Jurnal Akuntansi dan Bisnis
Vol 25, No. 2, Agustus 2025: 180-199
https://jab.fe.uns.ac.id/

AUDIT COMMITTEE CHARACTERISTICS AND FINANCIAL RESTATEMENTS: EVIDENCE FROM TWO-TIERED SYSTEM

Melyana Handoko (122110022@student.machung.ac.id)
Tarsisius Renald Suganda
Rino Tam Cahyadi

Accounting Department, Faculty of Economic & Business, Universitas Ma Chung, Indonesia

ABSTRACT

This study aims to examine the relationship between audit committee characteristics and the occurrence of financial restatements in Indonesia's Consumer Business, Energy, and Manufacturing sectors, with a focus on the unique context of Indonesia as the research setting. Financial restatements, often referred to as an "accounting trust crisis," indicate weak corporate governance and the presence of agency conflicts within firms. Grounded in Agency Theory, this research investigates whether inherent attributes of the audit committee influence the likelihood of financial restatements. The study utilizes annual reports and financial statements of companies listed on the Indonesia Stock Exchange (IDX) from 2018 to 2022, analyzing 1,547 firm-year observations using a binary logistic regression model. The first model examines the effect of audit committee characteristics—size, independence, meeting frequency, tenure, age, and political connections—on the likelihood of financial restatements. The second model incorporates gender diversity as a moderating variable to assess its influence on these relationships. The findings reveal that, in the Indonesian context, audit committee independence and meeting frequency significantly increase the likelihood of financial restatements when gender diversity is not considered. However, when gender diversity is accounted for, committee size becomes a significant factor, suggesting that a larger committee only has an impact when female representation is present. These findings offer insights for firms and policymakers on the importance of strengthening corporate governance practices by considering audit committee attributes and advocating for gender diversity.

Keywords : *Audit committee characteristics, financial restatement, gender diversity, corporate governance, Indonesia Stock Exchange*

Penelitian ini ingin membuktikan hubungan antara karakteristik komite audit dan terjadinya penyajian kembali laporan keuangan pada sektor Consumer Business, Energi, dan Manufaktur di Indonesia, dengan berfokus pada keunikan Indonesia sebagai wilayah penelitian. Penyajian kembali laporan keuangan yang sering dianggap sebagai "krisis kepercayaan akuntansi," mengindikasikan lemahnya tata kelola dan adanya konflik keagenan dalam perusahaan. Mengacu pada Teori Keagenan, studi ini meneliti apakah atribut yang melekat komite audit memengaruhi kemungkinan terjadinya penyajian kembali laporan keuangan. Penelitian ini menggunakan laporan tahunan dan laporan keuangan perusahaan yang terdaftar di BEI dari tahun 2018 hingga 2022. Model regresi logistik biner digunakan untuk menganalisis 1.547 observasi. Model pertama menguji pengaruh karakteristik komite audit—ukuran, independensi, jumlah rapat, masa jabatan, usia, dan koneksi politik—terhadap penyajian kembali laporan keuangan. Model kedua memasukkan keragaman gender sebagai faktor moderasi untuk menilai pengaruhnya terhadap hubungan ini. Hasilnya membuktikan bahwa dalam konteks penelitian di Indonesia, independensi dan jumlah rapat komite justru secara signifikan meningkatkan potensi terjadinya penyajian kembali laporan keuangan ketika keragaman gender tidak dipertimbangkan. Namun, ketika keberagaman gender dimasukkan ukuran komite menjadi memiliki pengaruh signifikan yang menunjukkan bahwa ukuran komite yang besar hanya akan berdampak apabila terdapat representasi wanita di dalamnya. Temuan ini memberikan wawasan bagi perusahaan dan pembuat kebijakan tentang pentingnya memperkuat praktik tata kelola perusahaan dengan mempertimbangkan atribut komite audit dan mengadvokasi keberagaman gender.

Kata kunci: Karakteristik komite audit, financial restatement, keberagaman gender, corporate governance, Bursa Efek Indonesia

Received:
16 June 2025
Revised:
8 July 2025
10 July 2025
Accepted:
31 July 2025

INTRODUCTION

Financial restatement is not a new phenomenon among listed companies. It occurs when companies make mistakes in

their financial reporting. Once such mistakes are identified, companies are required to restate their previously published financial statements as a form of error correction. This "accounting trust crisis" issue may reflect companies' financial constraints (Martínez-Sola, Sanabria-García, & Garrido-Miralles, 2024) and lead to serious consequences on companies' fundamentals (Adams, Hayunga, & Rasmussen, 2017), companies' shareholders even creditors (Mao, 2018). Restated financial statements reflect inaccuracies in the reported information. These inaccuracies can arise from various causes, including clerical errors (Wulanditya, 2022), the company's failure to comply with applicable accounting standards (Hasnan, Mohd Razali, & Mohamed Hussain, 2021; Rustiarini, Dewi, & Sunarsih, 2023) and in the most severe cases, from material misstatements or even fraudulent reporting (Adams et al., 2017). Therefore, prior literature has often used the terms "restatement" and "misstatement" interchangeably since the restatement itself is identical to error correction (Abbott, Parker, & Peters, 2004; Hasnan et al., 2021; Rezaee, Asiaei, & Delooie, 2021).

Although most companies do not explicitly disclose whether a restatement is caused by fraud or merely a correction of error, financial restatements are often associated with underlying fraudulent activities rather than clerical mistakes, especially revenue-related restatements, where fraud is found in 8% of cases and accounts for 48% of all identified fraud incidents (CAQ, 2024). Firms that issue restatements are also more likely to commit fraud in subsequent periods (Qiu, He, & Luo, 2019). ACFE Indonesia (2020) stated that in Indonesia, financial statement fraud ranks as the second most severe type of fraud after corruption, with losses exceeding IDR 10 billion in 5% cases. These connection between restatements and fraudulent reporting emphasize that restatements should not be treated as isolated technical adjustments, but as potential red flags for deeper financial misconduct.

The likelihood of financial restatement can be minimized through good corporate governance (Hasnan et al., 2022). The Indonesia Corporate Governance Manual states that Indonesia adheres to a two-tiered corporate governance system, which separates the authorities of the supervisory board and executive board (IFC Indonesia, 2018). This structure is closely related to agency conflicts (Bezemer, Peij, de Kruijs, & Maassen, 2014). Referring to Agency Theory (Fama & Jensen, 1983; Jensen & Meckling, 1976), managers may act in their own interests rather than those of shareholders, even though they essentially have a fiduciary responsibility. In this kind of environment, the existence of a supervisory board, specifically the audit committee under the Board of Commissioners, needs to be scrutinized when the restatements occur within a company. This raises a critical question: Whether audit committees effectively act as a "watchdog" or simply serve to legitimize management decisions (Pathak, Samba, & Li, 2021).

Prior studies suggest that a set of audit committee characteristics, including size, independence, number of meetings, tenure, age, political connections, and gender diversity may affect its supervisory effectiveness and the likelihood of financial restatements. This aligns with the notion that decision-making is closely tied to the traits of the individuals involved (Rustiarini et al., 2023). Nevertheless, empirical findings have been inconsistent. Some studies associate "stronger" characteristics with reduced restatements (Abbas, 2020; Hasnan et al., 2022; Mardessi, 2021; Oradi & Izadi, 2020; Pathak et al., 2021; Salehi, Mokhtarzadeh, & Adibian, 2021), while others suggest otherwise (Sanjaya & Setiawan, 2023; Vafeas & Vlittis, 2024).

From cultural perspective, this contradiction may related to national characteristics. Indonesia scores low in uncertainty avoidance (score 48) and high in power distance (78) (Hofstede, Hofstede, & Minkov, 2010), indicating that hierarchical control is prioritized over transparency and high toleration on

ambiguity. As a result, governance mechanism often function more as symbolic compliance rather than substantive oversight mechanism. For example, audit committees may meet frequently, not to enhance quality, but to resolve issues after they arise (Vafeas & Vlittis, 2024). Similarly, independence may be illusory when formal structure override actual supervisory (Sanjaya & Setiawan, 2023).

This raises important research gaps. First, most prior studies focus on main board characteristics, leaving sub-committees like the audit committee underexplored, particularly in countries with dual-board systems like Indonesia. Second, studies rarely consider how gender diversity within the audit committee moderates the relationship between governance attributes and restatement risk. Third, Indonesia's unique institutional and cultural setting offers a counterintuitive phenomenon where general governance effects do not always apply, yet remains under-researched.

This study offers both theoretical and practical contributions by addressing a gap in the literature on financial restatements and two-tiered corporate governance in emerging markets. This research focuses on the Consumer Business, Energy, and Manufacturing sectors, which are considered to have relatively high incidences of financial restatements. This is supported by data from the USA, where Wholesale & Retail accounts for 9%, Consumer Products for 7%, Energy, Mining & Chemicals for 11%, and Industrial & Durable Manufacturing for 14% of total restatements (CAQ, 2024). These sectors are also known for their significant exposure to fraud risk (ACFE Indonesia, 2020) and varying levels of gender representation in audit committees (Deloitte, 2022). The study examines whether audit committee characteristics influence the likelihood of restatements and whether gender diversity moderates these relationships. Theoretically, it contributes by repositioning gender as a moderating variable and exploring counterintuitive governance patterns shaped by cultural context. Practically, the findings offer insights for companies and policymakers in enhancing audit committee effectiveness to mitigate restatement risks.

This paper is structured into six sections. Section 1 presents the introduction, outlining the background, research gap, and objectives of the study. Section 2 discusses the relevant literature and hypothesis development. Section 3 explains the research methodology, including sample selection, variable measurement, and research model. Section 4 and Section 5 present the empirical results and further analysis. Lastly, Section 6 provides the conclusion, practical implications, limitations, and suggestions for future research.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Agency Theory

Agency Theory, proposed by Jensen & Meckling (1976) and supported by Fama & Jensen (1983), is commonly used to explain corporate governance issues by addressing conflicts arising from interest differences between shareholders as principals and managers as agents. This theory is founded on the assumption that managers do not always act in the best interests of shareholders, which serves as the primary cause of agency conflicts (Raimo, Vitolla, Marrone, & Rubino, 2021). The asymmetric information problem between managers and shareholders allows opportunistic managers to enhance personal gains. This disparity in information can also lead to suboptimal decisions that undermine shareholder value. Therefore, controlling agency conflicts in decision-making processes is crucial to prevent managerial misconduct (Hooghiemstra, Hermes, Oxelheim, & Randoy, 2019).

Based on this agency issue, the audit committee, as a subcommittee under the board of commissioners, plays a crucial role (Beasley, Carcello, Hermanson, & Neal, 2009; Wu, Habib, & Weil, 2012). Agency Theory explains how audit committees mitigate agency conflicts by overseeing financial reporting and auditing processes. Since managers may act in their own

interests rather than those of shareholders, an independent and well-structured audit committee is essential to ensure transparency and reliability in financial reports. Audit committee with good composition (DeZoort, Hermanson, Archambeault, & Reed, 2002) and strong governance, such as independent membership, financial expertise, active participation, and appropriate tenure will enhance reporting quality and reduce the likelihood of financial restatement (Uddin Bhuiyan, Opare, & Ahmed, 2024).

According to The Indonesia Corporate Governance Manual (IFC Indonesia, 2018), the establishment of the audit committee is a mandatory requirement for public companies. The selection of audit committee members must consider various relevant characteristics. These characteristics are crucial as they will determine the effectiveness and outcomes produced by the audit committee, encompassing aspects of financial reporting and internal control (Beasley et al., 2009). The audit committee characteristics used as predictors in this study mainly refer to Hasnan et al. (2022) who conducted a similar study in Malaysia. Several adjustments have been made to suit Indonesia's institutional setting. Consequently, this study includes six independent variables and one moderating variable.

Audit Committee Size and Financial Restatement

The first characteristic is audit committee size. It refers to the number of individuals serving on the audit committee. In Indonesia, an audit committee must consist of at least three members, who must be either independent commissioners or external parties (IFC Indonesia, 2018; OJK, 2015). From the perspective of Agency Theory, audit committee may acts as an internal control mechanism to mitigate agency conflicts between managers and shareholders. A larger audit committee is expected to enhance the monitoring function, as it brings greater diversity of expertise, experiences, and professional backgrounds which can improve the committee's ability to detect anomalies that may lead to restatements (Hasnan et al., 2022; Oradi & Izadi, 2020; Wan Mohammad, Wasiuzzaman, Morsali, & Zaini, 2018). However, the size should be aligned with the company's size and complexity. This helps prevent a loss of focus and optimizes the committee's oversight functions (Wan Mohammad et al., 2018).

H1: There is a negative association between the audit committee size and the occurrence of financial restatements.

Audit Committee Independence and Financial Restatement

According to Saeed, Ali, Riaz, & Khan (2022), an audit committee with large proportion of independent commissioners is more likely to act on behalf of the shareholders. This align with the Agency Theory, which suggest that independence governance structures are essential in mitigating conflict of interest between managers and shareholders. As one of the determinants of audit committe effectiveness (DeZoort et al., 2002), independence in this context is defined as the absence of personal, employment, and or business relationship with managers (Abbott et al., 2004; Mardessi, 2021; Wan Mohammad et al., 2018). However, in many Indonesian public companies, majority shareholders, whether an individual or a group, often possess greater access to information than minority shareholders. This information imbalance leaves minority shareholders with limited resources to effectively oversee management or protect themselves from potential exploitation by the majority (IFC Indonesia, 2018). Consequently, empirical studies found that the independence level of companies' board have a significant positive relationship with real earnings management (Sanjaya & Setiawan, 2023), one of which is carried out through financial restatements (Martínez-Sola et al., 2024). Moreover, a larger board with more outside directors may increase the potential for earnings management, as companies in such cases tend to prioritize the quantity over the quality of

independent directors (Fitrasari, 2023).

H2: There is a positive association between the audit committee independence and the occurrence of financial restatements.

Audit Committee Meeting Frequency and Financial Restatement

Within the framework of Agency Theory, the primary issue causing agency conflict is information asymmetry between managers and shareholders (Herawaty, Daeli, Achma, Nainggolan, & Dachi, 2023; Hooghiemstra et al., 2019). Therefore, meetings generally serve as a monitoring mechanism that helps reduce agency problems (Yakob & Hasan, 2021) and can even enhance the effectiveness of whistleblowing systems (Sudjono, 2023). According to Hasnan et al. (2022), the frequency of audit committee meetings is measured by the number of annual meetings held by the committee to discuss internal control and various financial issues within the company. However, there is another possible explanation suggesting that the more frequent meetings are held, the more issues there are that need to be addressed (Wan Mohammad et al., 2018). This implies that meetings are conducted in a problem-driven manner rather than for proactive monitoring. In addition to indicating the presence of problems, frequent meetings may also reflect a high level of information asymmetry within the committee (Vafeas & Vlittis, 2024), as well as cost inefficiency due to the need for director compensation for each meeting (Khatib & Nour, 2021). Thus, a higher frequency of audit committee meetings may signal governance ineffectiveness and is empirically associated with an increased likelihood of financial restatements.

H3: There is a positive association between the audit committee meeting frequency and the occurrence of financial restatements.

Audit Committee Members' Tenure and Financial Restatement

Board tenure has been identified as a proxy for a firm stability beyond financial metrics. Longer board tenure is a signal that shareholders are "satisfied" with the board composition and monitoring process (Livnat, Smith, Suslava, & Tarlie, 2021). From the perspective of agency theory, this effective monitoring may lower agency costs (Fama, 1980). In the context of audit committees, tenure refers to the length of time members serve. The "expertise hypothesis" is a widely discussed perspective on tenure, supported by Schrader & Sun (2021). Their findings suggest that members with long tenure on the audit committee are valuable assets to its effective operation. Over their tenure, the expertise and organizational knowledge accumulated by long-serving members may contribute to a more efficient audit committee overall. The findings of their research state that the knowledge and experience accumulated over tenure lead to a demand for a higher level of assurance in audit quality, reflected in higher audit fees. This, in turn, results in a lower rate of financial restatements. Similar findings were reported by Sultana, Singh, & Rahman (2019) who noted that, in addition to being more cautious, long-tenured members also tend to demand higher-quality financial reporting. This aligns with the notion that longer-tenured audit committee members, which equipped with greater firm-specific knowledge and experience, tend to demand greater audit effort to reduce litigation risk and protect their professional reputations.

H4: There is a negative association between the audit committee members' tenure and the occurrence of financial restatements.

Audit Committee Members' Age on Financial Restatement

According to Hambrick & Mason (1984), age is related to an individual's ability to integrate information, decision-making, and confidence in the decisions made. Older members provide extensive knowledge and experience, while younger members contribute fresh ideas and perspectives that better align with the company's growth (Komal et al., 2023). Moreover, from a psychological perspective, as individuals age, they tend to become more risk-averse. Accordingly,

older audit committee members are more likely to adopt conservative decision-making approaches (Sultana et al., 2019). This is because older audit committee members often strive to protect their reputation and career, which plays a role in reducing earnings management (Qi & Tian, 2012). The variable "age" presents a compelling area of study in the context of Indonesia. This is further supported by Pathak et al. (2021). Although their study did not find a significant effect of age on financial restatement in the United States, it provides validation and encourages further research on the impact of age diversity in countries with greater value seniority and higher power distance. In such an environment, the influence of age is expected to be more evident.

H5: There is a negative association between the audit committee members' age and the occurrence of financial restatements.

Political Connections of Audit Committee Members and Financial Restatement

Another characteristic commonly found in developing countries like Indonesia is political connections. During the 1990s, Indonesia's political system was highly centralized until the end of the Orde Baru era, with corporate political ties often measured by their 'proximity' to President Soeharto's family (Fisman, 2001). A similar indirect identification method is also applied by examining familial relationships between majority shareholders and politicians' families, which can be confirmed through news sources or previous research (Faccio, Masulis, & Mcconnell, 2006). Over time, different approaches have emerged to assess political connections, one of which is identifying whether appointed board members have previously held political positions, such as members of parliament, ministers, or high-ranking public officials, including police and military (Harianto, 2022; Jamil, 2018, 2020). Extensive political connections of the audit committee can make them more cautious in all situations, prompting them to hold meetings more frequently and exercise heightened vigilance. This suggests that political connections may have a good impact in helping company reduce the likelihood of financial restatements (Hasnan et al., 2022).

H6: There is a negative association between the political connections of audit committee members and the occurrence of financial restatements.

Audit Committee Gender Diversity Moderates the Relationship Between Audit Committee Characteristics on The Occurrence of Financial Restatements

Homogenous boards tend to make decisions that are not fully informed (KPMG, 2022). As the issue of gender diversity in the boardroom gains prominence, a related organizational problem known as "groupthink" emerges, where optimal decision-making is overlooked to maintain group harmony (Abbott, Parker, & Presley, 2012; Esser, 1998). According to Abbott et al. (2012), gender diversity reduces groupthink due to different points of view triggered by differences in the mindset of men and women. Men and women possess distinct mental traits. Females are typically holistic thinkers, using intuition and broad connections to understand concepts, unlike males, who tend to focus on logical, detail-oriented processing (Mehta et al., 2024). Companies with at least one female member on their audit committees tend to have a lower potential restatement (Abbott et al., 2012; Jovani, Lindrawati, & Rahayu, 2022; Oradi & Izadi, 2020; Pathak et al., 2021). The use of gender as a moderating variable in the context of financial restatement is relatively rare. However, Abbas (2020) successfully proved that the presence of women on audit committees reduces the tendency for managers to engage in poor earnings management practices.

First, larger audit committees are generally expected to enhance monitoring effectiveness. The presence of female members, who are theoretically more holistic thinkers, may further improve the committee's oversight capability, especially in large groups (Mehta et al., 2024).

Enhanced monitoring, in turn, may encourage managers to improve their performance as agents (Mariana & Renald Suganda, 2023). This potential interaction is also supported by evidence that larger boards are more likely to include female members (Nguyen & Faff, 2007). Prior studies also show that firms with at least one female board member member experience fewer restatements (Jovani et al., 2022). Therefore, gender diversity is expected to strengthen the negative relationship between audit committee size and financial restatements.

H7: Audit committee gender diversity strengthens the negative relationship between the audit committee size and financial restatements.

Second, independence may increase information asymmetry due to limited internal knowledge of the "external parties" and weak communication with management (Yermack, 1996). This can reduce the committee's ability to detect misstatements, leading to a higher risk of restatements. Female members, known for their empathetic (Wulandari, Pithaloka, & Pasya, 2025) and concrete communication style (Joshi, Wakslak, Huang, & Appel, 2021), can help bridge this gap. These qualities allow women to promote harmony while also focusing on specifics, elaborating concrete examples, and clearly communicating implementation details. Therefore, gender diversity is expected to weaken the positive relationship between audit committee independence and financial restatements.

H8: Audit committee gender diversity weakens the positive relationship between the audit committee independence and financial restatements.

Third, the issue of groupthink within a homogeneous board aligns with the concept of "the confirming board" described in the KPMG (2022). Board members tend to avoid expressing dissenting views when others appear to agree, as no one wants to stand out as the sole voice of opposition. However, the fact that women attend board meetings more frequently than men contributes to stronger teamwork, better listening, and more balanced decision-making (Bedeir, 2024). Their presence helps counteract male executives' overconfidence and group consensus bias, thereby weakening the positive association between meeting frequency and financial restatements.

H9: Audit committee gender diversity weakens the positive relationship between the audit committee meeting frequency and financial restatements.

Moreover, Buchwald & Hottenrott (2019) found that gender-diverse boards benefit from greater stability and reduced executive turnover. In addition, the presence of women on the board also improves performance-based evaluation and oversight quality. Therefore, gender diversity is expected to strengthen the negative relationship between tenure and financial restatements.

H10: Audit committee gender diversity strengthens the negative relationship between the audit committee members' tenure and financial restatements.

Furthermore, both tenure and gender represent important dimensions of diversity. Research by Oliveira & Zhang (2022) finds that gender diversity tends to increase age diversity in older boards, and that diversity across multiple dimensions enhances board function and firm value. Therefore, gender diversity is expected to strengthen the negative relationship between audit committee members' average age and financial restatements.

H11: Audit committee gender diversity strengthens the negative relationship between the audit committee members' age and financial restatements.

Finally, politically connected firms in Indonesia exhibit higher financial performance and market value, suggesting better investment opportunities and greater growth potential than non-connected firms (Wati, Ramdany, & Momon, 2020). In terms of the companies' board composition, female members tend to be

more driven by ethical considerations, making them well-positioned to counteract the bias and leniency often associated with politically connected firms.

H12: Audit committee gender diversity strengthens the negative relationship between the political connections of audit committee members and financial restatement.

RESEARCH METHODS

Research Object

The population used for the study consists of companies in the Consumer Business, Energy, and Manufacturing sectors sector listed on the IDX from 2018 to 2022. The sample in this study is determined based on the following sampling criterias shown on Table 1.

Due to the unique features offered by the unbalanced panel data model, after excluding all companies based on the criteria mentioned above, we further remove firm-year observations where the company did not issue annual reports and/ or financial statements, did not disclose the required audit committee characteristics, or had negative equity for those specific years. As a result, 1.547 firm -year observations were obtained.

Data Collection and Analytical Techniques

The data used in this research were obtained from annual reports and financial statements of companies listed on the Indonesia Stock Exchange (IDX) or the respective company websites. Employing a documentation technique for data collection, the analysis was conducted using Logistic Regression to examine the relationship between audit committee characteristics and financial restatements. There are two empirical models which will be tested on this study. The models are expected to determine the relationship between the independent variables (SIZE, IND, MEET, TENURE, AGE, POLITIC), the dependent variable (RESTATE), and the moderating factor (GENDER).

$$RESTATE = \alpha + \beta1SIZE + \beta2IND + \beta3MEET + \beta4TENURE + \beta5AGE + \beta6POLITIC + \beta7ROA + \beta8DER + \beta9CR + \beta10FS + \varepsilon$$

$$RESTATE = \alpha + \beta1SIZE + \beta2IND + \beta3MEET + \beta4TENURE + \beta5AGE + \beta6POLITIC + GENDER + \beta7SIZE*GENDER + \beta8IND*GENDER + \beta9MEETING*GENDER + \beta10TENURE*GENDER + \beta11AGE*GENDER + \beta12POLITIC*GENDER + \beta13ROA+\beta14DER + \beta15CR + \beta16FS + \varepsilon$$

Note: α = Constant; β = Coefficients; RESTATE = Financial Restatements; SIZE = Audit Committee Size; IND = Audit Committee Independence; MEET = Audit Committee Meeting Frequency; TENURE = Audit Committee Members' Tenure; AGE = Audit Committee Members' Age; POLITIC = Political Connections of Audit Committee Members; GENDER = Audit Committee Gender Diversity; ε = Random error

Operational Definition of Research Variables

Dependent Variable

The dependent variable in this study is financial restatement (RESTATE) which is denoted by the symbol (Y). Financial restatement is calculated using dummy variables by giving code as "1" for companies that make restatements and "0"

Table 1.

Sample Criteria

No.	Criteria	Number of Sample
1	Consumer Business, Energy, and Manufacturing companies listed on the Indonesia Stock Exchange (IDX) by the latest in 2021.	562
2	Exclude companies whose fiscal year-end is not December.	(4)
3	Exclude companies whose annual reports and/or financial statements are not found for five consecutive years.	(91)
4	Exclude companies that do not provide the necessary information during the research period for five consecutive years.	(61)
	Total sample	406
	Sample period	5
	Total observation	2.030

for companies that do not make restatements (Hasnan et al., 2022; Wan Mohammad et al., 2018). Restatement data is typically disclosed in the company's financial statements published in the year following the fiscal period (t+1).

Independent Variables

Hasnan et al. (2022) measure Audit Committee Size (SIZE) variable in the same way as Ali, Besar, & Mastuki (2017) and Wan Mohammad et al. (2018) by calculating the total number of audit committee members at the end of each observation year. Data regarding the number of audit committee members of a company can be found in the annual report of each public company. A higher value of SIZE indicates that the audit committee is larger, having more members, which may reflect greater capacity for oversight and monitoring. 2) Audit Committee Independence (IND). The presence of independent commissioners within the audit committee indicates the level of independence of the audit committee in a company. Audit Committee Independence (IND) is measured by comparing the proportion of independent commissioners serving on the audit committee to the total number of audit committee members. This measurement method is also used by Hasnan et al. (2022) and Karajeh & Ibrahim (2017). A higher IND value reflects a greater proportion of independent commissioners within the committee. 3)Audit Committee Meeting Frequency (MEET). One of the factors determining the effectiveness of the audit committee is the frequency of meetings. This variable is measured based on the number of meetings held by the audit committee in 1 fiscal year (Hasnan et al., 2022; Hidayah, Sukirman, Wahyudin, & Mahmud, 2018). Data on the number of meetings successfully held can be checked by looking for the keyword "meeting" and/ or" audit committee" on the annual report. A higher MEET value indicates more frequent audit committee conduct meetings in a fiscal year.

The tenure of the audit committee is no longer than that of the board of commissioners. Audit Committee Members' Tenure (TENURE) variable is measured by looking at the average tenure of all audit committee members, adding all the members' tenure, and dividing it by the total number of members (Othman, Ishak, Arif, & Aris, 2014). A higher TENURE value signifies longer-serving audit committee members, which may reflect deeper familiarity with the company's operations and potential risks. Audit Committee Members' Age (AGE) variable is measured by categorizing the average age of audit committee members into four groups: 35–40, 41–46, 47–52, and above 52 years (Hasnan et al., 2022). Specific information regarding members' ages is sourced from their profiles in the company's annual report. A higher age group suggests the presence of older individuals within the audit committee. Political Connections of Audit Committee Members (POLITIC) variable is measured using a dummy: "1" if at least one audit committee member has political ties (e.g., current/former member of parliament, minister, senior public official, or retired military/police general), and "0" otherwise (Hasnan et al., 2022; Jamil, 2020). This information can be identified from the "concurrent positions," "career history," or "work experience" sections in the annual report.

Moderating Variable

The moderating variable used in this study is Audit Committee Gender Diversity (GENDER). This variable is measured based on the percentage of women in the audit committee (Abbas, 2020), as expressed in the following equation: Gender = Total female audit committee : Total number of members of audit committee. A higher GENDER value reflects greater female representation, which is expected to enhance diversity in perspectives and decision-making styles within the audit committee.

ANALYSIS AND DISCUSSION

Descriptive Statistics

Tables 2 & 3 present the descriptive statistics for continuous, dichotomous, and categorical variables. The restatement firms tend to have a larger average audit

committee size (SIZE), higher independence (IND), and more frequent meetings (MEET) compared to non-restatement firms. In terms of regulatory compliance, surprisingly, restatement firms have met almost all basic required standards by OJK (2015), which mandate a minimum of three members, including at least one independent commissioner as the committee chairperson, and a minimum of four meetings per fiscal year (IFC Indonesia, 2018). On the other hand, some non-restating firms fall short of these requirements, with a minimum SIZE of only two members, despite the three-member requirement, absence of independent commissioners within the committee, and conducting only two meetings per year.

In terms of tenure (TENURE), non-restatement firms have the longest-serving audit committee members, with a tenure reaching up to 21 years. This finding partially supports the "expertise hypothesis" proposed by, which suggests that the longer an audit committee member serves, the more experienced and familiar

Table 2.
Desciptive Statistics
Panel A: Descriptive Statistics of Continuous Variables

Financial Restatement Firms (FR); N = 42				
Variables	**Mean**	**Std.**	**Min.**	**Max**
SIZE	3.071	0.601	2.000	5.000
IND	0.385	0.119	0.250	0.667
MEET	9.167	12.213	3.000	59.000
TENURE	4.054	2.495	1.500	11.000
ROA (%)	1.88%	7.94%	-20.82%	18.25%
DER	0.780	1.404	0.010	9.140
CR	2.044	1.605	0.330	8.100
FS	28.910	1.542	25.767	32.283
GENDER	0.239	0.277	0.000	1.000
Non-Financial Restatement Firms (Non-FR); N = 1505				
Variables	**Mean**	**Std.**	**Min.**	**Max**
SIZE	3.027	0.321	1.000	6.000
IND	0.357	0.091	0.000	1.000
MEET	6.207	5.867	1.000	80.000
TENURE	4.371	2.877	1.000	21.333
ROA (%)	151.43%	9985.96%	-139686.27%	361244.26%
DER	1.205	11.158	-1.005	422.870
CR	5.145	58.215	-0.680	2172.550
FS	28.560	2.408	0.490	32.826
GENDER	0.223	0.261	0.000	1.000

Panel B: Descriptive Statistics of Dichotomous Variables

	Financial Restatement Firms (FR) N = 42		Non-Financial Restatement Firms (Non-FR) N = 1505	
Variables	**Frequency of "1" (%)**	**Frequency of "0" (%)**	**Frequency of "1" (%)**	**Frequency of "0" (%)**
POLITIC	8 (19%)	34 (81%)	215 (14.3%)	1.290 (85,7%)

Panel C: Descriptive Statistics of Categorical Variables

	Financial Restatement Firms (FR) N = 42				Non-Financial Restatement Firms (Non-FR); N = 1505			
Variables	**Mean**	**Std.**	**Min.**	**Max**	**Mean**	**Std.**	**Min.**	**Max**
AGE	3.452	0.968	1.000	4.000	3.418	0.901	1.000	4.000

they become with the company's operations, thereby reducing the risk of restatement. Another important factor that appeared to be more prevalent among audit committee characteristics on restatement firms is political connections (POLITIC). Audit committee members in restating firms exhibit stronger political ties than those in non-restating firms, with a percentage difference of 4,7%. Additionally, the age composition of audit committee members in restatement firms is higher compared to non-restatement firms in age group 1 (35–40 years) by 4% and in age group 4 (>52 years) by 4,39%. This indicates that audit committees that are either too young or too old are closely correlated with the occurrence of restatements.

Table 4 presents the correlation values among independent variables used as predictors in the study. Although there is correlation among the independent variables, there is no multicollinearity issue since all Variance Inflation Factor (VIF) values less than 10 and all correlation values in the table are under 0.70.

SIZE and IND exhibit a negative correlation of -0,250. The negative sign indicates an inverse relationship, meaning that as the number of audit committee members increases, the level of independence, represented by the presence of independent commissioners, decreases. Conversely, when the number of audit committee members is smaller, independence level tends to be higher. This is related to regulations in Indonesia, which only require audit committees to have at least one independent commissioner as the chairperson. As a result, regardless of the committee size, there is often only one independent commissioner to fulfil the regulatory requirement. This "regulatory fulfilment" matter has been mentioned by Jovani et al. (2022).

SIZE and MEET have a positive correlation of 0,270. This implies that the larger the audit committee, the more frequently meetings are held. Larger audit committees are more capable in mitigating the potential restatement by holding more meetings (Ali et al., 2017). MEET is also negatively correlated with TENURE at -0,043. This suggests that as audit committee members serve longer tenures, the frequency of meetings tends to decrease. A similar relationship is observed between TENURE and AGE, which have a positive correlation at a 0,143. This means that an increase in TENURE tends to occur alongside an increase in AGE and vice versa. Interestingly, the correlation found in this study is only 0,143, which differs from the findings of Hasnan et al. (2022) who reported a correlation of 0,30 between these two variables.

The matrix also exhibits a relatively

Table 3.

Age Distributions

	Financial Restatement Firms (FR) N = 42		Non-Financial Restatement Firms (Non-FR) N = 1505	
Code	Frequency	Percentage	Frequency	Percentage
4	29	69%	973	64.70%
3	7	16.70%	271	18.00%
2	2	4.80%	178	11.80%
1	4	9.50%	83	5.50%

Table 4.

Correlation Matrix

	VIF	SIZE	IND	MEET	TENURE	AGE	POLITIC	GENDER
SIZE	1.184	1.000						
IND	1.099	-0.250	1.000					
MEET	1.152	0.270	-0.051	1.000				
TENURE	1.067	-0.122	0.106	-0.043	1.000			
AGE	1.332	0.063	0.110	0.123	0.143	1.000		
POLITIC	1.105	0.154	0.014	0.226	-0.077	0.166	1.000	
GENDER	1.220	-0.019	-0.083	-0.091	0.014	-0.407	-0.118	1.000

high correlation of 0,166 between POLITIC and AGE. The presence of older audit committee members is strongly associated with the existence of political connections within the committee. Referring to Table 4, there are a total of 223 political connections out of 1,547 observations for both restatement and non-restatement firms (14.41%). In terms of data distribution, these 223 political connections are only found in observations within the age group coded as "4" (above 52 years old) at 184 observations or 82,51%, while remaining 17,49%, with 31, 7, and 1 observations are in group "3" (47-52 years old), group "2" (41-46 years old), and group "1" (35-40 years old), respectively.

Hypothesis Testing

Table 5 indicates that two hypotheses are accepted—H2 and H3. Table 6 shows that IND and MEET have a significant impact on the occurrence of financial restatements. The positive coefficients indicate that a higher level of audit committee independence—measured by the number of independent commissioners—is associated with an increased risk of restatements. Likewise, a greater frequency of audit committee meetings is positively correlated with a higher likelihood of restatements. Therefore, Hypotheses 2 and 3, which propose that audit committee independence and meeting frequency increase the likelihood of restatements, are accepted at the 10% and 5% significance levels, respectively.

The Effect of Audit Committee Size on Financial Restatements

The logistic regression results show that SIZE does not have a significant effect on

Table 5.
The Relationship Between Audit Committee Characteristics and Financial Restatement

	Dependent Variable: RESTATE					
Variables	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**
Constant	-5.7892	-5.7592	-4.3569	-5.0697	-5.3355	-5.0604
	(2.6010)	(2.4630)	(2.2700)	(2.5750)	(2.5820)	(2.5180)
SIZE	0.2449					
	(0.4090)					
IND		2.0910**				
		(1.3070)				
MEET			0.0345***			
			(0.0140)			
TENURE				-0.0417		
				(0.0610)		
AGE					-0.0147	
					(0.1890)	
POLITIC						0.2494
						(0.4100)
Control var:						
ROA	-0.0002	-0.0002	-0.0002	-0.0002	-0.0002	-0.0002
	(0.0020)	(0.0020)	(0.0020)	(0.0020)	(0.0020)	(0.0020)
DER	-0.0908	-0.0882	-0.1074	-0.0907	-0.0910	-0.0948
	(0.1400)	(0.1400)	(0.1480)	(0.1390)	(0.1400)	(0.1410)
CR	-0.1108	-0.1060	-0.1061	-0.1126	-0.1128	-0.1108
	(0.0890)	(0.0880)	(0.0890)	(0.0890)	(0.0890)	(0.0880)
FS	0.0626	0.0602	0.0301	0.0698	0.0747	0.0619
	(0.0870)	(0.0850)	(0.0790)	(0.0880)	(0.0940)	(0.0870)
Observations	1547	1547	1547	1547	1547	1547
Pseudo R Square (%)	1.165%	1.660%	2.228%	1.209%	1.081%	1.171%
Log Likehood	-190.65	-189.69	-188.60	-190.56	-190.81	-190.64

Note: The table shows the regression results between the financial restatement (RESTATE) and each of the audit committee characteristics, as well as the control variables. The values in the parentheses are standard errors. *** and ** denote significance at 5% and 10% levels, respectively.

RESTATE, so the Hypothesis 1 was not supported. This finding contrasts with previous studies by Hasnan et al. (2022), Wan Mohammad et al. (2018), and Rustiarini et al. (2023) which identified size as a predictor of restatements. From an Agency Theory perspective, a larger audit committee is expected to enhance monitoring and reduce information asymmetry between management and shareholders. However, this study suggests that beyond a certain point, a larger size may lead to coordination inefficiencies, increased communication (Fitrasari, 2023), reduce the effectiveness of oversight functions, and create opportunities for 'free riders' within the committee. This diminishes the individual contributions, potentially increasing the likelihood of restatements. Such findings contradict the resource dependence theory, which posits that a larger board enhances effectiveness in fulfilling its responsibilities (Sobhan, Mim, & Rahman, 2024). In addition, in the context of the Board of Commissioners (BoC) as the main board, a larger board is often associated with conflicts of interest. The ineffectiveness of its supervisory role may arise from difficulties in aligning diverse interests, which can lead to potential internal conflicts (Utari, Rustiarini, & Dewi, 2021). In short, the size of the audit committee should be tailored to align with the company's size and business complexity (Jovani et al., 2022).

The Effect of Audit Committee Independence on Financial Restatements

The test results show that IND has a positive relationship with RESTATE. This means that a higher level of audit committee independence is associated with a greater likelihood of restatements. This counterintuitive phenomenon, which challenged the Agency Theory, is indeed observed in the Indonesian market. Basically, independent commissioners are external parties to the company, which means they may not be deeply involved in the day-to-day business operations. The presence of independent commissioners on a large board can contribute to information asymmetry, thereby creating opportunities for managers with opportunistic behavior to engage in earnings management (Fitrasari, 2023; Yermack, 1996).

Previous studies have also found that the presence of independent directors does not necessarily represent minority shareholders as intended. Instead, they often act as representatives of controlling shareholders who possess dominant voting rights. In some cases, independent commissioners even have personal or professional ties to the controlling shareholders (Sanjaya & Setiawan, 2023). In addition to the dominant influence of controlling shareholders, Akbar, Mangunsong, & Puchniak (2024) further emphasize that the limited oversight function of independent commissioners in Indonesia's corporate governance is also hindered by several other factors, including restricted legal authority, pressure from corrupt government practices, and political interference—particularly within state-owned enterprises (SOEs).

The Effect of Audit Committee Meeting Frequency on Financial Restatements

Regarding the frequency of audit committee meetings (MEET), the test results indicate a significant positive relationship, suggesting that a higher meeting frequency may reflect greater information asymmetry and persistent internal issues that require resolution through frequent meetings (Vafeas & Vlittis, 2024). If, according to Agency Theory, the main cause of agency conflict is asymmetrical information (Herawaty et al., 2023; Hooghiemstra et al., 2019), then the results of this study suggest that meetings actually increase the potential for agency conflict. Khatib & Nour (2021) also consider meeting frequency as a factor that negatively affects firm performance, linking it to increased director compensation associated with more frequent meetings. These findings imply that frequent meetings do not necessarily enhance governance quality, rather, they may reflect problem-driven monitoring instead of proactive governance, thereby signaling potential inefficiencies within the organization.

The Effect of Audit Committee Members' Tenure on Financial Restatements

Reflecting on Marshall (2015) report on entrenched boards, Indonesia has an average board tenure of six years, ranking 8th out of 15 countries classified as emerging markets. In this study, 116 observations sample or approximately 7% of the audit committee sample had an average tenure exceeding nine years. Tenure is often associated with independence, particularly since audit committees are composed of independent commissioners and external members. Singapore's Corporate Governance Code requires companies to provide a rational explanation as to why independent board members who have served for more than nine years should still be considered "independent" (IFC Indonesia, 2018). Interestingly, although tenure does not have a statistically significant effect in this study, it still shows a negative coefficient—indicating that in Indonesia, longer audit committee tenure may be associated with a lower likelihood of financial restatements. Long-tenured audit committee members contribute to reducing agency costs (Fama, 1980) and improving the effectiveness of oversight functions (Livnat et al., 2021).

The Effect of Audit Committee Members' Age on Financial Restatements

Based on the data in Table 3, both restatement firms and non-restatement firms are predominantly composed of audit committee members aged 52 years and above (code "4"). The age of audit committee members is often associated with experience and prudence in decision-making (Mwangi, Oluoch, Muturi, & Florence, 2017; Sultana et al., 2019), and thus, theoretically expected to enhance oversight and reduce the risk of restatement. However, in certain contexts, older age may also imply limitations in adapting to technological advancements, new regulations, and the complexity of modern accounting practices (Hasnan et al., 2022). In countries like Indonesia, a culture that highly values seniority may lead to older members having greater influence, although not always accompanied by sufficient technical competence. This explains why the effect of age on financial reporting quality tends to be inconsistent and not always statistically significant.

The Effect of Political Connections of Audit Committee Members and Financial Restatements

Political connections may help companies build their reputation, as they can demonstrate their commitment to responsible and ethical business practices (Harianto, 2022). However, the result of this study cannot support this notion. Political connections in corporate governance tend to be perceived as commonplace or even strategic (Akbar et al., 2024). This practice becomes widespread and normative, the differences between politically connected and non-connected firms become statistically indistinguishable. Consequently, the presence of political affiliation does not show a significant effect on restatement, as it no longer serves as a distinguishing variable in a systematical environment.

The Moderating Effect of Audit Committee Gender Diversity on Relationship Between Audit Committee Characteristics on Financial Restatements

This study deliberately selected sectors with the highest percentage of women on boards in Indonesia—Consumer Business, Energy, and Manufacture (Deloitte, 2022). According to the data collected in this study, 764 observations, or 49% of the sample, have women on the audit committee, indicating a relatively high level of female involvement in audit committees in Indonesia. However, as presented in Table 8, the relationship between the independent and dependent variables, moderated by GENDER, reveals that only one variable is significant: SIZE moderated by GENDER, with a significance level of 10%. This suggests that a larger audit committee can reduce the potential for restatements only if the committee includes female members.

SIZE and GENDER can be interrelated because the contribution of women's

characteristics in decision-making is also influenced by their proportion within a group. There are times when women feel more "comfortable" sharing information with fellow women (Elstad & Ladegard, 2012). A larger board can accommodate this, as the collected data shows that audit committees with three or more members generally tend to include more than one woman (Nguyen & Faff, 2007; Oliveira & Zhang, 2022; Wang, Ma, Xue, & Zhang, 2024). Besides, shareholders tend to believe that female directors enhance the level of control, improve corporate governance, and positively influence both the company's reputation (Awad, Khalaf, Afzal, & Methodology, 2023; Jurkus, Park, & Woodard, 2011) and firm value (Mariana & Renald Suganda, 2023). Therefore, the presence of women on the audit committee appears to play a crucial role in enhancing the effectiveness of the committee's oversight.

Typically, companies operating in highly competitive product markets tend to have stronger external governance in place, which makes the impact of gender diversity relatively limited. On the other hand, for companies in less competitive markets, gender diversity can serve as an alternative governance mechanism (Jurkus et al., 2011). However, this expectation is not

Table 6.

The Influence of Audit Committee Gender Diversity on the Relationship Between Audit Committee Characteristics on Financial Restatement

	Dependent Variable: RESTATE					
Variables	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**
Constant	-7.3753	-6.0871	-4.4778	-5.3333	-6.5511	-5.3542
	(2.8110)	(2.6040)	(2.3780)	(2.7090)	(2.7610)	(2.6380)
SIZE*GENDER	-2.2474**					
	(1.6300)					
IND*GENDER		0.3456				
		(1.3740)				
MEET*GENDER			0.0480			
			(0.0740)			
TENURE*GENDER				0.0242		
				(0.2140)		
AGE*GENDER					-0.6985	
					(0.5690)	
POLITIC*GENDER						-0.9573
						(1.9510)
Control var:						
ROA	-0.0002	-0.0002	-0.0002	-0.0003	-0.0002	-0.0003
	(0.0200)	(0.0020)	(0.0020)	(0.0300)	(0.0020)	(0.0020)
DER	-0.0841	-0.0834	-0.0968	-0.0866	-0.0823	-0.0917
	(0.1380)	(0.1380)	(0.1440)	(0.1380)	(0.1360)	(0.1390)
CR	-0.1093	-0.1055	-0.1027	-0.1127	-0.1144	-0.1083
	(0.0890)	(0.0880)	(0.0890)	(0.0890)	(0.0900)	(0.0890)
FS	0.0638	0.0675	0.0338	0.0771	0.0731	0.0678
	(0.0900)	(0.0880)	(0.0820)	(0.0910)	(0.0930)	(0.0900)
Observations	1547	1547	1547	1547	1547	1547
Pseudo R Square (%)	1.683%	1.785%	2.430%	1.283%	1.533%	1.325%
Log Likehood	-189.65	-189.45	-188.21	-190.42	-189.94	-190.34

Note: The table shows the regression results between the financial restatement (RESTATE) and each of the audit committee characteristics, as well as the control variables. The values in the parentheses are standard errors. *** and ** denote significance at 5% and 10% levels, respectively.

supported by the findings of this study. Gender diversity, which is expected to serve as a corporate governance mechanism, shows no significant effect when interacted with other factors besides SIZE—such as IND, MEET, TENURE, AGE, and POLITIC. Despite Indonesia's strong patriarchal values and the lack of regulatory requirements, this insignificance may also be attributed to "tokenism" and barriers to influence. With the growing emphasis on gender issues in corporate governance, companies often take steps to improve their public image, one of which is structuring their boards to appear inclusive. However, this does not represent true "diversity," but rather "tokenism," where the presence of women serves merely as a symbolic gesture without fully realizing the intended benefits of diversity (Singh, 2021). Therefore, the presence of women on boards alone is not sufficient. Their roles must be empowered and meaningfully integrated to realize the full advantages of gender diversity.

CONCLUSION AND IMPLICATION

Conclusion

Financial restatement serves as a red flag indicating that a company has issues with its corporate governance. As a supervisory board, the audit committee, with all its characteristics, plays a crucial role in maintaining financial reporting quality and preventing restatements, which are considered an accounting trust crisis issue. Referring to Agency Theory, this study aims to explain financial restatements from the perspective of agency conflicts between managers and shareholders, with the audit committee acting as the mediator.

The first regression model proved that audit committee independence (IND) and meeting (MEET) increase the potential restatements. On the other hand, in the second model, which includes the moderating effect of gender diversity, only the interaction between audit committee size and gender diversity (SIZE*GENDER) has a negative impact on restatements while the other moderated variables are all insignificant. In short, this study only supports Hypothesis 2, 3, & 6.

Implication

Focused on Indonesian context, this study provides several practical implications for companies, even policymakers. This study illustrates how audit committee's attribute influences the occurrence of restatements. Based on the results, companies should consider their audit committee size, the number of independent commissioners in the audit committee, and the number of meetings in correlation with the problems laid behind to efficiently mitigate the risk of restatements. Moreover, given the insignificance of the moderating effect of gender diversity due to the tokenism, companies and policymakers may consider implementing regulations on gender quotas (Mariana & Renald Suganda, 2023), particularly in corporate audit committees.

LIMITATIONS AND SUGGESTIONS

This study has two limitations. First, it only includes five-year time span. Thus, future research could expand the time span to obtain more observations. In addition, all the independent variables can only explain the variability of dependent variables by 2,5% at most. In a two-tiered corporate governance structure, it will be more reliable if the study is conducted from Board of Directors perspective, because it is engaging in the companies' daily operation and financial reporting process often, so their influence on financial restatement will be more visible. Future research may also consider other factors as moderating variables, such as directors' busyness and nationality.

REFERENCES

Abbas, U. (2020). The moderating effect of gender on audit committee attributes and earnings management. *Scholedge International Journal of Business Policy & Governance ISSN 2394-3351*, *7*(3). https://doi.org/10.19085/sijbpg070302

Abbott, L. J., Parker, S., & Peters, G. F. (2004). Audit committee characteristics and restatements. In *A Journal Of Practice & Theory* (Vol. 23).

Abbott, L. J., Parker, S., & Presley, T. J. (2012). Female board presence and the likelihood of financial restatement. *Accounting Horizons*, *26*

(4), 607–629. https://doi.org/10.2308/acch-50249

ACFE Indonesia. (2020). Survei fraud indonesia 2019. *Association of Certified Fraud Examiners*.

Adams, J. C., Hayunga, D. K., & Rasmussen, S. J. (2017). The restating of financial statements by REITs. *Journal of Accounting, Auditing and Finance*, *32*(3). https://doi.org/10.1177/0148558X15607748

Akbar, R., Mangunsong, N., & Puchniak, D. W. (2024). The abolition of independent directors in indonesia: rationally autochthonous or foolishly idiosyncratic? *SSRN Electronic Journal*. https://doi.org/10.2139/SSRN.4941189

Ali, M. M., Besar, S. S. N. T., & Mastuki, N. M. (2017). Audit committee characteristics, risk management committee and financial restatements. *Advanced Science Letters*, *23*(1), 287–291. https://doi.org/10.1166/asl.2017.7160

Awad, A. B., Khalaf, A., Afzal, A., & Methodology, A. A. ; (2023). The power of board size and gender diversity on the value of companies listed on emerging markets. *Corporate Law & Governance Review*, *5*(2), 2023. https://doi.org/10.22495/clgrv5i2p14

Beasley, M. S., Carcello, J. V., Hermanson, D. R., & Neal, T. L. (2009). The audit committee oversight process. *Contemporary Accounting Research*, *26*(1), 65–122. https://doi.org/10.1506/car.26.1.3

Bedeir, R. E. (2024). The governing role of board gender diversity on conditional accounting conservatism and executive remuneration: Performance-based versus equity-based remunerations. *Future Business Journal 2024 10:1*, *10*(1), 1–17. https://doi.org/10.1186/S43093-024-00377-7

Bezemer, P. J., Peij, S., de Kruijs, L., & Maassen, G. (2014). How two-tier boards can be more effective. *Corporate Governance (Bingley)*, *14*(1). https://doi.org/10.1108/CG-02-2013-0018

Buchwald, A., & Hottenrott, H. (2019). Women on the board and executive tenure. *Managerial and Decision Economics*, *40*(7). https://doi.org/10.1002/mde.3028

CAQ. (2024). Financial Restatement Trends in the United States: 2013 – 2022. In *Trends in the United States*.

Deloitte. (2022). *Progress at a snail's pace Women in the boardroom: A global perspective Seventh edition*.

DeZoort, F. T., Hermanson, D. R., Archambeault, D. S., & Reed, S. A. (2002). Audit committee effectiveness: A synthesis of the empirical audit committee literature. *Journal of Accounting Literature*, *21*.

Elstad, B., & Ladegard, G. (2012). Women on corporate boards: Key influencers or tokens? *Journal of Management and Governance*, *16*(4). https://doi.org/10.1007/s10997-010-9165-y

Esser, J. K. (1998). Alive and Well after 25 Years: A Review of Groupthink Research. In *Organizational Behavior and Human Decision Processes* (Vol. 73).

Faccio, M., Masulis, R. W., & Mcconnell, J. J. (2006). Political connections and corporate bailouts. *Journal of Finance*, *61*(6). https://doi.org/10.1111/j.1540-6261.2006.01000.x

Fama, E. F. (1980). Agency problems and the theory of the firm. *Journal of Political Economy*, *88*(2). https://doi.org/10.1086/260866

Fama, E. F., & Jensen, M. C. (1983). Separation of ownership and control. *Journal of Law and Economics*, *26*(2), 301–325.

Fisman, R. (2001). Estimating the value of political connections. *American Economic Review*, *91*(4). https://doi.org/10.1257/aer.91.4.1095

Fitrasari, R. (2023). The effect of board size, board independence, and the composition of board independence on accrual and real earnings management. *Jurnal Akuntansi Dan Keuangan Indonesia*, *20*(2). https://doi.org/10.21002/jaki.2023.12

Hambrick, D. C., & Mason, P. A. (1984). Upper Echelons: The Organization as a Reflection of Its Top Managers. In *Source: The Academy of Management Review* (Vol. 9).

Harianto, S. (2022). *Political Connections impact on Corporate Governance Quality*. *5*(2), 190–218.

Hasnan, S., Eskandar, N. S. M., Hussain, A. R. M., Al-Dhubaibi, A. A. S., Kamal, M. E. M., & Kusumaningtias, R. (2022). Audit committee characteristics and financial restatement incidence in the emerging market. *Corporate and Business Strategy Review*, *3*(2), 20–33. https://doi.org/10.22495/cbsrv3i2art2

Hasnan, S., Mohd Razali, M. H., & Mohamed Hussain, A. R. (2021). The effect of

corporate governance and firm-specific characteristics on the incidence of financial restatement. *Journal of Financial Crime*, *28*(1), 244–267. https://doi.org/10.1108/JFC-06-2020-0103

Herawaty, V., Daeli, F., Achma, P. B. F., Nainggolan, J. S., & Dachi, B. (2023). *The Role of Information Asymmetry in Moderating Corporate Governance Practice and Dividend Policy on Income Smoothing Practices*. https://doi.org/10.2991/978-94-6463-350-4_64

Hidayah, R., Sukirman, Wahyudin, A., & Mahmud, A. (2018). The Determinants of Audit Committee Meeting Frequency in Indonesia. *The Social Sciences* , *13*(1), 53–56.

Hofstede, G., Hofstede, G. J., & Minkov, M. (2010). Cultures and Organizations: Software of the Mind, Third Edition. In *McGraw-Hill Education; 3 edition*.

Hooghiemstra, R., Hermes, N., Oxelheim, L., & Randoy, T. (2019). Strangers on the board: The impact of board internationalization on earnings management of Nordic firms. *International Business Review*, *28*(1), 119–134. https://doi.org/10.1016/j.ibusrev.2018.08.007

IFC Indonesia. (2018). *The Indonesia Corporate Governance Manual Second Edition*. Retrieved from www.ifc.org

Jamil, N. N. (2018). The Effects of Politically Connected Audit Committees on the Audit Process: Evidence in Malaysia. *International Journal of Business and Applied Social Science (IJBASS)*, *4*(8), 70–84. Retrieved from https://ssrn.com/abstract=3241994http://ijbassnet.com/

Jamil, N. N. (2020). The Power of Political Connections: Review on the Impacts of Audit Committee and Corporate Governance. *Journal of Public Administration and Governance*, *10*(1), 333. https://doi.org/10.5296/jpag.v10i1.16675

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. https://doi.org/10.1016/0304-405X(76)90026-X

Joshi, P. D., Wakslak, C. J., Huang, L., & Appel, G. (2021). Gender differences in communicative abstraction and their organizational implications. *Rutgers Business Review*, *6*(2).

Jovani, F. M., Lindrawati, L., & Rahayu, M. (2022). Pengaruh karakteristik dewan komisaris dan karakteristik komite audit terhadap financial restatement. *Jurnal Akuntansi Bisnis*, *15*(1). https://doi.org/10.30813/jab.v15i1.3054

Jurkus, A. F., Park, J. C., & Woodard, L. S. (2011). Women in top management and agency costs. *Journal of Business Research*, *64*(2), 180–186. https://doi.org/10.1016/J.JBUSRES.2009.12.010

Karajeh, A. I., & Ibrahim, Y. B. (2017). International Journal of Economics and Financial Issues Impact of Audit Committee on the Association Between Financial Reporting Quality and Shareholder Value. *International Journal of Economics and Financial Issues*, *7*(3), 14–19. Retrieved from http:www.econjournals.com

Khatib, S. F. A., & Nour, A. N. I. (2021). The Impact of Corporate Governance on Firm Performance During The COVID-19 Pandemic: Evidence from Malaysia. *The Journal of Asian Finance, Economics and Business*, *8*(2), 943–952. https://doi.org/10.13106/JAFEB.2021.VOL8.NO2.0943

Komal, B., Bilal, Ezeani, E., Shahzad, A., Usman, M., & Sun, J. (2023). Age diversity of audit committee financial experts, ownership structure and earnings management: Evidence from China. *International Journal of Finance and Economics*, *28*(3), 2664–2682. https://doi.org/10.1002/ijfe.2556

KPMG. (2022). *Six Boardroom Dysfunctions Every Board Should Guard Against*.

Livnat, J., Smith, G., Suslava, K., & Tarlie, M. (2021). Board tenure and firm performance. *Global Finance Journal*, *47*, 100535. https://doi.org/10.1016/J.GFJ.2020.100535

Mao, Y. (2018). Financial Restatement Research Literature Review. *Modern Economy*, *09*(12), 2092–2103. https://doi.org/10.4236/me.2018.912130

Mardessi, S. M. (2021). The Effect of Audit Committee Characteristics on Financial Reporting Quality: The Moderating Role of Audit Quality in The Netherlands. *Corporate Ownership and Control*, *18*(3), 19–30. https://doi.org/10.22495/cocv18i3art2

Mariana, I., & Renald Suganda, T. (2023). The Effect of Agency Costs on Firm Value: A Moderating Role of Female

Commissioners. *AFRE Accounting and Financial Review*, *6*(3), 306–315. https://doi.org/10.26905/afr.v6i3.10590

Marshall, R. (2015). Entrenched Board: Director Tenure and Performance. In *REPORT*.

Martínez-Sola, C., Sanabria-García, S., & Garrido-Miralles, P. (2024). The effect of financial constraints on accounting restatements: Spanish evidence. *European Research on Management and Business Economics*, *30*(2). https://doi.org/10.1016/j.iedeen.2024.100244

Mehta, S., Chahal, A., Malik, S., Rai, R. H., Malhotra, N., Vajrala, K. R., … Kashoo, F. Z. (2024). Understanding Female and Male Insights in Psychology: Who Thinks What? *Journal of Lifestyle Medicine*, *14*(1), 1–5. https://doi.org/10.15280/jlm.2024.14.1.1

Mwangi, A. K., Oluoch, J. O., Muturi, W., & Florence, M. (2017). Effect of Audit Committee Diversity on Quality of Financial Reporting in Non-Commercial State Corporations in Kenya. *International Journal of Academic Research in Business and Social Sciences*, *7*(6). https://doi.org/10.6007/ijarbss/v7-i6/2963

Nguyen, H., & Faff, R. (2007). Impact of board size and board diversity on firm value: australian evidence. *Corporate Ownership and Control*, *4*(2 A), 24–32. https://doi.org/10.22495/COCV4I2P2

OJK. (2015). *Peraturan Otoritas Jasa Keuangan Nomor 55 Tentang Pembentukan dan Pedoman Pelaksanaan Kerja Komite Audit*.

Oliveira, M., & Zhang, S. (2022). The trends and determinants of board gender and age diversities. *Finance Research Letters*, *46*. https://doi.org/10.1016/j.frl.2022.102798

Oradi, J., & Izadi, J. (2020). Audit committee gender diversity and financial reporting: evidence from restatements. *Managerial Auditing Journal* , *35*(1), 1–27.

Othman, R., Ishak, I. F., Arif, S. M. M., & Aris, N. A. (2014). Influence of Audit Committee Characteristics on Voluntary Ethics Disclosure. *Procedia - Social and Behavioral Sciences*, *145*, 330–342. https://doi.org/10.1016/j.sbspro.2014.06.042

Pathak, S., Samba, C., & Li, M. (2021). Audit committee diversity and financial restatements. *Journal of Management and Governance*, *25*(3), 899–931. https://doi.org/10.1007/s10997-020-09548-4

Qi, B., & Tian, G. (2012). The Impact Of Audit Committees' Personal Characteristics On Earnings Management: Evidence From China. *The Journal of Applied Business Research*, *28*(6). Retrieved from http://www.cluteinstitute.com/

Qiu, S., He, H. Q., & Luo, Y. S. (2019). The value of restatement to fraud prediction. *Journal of Business Economics and Management*, *20*(6). https://doi.org/10.3846/jbem.2019.10489

Raimo, N., Vitolla, F., Marrone, A., & Rubino, M. (2021). Do audit committee attributes influence integrated reporting quality? An agency theory viewpoint. *Business Strategy and the Environment*, *30*(1), 522–534. https://doi.org/10.1002/bse.2635

Rezaee, Z., Asiaei, K., & Delooie, T. S. (2021, July 1). Are CEO experience and financial expertise associated with financial restatements? *Revista de Contabilidad-Spanish Accounting Review*, Vol. 24, pp. 270–281. Universidad de Murcia. https://doi.org/10.6018/RCSAR.379991

Rustiarini, N. W., Dewi, N. P. S., & Sunarsih, N. M. (2023). Board of Directors and Financial Restatement: Evidence from The Two-Tier System. *Accounting Analysis Journal*, *12*(2), 144–154. https://doi.org/10.15294/aaj.v12i2.68995

Saeed, A., Ali, Q., Riaz, H., & Khan, M. A. (2022). Audit Committee Independence and Auditor Reporting for Financially Distressed Companies: Evidence From an Emerging Economy. *SAGE Open*, *12*(2). https://doi.org/10.1177/21582440221089951

Salehi, M., Mokhtarzadeh, M., & Adibian, M. S. (2021). The Effect of Audit Committee Characteristics and Auditor Changes on Financial Restatement in Iran. *Revista De Métodos Cuantitativos Para La Economía Y La Empresa*, 397–416. Retrieved from www.upo.es/revistas/index.php/RevMetCuant/article/view/3816

Sanjaya, Ip. S., & Setiawan, W. Y. (2023). Do Independent Directors Affect Real Earnings Management Practices? The Case of Indonesian Two-Tier Board

System. *IBIMA Business Review*, *2023*. https://doi.org/10.5171/2023.672101

Schrader, C. L., & Sun, H.-L. (2021). How does tenure of audit committee members affect audit fees in small firms? *Journal of Finance and Accountancy*, *28*. Retrieved from http://www.aabri.com/copyright.html

Singh, S. J. (2021). Boards need real diversity, not tokenism. Retrieved February 27, 2025, from https://hbr.org/2021/08/boards-need-real-diversity-not-tokenism

Sobhan, R., Mim, F. F., & Rahman, F. (2024). Nexus between audit committee characteristics and audit report lag in an emerging economy: an analysis using frequentist and Bayesian regression models. *Asian Journal of Economics and Banking*. https://doi.org/10.1108/AJEB-04-2024-0043

Sudjono, A. C. (2023). Do Good Corporate Governance and Whistleblowing Systems in Bank Industry Effectively Support Fraud Detection and Prevention? *Asia Pacific Fraud Journal*, *8*(1). https://doi.org/10.21532/apfjournal.v8i1.296

Sultana, N., Singh, H., & Rahman, A. (2019). Experience of Audit Committee Members and Audit Quality. *European Accounting Review*, *28*(5), 947–975. https://doi.org/10.1080/09638180.2019.1569543

Uddin Bhuiyan, M. B., Opare, S., & Ahmed, Z. (2024). Does Audit Committee Busyness Affect Financial Restatement? Evidence from Audit Committee Share Ownership. *Australian Accounting Review*. https://doi.org/10.1111/auar.12416

Utari, N. K. W., Rustiarini, N. W., & Dewi, N. P. S. (2021). Board Characteristic and Financial Restatement. *Jurnal Keuangan Dan Perbankan*, *25*(3), 492–507. https://doi.org/10.26905/jkdp.v25i3.5883

Vafeas, N., & Vlittis, A. (2024). Earnings quality and board meeting frequency. *Review of Quantitative Finance and Accounting*, *62*(3). https://doi.org/10.1007/s11156-023-01230-8

Wan Mohammad, W. M., Wasiuzzaman, S., Morsali, S. S., & Zaini, R. M. (2018). The Effect of Audit Committee Characteristics on Financial Restatements in Malaysia. *Journal of Asia-Pacific Business*, *19*(1), 4–22. https://doi.org/10.1080/10599231.2018.1419043

Wang, K., Ma, J., Xue, C., & Zhang, J. (2024). Board Gender Diversity and Firm Performance: Recent Evidence from Japan. *Journal of Risk and Financial Management*, *17*(1). https://doi.org/10.3390/jrfm17010020

Wati, L. N., Ramdany, & Momon. (2020). Benefits and Costs of Political Connection , Evidence in Indonesia. *Jurnal Sekretari Dan Manajemen*, *4*(2).

Wu, J., Habib, A., & Weil, S. (2012). Audit committee effectiveness: a synthesis of the audit committee literature. *Corporate Board: Role, Duties & Composition*, *8*(1).

Wulandari, H., Pithaloka, D., & Pasya, S. A. (2025). Gender-based Interpersonal Communication Behavior: When Women No Longer Muted. *LONTAR: Jurnal Ilmu Komunikasi*, *13*(1), 473–480. https://doi.org/10.30656/LONTAR.V13.I1.10288

Wulanditya, P. (2022). Kajian Empiris Financial Restatements Akibat Perubahan Standar Akuntansi Keuangan di Indonesia. *Jurnal Ilmiah Akuntansi Dan Keuangan*, (1). https://doi.org/10.24034/jiaku.v1i3

Yakob, N. A., & Hasan, N. A. (2021). Exploring the interaction effects of board meetings on information disclosure and financial performance in public listed companies. *Economies*, *9*(4). https://doi.org/10.3390/economies9040139

Yermack, D. (1996). Higher market valuation of companies with a small board of directors. *Journal of Financial Economics*, *40*(2). https://doi.org/10.1016/0304-405X(95)00844-5