International Journal of Economics, Business and Accounting Research (IJEBAR)
Peer Reviewed – International Journal
Vol-6, Issue-4, 2022 (IJEBAR)
E-ISSN: 2614-1280 P-ISSN 2622-4771
https://jurnal.stie-aas.ac.id/index.php/IJEBAR

THE EFFECT OF AUDIT COMMITTEE CHARACTERISTICS AND WOMEN ON BOARD ON FIRM PERFORMANCE: AN ANALYSIS OF INDONESIAN MANUFACTURING FIRMS

Adeviani Fiardhani*[1], Payamta[2]
Universitas Sebelas Maret
Email : adeviani@gmail.com

Abstract : The failures of several global companies caused by alleged financial statements fraud has created the awareness for the need of producing a quality of corporate financial reporting. Thus, the failures of several global companies reinforce the view that there is a critical need to improve the quality and reliability of the corporate financial systems through corporate governance in developed and emerging countries. This study aims to examine the characteristics of the audit committee and women on board on firm performance of manufacturing companies in Indonesia from 2019 – 2021. In order to investigate characteristics of the audit committee and women on board on firm performance of manufacturing companies in Indonesia, the dependent variable is firm performance (ROA, ROE, and Tobin's Q). The independent variables in this research are audit committee characteristics (ACC), and women on board (WOMEN). Last, the moderating variables is family ownership (FAMILY). The result show that there is positive effect of ACC and WOMEN on firm performance. In addition, this result indicates that audit committee characteristic in family and non-family firm its different. This research is to provide further enrichment related to the problem of inconsistency in the relationship between audit committee characteristics and firm performance, especially there are not many such research in emerging countries such as Indonesia, especially regarding to the existence of strong family ownership in Indonesia companies.

Keyword: *Audit Committee Characteristics, Women on Board, Family Ownership, Firm Performance*

---

1. Introduction

Over the past two decades, the quality of financial reporting has become a major concern by regulators due to a series of audit failures in various countries. This led undermined investors' confidence in the quality and reliability of the corporate financial systems (Abdullah et al., 2008). The failures of several global companies, such as Xerox, Enron Corporation, WorldCom, Tyco International, and Parmalat Italy caused by alleged financial statements fraud has created the awareness for the need of producing a quality of corporate financial reporting. Thus, the failures of several global companies reinforce the view that there is a critical need to improve the quality and reliability of the corporate financial systems through corporate governance in developed and emerging countries.

E-ISSN: 2614-1280 P-ISSN 2622-4771
https://jurnal.stie-aas.ac.id/index.php/IJEBAR

In recent years, financial scandals in Asian countries, such as Satyam in India, Citic Pacific in China, SK Networks in South Korea, and Jiwasraya in Indonesia are perfect examples of corporate governance failures. Al-ahdal & Hashim (2021) argue that weaknesses in corporate governance practices such as substandard external audits and ineffective audit committees are part of the major responsibility for the failures of several companies.

Financial Reporting Council (FRC) data related to Audit Quality Inspection (AQI) for the 2020/2021 shows that 29% of audits conducted by Big Seven Public Accountants (BDO, Delloitte, EY, Grant Thornton, Mazars, PwC, and KPMG) require improvement, and 71% have met the standard (FRC, 2021). The results of the 2020/2021 are better than the 2019/2020 where 33% of audits conducted by the Big Fours require improvement. CEO of Financial Reporting Council, Sir Jon Thompson emphasized that a quality audit is critical to maintaining trust and confidence in financial markets.

Several countries have attempted to prevent this unintended failure by enacting corporate governance-oriented laws aimed at improving corporate disclosures, procedures and practices (Chhaochharia & Laeven, 2009). This is because the company's failure has affected stakeholder confidence in the quality and reliability of financial statements.

Due to some corporate collapses (Xerox, Enron Corporation, WorldCom, Tyco International, and Parmalat Italy), the demand of effective internal audit committee got momentum. It, consequently, reflected in the Sarbanes-Oxley Act by the US Securities and Exchange Commission (Bédard & Gendron, 2010). This regulation requires that audit committee must be comprise at least one who has financial literacy and entirely composed of independent directors (Aldamen et al., 2012). However, many emerging economies adopted the US regulations, such as Indonesia.

The Indonesian Government adopted the regulation for companies listed on the Indonesia Stock Exchange with the Regulation of Financial Services Authority Number 55/POJK.04/2015 regarding to Guidelines for the Implementation of the Audit Committee. In this regulation, the audit committee consists of at least 3 (three) members who come from independent commissioners and from outside the companies. In addition, the composition of the Audit Committee is required to have at least 1 (one) member with educational background and expertise in accounting and finance.

Previous research has identified several factors related to the audit committee, there are independence, board size, and other characteristics of the board of directors and audit committee on firm performance and firm value (Aldamen et al., 2012; Chen & Li, 2013; Klein, 1998). Nelson & Devi (2013) argue that as a primary corporate governance indicator, the audit committee enhances the quality of earnings through ensuring internal control and the credibility of financial reporting. It ultimately ensures quality reporting, which reduces the information asymmetries among stakeholders. The quality of financial reporting will attract investors to the companies and thus stimulates to capture profitable investments and maximize wealth of firm (Meah et al., 2021).

The higher levels of independence and expertise of corporate board and audit committee increase (Chan & Li, 2008). Furthermore, the level of independence of audit committee can be associated with the improvement in monitoring of financial reporting process (Bronson et al., 2009). Moreover, several previous studies have shown that smaller audit committee is associated with the higher financial reporting quality (Abbott et al., 2002; Klein, 2002).

Following the recent corporate scandal in many developed and emerging countries have directed more attention to corporate governance mechanism, especially to the importance of board directors in term of their role and diversity (Almarayeh, 2021). Board director attributes such as gender diversity, women in board, and compensation are attributes that are in high demand in recent times, either among academics or regulators, and government. Various countries have begun to require a minimum quota of women representation on corporate boards such as Norway, Spain, France, and Netherland (eg. Mateos de Cabo et al., 2012; Reguera-Alvarado et al., 2017; Seierstad & Huse, 2017). In addition, several recent studies have begun to focus on whether women in board enhances board effectiveness and consequently has impact on firm performance (Gordini & Rancati, 2017; Masulis et al., 2012; Mensi-Klarbach, 2014; Ntim, 2015).

Previous studies has shown that female managers are more conscientious than male managers when it comes to making major decision within the companies (Huang & Kisgen, 2013; Levi et al., 2014; Moreno-Gómez & Calleja-Blanco, 2018). According to Adams & Ferreira (2009), female managers are more diligent in monitoring and demanding more audit efforts than male managers. Furthermore. women in boards could also partially offset weak corporate governance, and it may generate more economic gains (Gordini & Rancati, 2017; Pucheta-Martínez & Gallego-Álvarez, 2020). Furthermore, previous research has begun to emphasize the benefit of women in corporate boards (Harris et al., 2019; Srinidhi et al., 2011).

Numerous theories from different fields have presented insight into the economic benefits of female participation and board such as the agency theory (Fama & Jensen, 1983; Jensen & Meckling, 1976), resource dependence theory (Reguera-Alvarado et al., 2017), and stakeholder theory (Freeman, 2010). Moreover, previous studies argues that there is no specific theory can explain the economic benefits of women participation on corporate governance (Cabrera-Fernández et al. 2016). Kanter (1977) has different views, token status theory claimed that in a family business and a patriarchal society, female managers are considered merely as a token and, consequently, their influence on firm performance is not significant. This is reinforced by several previous studies, the appointment of women in board in family businesses is chosen based on family ties and not business expertise, so that the existence of female councils does not have a significant effect in several countries such as Italy, Indonesia, Spain, France, and Switzerland (Bianco et al., 2015; Darmadi, 2013; Martín-Ugedo & Minguez-Vera, 2014; Nekhili & Gatfaoui, 2013; Ruigrok et al., 2007).

In an attempt to address this issue, numerous researchers in recent years have examined the effect of audit committee characteristics and women on boards on firm performance. However, the empirical evidence in the previous research is inconclusive and most of the research focus on firms in the developed countries (Almarayeh, 2021; Meah et al., 2021). Thus, there are not many such research in emerging countries such as Indonesia, especially regarding to the existence of strong family ownership in Indonesia companies.

This study aims to examine the characteristics of the audit committee and women on board on firm performance of manufacturing companies in Indonesia. Furthermore, this study also pays attention to the factor of family ownership. This is because family ownership in Indonesia is common and it is an important factor that can contribute to company performance (Musallam et al., 2018).

Theoretical Framework and Hypothesis Development

In recent years, numerous capital market regulators and academics have begun to realize the importance of audit committees (Al-ahdal & Hashim, 2021). The audit committee's responsibility is to oversee the quality and reliability of the corporate financial reporting (Almaqtari et al., 2021; Safari Gerayli et al., 2021). Agency theory proposed how corporate governance mechanism can reduce agency costs (Eisenhardt, 1989).

Agency theory has been widely used in various research fields, for example in accounting, economics (Spence & Zeckhauser, 1978), finance (Basu et al., 1985), and organizational behavior (Eisenhardt, 1989; Kosnik, 1987). Agency theory is a theory derived from positive accounting theory, which conceptually explains and predicts the behavior of the agents and principals in the companies (Jensen & Meckling, 1976). The relationship between agents and principals in the companies is called the agency relationship. Jensen & Meckling (1976) as the first to conduct a theoretical exposition of agency theory define agency relations as follows:

> *"We define an agency relationship as a contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf which involves delegating some decisionmaking authority to the agent. If both parties to the relationship are utility maximizers, there is good reason to believe that the agent will not always act in the best interests of the principal."*

One of the way to suppress opportunistic managerial behavior is through a corporate governance mechanism. Fama & Jensen (1983) illustrates how efficient capital markets and boards can play an important role in suppressing managerial opportunism. The existence of an audit committee and board plays an important role in corporate governance by limiting management's opportunistic behavior (Sultana, 2015). Management's opportunistic behavior can be suppressed through comprehensive oversight of financial reporting, audit processes, monitoring of internal control mechanisms and risk management practices (Al-Mamun et al., 2014; Al-Okaily & Naueihed, 2019; Rahman et al., 2019). Meanwhile, Al-ahdal & Hashim (2021) argue that the audit committee is the most important corporate governance tool to minimize manager errors, unlawful acts, improve financial performance and increase the reliability of financial reporting. Therefore, this study attempts to bridge the research gap through evaluating the importance of the role of audit committee characteristics and the role of women in board on firm performance.

A number of previous studies (eg. Aldamen et al., 2012; Al-Okaily & Naueihed, 2019; Chen & Li, 2013) link audit characteristics and firm performance. The effectiveness of the audit committee was found to have a significant impact on financial reporting quality, internal audit quality and external audit quality. In addition, the presence of more effective audit committee management is more likely to make better financial decisions (Velte, 2017). Dao et al. (2013) argue that companies in the United States with higher audit committee experience have a negative impact on the cost of equity capital, which in turn increases the operational efficiency and profitability of the company. Furthermore, Chen & Li (2013), who argue that the voluntary adoption of strict audit committee requirements in which all members are independent and have financial expertise has an effect on efficiency and better operational performance.

Previous research has shown that various attributes related to the audit committee affect the company's performance. This is because an effective audit committee is able to improve internal control by reducing agency costs (Naimah & Mukti, 2019). This is in line with the point of view of resource dependence theory which shows that companies can achieve better performance when the size of the audit committee is larger. Audit committees can be leveraged in terms of expertise and diverse experience to improve oversight and benefit shareholders and other stakeholders (Mohd Saleh et al., 2007; Pearce II & Zahra, 1992).

Therefore, based on previous research, the proposed hypothesis regarding the relationship between the characteristics of the audit committee and company performance in family and non-family companies is as follows:

H1 : Audit Committee Characteristics has effect on firm performance
H1a : Audit Committee Characteristics has effect on ROA
H1b : Audit Committee Characteristics has effect on ROE
H1c : Audit Committee Characteristics has effect on Tobin's Q

Previous research has shown that audit committees are less effective in family-controlled firms because members have to remain loyal to family members to develop informal personal relationships with them to ensure their re-appointment in the future (Al-Okaily & Naueihed, 2019). Because members of the audit committee in family companies cannot oppose and therefore must remain loyal to the controlling family members who employ them.

H2 : The effect of audit committee size on firm performance will be significantly different between family and non-family firms.

Previous research has shown that female managers are more conscientious than male managers when it comes to making major decisions within the company (Huang & Kisgen, 2013; Levi et al., 2014; Moreno-Gómez & Calleja-Blanco, 2018).Adams & Ferreira (2009) shows that female managers are more diligent in monitoring and demanding more audit efforts than male managers. Various studies have shown that, gender diversity in the composition of the board can compensate for weak corporate governance and can generate more economic benefits (Gordini & Rancati, 2017; Pucheta-Martínez & Gallego-Álvarez, 2020).

Furthermore, previous research has begun to emphasize the benefits of gender diversity on corporate boards (Harris et al., 2019; Srinidhi et al., 2011). The level of gender diversity in corporate boards makes discussions on boards livelier and more interactive and sometimes male colleagues' productivity when women are in charge of a job (Muttakin et al., 2012).

Therefore, based on previous research, the proposed hypothesis regarding the relationship between women on boards and firm performance is as follows:

H3 : Women on Boards has effect on firm performance
H3a : Women on Boards has effect on ROA
H3b : Women on Boards has effect on ROE
H3c : Women on Boards has effect on Tobin's Q

Theoretically, many theories from various fields have presented various arguments about the economic benefits of women's participation in boards such as agency theory (Fama & Jensen, 1983; Jensen & Meckling, 1976), resource dependence theory (Reguera-Alvarado et al., 2017) and stakeholder theory (Freeman, 2010). Nonetheless, Cabrera-Fernández et al.

(2016) stated that there is no specific theory that can explain the economic benefits of women's participation on corporate boards.

Kanter (1977) has different views, token status theory claimed that in a family-concentrated business and a patriarchal society, woman managers are considered merely as a token and, consequently, their influence on firm performance is insignificant. This is reinforced by several previous studies, the appointment of women in board in family businesses is chosen based on family ties and not business expertise, so that the existence of female councils does not have a significant effect in several countries such as Italy, Indonesia, Spain, France, and Switzerland (Bianco et al., 2015; Darmadi, 2013; Martín-Ugedo & Minguez-Vera, 2014; Nekhili & Gatfaoui, 2013; Ruigrok et al., 2007).

Therefore, based on previous research, the proposed hypothesis regarding the relationship between women on boards and firm performance in family and non-family companies is as follows:

H4 : The effect of women on board on firm performance will be significantly different between family and non-family firms.

2. Research Methodology

This research aims to examine the characteristics of the audit committee and women on board on firm performance of manufacturing companies in Indonesia. Furthermore, this study also pays attention to the factor of family ownership. This is because family ownership in Indonesia is common and it is an important factor that can contribute to company performance (Musallam et al., 2018).

The sampling technique used was purposive sampling with the criteria of companies that published complete. Based on these criteria, the number of samples obtained is 154 manufacturing companies (462 observations).

Variable Measurement & Statistical Model

In order to investigate characteristics of the audit committee and women on board on firm performance of manufacturing companies in Indonesia, the dependent variable is firm performance (ROA, ROE, and Tobin's Q). The independent variables in this research are audit committee characteristics (ACC), and women on board (WOMEN). Audit committee characteristic measurement is adopted from Al-ahdal & Hashim (2021). Last, the moderating variables is family ownership (FAMILY). Table 1 shows the measurement of variables.

Table 1. Variable Measurement

Variable	Measurement
ROA	$ROA = \frac{NET\ INCOME}{TOTAL\ ASSET}$
ROE	$ROE = \frac{NET\ INCOME}{TOTAL\ EQUITY}$
Tobin's Q	$TOBINSQ = \frac{MARKET\ VALUE}{TOTAL\ ASSETS}$
ACC	1. The firm has constituted an AC 2. The audit committee consists entirely of board of commissioners 3. As a minimum, 2/3 (two-thirds) of the members of the AC must be independent

Variable	Measurement
	directors 4. An independent commissioners must chair the audit committee 5. The audit committee must include 1 (one) member who have knowledge, expertise and experience in accounting 6. As a minimum, the AC must have 4 (three) members 7. The chair of the audit committee must be present at the Annual General Meeting 8. The AC must have a written charter document or terms of reference 9. The AC must meet 2 (two) times or more within a 1-year period 10. A minimum attendance of 75% is compulsory for all members at board meetings
WOMEN	If in the boards have women, then this study assigns 1, otherwise 0 for all non-women in board
FAMILY	If the firm is family firm, then this study assigns 1, otherwise 0 for all non-family firms.
LEV	The ratio of total long-term debts to total assets
FIRM SIZE	LN Total Assets
LIQ	Current Assets / Current Liability

Using 462 data observations of 154 Indonesia manufacturing companies for the period from 2019 to 2021. Multiple Regression Analysis and Moderated Regression Analysis is used to investigates the effects of characteristics of the audit committee and women on board on firm performance. The following regression model is:

$$\boldsymbol{FP = \alpha + \beta_1 ACC + \beta_2 WOMEN + \beta_4 FAMILY + \beta_5 LEV + \beta_6 SIZE + \beta_7 LIQ + \varepsilon} \quad \textbf{(1)}$$

$$\boldsymbol{FP = \alpha + \beta_1 ACC + \beta_2 WOMEN + \beta_3 FAMILY + \beta_4 ACC * FAMILY + \beta_5 WOMEN * FAMILY + \beta_6 LEV + \beta_7 SIZE + \beta_8 LIQ + \varepsilon} \quad \textbf{(2)}$$

3. Result

Table 2 summarizes the descriptive statistics of dependent, independent and control variables for full sample year.

Table 2. Descriptive Statistics

	Mean	Median	Maximum	Minimum	Std. Dev.
n= 452					
ROA	0.129	0.088	2.870	0.001	0.206
ROE	0.239	0.169	2.574	0.000	0.281
TOBINS	2.030	1.096	63.917	0.067	4.497
ACC	0.621	0.600	0.800	0.500	0.060
WOMEN	0.563	1.000	1.000	0.000	0.497
FAMILY	0.864	1.000	1.000	0.000	0.344
SIZE	28.441	28.240	33.537	23.633	1.648
LEV	0.504	0.452	5.168	0.000	0.488

ROA = Return on Assets; ROE = Return on Equity Assets, TOBINS = Tobin'Q; ACC = Audit Committee Characteristics, WOMEN = Women on Board; FAMILY = Family Ownership; SIZE = Firm Size; LEV = Leverage

Table 3. Multiple Regression Analysis

	ROA Model			ROE Model			Tobins Q Model		
Variable	**Coefficient**	**t-Statistic**	**Sig.**	**Coefficient**	**t-Statistic**	**Sig.**	**Coefficient**	**t-Statistic**	**Sig.**
Constant	-1.072	-6.768	0.000	-1.279	-6.766	0.000	-1.187	-0.235	0.815
ACC	2.051	15.174	0.000***	2.487	13.885	0.000***	10.674	1.948	0.052**
WOMEN	1.758	2.637	0.045**	1.984	3.194	0.032**	0.784	0.992	0.127
FAMILY	1.127	2.156	0.017**	1.027	3.056	0.029**	1.508	2.330	0.021**
ACC*FAMILY	0.034	0.842	0.400	1.296	1.579	0.015**	1.576	2.296	0.022**
WOMEN*FAMILY	0.011	0.617	0.538	0.008	0.286	0.775	-0.280	-0.270	0.787
SIZE	-0.004	-0.778	0.437	0.001	0.159	0.874	-0.170	-1.159	0.248
LEV	0.000	-0.008	0.993	0.016	0.875	0.382	-0.217	-0.441	0.660
Adjusted R-squared	0.359			0.313			0.241		
F-statistic	37.852			29.537			1.914		
Prob(F-statistic)	0.000			0.000			0.000		
Note:									
*** significant at the 0.01 level; ** significant at the 0.05 level; * significant at the 0.1 level									
ROA = Return on Assets; ROE = Return on Equity Assets, TOBINS = Tobin'Q; ACC = Audit Committee Characteristics, WOMEN = Women on Board; FAMILY = Family Ownership; SIZE = Firm Size; LEV = Leverage									

Previous research has shown that various attributes related to the audit committee affect the company's performance. This is because an effective audit committee is able to improve internal control by reducing agency costs (Naimah & Mukti, 2019). Table 3 present that ACC has positive effect on FP in all model (H1 supported). This result is consistent with previous studies that audit committee was found to have a significant impact on financial reporting quality, internal audit quality and external audit quality. This is consistent with the point of view of resource dependence theory which shows that companies can achieve better performance when the size of the audit committee is larger. Audit committees can be leveraged in terms of expertise and diverse experience to improve oversight and benefit shareholders and other stakeholders (Mohd Saleh et al., 2007; Pearce II & Zahra, 1992). This result is different with several previous research that found the association audit committee characteristics and firm performance and found a positive association between audit committee size, audit committee independence and firm performance, but the associations were not significant (Al-ahdal & Hashim, 2021; Al-Matari, 2013).

FAMILY has significant positive impact on firm performance in all model. It indicates that positive impact of family ownership on the firm performance of listed manufacturing firm of Indonesia. This result is consistent with previous research that found that family ownership have significant effect on ACC (Al-Okaily & Naueihed, 2019; Meah et al., 2021). In addition, table 2 show that ACC*FAMILY has significant effect on ROE and Tobin's Q, it indicates that ACC in family and non-family firm its different (H2 supported). This result indicate that the performance of family ownership will increase with the increased level of ACC.

Previous research has shown that female managers are more conscientious than male managers when it comes to making major decisions within the company (Huang & Kisgen, 2013; Levi et al., 2014; Moreno-Gómez & Calleja-Blanco, 2018). Table 3 present that there is assosication between WOMEN and FP in ROA and ROE Model (H3 supported). This result is consistent with previous research. The level of gender diversity in corporate boards makes discussions on boards livelier and more interactive and sometimes male colleagues' productivity when women are in charge of a job (Muttakin et al., 2012). In addition, table 3 show that ACC*WOMEN has insignificant effect on ROE and Tobin's Q, it indicate that ACC in family and non-family firm it's not different (H4 not supported).

4. Conclusions

This research aims to examine the characteristics of the audit committee and women on board on firm performance of manufacturing companies in Indonesia. Furthermore, this study also pays attention to the factor of family ownership. This is because family ownership in Indonesia is common and it is an important factor that can contribute to company performance (Musallam et al., 2018). The sampling technique used was purposive sampling with the criteria of companies that published complete. Based on these criteria, the number of samples obtained is 154 manufacturing companies (462 observations).

This result is consistent with previous studies that audit committee was found to have a significant impact on financial reporting quality, internal audit quality and external audit quality. This result is different with several previous research that found the association audit committee characteristics and firm performance and found a positive association between audit committee size, audit committee independence and firm performance, but the associations were not significant (Al-ahdal & Hashim, 2021; Al-Matari, 2013).

In addition, table 2 show that ACC*FAMILY has significant effect on ROE and Tobin's Q, it indicates that ACC in family and non-family firm its different. This result indicate that the performance of family ownership will increase with the increased level of ACC.

Previous research has shown that female managers are more conscientious than male managers when it comes to making major decisions within the company (Huang & Kisgen, 2013; Levi et al., 2014; Moreno-Gómez & Calleja-Blanco, 2018). This result is consistent with previous research. The level of gender diversity in corporate boards makes discussions on boards livelier and more interactive and sometimes male colleagues' productivity when women are in charge of a job (Muttakin et al., 2012). In addition, this result show that ACC*WOMEN has insignificant effect on ROE and Tobin's Q, it indicates that ACC in family and non-family firm it's not different.

This research is to provide further enrichment related to the problem of inconsistency in the relationship between audit committee characteristics and firm performance, especially there are not many such research in emerging countries such as Indonesia, especially regarding to the existence of strong family ownership in Indonesia companies.

This study used audit committee characteristics from (Al-ahdal & Hashim, 2021). Further research can use other audit committee characteristics such as expertise, audit committee size, frequency of meeting to examine the relationship between audit committee characteristics and firm performance.

References

Abbott, L. J., Parker, S., & Peters, G. F. (2002). *Audit Committee Characteristics and Financial Misstatement: A Study of the Efficacy of Certain Blue Ribbon Committee Recommendations* (SSRN Scholarly Paper No. 319125). Social Science Research Network. https://doi.org/10.2139/ssrn.319125

Abdullah, W. Z. W., Ismail, S., & Jamaluddin, N. (2008). The Impact Of Board Composition, Ownership and CEO Duality On Audit Quality: The Malaysian Evidence.

Management & Accounting Review (MAR), *7*(2), 17–28. https://doi.org/10.24191/mar.v7i2.266

Adams, R. B., & Ferreira, D. (2009). Women in the boardroom and their impact on governance and performance. *Journal of Financial Economics*, *94*(2), 291–309. https://doi.org/10.1016/j.jfineco.2008.10.007

Al-ahdal, W. M., & Hashim, H. A. (2021). Impact of audit committee characteristics and external audit quality on firm performance: Evidence from India. *Corporate Governance: The International Journal of Business in Society*, *22*(2), 424–445. https://doi.org/10.1108/CG-09-2020-0420

Aldamen, H., Duncan, K., Kelly, S., McNamara, R., & Nagel, S. (2012). Audit committee characteristics and firm performance during the global financial crisis. *Accounting & Finance*, *52*(4), 971–1000. https://doi.org/10.1111/j.1467-629X.2011.00447.x

Al-Mamun, A., Yasser, Q. R., Rahman, M. A., Wickramasinghe, A., & Nathan, T. M. (2014). Relationship between audit committee characteristics, external auditors and economic value added (EVA) of public listed firms in Malaysia. *Corporate Ownership and Control*, *12*(1), 899–910. https://doi.org/10.22495/cocv12i1c9p12

Almaqtari, F. A., Link to external site, this link will open in a new window, Hashed, A. A., Link to external site, this link will open in a new window, Shamim, M., Link to external site, this link will open in a new window, & Al-ahdal, W. M. (2021). Impact of corporate governance mechanisms on financial reporting quality: A study of Indian GAAP and Indian Accounting Standards. *Problems and Perspectives in Management*, *18*(4), 1–13. http://dx.doi.org/10.21511/ppm.18(4).2020.01

Almarayeh, T. (2021). Board gender diversity, board compensation and firm performance. Evidence from Jordan. *Journal of Financial Reporting and Accounting*, *ahead-of-print*(ahead-of-print). https://doi.org/10.1108/JFRA-05-2021-0138

Al-Matari, Y. A. A. T. (2013). *Board of Directors, Audit Committee Characteristics and The Performance of Public Listed Companies in Saudi Arabia* [Phd, Universiti Utara Malaysia]. https://etd.uum.edu.my/3802/

Al-Okaily, J., & Naueihed, S. (2019). Audit committee effectiveness and family firms: Impact on performance. *Management Decision*, *58*(6), 1021–1034. https://doi.org/10.1108/MD-04-2018-0422

Basu, A. K., Lal, R., Srinivasan, V., & Staelin, R. (1985). Salesforce Compensation Plans: An Agency Theoretic Perspective. *Marketing Science*, *4*(4), 267–291. https://doi.org/10.1287/mksc.4.4.267

Bédard, J., & Gendron, Y. (2010). Strengthening the Financial Reporting System: Can Audit Committees Deliver? *International Journal of Auditing*, *14*(2), 174–210. https://doi.org/10.1111/j.1099-1123.2009.00413.x

Bianco, M., Ciavarella, A., & Signoretti, R. (2015). Women on Corporate Boards in Italy: The Role of Family Connections. *Corporate Governance: An International Review*, *23*(2), 129–144. https://doi.org/10.1111/corg.12097

Bronson, S. N., Carcello, J. V., Hollingsworth, C. W., & Neal, T. L. (2009). Are fully independent audit committees really necessary? *Journal of Accounting and Public Policy*, *28*(4), 265–280. https://doi.org/10.1016/j.jaccpubpol.2009.06.001

Cabrera-Fernández, A. I., Martínez-Jiménez, R., & Hernández-Ortiz, M. J. (2016). Women's participation on boards of directors: A review of the literature. *International Journal of Gender and Entrepreneurship*, *8*(1), 69–89. https://doi.org/10.1108/IJGE-02-2015-0008

Chan, K. C., & Li, J. (2008). Audit Committee and Firm Value: Evidence on Outside Top Executives as Expert-Independent Directors. *Corporate Governance: An International Review*, *16*(1), 16–31.

Chen, F., & Li, Y. (2013). Voluntary Adoption of More Stringent Governance Policy on Audit Committees: Theory and Empirical Evidence. *The Accounting Review*, *88*(6), 1939–1969. https://doi.org/10.2308/accr-50541

Chhaochharia, V., & Laeven, L. (2009). Corporate governance norms and practices. *Journal of Financial Intermediation*, *18*(3), 405–431. https://doi.org/10.1016/j.jfi.2008.10.001

Dao, M., Huang, H.-W., & Zhu, J. (2013). The Effects of Audit Committee Members' Age and Additional Directorships on the Cost of Equity Capital in the USA. *European Accounting Review*, *22*(3), 607–643. https://doi.org/10.1080/09638180.2012.739823

Darmadi, S. (2013). Do women in top management affect firm performance? Evidence from Indonesia. *Corporate Governance: The International Journal of Business in Society*, *13*(3), 288–304. https://doi.org/10.1108/CG-12-2010-0096

Eisenhardt, K. M. (1989). Agency Theory: An Assessment and Review. *Academy of Management Review*, *14*(1), 57–74. https://doi.org/10.5465/amr.1989.4279003

Fama, E. F., & Jensen, M. C. (1983). Separation of Ownership and Control. *The Journal of Law and Economics*, *26*(2), 301–325. https://doi.org/10.1086/467037

Freeman, R. E. (2010). *Strategic Management: A Stakeholder Approach*. Cambridge University Press.

Gordini, N., & Rancati, E. (2017). Gender diversity in the Italian boardroom and firm financial performance. *Management Research Review*, *40*(1), 75–94. https://doi.org/10.1108/MRR-02-2016-0039

Harris, O., Karl, J. B., & Lawrence, E. (2019). CEO compensation and earnings management: Does gender really matters? *Journal of Business Research*, *98*, 1–14. https://doi.org/10.1016/j.jbusres.2019.01.013

Huang, J., & Kisgen, D. J. (2013). Gender and corporate finance: Are male executives overconfident relative to female executives? *Journal of Financial Economics*, *108*(3), 822–839. https://doi.org/10.1016/j.jfineco.2012.12.005

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

Kanter, R. M. (1977). Some Effects of Proportions on Group Life: Skewed Sex Ratios and Responses to Token Women. *American Journal of Sociology*, *82*(5), 965–990.

Klein, A. (1998). Firm Performance and Board Committee Structure. *The Journal of Law and Economics*, *41*(1), 275–304. https://doi.org/10.1086/467391

Klein, A. (2002). Audit committee, board of director characteristics, and earnings management. *Journal of Accounting and Economics*, *33*(3), 375–400. https://doi.org/10.1016/S0165-4101(02)00059-9

Kosnik, R. D. (1987). Greenmail: A Study of Board Performance in Corporate Governance. *Administrative Science Quarterly*, *32*(2), 163–185. https://doi.org/10.2307/2393124

Levi, M., Li, K., & Zhang, F. (2014). Director gender and mergers and acquisitions. *Journal of Corporate Finance*, *28*, 185–200. https://doi.org/10.1016/j.jcorpfin.2013.11.005

Martín-Ugedo, J. F., & Minguez-Vera, A. (2014). Firm Performance and Women on the Board: Evidence from Spanish Small and Medium-Sized Enterprises. *Feminist Economics*, *20*(3), 136–162. https://doi.org/10.1080/13545701.2014.895404

Masulis, R. W., Wang, C., & Xie, F. (2012). Globalizing the boardroom—The effects of foreign directors on corporate governance and firm performance. *Journal of Accounting and Economics*, *53*(3), 527–554. https://doi.org/10.1016/j.jacceco.2011.12.003

Mateos de Cabo, R., Gimeno, R., & Nieto, M. J. (2012). Gender Diversity on European Banks' Boards of Directors. *Journal of Business Ethics*, *109*(2), 145–162. https://doi.org/10.1007/s10551-011-1112-6

Meah, M. R., Sen, K. K., & Ali, M. H. (2021). Audit Characteristics, Gender Diversity and Firm Performance: Evidence from a Developing Economy. *Indian Journal of Corporate Governance*, *14*(1), 48–70.

Mensi-Klarbach, H. (2014). Gender in top management research: Towards a comprehensive research framework. *Management Research Review*, *37*(6), 538–552. https://doi.org/10.1108/MRR-03-2013-0066

Mohd Saleh, N., Mohd Iskandar, T., & Mohid Rahmat, M. (2007). Audit committee characteristics and earnings management: Evidence from Malaysia. *Asian Review of Accounting*, *15*(2), 147–163. https://doi.org/10.1108/13217340710823369

Moreno-Gómez, J., & Calleja-Blanco, J. (2018). The relationship between women's presence in corporate positions and firm performance: The case of Colombia. *International Journal of Gender and Entrepreneurship*, *10*(1), 83–100. https://doi.org/10.1108/IJGE-10-2017-0071

Musallam, S. R. M., Fauzi, H., & Nagu, N. (2018). Family, institutional investors ownerships and corporate performance: The case of Indonesia. *Social Responsibility Journal*, *15*(1), 1–10. https://doi.org/10.1108/SRJ-08-2017-0155

Muttakin, M. B., Khan, A., & Subramaniam, N. (2012). *Board Structure and Firm Performance: Evidence from an Emerging Economy* (SSRN Scholarly Paper No. 2155231). Social Science Research Network. https://papers.ssrn.com/abstract=2155231

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*. https://doi.org/10.1108/AJAR-05-2019-0036

Nekhili, M., & Gatfaoui, H. (2013). Are Demographic Attributes and Firm Characteristics Drivers of Gender Diversity? Investigating Women's Positions on French Boards of Directors. *Journal of Business Ethics*, *118*(2), 227–249. https://doi.org/10.1007/s10551-012-1576-z

Nelson, S. P., & Devi, S. (2013). Audit committee experts and earnings quality. *Corporate Governance: The International Journal of Business in Society*, *13*(4), 335–351. https://doi.org/10.1108/CG-02-2011-0009

Ntim, C. G. (2015). Board diversity and organizational valuation: Unravelling the effects of ethnicity and gender. *Journal of Management & Governance*, *19*(1), 167–195. https://doi.org/10.1007/s10997-013-9283-4
Pearce II, J. A., & Zahra, S. A. (1992). Board Composition from a Strategic Contingency Perspective. *Journal of Management Studies*, *29*(4), 411–438. https://doi.org/10.1111/j.1467-6486.1992.tb00672.x
Pucheta-Martínez, M. C., & Gallego-Álvarez, I. (2020). Do board characteristics drive firm performance? An international perspective. *Review of Managerial Science*, *14*(6), 1251–1297. https://doi.org/10.1007/s11846-019-00330-x
Rahman, M. M., Meah, M. R., & Chaudhory, N. U. (2019). The Impact of Audit Characteristics on Firm Performance: An Empirical Study from an Emerging Economy. *The Journal of Asian Finance, Economics and Business*, *6*(1), 59–69. https://doi.org/10.13106/jafeb.2019.vol6.no1.59
Reguera-Alvarado, N., de Fuentes, P., & Laffarga, J. (2017). Does Board Gender Diversity Influence Financial Performance? Evidence from Spain. *Journal of Business Ethics*, *141*(2), 337–350. https://doi.org/10.1007/s10551-015-2735-9
Ruigrok, W., Peck, S., & Tacheva, S. (2007). Nationality and Gender Diversity on Swiss Corporate Boards. *Corporate Governance: An International Review*, *15*(4), 546–557. https://doi.org/10.1111/j.1467-8683.2007.00587.x
Safari Gerayli, M., Rezaei Pitenoei, Y., & Abdollahi, A. (2021). Do audit committee characteristics improve financial reporting quality in emerging markets? Evidence from Iran. *Asian Review of Accounting*, *29*(2), 251–267. https://doi.org/10.1108/ARA-10-2020-0155
Seierstad, C., & Huse, M. (2017). Gender Quotas on Corporate Boards in Norway: Ten Years Later and Lessons Learned. In C. Seierstad, P. Gabaldon, & H. Mensi-Klarbach (Eds.), *Gender Diversity in the Boardroom: Volume 1: The Use of Different Quota Regulations* (pp. 11–45). Springer International Publishing. https://doi.org/10.1007/978-3-319-56142-4_2
Spence, M., & Zeckhauser, R. (1978). 20—Insurance, Information, and Individual Action. In P. Diamond & M. Rothschild (Eds.), *Uncertainty in Economics* (pp. 333–343). Academic Press. https://doi.org/10.1016/B978-0-12-214850-7.50027-9
Srinidhi, B., Gul, F. A., & Tsui, J. (2011). Female Directors and Earnings Quality*. *Contemporary Accounting Research*, *28*(5), 1610–1644. https://doi.org/10.1111/j.1911-3846.2011.01071.x
Sultana, N. (2015). Audit Committee Characteristics and Accounting Conservatism. *International Journal of Auditing*, *19*(2), 88–102. https://doi.org/10.1111/ijau.12034