

Almunawwaroh, Medina; Setiawan, Doddy

Article

Does audit committee characteristics a driver in risk disclosure?

Cogent Business & Management

Provided in Cooperation with:

Taylor & Francis Group

Suggested Citation: Almunawwaroh, Medina; Setiawan, Doddy (2023) : Does audit committee characteristics a driver in risk disclosure?, Cogent Business & Management, ISSN 2331-1975, Taylor & Francis, Abingdon, Vol. 10, Iss. 1, pp. 1-10, <https://doi.org/10.1080/23311975.2023.2167551>

This Version is available at:

<https://hdl.handle.net/10419/294242>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.



<https://creativecommons.org/licenses/by/4.0/>

Does audit committee characteristics a driver in risk disclosure?

Medina Almunawwaroh & Doddy Setiawan

To cite this article: Medina Almunawwaroh & Doddy Setiawan (2023) Does audit committee characteristics a driver in risk disclosure?, Cogent Business & Management, 10:1, 2167551, DOI: [10.1080/23311975.2023.2167551](https://doi.org/10.1080/23311975.2023.2167551)

To link to this article: <https://doi.org/10.1080/23311975.2023.2167551>



© 2023 The Author(s). This open access article is distributed under a Creative Commons Attribution (CC-BY) 4.0 license.



Published online: 26 Jan 2023.



Submit your article to this journal [↗](#)



Article views: 1710



View related articles [↗](#)



View Crossmark data [↗](#)



Citing articles: 1 View citing articles [↗](#)



Received: 29 December 2022
Accepted: 09 January 2023

*Corresponding author: Medina Almunawwaroh, Faculty of Economics and Business, Universitas Sebelas Maret, Faculty of Economics, Universitas Siliwangi, Tasikmalaya 46115, Indonesia
Email: medinaalmunawwaroh@student.uns.ac.id

Reviewing editor:
Collins G. Ntim Ntim, Accounting, University of Southampton, Southampton United Kingdom

Additional information is available at the end of the article

ACCOUNTING, CORPORATE GOVERNANCE & BUSINESS ETHICS | RESEARCH ARTICLE

Does audit committee characteristics a driver in risk disclosure?

Medina Almunawwaroh^{1,2*} and Doddy Setiawan¹

Abstract: Risk disclosure is one of the practices of corporate governance. Disclosure of risk is an important aspect of a company's financial reporting since it provides information on how various risks can occur, the company's response to these risks, and the impact these risks have on the company's future. By sharing risk information, the corporation has attempted to be more transparent in delivering information to its stakeholders. Based on risk disclosure information, stakeholders are anticipated to make better judgments. This study aimed to examine the influence of audit committee characteristics on risk disclosure. This analysis includes 202 bank statements from 2017 to 2021, the observation period for banks listed on the Indonesia Stock Exchange. Regression was used for data extracted from annual reports, corporate governance reports, and company websites. The results demonstrated that the audit committee's expertise positively impacted risk disclosure. Risk disclosure is unaffected by the size and frequency of the audit committee. The audit committee plays a crucial role in providing information regarding risks; therefore, the corporation must pay close attention to the audit committee's quality. The knowledge of audit committees with a background in accounting or financial education can promote risk disclosure.

Subjects: Economics; Finance; Business, Management and Accounting

Keywords: disclosure; risk; the size of the audit committee; expertise of the audit committee; audit committee meetings; bank

Subjects: G02; G32; M1; Z1

ABOUT THE AUTHORS



Medina Almunawwaroh

Medina Almunawwaroh, Faculty of Economics and Business, Universitas Sebelas Maret, Faculty of Economics, Universitas Siliwangi, Tasikmalaya 46115, Indonesia
Doddy Setiawan Faculty of Economics and Business, Universitas Sebelas Maret. Tasikmalaya 46115, Indonesia

1. Introduction

The non-financial segment on financial statements is an important piece of information that is of special interest to investors. Financial statements present information in financial terms (Roszkowska-Menkes, 2021; Soheilrad et al., 2017; Zarzycka et al., 2021) in the form of numbers or segments, as well as other information (non-financial) that can influence stakeholders in decision-making (Freeman & McVea, 2005; Soheilrad et al., 2017). Non-financial information is considered capable of explaining the information that cannot be disclosed from the financial side in a financial statement (Pizzi, 2018).

Disclosure of risk is a component of disclosure of non-financial information. Identifies risk disclosure as one of the corporate governance practices (Roszkowska-Menkes, 2021; Al-Maghzom et al. (2016); Oliveira et al. (2011). Based on the risk disclosure information, stakeholders are expected to be better at making decisions (Freeman & McVea, 2005; Mallin et al., 2013; Mason & Simmons, 2014; Stahl et al., 2020). Disclosure of risk is a significant aspect of a company's financial reporting because it provides information on how various risks can occur, the company's response to emerging risks, and the potential impact of these risks (Elzahar & Hussainey, 2012; Miihkinen, 2012). By disclosing risk information in financial statements, The corporation has attempted to be more forthcoming with information to its stakeholders (Elgammal et al., 2018; Salem et al., 2019).

The banking industry in Indonesia is used as a sample in this study, with the audit committee's features as a factor believed to boost risk disclosure. The audit committee is a vital component of corporate governance to reduce agency conflicts between owners and managers. Researchers have conducted empirical studies on risk disclosure and its relationship to the characteristics of audit committees, including finding a good correlation between audit committees and risk disclosure levels. Examining the disclosure of operational risks in the financial statements of Islamic banks in MENA nations (Al-Shaer and Zaman (2018), Kartal et al. (2018), Naimah and Mukti (2019), Poretti et al. (2018), and Elamer et al. (2020), using a sample of 63 Islamic banks, the governance structure is statistically significant and related to the disclosure of operational risks. Other research was conducted by banks in Tunisia using (Elamer et al., 2020; Salem et al., 2019) measuring the quality of risk disclosures in 152 annual reports from non-financial enterprises listed in Tunisia using human text analysis techniques. According to the study's findings, the quality of risk disclosure in Tunisian corporations was quite low. Additionally, investigate the extent of risk disclosure in banks. This study (Rokhmawati et al., 2015) explores the effect of risk governance, as proxied by the independence of the audit committee, on the disclosure of bank operational risks in the banking sector. The factor of independence reduces the quality of operational risk disclosure.

This study investigates the impact of audit committee characteristics on the disclosure of bank risk. This study's basis is comprised of audit committee characteristics for two reasons. First, the audit committee performs a crucial function in monitoring management disclosures about financial statement risk (Al-Jalahma, 2022; Dwekat et al., 2020; Ha, 2022). Second, existing research on the association between risk disclosure and audit committee characteristics in banks is surprisingly limited. While the characteristics of audit committees are being researched in different countries, there are still research gaps in developing countries. Thus, Indonesia offers optimal settings for evaluating the relationship between risk disclosure and audit committee characteristics.

The study then conducts a review of the relevant literature and formulates hypotheses. The results and discussion follow the research technique in this paper. The report finishes with a summary, conclusion, and future discoveries for further research.

2. Literature review and hypotheses development

According to the notion of agency, disagreements between shareholders and managers frequently lead to managers acting in their best interests (Jensen & Meckling, 1976; Kalbuana, 2022, Taqi et al., 2022). Therefore, it is crucial to establish an environment with appropriate monitoring and

regulatory mechanisms to safeguard shareholder interests (Kalbuana, Kusiyah et al., 2022; Turley & Zaman, 2014). Moreover, it is essential to have successful corporate governance processes (such as audit committees) to reduce such conflicts (Krishnan, 2005). The relationship between audit committee characteristics and performance was investigated by Kallamu and Saat (2015), and contradictory findings were discovered. This study examines the connection between audit committee features (such as the number of committee members, their expertise, and the frequency of audit committee meetings) and risk disclosure.

The size of the audit committee is a key factor contributing to its success. The number of committee members contributes to resolving corporate reporting issues (Li et al., 2014). The empirical findings of Alshirah et al. (2020) indicate that the audit committee's size influences the risk disclosure level favorably. Ghabayen (2012) discovered no correlation between audit committee count and risk disclosure. The size of the audit committee, on the other hand, has no substantial effect on intellectual capital disclosure (ICD; Naimah & Mukti, 2019).

Members of the Audit Committee with accounting or financial knowledge can comprehend concerns more fully and risks and propose procedures to overcome and detect problems and risks (DeZoort & Salterio, 2001). Ahmad et al. (2015) argue that the audit committee's effectiveness in its supervisory function requires knowledge of finances to ensure and produce good disclosures to shareholders and the public. According to Oussii and Clibi (2020), an audit committee requires financial skills to address the global financial crisis due to an increase in accounting scandals. Members of the audit committee with a deeper understanding of financial statements are more likely to identify and call attention to major misstatements in financial statements. Audit committee members with financial expertise can also oversee the financial statement process more effectively (Dewayanto & Setiadi, 2017).

The audit committee meeting is regarded as one of the essential components for examining the organization's financial reporting process. Previous research described the connection between audit committee sessions and risk disclosure (Aljaaidi et al., 2021). Alshirah et al. (2020) No evidence exists that the audit committee's meeting frequency influences risk disclosure in Jordanian enterprises. Then, the audit committee's conclusions favorably impact Intellectual Capital Disclosure (ICD; Naimah & Mukti, 2019).

In light of the contradictory findings of the literature review concerning the relationship between audit committee features and risk disclosure in a variety of study situations and aims, this research demonstrates the following hypotheses:

H₁: The size of the audit committee positively affects risk disclosure

H₂: Audit committee expertise positively affects risk disclosure

H₃: The number of audit committee meetings positively affects risk disclosure

In addition to examining the influence of independent variables on dependent variables, the study included company size, leverage, and age as control variables.

3. Research methods

This study utilizes annual reports, reports on the application of corporate governance, and company websites to collect data. From 2017 through 2021, 46 banks listed on the Indonesia Stock Exchange (IDX) are the subject of this study. After removing unique characteristics, the final sample for the study consisted of 202 bank financial statements. Using the strategy of purposive sampling and taking into account the availability of annual reports on the IDX, samples were

Table 1. Variable measurement

Variable	Measurement
Risk Disclosures (RD)	Giving the number 1 to the RD items disclosed by the company and the number 0 on the items not disclosed by the company through its annual report is then calculated as a percentage. Minimum value = 0, maximum value = 1
Size of the audit committee (AC_Size)	Number of audit committee members
Audit committee expertise (AC_Exp)	A member of the audit committee who has a financial or accounting background
Number of audit committee meetings (AC_Meet)	Number of audit committee meetings in 1 year
Company Size (SIZE)	Ln Total assets
Leverage (LEV)	Comparing total debt against total equitas
Company Age (AGE)	Listing Age

selected. This study employed cross-sectional data and quantitative design methodologies, and STATA 17 was utilized to analyze the data.

This study measures risk disclosures as dependent variables using content analysis. The content analysis method is often used in previous studies. The Abraham and Cox (2007) and Ngu and Amran (2021) index utilized in this study refers to the “Financial Services Authority Regulation” (POJK) Number 18/23/POJK.03/2016, specifically disclosure: Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Legal Risk, Reputation Risk, Strategy Risk, and Compliance Risk.

This study studied the audit committee’s features, which were proxied by the number of audit committee sizes, audit committee expertise, and audit committee meetings, as well as three control factors: company size, leverage, and company age (Table 1). Large corporations are anticipated to have more resources where management can identify risks and opportunities connected to risk disclosure and offer stakeholders the necessary data (Manes-Rossi et al., 2018). Stakeholders typically pressure firms with large levels of leverage to disclose information to minimize reputational and legitimacy issues (Jonah et al., 2020). As a company’s reputation and responsibilities become increasingly solidified over time, the level of risk disclosure increases as its age increases (Ali Al-Gamrh & Ahmed AL-Dhamari, 2016). The Hypothesis-Testing Regression Model is as follows:

$$RD_{i,t} = \alpha_0 + \beta_1 AC_Size_{i,t} + \beta_2 AC_Exp_{i,t} + \beta_3 AC_Meet_{i,t} + \beta_4 SIZE_{i,t} + \beta_5 LEV_{i,t} + \beta_6 AGE_{i,t} + e_{i,t}$$

4. Results and discussion

4.1. Descriptive statistical results

Table 2 displays the findings of the descriptive statistical analysis. Risk disclosures have an average of 0.985148, or 98.5% of companies have disclosed their risk management. The smallest disclosure index is 0.125 the largest disclosure index is 1.

The smallest audit committee size is three members, and the biggest audit committee size is ten members. In comparison, the average number of audit committees in this study is 3.881188 people. Following article 4 of the PJOK Number 55/ POJK.04/ 2015, the typical company in this study has at least three members on its audit committee. A minimum of one member and a maximum of six members of the audit committee must have a background in finance or accounting. The average score is 2.792079, indicating that the audit committee must have at least one member with financial or accounting knowledge. The minimum frequency of audit committee meetings is three, and the maximum frequency is thirty. The frequency of audit

Table 2. Descriptive statistics

Variables	Obs	Mean	Min	Max
Risk Disclosure Index	202	0.985148	0.125	1
AC_Size	202	3.881188	3	10
AC_Exp	202	2.792079	1	6
AC_Meet	202	11.07426	3	30
SIZE	202	10.62061	7.724888	14.36109
LEV	202	6.211269	0.005941	113.3034
AGE	202	15.61881	1	40

Information: RD = Risk Disclosures; AC_Size = Size of the audit committee; AC_Exp = Expertise of the audit committee; AC_Meet = Number of audit committee meetings; SIZE = Company Size; LEV = Leverage; AGE = Company Age

committee meetings is, on average, 11.07426 times a year. Some businesses still do not meet the audit committee’s requirements at least every three months or four times a year (Financial Services Authority of the Republic of Indonesia (PJOK), 2016).

The company’s size is 10.62061 with a minimum value of 7.724888 and a maximum of 14.36109; thus, the sample of this study is a large company. The average leverage is 6.211269 from the maximum value of 113.3034 and the minimum value of 0.005941; the company’s activities use many debt sources rather than own capital, which on average reaches 6.211269 debts greater than the own capital owned by the company. The maximum age of the sample company is 40 years, and the minimum is one year, with an average value of 15.61881 years.

4.2. Regression results

In this study, testing was conducted to choose the optimal model for implementation. Based on the findings of the Chow test, the LM test, and the Hausman test, the best estimating model for this investigation was the Fixed Effect model. In Table 3, the audit committee’s size is anticipated to impact risk disclosure favorably. This study’s findings and the audit committee’s size showed a negative influence and a significant value of 0.225; therefore, the first hypothesis was rejected. These results complement the findings of Ghabayen (2012), who determined that the size of the audit committee has no bearing on risk disclosure. Therefore, the size of the audit committee has little bearing on its control of the range of material revealed in the annual report. Contrary to Li et al. (2014) and Alshirah et al. (2020), the implementation of agency theory state that the audit

Table 3. Regression results

AC_Size	-0.0128293	(0.225)
AC_Exp	0.0276344*	(0.008)
AC_Meet	0.0010777	(0.499)
SIZE	0.0020342	(0.930)
LEV	0.0006312	(0.435)
AGE	-0.0057197	(0.209)
Adj. R2	0.0014	
F-Statistics	1.7700	
Prob F-Statistics	0.1086	

Information: RD = Risk Disclosures; AC_Size = Size of the audit committee; AC_Exp = Expertise of the audit committee; AC_Meet = Number of audit committee meetings; SIZE = Company Size; LEV = Leverage; AGE = Company Age

*Significance level: 5%

Table 4. Tobit models

AC_Size	-0.0051644
	(0.431000)
AC_Exp	0.0152013*
	(0.040000)
AC_Meet	0.0007329
	(0.508000)
SIZE	0.000390
	(0.940000)
LEV	0.000064
	(0.924000)
AGE	0.000068
	0.925000
Observation	202

Information: RD = Risk Disclosures; AC_Size = Size of the audit committee; AC_Exp = Expertise of the audit committee; AC_Meet = Number of audit committee meetings; SIZE = Company Size; LEV = Leverage; AGE = Company Age

*Significance level: 5%

Table 5. Additional tests

AC_Size	-0.0035451
	(0.601000)
AC_Exp	0.014771*
	(0.049000)
AC_Meet	0.000821
	(0.467000)
SIZE	-0.002702
	(0.643000)
LEV	0.000198
	(0.774000)
AGE	0.000337
	(0.663000)
Observation	202

Information: RD = Risk Disclosures; AC_Size = Size of the audit committee; AC_Exp = Expertise of the audit committee; AC_Meet = Number of audit committee meetings; SIZE = Company Size; LEV = Leverage; AGE = Company Age

*Significance level: 5%

committee as a corporate support committee is expected to influence the company's risk disclosure practices.

These findings do not support agency theory, which analyzes the kind of agreement between shareholders and agents in managing a firm; the agent carries a substantial amount of responsibility for the success of the company he runs. There are three types of agency fees: residual, monitoring, and bonding (Jensen & Meckling, 1976).

With a coefficient value of 0.008 (0.05), the audit committee's knowledge favorably influences risk disclosure. These data suggest that the audit committee's education in finance or accounting may be a factor in enhancing risk disclosure. The results of this study are compatible with the

study (Malik et al., 2020) and the study (Afzali et al., 2022; Mohamed et al., 2019). The more expert an audit committee is, the higher its ability to identify complex problems that occur within the company, including identifying the extent and scope of potential risks that will occur.

This study's conclusions are backed by agency theory, which examines the agreement between the principal and the agent in managing the company; the agent carries a significant amount of responsibility for the success of the company he runs. There are three types of agency fees: residual, monitoring, and bonding (Jensen & Meckling, 1976). Principals engage in agency relationships when they hire an agent to perform services on their behalf and then invest with discretionary authority in the agent's agency. As business managers, agents have access to more secret and current information than the proprietors of their employers (Tuhaika, 2007). Therefore, the agent must report the company's state to the principal.

The third hypothesis forecasts the influence of audit committee meeting frequency on risk disclosure. The test results indicate that the frequency of audit committee board meetings has a positive effect on risk disclosure but a significance value of $0.358 > 0.05$; this means that the greater the frequency of audit committee meetings within a company does not affect the disclosure of risks in the annual report, consistent with the findings of Alshirah et al. (2020). The results of this regression testing are inconsistent with the study (Naimah & Mukti, 2019). Audit committee meetings held regularly have not been able to provide added value to the company.

4.3. Robustness test and additional test

Using the Tobit approach, we also evaluate resilience. For cross-sectional data, James Tobin's Tobit approach was later utilized (Tobin, 1958) by Odah et al. (2018) and by Nathalia and Setiawan (2022). The outcomes in Table 4 are consistent with the regression results that the size of the audit committee and the frequency of audit committee meetings have no effect on risk disclosure, and the audit committee's expertise positively affects risk disclosure.

We also conducted additional tests by adding profitability (ROE) (Table 5); a high ROE is expected to drive risk disclosure on the company's report. Additional test results are consistent with regression results and Robustness Test results (Elmarzouky et al., 2022).

5. Conclusion

The result of the study shows that audit committee have significant effect on risk disclosure. This study use three audit committee characteristics such as audit committee size, expertise and number of meetings. The audit committee expertise have positively affect risk disclosure. Thus, expertise improve the risk disclosure in Indonesia banks. On the other hand, audit committee size and number of meeting have no significant affect to risk disclosure. The audit committee expertise is the main driver for the risk disclosure in Indonesian banks. The practical implications contributed from the results of this study are that regulators need to go deeper to understand the factors that drive companies to disclose risk information. This research has limitations; First, this research is confined to banks listed on the Indonesia Stock Exchange and the timeframe 2017–2021. Second, the results of this study do not fully support the role of the audit committee's existence and experience in governance implementation, which is to encourage corporations to disclose more risk-related information. It is anticipated that future research will remedy the limitations of this study by using other proxies of corporate governance variables, such as the use of scores or indices, such as the Risk Disclosure Index (RDI) comprised of 34 items produced by Probohudono et al (2013). Third, our study do not consider the effect of ownership structure. Previous research shows that ownership structure have significant impact on the firm's disclosure (Setiawan et al., 2022, 2021; Wicaksono & Setiawan, 2022). Therefore, it is expected that future studies consider the importance of ownership structure in their study.

Funding

This work was supported by the Lembaga Pengelola Dana Pendidikan (LPDP); Balai Pembiayaan Pendidikan Tinggi, Pusat Layanan Pendidikan, Kementerian Pendidikan, Kebudayaan, Riset dan Teknologi.

Author details

Medina Almunawwaroh^{1,2}

E-mail: medinaalmunawwaroh@student.uns.ac.id

ORCID ID: <http://orcid.org/0000-0002-9153-6411>

Doddy Setiawan¹

¹ Faculty of Economics and Business, Universitas Sebelas Maret, Surakarta 57126, Indonesia.

² Faculty of Economics, Universitas Siliwangi, Tasikmalaya 46115, Indonesia.

Disclosure statement

No potential conflict of interest was reported by the authors.

Citation information

Cite this article as: Does audit committee characteristics a driver in risk disclosure?, Medina Almunawwaroh & Doddy Setiawan, *Cogent Business & Management* (2023), 10: 2167551.

References

- Abraham, S., & Cox, P. (2007). Analysing the determinants of narrative risk information in UK FTSE 100 annual reports. *British Accounting Review*, 39(3), 227–248. <https://doi.org/10.1016/j.bar.2007.06.002>
- Afzali, A., Martikainen, M., Oxelheim, L., & Randøy, T. (2022). On the role of internationalization of firm-level corporate governance: The case of audit committees. *Corporate Governance: An International Review*. <https://doi.org/10.1111/corg.12503>
- Ahmad, R. A. R., Abdullah, N., Jamel, N. E. S. M., & Omar, N. (2015). Board characteristics and risk management and internal control disclosure level: Evidence from Malaysia. *Procedia Economics and Finance*, 31, 601–610. [https://doi.org/10.1016/s2212-5671\(15\)2212-5671\(15\)](https://doi.org/10.1016/s2212-5671(15)2212-5671(15))
- Ali Al-Gamrh, B., & Ahmed AL-Dhamari, R. (2016). Firm Characteristics and Corporate Social Responsibility Disclosure. *International Business Management*, 10(18), 4283–4291. <https://ssrn.com/abstract=2907396>
- Aljaaidi, K. S., Sharma, R. B., & Bagais, O. A. (2021). The effect of board characteristics on the audit committee meeting frequency. *Accounting*, 7(4), 899–906. <https://doi.org/10.5267/j.ac.2021.1.018>
- Al-Jalahma, A. (2022). Impact of audit committee characteristics on firm performance: Evidence from Bahrain. *Problems and Perspectives in Management*, 20(1), 247–261. [https://doi.org/10.21511/ppm.20\(1\).2022.21](https://doi.org/10.21511/ppm.20(1).2022.21)
- Al-Maghzom, A., Hussainey, K., & Aly, D. (2016). Corporate governance and risk disclosure: Evidence From Saudi Arabia. *Corporate Ownership and Control Journal*, 13, 2. <https://doi.org/10.22495/cocv13i2p14>
- Al-Shaer, H., & Zaman, M. (2018). Credibility of sustainability reports: The contribution of audit committees. *Business Strategy and the Environment*, 27(7), 973–986. <https://doi.org/10.1002/bse.2046>
- Alshirah, M. H., Alshira'h, A. F., & Lutfi, A. (2020). Audit committee's attributes, overlapping memberships on the audit committee and corporate risk disclosure: Evidence from Jordan. *Accounting*, 7(2), 423–440. <https://doi.org/10.5267/j.ac.2020.11.008>
- Dewayanto, T., & Setiadi, I. (2017). Ownership structure, audit committee, and internal control disclosure: Indonesia and Philippines. *Review of Integrative Business and Economics Research*, 6, 353. <https://www.researchgate.net/publication/339711763>
- DeZoort, F. T., & Salterio, S. E. (2001). The effects of corporate governance experience and financial-reporting and audit knowledge on audit committee members' judgments. *Auditing*, 20(2), 31–47. <https://doi.org/10.2308/aud.2001.20.2.31>
- Dwekat, A., Segui-Mas, E., Tormo-Carbó, G., & Carmona, P. (2020). Corporate governance configurations and corporate social responsibility disclosure: qualitative comparative analysis of audit committee and board characteristics. *Corporate Social Responsibility and Environmental Management*, 27(6), 2879–2892. <https://doi.org/10.1002/csr.2009>
- Elamer, A. A., Ntim, C. G., Abdou, H. A., & Pyke, C. (2020). Sharia supervisory boards, governance structures and operational risk disclosures: Evidence from Islamic banks in MENA countries. *Global Finance Journal*, 46, 100488. <https://doi.org/10.1016/j.gfj.2019.100488>
- Elgammal, M. M., Hussainey, K., & Ahmed, F. (2018). Corporate governance and voluntary risk and forward-looking disclosures. *Journal of Applied Accounting Research*, 19(4), 592–607. <https://doi.org/10.1108/JAAR-01-2017-0014>
- Elmarzouky, M., Hussainey, K., Abdelfattah, T., & Karim, A. E. (2022). Corporate risk disclosure and key audit matters: The egocentric theory. *International Journal of Accounting and Information Management*, 30(2), 230–251. <https://doi.org/10.1108/IJAIM-10-2021-0213>
- Elzahar, H., & Hussainey, K. (2012). Determinants of narrative risk disclosures in UK interim reports. *Journal of Risk Finance*, 13(2), 133–147. <https://doi.org/10.1108/15265941211203189>
- Financial Services Authority of the Republic of Indonesia (PJOK). (2016). *Financial services authority regulation number 55 /Pojk.03/2016 concerning the Implementation of Governance for Commercial Banks*.
- Freeman, R. E. E., & McVea, J. (2005). A stakeholder approach to strategic management. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.263511>
- Ghabayen, M. A. (2012). Board Characteristics and Firm Performance: Case of Saudi Arabia. *International Journal of Accounting and Financial Reporting*, 2(2), 168. <https://doi.org/10.5296/ijaf.v2i2.2145>
- Ha, H. H. (2022). Audit committee characteristics and corporate governance disclosure: Evidence from Vietnam listed companies. *Cogent Business and Management*, 9(1), 1. <https://doi.org/10.1080/23311975.2022.2119827>
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the Firm. *Journal of Financial Economics*, 3(4), 305–360. [https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X)
- Jonah, S., Eljido-Ten, E. O., & Abhayawansa, S. (2020). Impact of stakeholder pressure on the adoption of carbon management strategies: Evidence from Australia. *Sustainability Accounting, Management and Policy Journal*, 11(7), 1189–1212. <https://doi.org/10.1108/sampj-04-2019-0135>
- Kalbuana, N., Kusiayah, K., Supriatiningsih, S., Budiharjo, R., Budyastuti, T., & Rusdiyanto, R. (2022). Effect of profitability, audit committee, company size, activity, and board of directors on sustainability. *Cogent Business and Management*, 9(1), 1. <https://doi.org/10.1080/23311975.2022.2129354>

- Kalbuana, N., Taqi, M., Uzliawati, L., & Ramdhani, D. (2022). The effect of profitability, board size, woman on boards, and political connection on financial distress conditions. *Cogent Business and Management*, 9(1), 1. <https://doi.org/10.1080/23311975.2022.2142997>
- Kallamu, B. S., & Saat, N. A. M. (2015). Audit committee attributes and firm performance: Evidence from Malaysian finance companies. *Asian Review of Accounting*, 23(3), 206–231. <https://doi.org/10.1108/ARA-11-2013-0076>
- Kartal, M. T., İbiş, C., & Çatıkkaş, Ö. (2018). Adequacy of audit committees: A study of deposit banks in Turkey. *Borsa Istanbul Review*, 18(2), 150–165. <https://doi.org/10.1016/j.bir.2018.01.002>
- Krishnan, J. (2005). Audit committee quality and internal control: An empirical analysis. *The Accounting Review*, 80, 2. <https://doi.org/10.2308/accr.2005.80.2.649>
- Li, J., Mangena, M., Musa Mangena, P., & Jia Liu, D. (2014). Capital market pressures and the format of intellectual capital disclosure in intellectual capital intensive firms. *Journal of Applied Accounting Research*, 15(3), 339–354. <https://doi.org/10.1108/JAAR-12-2013-0117>
- Malik, M. F., Zaman, M., & Buckby, S. (2020). Enterprise risk management and firm performance: Role of the risk committee. *Journal of Contemporary Accounting and Economics*, 16(1), 1. <https://doi.org/10.1016/j.jcae.2019.100178>
- Mallin, C., Michelon, G., & Raggi, D. (2013). Monitoring intensity and stakeholders' orientation: how does governance affect social and environmental disclosure? *Journal of Business Ethics*, 114(1), 29–43. <https://doi.org/10.1007/s10551-012-1324-4>
- Manes-Rossi, F., Tiron-Tudor, A., Nicolò, G., & Zanellato, G. (2018). Ensuring more sustainable reporting in Europe using non-financial disclosure-de facto and de jure evidence. *Sustainability (Switzerland)*, 10, 4. <https://doi.org/10.3390/su10041162>
- Mason, C., & Simmons, J. (2014). Embedding corporate social responsibility in corporate governance: a stakeholder systems approach. *Journal of Business Ethics*, 119(1), 77–86. <https://doi.org/10.1007/s10551-012-1615-9>
- Miikinen, A. (2012). What Drives quality of firm risk disclosure? The impact of a national disclosure standard and reporting incentives under IFRS. *International Journal of Accounting*, 47(4), 437–468. <https://doi.org/10.1016/j.intacc.2012.10.005>
- Mohamed, M. K., Allini, A., Ferri, L., & Zampella, A. (2019). Investors' perception on the usefulness of management report disclosures: Evidence from an emerging market. *Meditari Accountancy Research*, 27(6), 893–920. <https://doi.org/10.1108/MEDAR-11-2018-0393>
- Naimah, Z., & Mukti, N. A. (2019). The influence of audit committee's and company's characteristic on intellectual capital disclosure. *Asian Journal of Accounting Research*, 4(2), 170–180. <https://doi.org/10.1108/AJAR-05-2019-0036>
- Nathalia, C., & Setiawan, D. (2022). Does board capital improve climate change disclosures?. *Cogent Business and Management*, 9(1), 1. <https://doi.org/10.1080/23311975.2022.2121242>
- Ngu, S. B., & Amran, A. (2021). Materiality disclosure in sustainability reporting: Evidence from Malaysia. *Asian Journal of Business and Accounting*, 14(1), 225–252. <https://doi.org/10.22452/ajba.vol14no1.9>
- Odah, M. H., Sadig, A., Bager, M. B., & Mohammed, K. (2018). Asymptotic least squares estimation of Tobit regression model. an application in remittances of Iraqi immigrants in Romania Article in. *International Journal of Applied Mathematics and Statistics*. <https://doi.org/10.5923/j.statistics.20180802.05>
- Oliveira, J., Rodrigues, L. L., & Craig, R. (2011). Risk-related disclosures by non-finance companies: Portuguese practices and disclosure characteristics. *Managerial Auditing Journal*, 26(9), 817–839. <https://doi.org/10.1108/02686901111171466>
- Oussii, A. A., & Clibi, M. F. (2020). The impact of audit committee financial expertise on de facto use of IFRS: Does external auditor's size matter?. *Corporate Governance (Bingley)*, 20(7), 1243–1263. <https://doi.org/10.1108/cg-12-2019-0390>
- Pizzi, S. (2018). The relationship between non-financial reporting, environmental strategies and financial performance. Empirical evidence from Milano stock exchange. *Administrative Sciences*, 8(4), 4. <https://doi.org/10.3390/admsci8040076>
- Poretti, C., Schatt, A., & Bruynseels, L. (2018). Audit committees' Independence and the information content of earnings announcements in Western Europe. *Journal of Accounting Literature*, 40(1), 29–53. <https://doi.org/10.1016/j.jacclit.2017.11.002>
- Probohudono, A. N., Tower, G., & Rusmin, R. (2013). Risk disclosure during the global financial crisis. *Social Responsibility Journal*, 9(1), 124–136. <https://doi.org/10.1108/17471113113107859>
- Rokhmawati, A., Sathye, M., & Sathye, S. (2015). The Effect of GHG Emission, Environmental Performance, and Social Performance on Financial Performance of Listed Manufacturing Firms in Indonesia. *Procedia – Social and Behavioral Sciences*, 211, 461–470. <https://doi.org/10.1016/j.sbspro.2015.11.061>
- Roszkowska-Menkes, M. (2021). Non-financial reporting View project User Innovation View project. https://doi.org/10.1007/978-3-030-02006-4_393-1
- Salem, I. H., Ayadi, S. D., & Hussainey, K. (2019). Corporate governance and risk disclosure quality: Tunisian evidence. *Journal of Accounting in Emerging Economies*, 9(4), 567–602. <https://doi.org/10.1108/JAEE-01-2019-0005>
- Setiawan, D., Asriharsari, A., Brahmana, R. K., Rizky, H. P., Widawati, M. W., & Dionisio, A. (2022). Role of Family Ownership in the Relationship between Corporate Social Responsibility and Firm Performance. *Complexity*, 2022(2022), 1–9. <https://doi.org/10.1155/2022/1318875>
- Setiawan, D., Brahmana, R. K., Asriharsari, A., & Maisaroh, S. (2021). Does a foreign board improve corporate social responsibility?. *Sustainability (Switzerland)*, 13, 20. <https://doi.org/10.3390/su132011473>
- Soheilrad, S., Sofian, S., Mardani, A., Zavadskas, E. K., Kaklauskas, A., & Darvishvand, J. M. (2017). The relationship between non-financial stakeholders and capital structure. *Engineering Economics*, 28(4), 363–375. <https://doi.org/10.5755/j01.ee.28.4.16812>
- Stahl, G. K., Brewster, C. J., Collings, D. G., & Hajro, A. (2020). Enhancing the role of human resource management in corporate sustainability and social responsibility: A multi-stakeholder, multidimensional approach to HRM. *Human Resource Management Review*, 30, 3. <https://doi.org/10.1016/j.hrmr.2019.100708>
- Tobin, J. (1958). *Estimation of Relationships for Limited Dependent Variables Estimation Of Relationships For Limited Dependent Variables* Vol. 26, 1.

- Tuhaika, J. J. (2007). State-owned enterprises and the principal-agent problem: A case study of the Solomon Islands Water authority. In *Pacific Economic Bulletin* (pp. 22). Crawford School of Public Policy, The Australian National University Asia Pacific Press. <https://hdl.handle.net/1885/157862>
- Turley, S., & Zaman, M. (2014). The Corporate Governance Effects of Audit Committee. In Roberto P., Stuart M., & Joshua R. (Eds.), *Accounting and Regulation* (pp. 133–159). Springer New York. https://doi.org/10.1007/978-1-4614-8097-6_7
- Wicaksono, A. P., & Setiawan, D. (2022). Water disclosure in the agriculture industry: Does stakeholder influence matter?. *Journal of Cleaner Production*, 337, 130605. <https://doi.org/10.1016/j.jclepro.2022.130605>
- Zarzycka, E., Krasodomska, J., & Dobija, D. (2021). Stakeholder Engagement in Corporate Social Practices and Non-Financial Disclosures: A Systematic Literature Review. *Central European Management Journal*, 29(1), 112–135. <https://doi.org/10.7206/cemj.2658-0845.43>



© 2023 The Author(s). This open access article is distributed under a Creative Commons Attribution (CC-BY) 4.0 license.

You are free to:

Share — copy and redistribute the material in any medium or format.

Adapt — remix, transform, and build upon the material for any purpose, even commercially.

The licensor cannot revoke these freedoms as long as you follow the license terms.

Under the following terms:

Attribution — You must give appropriate credit, provide a link to the license, and indicate if changes were made.

You may do so in any reasonable manner, but not in any way that suggests the licensor endorses you or your use.

No additional restrictions

You may not apply legal terms or technological measures that legally restrict others from doing anything the license permits.



Cogent Business & Management (ISSN: 2331-1975) is published by Cogent OA, part of Taylor & Francis Group.

Publishing with Cogent OA ensures:

- Immediate, universal access to your article on publication
- High visibility and discoverability via the Cogent OA website as well as Taylor & Francis Online
- Download and citation statistics for your article
- Rapid online publication
- Input from, and dialog with, expert editors and editorial boards
- Retention of full copyright of your article
- Guaranteed legacy preservation of your article
- Discounts and waivers for authors in developing regions

Submit your manuscript to a Cogent OA journal at www.CogentOA.com

