded that each of the independent variables of age, experience, and education of the board of commissioners simultaneously does not affect the dependent variable of financial report quality.

Conclusion

Based on the results of the analysis and The influence of age, experience and education of the board of commissioners on the quality of financial reports, then the following conclusions can be drawn:

1. Age has no partial effect on the quality of financial reports.
2. That experience has no partial effect on the quality of financial reports.
3. Education has no partial effect on the quality of financial reports.
4. The variables of age, experience and education of the board of commissioners simultaneously do not influence the dependent variable of the quality of financial reports.

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