

# AUDIT COMMITTEE AND ACCOUNTING INFORMATION VALUE RELEVANCE

**Krismiaji**

Akademi Akuntansi YKPN Yogyakarta

Email: [xmiaji@gmail.com](mailto:xmiaji@gmail.com)

## **Abstrak**

Artikel ini menguraikan riset empiris yang menyelidiki asosiasi antara komite audit dan relevansi nilai informasi akuntansi untuk perusahaan Indonesia yang *listed* di BEI untuk tahun 2014 sampai dengan 2018. Relevansi nilai diukur menggunakan model Ohlson, sedangkan pengukuran komite audit dilakukan berdasarkan jumlah anggota (ukuran) dan independensi anggota. Pengujian hipotesis yang dilakukan menggunakan data sebanyak 590 tahun-perusahaan, menemukan bahwa komite audit, baik ukuran maupun independensi secara positif mempengaruhi relevansi nilai EPS. Namun demikian, ukuran komite audit berpengaruh negatif terhadap relevansi nilai BVS, sedangkan independensi komite audit tidak mempengaruhi relevansi nilai BVS. Temuan penelitian ini memperkaya literatur relevansi nilai, khususnya dalam kaitannya dengan karakteristik komite audit.

**Kata kunci:** komite audit, relevansi nilai, BVS, EPS.

## **Abstract**

This paper describes the results of empirical research investigated the effect of audit committee characteristics (AC) on the accounting information value relevance (VR) for Indonesian companies in 2014 - 2018. VR is measured using the Ohlson Model, while AC is measured using its members and its independence members. By using data of 590 firm-years, this study found that the size of the committee audit and the AC independence positively affects the value relevance of EPS. Yet, the AC size affects negatively the BVS value relevance whereas the AC independence does not affect BVS value relevance. These results enrich the literature of value relevance, especially in connection to the AC characteristics.

**Keywords:** audit committee, value relevance, BVS, EPS

## **1. INTRODUCTION**

This manuscript describes research that investigates the effect of the audit committee characteristics (AC) on the accounting information value relevance (VR) of Indonesian companies which are listed in the Indonesia Stock Exchange (IDX) in 2014 - 2018. This research was motivated by an increase in investment flows as a consequence of the International Financial Reporting Standards (IFRS) implementation by Indonesian public companies since 2012. The increase in capital flow in the Indonesian stock exchange resulted in the strengthening of the IDX as well as economic development. In making investment decisions, especially in assessing company stock prices, investors rely on accounting information (Balagobei, 2018). Consequently, companies that can produce higher quality financial information tend to have the advantage of the lower

capital cost. Investors and capital provider are very interested in information resulted in a company that will become their investment destination. Therefore, research on accounting information quality, which is proxy by relevant values, in Indonesian companies becomes important.

Research conducted by Habib & Azim (2008) reports that firms that have stronger corporate governance structures are likely to report the higher level of accounting information value relevance, whereas Klai & Omri (2010) report that the mechanism of corporate governance affects the firm's financial information quality. This research emphasizes on the audit committee (AC), one element of corporate governance. The AC is an important body in CR structure with the core duty is to monitor and supervise management (Ruzaidah & Takiah, 2004). The key purpose of the committee is to care for the shareholder's wellbeing. The committee has a contribution to developing management's strategic plan and it is believed to give feedback as well as suggestions to the board about financial matters. Thus, an operative committee will prioritize to increase the competitiveness and performance of corporations in dynamic business environments (Charan, 1998; Cravens & Wallace, 2001).

A valuable AC is supposed to concentrate on optimizing shareholder prosperity and preventing the boosting of the manager's private (Wathne & Heide, 2000). The main duty of AC is to supervise the preparation process of financial statements, to evaluate financial reports, to perform internal control, and audit process (Klein, 2002). The AC's other emphasis is to enhance transparency, to stimulate law enforcement, and to ascertain the empowerment needs of the firm's executive and other key managers. Therefore the research problem is formulated in the following question:

**RQ1: What is the impact of the AC's Characteristics on the accounting information value relevance produced by Indonesian companies in 2014-2018?**

By answering such a research question, the companies can take a stand on the presence and the duty of an AC in the company. Besides, regulatory agencies may need to revise regulations about the firm's audit committee, so that it's existence becomes more effective.

This study finds that AC size positively affects the value relevance of EPS but it negatively affects the value relevance of BVS, whereas AC independence positively affects the value relevance of EPS although it insignificantly affects AC independence on

the value relevance of BVS. Therefore, this finding contributes to strengthening the CG regulation since AC characteristics improve the firm's earnings performance.

This manuscript is systematized as follows. The second part after the introduction presents the literature review and hypothesis development, then it is continued by an explanation of the research method in part three. After presenting the analysis results and discussion in section four, this paper is closed with conclusions, suggestions, limitations, and further research opportunities in the future.

## **2. REVIEW OF LITERATURE AND HYPOTHESES DEVELOPMENT**

This research uses agency theory because the variables studied are variables associated with agency problems, namely information asymmetry. Agency theory is a theory that predicts and explains various things related to the relationship of principal and agent (Jensen & Meckling, 1976). One problem which arises in agency relations is the emergence of different interest and even the principal agent's conflict of interests (Jensen & Meckling, 1976). With conflict of interests, an agent's attempt to convey information appears that does not fully disclose the company's financial data. This condition is called information asymmetry. To overcome this, a system is needed to guarantee that agent acts under the principal's interests, namely corporate governance systems (Jensen & Meckling, 1976).

Cadbury (1992) defines a corporate governance system (CG) as a system to which a company is directed and controlled. CG consists of structure and mechanism. CG structure is a framework within an organization to apply the principles of CG so that the principle can be implemented (Stoner, Freeman, & Gilbert, 1995). CG mechanism is the rules of the game, procedures, and clear relationships between the decision-makers and those who exercise control over the decision. This mechanism is directed to guarantees and oversees the function of a CG system in an organization (Walsh & Seward, 1990). According to Jensen & Meckling (1976), CG can be used to reduce problems that arise in agency relationships (including information asymmetry) in two ways, namely monitoring and bonding. Monitoring activities are performed by the Audit Committee (AC), which is one element of the Board of Commissioner (BoC).

Besides, Indonesia has a two tiers system for board structures in companies (FCGI, 2001). In a two-tiered board, the executive board (Board of Directors), which

consists of company executives, usually carries out company activities, while the supervisory board (Board of Commissioner), whose members are non-executive directors representing shareholders and employees, appoint and dismiss executive board members, determine compensation, and review important business decisions.

AC is an important organ that must exist in a company (Krismiaji, Aryani, & Suhardjanto, 2016). The AC is established by and responsible to the Board of Commissioners (BOC) to help BOC in performing its duties and responsibilities. The main task and duty of an AC are to review the financial statements of a Public Company which will be published for external users. An AC is presumed as an essential element of CG structures, especially those relating to information, audit, and financial reporting process qualities. An AC may select external auditors to have meetings exclusively with relevant parties such as finance manager to assess accounting reports, audit processes, and the system of internal controls. The AC guarantees that all parties who involved in the reporting process such as internal auditor, external auditor, accounting department and others act for the company's and principal's best interests (He, Labelle, Piot, & Thornton, 2009) Proxies for the independence of audit committee's level are include the external member's percentage and dummy variables that show the majority of independent members (Abbott, Parker, & Peters, 2004; Bédard, Chtourou, & Courteau, 2004; Klein, 2002).

Value relevance (VR) means that accounting information that is reported contains the value of the company (Karğın, 2013). VR is commonly calculated using a causal relationship between accounting numbers and share price or return (Suadiye, 2012). Accounting information value relevance had been examined from various standpoints. Ball & Brown (1968) relates earnings and share prices. Ohlson (1995) connects corporate market value with earnings per share, book value per share, and dividend. The Ohlson model had been examined by research in various countries. Ali & Hwang (2000) report that the accounting report's value relevance is lower in jurisdictions that adopt an economic and financial system based on the bank than in countries that adopt market-oriented financial systems. Cooke, Omura, & Willett (2009) test the R<sup>2</sup> book value of net assets and reports the existence of a long-term association between book value and market value of net assets. Moreover, Perera & Thrikawala (2010) find a stock price and accounting numbers relationship. Research conducted by Al-Horani (2010) finds that the

earnings component of banking companies have no value relevance. Glezakos, Mylonakis, & Kafouros (2012) report the rise of value relevance both book value per share and earnings per share. Finally, Alali & Foote (2012) report the positive association between earnings and cumulative returns. They also find a positive association between stock price with earnings and book value.

## **2.2. Hypotheses Formulation**

### **2.2.1. The Size of the Audit Committee and Value Relevance.**

The AC size may affect accounting information quality (Mbobo & Umoren, 2016). Allegrini & Greco (2013) state that large AC tends to allocate more assets and power to perform their duties. The more audit committee members the more likely they present a variety of outlooks, proficiency, experience, and abilities to certify valuable supervising (Bédard & Gendron, 2010). Therefore, the greater AC size is prospective in helping the AC to settle any problems in preparing accounting reports (Li, Mangena, & Pike, 2012). This condition proves that AC size is a valuable part of effectively overseeing the practice of information disclosure in a company (Persons, 2009). Research that is more focused on accounting information VR is performed by Almari (2017) and Saseela (2018). They report that AC size positively affects the financial information value relevance, while Mbobo & Umoren (2016) report the positive effect of AC size on the value relevance of financial information. Nevertheless, some researchers find the opposite evidence. Ibanichuka & Briggs (2018) report the negative effect of AC size on the value relevance of accounting information. Following previous research above, our hypotheses were stated as follows:

H1a: Audit committee size positively affect the value relevance of earnings per share.

H1b: Audit committee size positively affect the value relevance of book value per share.

### **2.2.2 The Independence of Audit Committee and Value Relevance**

Independent AC is a non-executive audit committee member. It means that they are come from outside of the executive board. Independent AC may positively influence the firm's value (Klein, 2002). The independent members are presumed more objective and they act more independently because they are affected by management (McMullen, 1996). As a result, there is little possibility of management deceptive since the majority of

members are independent. With their independence, audit committees become more efficient when they control and monitor management tasks. This, in turn, increases the trustworthiness and the accounting numbers' value relevance. Persons (2009) claims that deception tends to decrease in a company with independent AC. Klein (2002) found a negative association between independent audit committees and the manipulation of reported earnings. This proves that independent audit committees are an effective instrument to control earnings manipulation practices (Bédard et al., 2004). Prior research conducted by Abbott et al. (2004) proves that AC independence and financial statement fraud are associated negatively, whereas Bradbury, Mak, & Tan (2006) find that AC independence and high-quality financial information are associated significantly. Moreover, Ayadi & Boujelbène (2015) and Ibanichuka & Briggs (2018) find that AC independence does not affect value relevance of accounting numbers, as well as Chan, Lau, & Ng (2011) and Saseela (2018) who reports that AC independence does not affect firm's value. On the contrary, Fakhari & Pitenoei (2017) report that AC independence positively affects the information environment, whereas Rizki & Mita (2017) find that audit committee independence strengthens a firm's asset value relevance. Finally, Mbobo & Umoren (2016) and Alqatamin (2018) report a positive effect of AC independence on the firm's performance. Following the previous research above, the hypotheses were stated as follows:

H2a: AC independence affects positively the value relevance of earnings per share.

H2b: AC independence affects positively the value relevance of book value per share.

### **3. RESEARCH METHOD**

#### **3.1. Sampling and Data Sources**

The population data of this research are all companies that are listed in the Indonesia Stock Exchange (IDX) from 2014 to 2018. Based on the purposive sampling process, this research finds a sample of 118 listed companies or 590 firm-years. The main data sources are the IDX database and the company's website.

#### **3.2. Variable Definition and Measurement**

This study uses one of the Price Model Ohlson to assess the value relevance of accounting numbers. This model assesses the association between stock price (market value) with earning per share and book value per share (Ohlson, 1995). In this model,

current earnings functions as a proxy of abnormal earnings and book value function as a proxy of the expected normal future earnings. The model considers the company's stock price as a linear function of earning per share, book value per share, and information value relevance. This model requires several requirements and produces benchmarks that conceptualize how to link market values with accounting (book value) data and other relevant data. The Price Model Ohlson is formulated as follows:

$$P_{it} = \alpha_{it} + \beta_1 EPS_{it} + \beta_2 BVS_{it} + \varepsilon_{it} \quad (1)$$

$P_{it}$  denote the stock price of a company  $i$  in three months after the end of accounting period  $t$ ,  $EPS$  means earning per share of a company  $i$  in the period of  $t$ ,  $BVS_{it}$  is book value per share of a company  $i$  in the period of  $t$ , and  $\varepsilon_{it}$  is the error term. The statistical relationship between  $P$  with  $EPS$  and  $BVS$  in equation (1) is used to assess the financial information value relevance. If there is a relationship between  $P$  with  $EPS$  and  $BVS$ , then the accounting variables are relevant to investors. In this situation, the coefficient of  $EPS$  and  $BPS$  will be significant. The Adj.  $R^2$  in the regression model is used to measure the association.

The size of the audit committee ( $ACSIZE$ ) is measured by the total members of the audit committee (Marsha & Ghozali, 2017; Mutmainnah & Wardhani, 2013; Rakhmayani & Faizal, 2019), while the audit committee's independence ( $ACIND$ ) is calculated by dividing the total of non-executive board of commissioners with total audit committee members (Amin, 2016; Handoko & Ramadhani, 2017; Isnaniati, 2019). This study uses two control variables, financial leverage ( $LEV$ ), the ratio between total debts and total assets; and company size ( $SIZE$ ), which is calculated with the natural logarithm of the company's assets.

### 3.3. Model Specification

Following Aggarwal, Deshmukh, & Tyagi (2014); Mungly, Babajee, Maraye, Seetah, & Ramdhany (2016); Pratiwi, Sutrisno, & Rahman (2019); Saseela (2018); Whelan (2008), the model (1) is expanded by involving the variable which is  $AC$  size ( $ACSIZE$ ), the  $AC$  independence ( $ACIND$ ), financial leverage ( $LEV$ ) and firm size ( $SIZE$ ) to prove the research hypotheses, hence the model used are as follows:

$$P_{it} = \alpha + \beta_1 EPS_{it} + \beta_2 BVS_{it} + \beta_3 ACSIZE_{it} + \beta_4 ACIND_{it} + \beta_5 EPS * ACSIZE_{it} + \beta_6 BVS * ASIZE_{it} + \beta_7 EPS * ACIND_{it} + \beta_8 BVS * ACIND_{it} + \beta_{10} LEV_{it} +$$

$$\beta_{11}SIZE_{it} + \varepsilon_{it} \tag{2}$$

The tested variables were the interaction variable between EPS and BVS with ACSIZE and ACIND, namely EPS\*ACSIZE, BVS\*ASIZE, EPS\*ACIND, and BVS\*ACIND. If the value of  $\beta_5$ ,  $\beta_6$ ,  $\beta_7$ , and  $\beta_8$  are positive and statistically significant, then the hypotheses are accepted because it is backed by research data.

#### 4. DATA ANALYSIS AND DISCUSSION

Based on the purposive sampling process, the research uses a sample of 118 companies for five years, 2014 - 2018 so that the total of data is 590 firm-years. Table 1 shows the descriptive statistics of each variable. Table 1 reports that share price has a mean of 4,651.56 and a standard deviation of 11658.64. The mean of earnings per share (EPS) is 830.65 with a standard deviation of 2,845.53, whereas book value per share (BVS) has a mean of 2,243.91 and a standard deviation of 5,649.35. From table 1, it can also be seen that ACIND and ACSIZE have a mean of 0.17 and 3.08 with standard deviations of 0.19 and 0.95, respectively. The regulation stipulates that an audit committee must have a minimum of 3 members. Because the research data shows the mean number of 3.08 this indicates that the average company meets the regulation. ACIND is the variable of the audit committee's independence, therefore the greater the ratio, the more independent. The research data shows that the average value of the ACIND variable is 0.17. Because the ACIND ratio figures show the ratio between independent members and total members, this indicates that the level of independence is quite low so that the decision-making process is less powerful because the audit committee independent becomes a minority party. This condition might affect the results of hypothesis testing.

**Table 1. Descriptive Statistic**

	Minimum	Maximum	Mean	Std. Deviation
P	50,00	99.950,00	4.651,56	11.658,64
EPS	0,00	55.576,08	830,65	3.845,53
BVS	0,00	53.057,63	2.243,91	5.649,35
SIZE	1,70	8,39	6,21	0,74
LEV	0,00	5,96	0,55	0,50
ACIND	0,00	0,75	0,17	0,19
ACSIZE	0,00	8,00	3,08	0,95

##### 4.1. Bivariate Analysis

This research uses multiple regression to test the hypothesis. Before conducting the analysis, the classical assumption test is done first. The test shows that data is normally

distributed and there are no multicollinearity, heteroscedasticity, and autocorrelation in the data. Next, the correlation test between variables is also carried out. The correlation test result between variables is stated in Table 2 that shows that the correlation between independent variables (other than the interaction variable EACI, BECI, EACS, and BACS) is quite small and the largest value is 0.178, which is the correlation between ACSIZE and ACIND. This means there is no multicollinearity in the data. Table 2 also shows the results of the Pearson correlation between research variables and between independent variables and dependent variables. The results show that the correlation between variables of interest, which are EACI and EACS with the independent variable P indicates a positive value and significant value. The correlation between BACI and BACS with P shows negative and positive values but insignificant. This gives an initial indication of the results of hypothesis testing. However, complete hypothesis testing is done by multiple regression analysis.

**Table 2. Bivariate Analysis**

	P	EPS	BVS	ACIND	ACSIZE	EACI	BACI	EACS
EPS	.276 **							
BVS	,007	.148 **						
ACIND	,062	-,019	.110 **					
ACSIZE	-,067	-,068	-,001	.178 **				
EACI	.261 **	.358 **	.530 **	.202 **	-,003			
BACI	-,008	.118 **	.999 **	.114 **	,002	.519 **		
EACS	.222 **	.924 **	.166 **	,003	,024	.366 **	.139 **	
BACS	,001	.140 **	1.000 **	.112 **	,007	.525 **	.999 **	.165 **

\*\* . Correlation is significant at the 0.01 level (2-tailed).

#### 4.2. Multivariate Analysis

The result of the regression test is presented in Table 3. The F value indicates that the model is statistically significant. The adjusted R<sup>2</sup> value is 0.262. This specifies that all independent variables including control variables contribute 26.2 percent while the rest is affected by variables that are not included in the analysis.

To test hypotheses 1a and 1b, the variables of interest were the interaction variables between EPS and ACSIZE, EPS\*ACSIZE, and the interaction variable between BVS and ACSIZE, BVS\*ACSIZE. Table 2 shows that the coefficient of EPS\*ACSIZE is 1.394 and significant at level 0.01 while the BVS\*ACSIZE coefficient is -0.575 and significant at 0.01 level. These results direct that the AC size positively influences the

value relevance of EPS, and negatively influences the value relevance of BVS. Accordingly, it can be deduced that hypothesis 1a which states that the AC size positively affects the relevant value of earnings per share (EPS) is confirmed and supported by research data, while hypothesis 1b which states that AC size positively affects the value relevance of book value's per-share (BVS) is not confirmed and is not sustained by research data.

To test hypotheses 2a and 2b, the variables of interest were the interaction variables between EPS and ACIND, EPS\*ACIND, and interaction variables between BVS and ACIND, BVS\*ACIND. The result proves that the coefficient value EPS\*ACIND is 3.791 and is significant at level 1% while the coefficient value BVS\*ACIND is -0.447 and insignificant. These results direct that the AC independence influences positively the value relevance of EPS, and does not affect the value relevance of BVS. Thus it can be deduced that hypothesis 2a which states that audit committees independence positively affect the value relevance of earnings per share (EPS) is verified and sustained by research data, whereas hypothesis 2b which states that the audit committee independence positively affects the value relevance of book values per share (BVS) is not proven and is not sustained by research data.

**Table 3. Regression Analysis**

$$P_{it} = \alpha + \beta_1EPS_{it} + \beta_2BVS_{it} + \beta_3ACSIZE_{it} + \beta_4ACIND_{it} + \beta_5EPS*ACSIZE_{it} + \beta_6BVS*ASIZE_{it} + \beta_7EPS*ACIND_{it} + \beta_8BVS*ACIND_{it} + \beta_{10}LEV_{it} + \beta_{11}SIZE_{it} + \varepsilon_{it}$$

Variable	Coefficient		t-Statistic
Intercept	-24.252,250	***	-4,760
EPS	-3,517	***	-3,116
BVS	2,241	***	2,895
ACIND	3,194,148	***	2,663
ACSIZE	257,415		0,556
EPS*ACIND	3,791	***	3.356
EPS*ACSIZE	1,394	***	3.021
BVS*ACIND	-0.474		-0,479
BVS*ACSIZE	-0.575	***	-1.722
LEV	682,427		1,113
SIZE	4,119,217	***	6,134
Adj. R <sup>2</sup>	0,262		
F-statistic	22,062	***	

\*\*\*, \*\*, \*: coefficient is significant at the level 0.01, 0.05, dan 0,1 respectively.

The results of the study and hypothesis 1a testing above confirm previous studies conducted by Mbobo & Umerun (2016), Almari (2017), and Saseela (2018) who reported that AC size positively affects value relevance of financial reports. For hypothesis 1b, even though empirical data shows that the results do not prove the hypothesis, this is still in line with the previous study performed by Ibanichuka & Briggs (2018) who report the negative impact of the audit committees size on the value relevance of financial reports. Researchers believe that such results are quite reasonable, especially in the capital market environment where most investors are short-term investors who prioritize short-term returns, therefore the audit committee's existence supposes to has a positive impact on the value relevance of financial information. Yet, the audit committee size simply affects EPS which is the short-term information. Therefore, the audit committee size negatively affects the book value per share which is essentially long-term oriented.

The results of the research and hypothesis 2a testing above confirm the previous research conducted by Fakhari & Pitenoei (2017) who find that AC independence is positively associated with the information environment, Rizki & Mita (2017) who report the strengthens of AC independence to the value relevance of the estimated fair value of assets and Mbobo & Umerun (2016); Alqatamin (2018) who report that the AC independence positively affects company performance.

For hypothesis 2b, although the result of empirical data analysis does not prove the hypotheses, because the AC independence does not affect the value relevance of the BVS. Yet, the data confirmed previous research performed by Ayadi & Boujelbene (2015) and Ibanichuka & Briggs (2018) who find that AC independence has no significant effect on the value relevance of financial reports.

As with the analysis for audit committee size, the results for the audit committee's independence are quite reasonable. Therefore the argumentation and explanation for the audit committee's independence are relatively the same as the explanation for audit committee size. Besides, the descriptive statistics show that the mean of AC independence is only 0.17. With this low number, it can be concluded that the audit committee members do not have enough power and voice to influence the final decisions made. This condition also, in turn, has effects on the efforts to strengthen the accounting information value relevance, especially BVS.

## 5. CONCLUSION

This study investigates the effect of the AC size and AC independence on the value relevance of accounting information. The test of hypotheses 1a indicates that AC size positively affects the value relevance of EPS but the test result for hypotheses 1b shows the negative effects of the AC size on the value relevance of BVS. Thus, only hypotheses 1a is proven and bear by research data, whereas hypothesis 1b is rejected or proven otherwise. The test results on hypothesis 2a indicate that AC independence positively affects the value relevance of EPS whereas the results for hypotheses 2b indicate the insignificant effect of AC independence on the value relevance of BVS. Thus, only hypothesis 2a is proven and confirmed by data, while hypothesis 2b is not proven.

The implication based on findings is that the AC characteristic rule is supported since AC size and AC independence positively approve firm earnings. Yet, it will be better if the requirement for AC independence is more detailed to become one of the strong elements for a firm's earnings performance.

There are two limitations to this research. Firstly, this research uses data from one country, Indonesia, so it has limitations in generalizing results. Future research can use data from more than one country. Secondly, this research only uses two audit committee attributes, size, and independence. Independence is measured using a ratio number between the number of members of the audit committee independence and the total audit committee members, while the audit committee size is the total audit committee members. By using this partial attribute of the audit committee, researchers are less able to explore the potential of the audit committee in increasing the value relevance of information. Therefore, further study needs to be done by considering the use of audit committee attribute that is more complete, such as the expertise of the audit committee members, committee members' tenure, gender, and comprehensively, the audit committee is measured by using the index.

## REFERENCES

- Abbott, L. J., Parker, S., & Peters, G. F. (2004). Audit committee characteristics and restatements. *Auditing: A Journal of Practice and Theory*, 23(1), 69–87. <https://doi.org/10.2308/aud.2004.23.1.69>
- Aggarwal, P., Deshmukh, A., & Tyagi, L. K. (2014). A Study of Value Relevance of Corporate Governance and its Impact. *International Journal of Research in Business and Technology*,

5(3), 2020. <https://doi.org/10.17722/ijrbt.v5i3.351>

- Al-Horani, A. M. (2010). Testing the relationship between abnormal returns and non-interest earnings: The case of Jordanian commercial banks. *International Research Journal of Finance and Economics*, 55, 108–117.
- Alali, F. A., & Foote, P. S. (2012). The Value Relevance of International Financial Reporting Standards: Empirical Evidence in an Emerging Market. *International Journal of Accounting*, 47(1), 85–108. <https://doi.org/10.1016/j.intacc.2011.12.005>
- Ali, A., & Hwang, L.-S. (2000). Country-Specific Factors Related to Financial Reporting and the Value Relevance of Accounting Data. *Journal of Accounting Research*, 38(1), 1–21. <https://doi.org/10.2307/2672920>
- Allegrini, M., & Greco, G. (2013). Corporate boards, audit committees, and voluntary disclosure: Evidence from Italian Listed Companies. *Journal of Management and Governance*, 17(1), 187–216. <https://doi.org/10.1007/s10997-011-9168-3>
- Almari, M. Odeh Salem. (2017). The Impact of Corporate Governance Mechanisms on Value Relevance of Accounting Information: Evidence from Jordanian. *Research Journal of Finance and Accounting*, 8(17), 60–66.
- Alqatamin, R. M. (2018). Audit Committee Effectiveness and Company Performance: Evidence from Jordan. *Accounting and Finance Research*, 7(2), 48. <https://doi.org/10.5430/afr.v7n2p48>
- Amin, A. (2016). Independensi Komite Audit, Kualitas Audit dan Kualitas Laba: Bukti Empiris Perusahaan dengan Kepemilikan Terkonsentras i. *Jurnal Akuntansi Bisnis*, 18(1), 1–14. <https://doi.org/10.9744/jak.18.1.1-14>
- Ayadi, W. M., & Boujelbène, Y. (2015). Internal governance mechanisms and value relevance of accounting earnings, an empirical study in the French context. *International Journal of Managerial and Financial Accounting*, 7(1), 3–25.
- Balagobei, S. (2018). Audit Committee and Value Relevance of Accounting Information of Listed Hotels and Travels in Sri Lanka. *Asian Journal of Finance & Accounting*, 9(2), 387. <https://doi.org/10.5296/ajfa.v9i2.12290>
- Ball, R., & Brown, P. (1968). An empirical evaluation of accounting income numbers. *Journal of Accounting Research*, 6(Autumn), 169–178. □
- Bédard, J., Chtourou, S. M., & Courteau, L. (2004). The effect of audit committee expertise, independence, and activity on aggressive earnings management. *Auditing*, 23(2), 13–35. <https://doi.org/10.2308/aud.2004.23.2.13>
- Bédard, J., & Gendron, Y. (2010). Strengthening the financial reporting system: Can audit committees deliver? *International Journal of Auditing*, 14(2), 174–210. <https://doi.org/https://doi.org/10.1111/j.1099-1123.2009.00413.x>
- Bradbury, M. E., Mak, Y. T., & Tan, S. M. (2006). Board characteristics, audit committee characteristics, and abnormal accruals. *Pacific Accounting Review*, 18(2), 47–68. <https://doi.org/10.1108/01140580610732813>
- Cadbury, A. (1992). Report of the committee on the financial aspects of corporate governance. In *Gee*. (Vol. 1). [https://doi.org/ISBN 0 85258 913 1](https://doi.org/ISBN%200%2085258%20913%201)
- Chan, R. S. Y., Lau, C. K. S., & Ng, A. W. (2011). Compliance and value relevance of audit committees: evidence from Hong Kong. *Journal of Financial Reporting and Accounting*,

9(1), 74–97. <https://doi.org/10.1108/19852511111139813>

- Charan, R. (1998). *How Corporate Boards Create Competitive Advantage*. San Francisco, CA: Jossey-Bass.
- Cooke, T., Omura, T., & Willett, R. (2009). Consistency, value relevance, and sufficiency of the book for market values in five Japanese conglomerates over the period 1950-2004. *Abacus*, 45(1), 88–123. <https://doi.org/10.1111/j.1467-6281.2009.00279.x>
- Cravens, K. S., & Wallace, W. A. (2001). A framework for determining the influence of the corporate board of directors in accounting studies. *Corporate Governance*, 9(1), 2–24. <https://doi.org/10.1111/1467-8683.00222>
- Fakhari, H., & Pitenoei, Y. R. (2017). The Impact of Audit Committee and Its Characteristics on the Firms' Information Environment. *Iranian Journal of Management Studies*, 10(3), 577–608. <https://doi.org/10.22059/ijms.2017.231317.672627>
- FCGI. (2001). *Peranan Dewan Komisaris dan Komite Audit dalam Pelaksanaan Corporate Governance (Tata Kelola Perusahaan)*. Seri tata kelola perusahaan (corporate governance) jilid II.
- Glezakos, M., Mylonakis, J., & Kafouros, C. (2012). The Impact of Accounting Information on Stock Prices: Evidence from the Athens Stock Exchange. *International Journal of Economics and Finance*, 4(2), 56–68. <https://doi.org/10.5539/ijef.v4n2p56>
- Habib, A., & Azim, I. (2008). Corporate governance and the value-relevance of accounting information. *Accounting Research Journal*, 21(2), 167–194. <https://doi.org/10.1108/10309610810905944>
- Handoko, B. L., & Ramadhani, K. A. (2017). Pengaruh Karakteristik Komite Audit, Keahlian Keuangan dan Ukuran Perusahaan terhadap Kemungkinan Kecurangan Laporan Keuangan. *DeReMa Jurnal Manajemen*, 12(1), 86–117.
- He, L., Labelle, R., Piot, C., & Thornton, D. B. (2009). Board Monitoring, Audit Committee Effectiveness, and Financial Reporting Quality: Review and Synthesis of Empirical Evidence. *Journal of Forensic & Investigative Accounting*, 1(2), 1–42. Retrieved from <http://ssrn.com/abstract=1159453>
- Ibanichuka, E., & Briggs, A. (2018). Audit reports and value relevance of accounting information, evidence from commercial banks in Nigeria. *Indian Journal of Finance and Banking*, 2(1), 44–62.
- Isnaniati, S. (2019). Independensi Komite Audit, Kepemilikan Institutional Dan Manajemen Laba. *Jurnal MEBIS (Manajemen Dan Bisnis)*, 4(1), 9–15. <https://doi.org/10.33005/mebis.v4i1.47>
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the Firm: Managerial Behavior, Agency Costs, and Ownership Structure. *Journal of Financial Economics*, 3(4), 305–360.
- Karğın, S. (2013). The impact of IFRS on the value relevance of accounting information: Evidence from Turkish firms. *International Journal of Economics and Finance*, 5(4), 71–80.
- Klai, N., & Omri, A. (2010). Corporate Governance and Financial Reporting Quality: The Case of The Tunisian Firms. *International Business Research*, 4(1). <https://doi.org/10.5539/ibr.v4n1p158>
- Klein, A. (2002). Economic determinants of audit committee independence. *The Accounting Review*, 77(2), 435–452.

- Krismiaji, Aryani, Y. A., & Suhardjanto, D. (2016). International Financial Reporting Standards, board governance, and accounting quality. *Asian Review of Accounting*, 24(4), 474–497. <https://doi.org/10.1108/ara-06-2014-0064>
- Li, J., Mangena, M., & Pike, R. (2012). The effect of audit committee characteristics on intellectual capital disclosure. *British Accounting Review*, 44(2), 98–110. <https://doi.org/10.1016/j.bar.2012.03.003>
- Marsha, F., & Ghozali, I. (2017). Pengaruh Ukuran Komite Audit, Audit Eksternal, Jumlah Rapat Komite Audit, Jumlah Rapat Dewan Komisaris dan Kepemilikan Institusional Terhadap Manajemen Laba (Studi Empiris perusahaan manufaktur yang terdaftar di BEI tahun 2012-2014). *Diponegoro Journal of Economics*, 6(2), 91–102.
- Mboboo, M. E., & Umoren, A. O. (2016). The influence of audit committee attributes on the quality of financial reporting, evidence from Nigerian banks. *International Journal of Economics, Commerce, and Management*, 44(7), 116–141.
- McMullen, D. A. (1996). Audit committee performance: An investigation of the consequences associated with audit committees. *Auditing: A Journal of Practice and Theory*, 15(1), 87–103. <https://doi.org/https://search.proquest.com/openview/5f1a821ba2bdd6de96d13e575faf62e8/1?pq-origsite=gscholar&cbl=31718>
- Mungly, Y., Babajee, R. B., Maraye, N. P., Seetah, K., & Ramdhany, N. G. (2016). *A Study on Corporate Governance and Value Relevance of Accounting Information : Evidence from Listed Companies in*. 21–23.
- Mutmainnah, N., & Wardhani, R. (2013). Analisis Dampak Kualitas Komite Audit Terhadap Kualitas Laporan Keuangan Perusahaan dengan Kualitas Audit sebagai Variabel Moderasi. *Jurnal Akuntansi Dan Keuangan Indonesia*, 10(2), 147–170. <https://doi.org/10.21002/jaki.2013.08>
- Nugroho, N. A., & Hatane., S. E. (2017). Pengaruh board independent terhadap value relevance dengan intellectual capital disclosure sebagai variabel mediasi pada perusahaan manufaktur di Indonesia. *Business Accounting Review*, 5(2), 577–588.
- Ohlson, J. A. (1995). Earnings, book values, and dividends in equity valuation. *Contemporary Accounting Research*, 11(2), 661–687.
- Perera, R. A. A. S., & Thrikawala, S. (2010). 20C. an Empirical Study of the Relevance of Accounting Information on Investor ' S Decisions. *ICBI Univerity of Kalaniya, Sri Lanka*, 1–12.
- Persons, O. S. (2009). Audit committee characteristics and earlier voluntary ethics disclosure among fraud and no-fraud firms. *International Journal of Disclosure and Governance*, 6(4), 284–297. <https://doi.org/10.1057/jdg.2008.29>
- Pratiwi, A. D., Sutrisno, S., & Rahman, A. F. (2019). Role of Corporate Governance in Increasing the Value Relevance of Earnings and Fair Value Measurement of Non-Financial Asset in Indonesia Company. *International Journal of Multicultural and Multireligious Understanding*, 6(1), 91. <https://doi.org/10.18415/ijmmu.v6i1.507>
- Rakhmayani, A., & Faizal. (2019). Pengaruh Karakteristik Komite Audit terhadap Pungkapan Pengendalian Internal. *Jurnal KRISNA: Kumpulan Riset Akuntansi*, 11(1), 90–99. <https://doi.org/10.23887/ijssb.v3i3.21002>
- Rizki, A., & Mita, A. F. (2017). *Corporate Governance Mechanisms and Value Relevance of Fair Value Assets under IFRS*. 13. 35(11), 2479–2485.

<https://doi.org/10.5829/idosi.wasj.2017.2479.2485>

- Ruzaidah, R., & Takiah, M. I. (2004). The effectiveness of the audit committee in monitoring the quality of corporate governance. *Corporate Governance: An International Perspective, Malaysian Institute of Corporate Governance*, 154–175. □
- Saseela, S. (2018). Audit Committee and Value Relevance of Accounting Information of Listed Hotels and Travels in Sri Lanka. *Asian Journal of Finance Accounting*, 9(2), 387–398.
- Stoner, J. A. F., Freeman, R. E., & Gilbert, D. R. (1995). *Management* (Prentice H). Englewood Cliffs.
- Suadiye, G. (2012). Value relevance of book value & earnings under the local GAAP and IFRS: Evidence from Turkey. *Ege Akademik Review*, 12(3), 301–310.
- Walsh, J. P., & Seward, J. K. (1990). On the Efficiency of Internal and External Corporate Control Mechanisms. *Review, The Academy of Management*, 15, 421–458.
- Wathne, K. H., & Heide, J. B. (2000). Opportunism in the inter-firm relationship: forms, outcomes, and solutions. *Journal of Marketing*, 64(4), 36–51.
- Whelan, C. (2008). The value-relevance of corporate governance: Australian evidence. *Corporate Ownership and Control*, 6(1), 292–298.