

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

THESIS

**In Partial Fulfillment of the Requirements for the Degree of
Bachelor of Accounting**



**MELYANA HANDOKO
SRN: 122110022**

**ACCOUNTING DEPARTMENT
FACULTY OF ECONOMICS AND BUSINESS
UNIVERSITAS MA CHUNG
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LEMBAR PENGESAHAN

Skripsi berjudul:

“Audit Committee Characteristics and Financial Restatements: Evidence from Two-Tiered System”

yang dipersiapkan dan disusun oleh:

Nama : Melyana Handoko

NIM : 122110022

Program Studi : Akuntansi

Telah berhasil dipertahankan di hadapan Dewan Penguji Program Studi Akuntansi Fakultas Ekonomi dan Bisnis Universitas Ma Chung, pada tanggal 18 Juli 2025 dan memenuhi syarat untuk diterima sebagai salah satu syarat guna memperoleh gelar Sarjana Akuntansi Strata Satu (S1).

Dosen Pembimbing 1

Tarsisius Renald Suganda S.E., M.Si., Ph.D., CRA, CIC.

NIP. 20080021

Dosen Pembimbing 2

Rino Tam Cahyadi, S.E., MSA.

NIP. 20190012

Dosen Penguji 1

Dian Wijayanti, S.E., M.Sc.

NIP. 20090018

Dosen Penguji 2

Bagas Brian Pratama, S.Tr.Ak., M.Tr.Ak.

NIP. 20230002

Mengesahkan,
Dekan Fakultas Ekonomi dan Bisnis



Tarsisius Renald Suganda S.E., M.Si., Ph.D., CRA, CIC.

NIP. 20080021

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Melyana Handoko

NIM. 122110022

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NIM. 122110022

ABSTRAK

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-kata kunci: Karakteristik komite audit, financial restatement, keberagaman gender, corporate governance, Bursa Efek 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

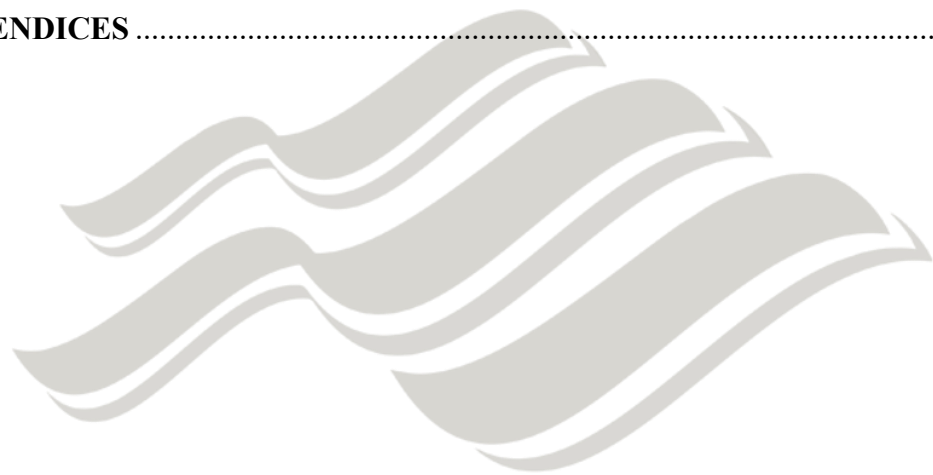
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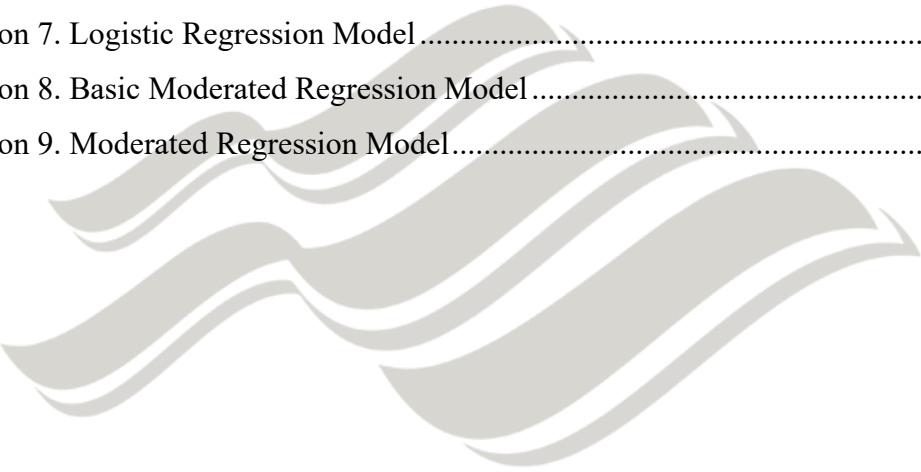
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CHAPTER I

INTRODUCTION

1.1. Research Background

Financial statements are documents that summarize a company's activities, financial position, and business performance, providing critical information for shareholders to assess the company's condition to make financial decisions (Hasnan et al., 2021). However, errors in published financial statements may necessitate a restatement. Restated financial statements reflect inaccuracies in the reported information, material misstatements, as well as an indication of the company's failure to comply with the applicable accounting standards (Hasnan et al., 2021; Rustiarini et al., 2023).

Indonesia Financial Accounting Standards 25 issued by the Indonesian Financial Accounting Standards Board (2018) states that the condition that requires a company to restate its financial statements is the rectification of errors from prior reporting periods (Herlina & Oktarina, 2021; Kumara et al., 2023), whether due to mathematical calculation errors, incorrect interpretations, incorrect application of accounting policies, or fraud (Wulanditya, 2022). Since the restatement itself is identical to error correction, prior literature suggests that the terms "restatement" and "misstatement" are sometimes interchangeable (Hasnan et al., 2021; Rezaee et al., 2021).

The likelihood of financial restatement can be reduced through good corporate governance (Hasnan et al., 2022). Corporate governance integrates

various mechanisms designed to oversee and control the company directly. By acting as a balancing force, it ensures that the opportunistic behaviour of managers does not infringe upon the rights of shareholders, thereby aligning the interests of all parties within the company (Hasnan et al., 2021).

The Indonesia Corporate Governance Manual (IFC Indonesia, 2018) identifies that Indonesia adheres to a two-tiered corporate governance system. This system separates the authorities of the supervisory board and executive board. However, this separation may lead to agency conflicts due to the complexities of interactions between the Board of Commissioners and the Board of Directors. Furthermore, the dominance of the Board of Directors in company management and decision-making processes creates a potential opportunity for them to mislead the financial statement information (Rustiarini et al., 2023).

This role imbalance can be mitigated through the establishment of various committees under the Board of Commissioners, which functions as a supervisory board. One of the most effective committees that have the authority to oversee risk management, financial reporting, both internal and external audits is the audit committee (Salehi et al., 2021). The audit committee plays a crucial role in the corporate governance framework, ensuring the company's performance and financial reporting quality (Oradi & Izadi, 2020).

The establishment of an audit committee is a mandatory requirement for all public companies within the Indonesia Stock Exchange (IFC Indonesia, 2018; OJK, 2015). While the Board of Directors holds fiduciary responsibility, compelling them to “act for the common good”, the audit committee functions as a “watchdog” to

ensure the integrity and compliance of financial statements with relevant standards (Al-ahdal & Hashim, 2022; Hasnan et al., 2022; Pathak et al., 2021). Moreover, according to the perspective of the agency theory proposed by Jensen & Meckling (1976), the audit committee also plays a crucial role in mitigating agency-related conflicts (Oradi & Izadi, 2020).

Apart from its importance in the corporate governance mechanism, the existence of an audit committee is often scrutinized in prior studies. Some studies question whether this committee genuinely fulfils their supervisory roles or if it simply serves to legitimize the decisions made by top management (Pathak et al., 2021). When functioning effectively, an audit committee has the potential to minimize the risk of financial restatements (Salehi et al., 2021). However, the effectiveness of the committee in preventing such issues is also influenced by its characteristics. This aligns with the notion that decision-making is closely tied to the traits of the individuals involved (Rustiarini et al., 2023).

Researchers suggest that the characteristics of an audit committee may be linked to the occurrence of financial restatements. Hasnan et al. (2022) discovered that a larger audit committee, which is independent and meets frequently, is better equipped to respond to changes effectively. In contrast, Jovani et al. (2022) argued that the size and independence of the audit committee do not significantly influence the likelihood of financial restatements.

From a cultural perspective, these inconsistencies may relate to variations in uncertainty-avoidance and power-distance norms. In Indonesia, for instance, low uncertainty-avoidance index (score 48) and high power distance (score 78) suggests

a tolerance for ambiguity and strong hierarchical norms. As a result, control mechanisms may function more as symbolic rituals to assert power rather than tools for substantive oversight (Hofstede et al., 2010).

When these two cultural dimensions are linked to corporate governance, several empirical findings reveal gaps between research outcomes in Indonesia and those in other regions—particularly concerning board independence and meeting frequency. Normally, the more independent a board is, the more objective it is in protecting shareholders' interests (Mardessi, 2021; Salehi et al., 2021). However, empirical evidence in Indonesia shows that independent commissioners do not always represent minority shareholders (Sanjaya & Setiawan, 2023). Regarding meetings, board meetings are generally expected to reduce the potential for restatements (Wan Mohammad et al., 2018) and earnings management (Abbas, 2020). Yet, Vafeas & Vlittis (2024) found that the frequency of meetings may indicate underlying problems within the company.

Beyond size, independence, and meeting frequency, other committee characteristics—such as age and tenure—have also drawn attention in recent governance studies. Tenure itself frequently correlates with age. This suggests that as audit committee members age, their tenure tends to increase accordingly (Hasnan et al., 2022). Prior research assumed that the experience and institutional memory gained by long-serving members during their tenure may enhance the audit committee's overall effectiveness. This “expertise hypothesis” is proven by Schrader & Sun (2021) and Sultana et al. (2019). On the other hand, the latest studies revealed that these characteristics do not affect financial restatement. As

committee members age, they often fail to keep up with the latest standards and qualifications relevant to their roles (Hasnan et al., 2022; Pathak et al., 2021).

Another potentially important factor that can influence the monitoring behaviour of audit committees is the presence of government officials or former officials among their members (Jamil, 2020). In emerging markets like Malaysia, such political connection is a unique societal feature. A study by Hasnan et al. (2022) proved that companies with political connections tend to do fewer restatements. Considering that Indonesia and Malaysia share similar traits as developing countries, creating avenues to conduct more research examining the power of political connections to affect the audit committee's effectiveness.

Inconsistent findings through prior studies are also evident in the context of gender diversity. Women's rights, including the right to have equal opportunities to participate at all levels of decision-making in political, economic, and societal life, are included in 17 Sustainable Development Goals/SDGs (United Nations, 2024). However, Indonesia, with its severe patriarchal values (Hamdy & Hudri, 2022), tends to underestimate women's talent. Research shows that men and women possess distinct mental and physical 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). This divergence highlights the unique strengths both genders bring to decision-making processes. Recognizing and valuing these diverse cognitive approaches could enhance collective outcomes, especially in roles requiring strategic oversight and ethical judgment.

In terms of audit committees, gender diversity is widely used as an independent variable, and it is proven that the presence of at least one female member can reduce potential restatement (Oradi & Izadi, 2020; Pathak et al., 2021). Nevertheless, recent findings by Hasnan et al. (2022) found an insignificant association between female presence and financial restatements. This can be attributed to the relatively small proportion of women on these committees, as evidenced by the small difference in mean value, which is only 0,04 between restatement and non-restatement companies. In other words, in the context of financial restatement, gender is not robust enough to be used as a predictor. Nevertheless, it can be considered as a moderating variable. Abbas (2020) supports this notion, proving that the presence of women is very significant in moderating other audit committee characteristics on earnings management and suggesting that audit committees in Nigeria, as the research location, should consist of at least 40% women.

This study focuses on companies in Indonesia's Consumer Business, Energy, and Manufacturing sectors that have the highest percentage of women on board. The aim is to empirically investigate how the characteristics of audit committees influence financial restatements in these industries, with specific emphasis on how gender diversity within the audit committee serves as a moderating factor. Given the background and inconsistencies of prior research, I am interested in conducting research with the title **“Audit Committee Characteristics and Financial Restatements: Evidence from Two-Tiered System”**.

1.2. Research Questions

Based on the background described above, this study seeks to address the following research questions:

1. Does the size of the audit committee have a negative influence on the likelihood of financial restatements?
2. Does the independence of the audit committee have a positive influence on the likelihood of financial restatements?
3. Does the frequency of audit committee meetings have a positive influence on the likelihood of financial restatements?
4. Does the tenure of audit committee members have a negative influence on the likelihood of financial restatements?
5. Does the age of audit committee members have a negative influence on the likelihood of financial restatements?
6. Do the political connections of audit committee members have a negative influence on the likelihood of financial restatements?
7. Does gender diversity within the audit committee enhance the negative relationship between committee size and financial restatements?
8. Does gender diversity within the audit committee weaken the positive association between committee independence and financial restatements?
9. Does gender diversity within the audit committee reduce the positive link between meeting frequency and the incidence of financial restatements?
10. Does gender diversity within the audit committee strengthen the negative link between committee members' tenure and financial restatements?

11. Does gender diversity within the audit committee enhance the negative relationship between members' age and financial restatements?
12. Does gender diversity within the audit committee enhance the negative effect of members' political connections on financial restatements?

1.3. Research Objectives

The main objectives of this study are as follows:

1. Empirically investigate the negative effect of audit committee size on the occurrence of financial restatements.
2. Empirically investigate the positive effect of audit committee independence on the occurrence of financial restatements.
3. Empirically investigate the positive effect of audit committee meeting frequency on the occurrence of financial restatements.
4. Empirically investigate the negative effect of audit committee members' tenure on the occurrence of financial restatements.
5. Empirically investigate the negative effect of audit committee members' age on the occurrence of financial restatements.
6. Empirically investigate the negative effect of the audit committee members' political connection on the occurrence of financial restatements.
7. Empirically investigate whether audit committee gender diversity strengthens the negative relationship between audit committee size and the occurrence of financial restatements.

8. Empirically investigate whether audit committee gender diversity weaken the positive relationship between audit committee independence and the occurrence of financial restatements.
9. Empirically investigate whether audit committee gender diversity weaken the positive relationship between audit committee meeting frequency and the occurrence of financial restatements.
10. Empirically investigate whether audit committee gender diversity strengthens the negative relationship between audit committee members' tenure and the occurrence of financial restatements.
11. Empirically investigate whether audit committee gender diversity strengthens the negative relationship between audit committee members' age and the occurrence of financial restatements.
12. Empirically investigate whether audit committee gender diversity strengthens the negative relationship between the audit committee members' political connections and the occurrence of financial restatements.

1.4. Research Contributions

The study examining the influence of audit committee characteristics on financial restatement with audit committee gender diversity as a moderating variable offers the following contributions:

1.4.1. Theoretical Contributions

This research addresses gaps in the existing literature by repositioning gender—previously treated solely as an independent variable—as a moderating variable. In doing so, it aims to provide a more nuanced understanding of gender's

role in corporate governance outcomes. Furthermore, this study seeks to examine counterintuitive patterns found in Indonesia's corporate governance practices, which may be influenced by cultural factors. These include, for instance, the independence level and meeting frequency—variables that, in general, are typically associated with improved oversight and reduced financial restatements.

1.4.2. Practical Implications

The results of this research are expected to provide practical benefits and serve as a valuable resource for several stakeholders, including:

- a. For companies and their shareholders, this research offers insights to support the decision-making process regarding the composition and diversity of audit committee members, highlighting the importance of gender diversity in mitigating financial restatements.
- b. For future research, this study's findings are intended to contribute to a better understanding of financial restatements and their relation to audit committee characteristics in Indonesian market.

CHAPTER II

LITERATURE REVIEW

2.1. 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 assumes that managers may fail to act in accordance with the best interests of shareholders, which becomes the main reason for the emergence of agency conflicts (Raimo et al., 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 et al., 2019).

Based on this agency issue, the audit committee, as a subcommittee under the board of commissioners, plays a crucial role. 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 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 et al., 2024).

2.2. Financial Restatement

Financial restatement refers to the adjustment of previously issued financial statements due to a company's failure to adhere to GAAP (Wan Mohammad et al., 2018). A restatement indicates that the previously published financial statements are incorrect and unreliable (Rezaee et al., 2021). Financial restatements generally happen when there is significant errors or inaccuracies, indicating that the presented financial statement do not comply with accounting standards or do not correctly represent the company's financial condition (Hasnan et al., 2021). Furthermore, restatements signify issues within the internal control of the company and corporate governance systems (Salehi et al., 2021).

According to Indonesia Financial Accounting Standards 25, there are three conditions that need accounting changes, one of which is the correction of errors. These errors include the impact of mathematical calculation mistakes, incorrect application of accounting policies, misinterpretations, and fraud. In such cases, the company is required to present its financial statements retrospectively (Wulanditya, 2022).

2.3. Audit Committee Characteristics

Beasley et al. (2009) and Wu et al. (2012) define the audit committee as a sub-committee of the main board to oversee the accounting and financial reporting processes. According to agency theory (Fama & Jensen, 1983; Jensen & Meckling,

1976), the audit committee is an independent party tasked with overseeing management, which may have the potential to act in its own personal interest. Therefore, the presence of an audit committee is crucial to prevent potential managerial misconduct.

Specifically, according to The Indonesia Corporate Governance Manual (IFC Indonesia, 2018), the establishment of the audit committee is a mandatory requirement for public companies. It is responsible for assisting the Board of Commissioners (BoC) with duties including (OJK, 2015):

- a. Reviewing financial information made for public or officially used by the company, such as financial statements, projections, and related reports.
- b. Ensure the company complies with laws and regulations relevant to its activities.
- c. Provide an impartial judgment if there are any disagreements between management and the external auditor.
- d. Advise the Board of Commissioners (BoC) on appointing, reappointing, or removing external auditors, including decisions about their fees, terms of engagement, and independence.
- e. Assess the internal auditors' work and track how the Board of Directors (BoD) addresses internal audit findings.
- f. Evaluate the BoD's implementation of risk management if there is no risk management committee under the BoC.

- g. Reviewing complaints related to the company's accounting and financial reporting.
- h. Giving recommendations to the BoC on managing potential conflicts of interest.
- i. Safeguard the confidentiality of the company's documents, data, and information.

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).

2.3.1. Audit Committee Size

The effectiveness of the audit committee oversight may be affected by its size, which is commonly determined by the total number of its members. In Indonesia, the audit committee is required to have a minimum of three members, consisting of independent commissioners and external parties (OJK, 2015). A larger audit committee tends to enhance public trust in the accountability of the company's financial statements. Additionally, a larger committee can improve the oversight function due to the diversity of expertise and background among its members (Hasnan et al., 2022).

However, the size of the audit committee should also be tailored to the company's size and level of complexity to ensure an equitable distribution of roles among members. This helps prevent a loss of focus and optimizes the committee's oversight functions (Jovani et al., 2022; Wan Mohammad et al., 2018). Balancing

these considerations is critical to maintaining the audit committee's efficiency and effectiveness in fulfilling its governance responsibilities.

2.3.2. Audit Committee Independence

As a party that mediates the agency conflict between managers and shareholders, the audit committee must inherently maintain its independence. Independence is a crucial characteristic of audit committees, as independent committees are better equipped to objectively evaluate accounting practices, internal controls, and reporting processes (Abbott et al., 2004). Independence provides boundaries that prevent audit committees from forming employment relationships, personal relationships, and/or business relationships with management, which could compromise their professional skepticism.

Independence is considered an essential element that ensures the integrity and credibility of financial statements (Wan Mohammad et al., 2018). Moreover, independence also means that the committee is neither dominated by nor biased toward company management. An audit committee free from any ties to management can maintain an unbiased perspective on the financial reporting process and objectively safeguard shareholders' interests (Mardessi, 2021).

2.3.3. Audit Committee Meeting Frequency

The number of meetings held is commonly used as a proxy to indicate the level of activity of the audit committee. 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. In Indonesia, audit committees are required to convene at least once every three months, with the requirement that at least 50% of the committee members must be present at the meeting (OJK, 2015).

There are two interconnected perspectives regarding the frequency of audit committee meetings. Wan Mohammad et al. (2018) assume that more frequent meetings might indicate the underlying problem within the company. On the other hand, higher meeting frequency also allows the audit committee to stay updated on the company's circumstances. It enhances its ability to detect and promptly respond to issues (Abbott et al., 2004). Therefore, meetings serve as one of the corporate governance mechanisms that can prevent restatements by enabling the early detection and mitigation of issues before financial statements are published (Wan Mohammad et al., 2018).

2.3.4. Audit Committee Members' Tenure

The tenure of the audit committee refers to the length of time members serve on the committee. Audit committees with longer tenure generally possess greater knowledge of the company's operations, governance, and internal controls, enabling them to oversee management performance more effectively (Ong, 2013). In Indonesia, the tenure of audit committee members is relatively shorter than that of the board of commissioners and may only be renewed for one additional term (OJK, 2015).

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.

2.3.5. Audit Committee Members' Age

According to Hambrick & Mason (1984), age is related to an individual's ability to integrate information, decision-making, and confidence in the decisions made. Due to its role in supervising the financial reporting, audit committee faces reputational risk, as it may be held accountable for significant financial misstatements. In such cases, older audit committee members may be the most disadvantaged, as they have fewer career mobility options, unlike younger audit committee members (Dao et al., 2013).

Mwangi et al. (2017) highlighted that older audit committee members typically possess greater experience, allowing them to identify internal control weaknesses more effectively and make better decisions. Similarly, Sultana et al. (2019) highlighted that audit committee members of older age generally exhibit greater risk aversion. In addition, they tend to possess enhanced skills, knowledge, and experience that support the achievement of high-quality financial reporting. As such, the age composition of the audit committee plays a vital role. 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).

2.3.6. Audit Committee Members' Political Connection

The inclusion of political theory into accounting literature began with the study by (Watts & Zimmerman, 1978). This study argued that political activities influence economic activities, both directly and indirectly, and vice versa (Namakavarani et al., 2021). In the context of audit committees, political connections refer to the presence of individuals serving on the audit committee who are either politicians or government officials (Hasnan et al., 2022; Jamil, 2018, 2020). According to one study conducted in Malaysia, companies with strong political connections are generally dominated by local ethnicities or so-called Bumiputera. These political connections provide easy access for companies, especially in terms of company projects and protection from the government.

However, the ease of access obtained from these political connections generally indicates poor corporate governance and creates many potential agency conflicts within the company (Wan Mohammad et al., 2016). The relationship between companies and politicians arises from their mutual needs. These connections allow companies to avoid political costs and gain access to state-provided economic and informational resources. Conversely, political parties rely on company support to help the government achieve its political, economic, social, and cultural objectives (Namakavarani et al., 2021).

2.4. Audit Committee Gender Diversity

Gender diversity in a group is related to groupthink, a condition where optimal decision-making is ignored to maintain group harmony. There are three prominent symptoms of groupthink in studies related to financial restatements,

including failure to initiate contact with the opposition, lack of cooperation with third parties as mediators, and failure to extend decision-making time (Esser, 1998). The third party in this restatement context might be an external or internal audit group (Abbott et al., 2012).

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. Women have better concentration levels, tend not to be risk-takers, and act more ethically (Hasnan et al., 2022). In addition, women in the group are individuals who tend to be process-oriented and emphasize shared decision-making (Abbott et al., 2012). For these reasons, the tendency of female committees to protect shareholders' interests will increase potential shareholders' trust in the company.

2.5. Review of Related Studies

Table 1. Summary of Related Studies

No.	Authors	Variables	Research Method	Findings
1.	Uddin Bhuiyan et al. (2024)	Dependent variable (Y): Financial restatement Independent variables (X): X1: Audit committee busyness X2: Audit committee share ownership	Logistic regression analysis	The busier the audit committee, the more frequent financial restatements will occur. This study also proves that audit committee share ownership can prevent financial restatement and weaken the influence between the busyness of audit committee

No.	Authors	Variables	Research Method	Findings
		Moderating variable (Z): Audit committee share ownership		members and financial restatement.
2.	Rustiarini et al. (2023)	Dependent variable (Y): Financial restatement Independent variables (X): X1: Board (BoD) tenure X2: Board size X3: Board independence X4: Female board X5: Foreign board member X6: Board level education X7: Board accounting expertise X8: Dual board position	Logistic regression analysis	Board tenure, board size, board independence, female board, and board accounting expertise have a negative effect on the occurrence of financial restatement. On the other hand, dual board position increases the occurrence of restatement. Foreign board and board education do not significantly affect financial restatements.
3.	Jovani et al. (2022)	Dependent variable (Y): <i>Financial restatement</i> Independent variables (X): X1: BoC size X2: Female BoC X3: BoC age X4: BoC tenure	Logistic regression analysis	BoC characteristics (gender and tenure) negatively affect financial restatement. On the other hand, BoC size, age, and multiple directorships had no significant effect. Similarly, the audit committee characteristics, size, expertise, and

No.	Authors	Variables	Research Method	Findings
		X5: BoC multiple directorship X6: Audit committee size X7: Audit committee expertise X8: Audit committee independence		independence also had no influence on financial restatement.
4.	Hasnan et al. (2022)	Dependent variable (Y): Financial restatement Independent variables (X): X1: Audit committee size X2: Audit committee independence X3: Audit committee meeting frequency X4: Audit committee members tenure X5: Audit committee members' gender X6: Audit committee member expertise X7: Audit committee members' age	Logistic regression analysis	The four variables which are negatively influencing financial restatements are size, meeting frequency, ethnicity, and political connections. In contrast, the other six variables—independence, tenure, gender, expertise, age, and legal qualifications—do not show any significant influence on the occurrence of financial restatements.

No.	Authors	Variables	Research Method	Findings
		X8: Audit committee members' ethnicity X9: Legal qualifications of audit committee members X10: Political connections of audit committee members		
5.	Utari et al. (2021)	Dependent variable (Y): Financial restatement Independent variables (X): X1: BoD size X2: Female BoD X3: BoD overconfidence X4: BoC size X5: Independent BoC	Logistic regression analysis	Female BoD and independent BoC reduce the likelihood of financial restatements. However, the other three variables—BoD overconfidence, BoD size, and BoC size—do not significantly affect the probability of financial restatements.
6.	Salehi et al. (2021)	Dependent variable (Y): Financial restatement Independent variables (X): X1: Financial expertise of audit committee	Logistic regression analysis	The study reveals that greater independence of the audit committee significantly reduces financial restatements, while the expertise and experience of its members improve financial reporting

No.	Authors	Variables	Research Method	Findings
		X2: Independence of audit committee X3: Related experience of the audit committee X4: Auditor changes		quality. Additionally, changes in auditors are positively associated with financial restatements.
7.	Hasnan et al. (2021)	Dependent variable (Y): Financial restatement Independent variables (X): X1: Board size X2: Board independence X3: Multiple directorship X4: Audit committee financial expertise X5: Audit quality X6: Executive compensation X7: Firm age X8: Firm performance X9: Firm leverage X10: Firm liquidity	Logistic regression analysis	There is a significant negative relationship between executive compensation, firm performance, and the likelihood of financial restatement. In contrast, firm leverage shows a significant positive association with financial restatement. Other corporate governance and firm-specific variables analyzed in the study do not significantly impact financial restatement.
8.	Aulia et al. (2021)	Dependent variable (Y): Financial restatement	Logistic regression analysis	The results prove that audit committee meeting frequency and independence have

No.	Authors	Variables	Research Method	Findings
		Independent variables (X): X1: Audit committee meeting frequency X2: Audit committee size X3: Audit committee independence X4: Audit committee expertise		a negative effect on financial restatements. Meanwhile, audit committee size and expertise have no effect on financial restatements.
9.	Pathak et al. (2021)	Dependent variable (Y): Financial restatement Independent variables (X): X1: Relations-oriented diversity (gender, age) X2: Task-oriented diversity (functional background diversity, tenure diversity) Moderating variable (Z): Member committee service	Multinomial logistic regression analysis	Relations-oriented diversity is associated with a lower likelihood of financial restatements caused by fraud, while task-oriented diversity is linked to a reduced risk of financial restatements due to errors. Additionally, the presence of an audit committee on other committees moderates the relationship between independent and dependent variables.
10.	Abbas (2020)	Dependent variable (Y):	Multiple linear	Gender has a strong and significant impact

No.	Authors	Variables	Research Method	Findings
		Earnings management Independent variables (X): X1: Audit committee financial expertise X2: Audit committee meeting X3: Audit committee size Moderating variable (Z): Audit committee gender	regression analysis	on how audit committee attributes affect earnings management in listed agricultural companies in Nigeria. It is recommended that the audit committees of Nigerian companies include at least 40% women.

Source: Processed Data (2025)

2.6. Research Urgency

Research related to financial restatement and the characteristics of the audit committee is important, considering that the restatement phenomenon is one of the accounting trust crises issues that significantly impact a company's reputation in the capital market. Financial restatements indicate that the auditor has given an inappropriate opinion when the financial report contains a material misstatement. This may be due to inherent risk and control risk. When accounting complexity is high, managers may encounter difficulties in correctly applying accounting standards, which can raise the probability of financial restatements. A similar situation also occurs when a company's internal control is weak (Mao, 2018). As a

committee responsible for the financial reporting process, the audit committee cannot be separated from this restatement phenomenon.

This study is a modification of the research conducted by Rustiarini et al. (2023), which used Board of Director (BoD) characteristics as the independent variable and financial restatement as the dependent variable, with the research population including manufacturing companies listed on the Indonesia Stock Exchange from 2017 to 2021. However, considering that the BoD characteristics as an independent variable can only explain the variability of financial restatement as a dependent variable by only 31.4%, prior research recommended that future research be conducted from the perspective of the supervisory board, one of which is the audit committee.

There are several novelties in this research. First, it modifies the independent variables based on Hasnan et al. (2022), which examined the impact of audit committee characteristics on the occurrence of financial restatement. Since that study was conducted in Malaysia, several adjustments have been made to align with Indonesia's institutional setting. This included removing two independent variables, ethnicity and the legal qualifications of the audit committee, due to data availability issues. Additionally, the gender diversity variable, which was initially an independent variable, was changed to a moderating variable, following the approach in Abbas (2020).

The adjustments made to this study are expected to fill the gap in previous literature while validating the assumption of the influence of audit committee characteristics on financial restatements by incorporating an understanding of the

role of gender. Additionally, considering the critical role of the audit committee within the corporate governance structure, this study is also expected to serve as a reference for companies in determining the composition of their audit committees, ensuring they can effectively perform their functions in minimizing the potential restatement.

2.7. Hypotheses Development

2.7.1. Audit Committee Size on Financial Restatement

From the agency theory perspective, the larger the audit committee, the more effective the supervisory function (Lois et al., 2022). Typically, the size of the audit committee negatively correlates with the occurrence of financial restatements. A larger audit committee is better equipped to detect abnormalities in financial statements due to its diverse perspectives and expertise, thereby helping in making better decisions for the firm and reducing the likelihood of financial restatements (Hasnan et al., 2022; Oradi & Izadi, 2020; Wan Mohammad et al., 2018). These research findings are also in line with Ong (2013), which highlights the potential of a larger audit committee to mitigate the risk of financial restatements. It suggests that regulations regarding the minimum number of audit committee members should be revisited to accommodate the increasing complexity of modern business.

Based on the literature, the hypothesis is proposed as follows:

H_{a1}: There is a negative association between the audit committee size and the occurrence of financial restatements.

2.7.2. Audit Committee Independence on Financial Restatement

As a supervisory board, independence is a key attribute for audit committee. Independence can be explained as no relationship with managers in terms of personal, employment, and/or businesses (Abbott et al., 2004; Mardessi, 2021; Wan Mohammad et al., 2018). Traditionally, Agency Theory suggests that greater independence enhances monitoring quality and reduces managerial opportunism. However, in certain contexts, especially in emerging markets like Indonesia, this assumption may not fully apply.

In Indonesia, 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). Empirical studies show that board independence is not always associated with improved oversight quality. 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). In such cases, the appointment of independent committee members often serves a symbolic compliance purpose, aimed at satisfying regulatory requirements rather than

ensuring substantive control. As a result, boards with more independent members may not necessarily function more effectively and could instead be associated with a higher risk of financial restatement due to ineffective oversight.

Based on the literature, the hypothesis is proposed as follows:

H_{a2}: There is a positive association between the audit committee independence and the occurrence of financial restatements.

2.7.3. Audit Committee Meeting Frequency on Financial Restatement

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. Under traditional agency theory, a higher meeting frequency is generally viewed as a sign of active monitoring, which should improve oversight quality and reduce the likelihood of financial misstatements. 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).

Based on the literature, the hypothesis is proposed as follows:

H_{a3}: There is a positive association between the audit committee meeting frequency and the occurrence of financial restatements.

2.7.4. Audit Committee Members' Tenure on Financial Restatement

In general, audit committees with longer tenures possess greater experience and knowledge, which contributes to reducing the likelihood of financial restatements. This assumption is known as the expertise hypothesis, demonstrated by Schrader & Sun (2021). 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 et al. (2019) who noted that, in addition to being more cautious, older members also tend to demand higher-quality financial reporting.

Based on the literature, the hypothesis is proposed as follows:

H_{a4}: There is a negative association between the audit committee members' tenure and the occurrence of financial restatements.

2.7.5. Audit Committee Members' Age on Financial Restatement

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.

Based on the literature, the hypothesis is proposed as follows:

H_{a5}: There is a negative association between the audit committee members' age and the occurrence of financial restatements.

2.7.6. Political Connections on Financial Restatement

Ideally, strong political connections should lead to higher audit quality, as audit committees with such connections are likely to be more motivated to protect their reputation by ensuring thorough oversight (Jamil, 2020). However, the findings of Hasnan et al. (2022) can't prove the positive hypothesis. On the contrary, the extensive political connections of the audit committee 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 companies reduce the likelihood of financial restatements.

Based on the literature, the hypothesis is proposed as follows:

H_{a6}: There is a negative association between the political connections of audit committee members and the occurrence of financial restatements.

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

The growing prominence of Sustainable Development Goals (SDGs) has been accompanied by the increasing attention to gender diversity in corporate governance (Mazumder, 2024). Abbott et al. (2012) and Jovani et al. (2022) found that companies with at least one female member on their audit committees tend to have a lower potential for financial restatement. Specifically, Pathak et al. (2021) demonstrated that the presence of women in the committee reduces the likelihood of fraud-related restatements by stimulating interpersonal conflict, which makes it more difficult for the entire committee to engage in collusion, or in this research we previously mentioned it as groupthink. Additionally, Oradi & Izadi (2020) suggested that when women on audit committees possess high levels of competence and independence, their presence can also assist the company in recruiting high-quality auditors.

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. Based on the literature, the moderating hypotheses are proposed as follows:

H_{a7}: Audit committee gender diversity strengthens the negative relationship between the audit committee size and financial restatements.

H_{a8}: Audit committee gender diversity weakens the positive relationship between the audit committee independence and financial restatements.

H_{a9}: Audit committee gender diversity weakens the positive relationship between the audit committee meeting frequency and financial restatements.

H_{a10}: Audit committee gender diversity strengthens the negative relationship between the audit committee members' tenure and financial restatements.

H_{a11}: Audit committee gender diversity strengthens the negative relationship between the audit committee members' age and financial restatements.

H_{a12}: Audit committee gender diversity strengthens the negative relationship between the political connections of audit committee members and financial restatement.

2.8. Research Framework

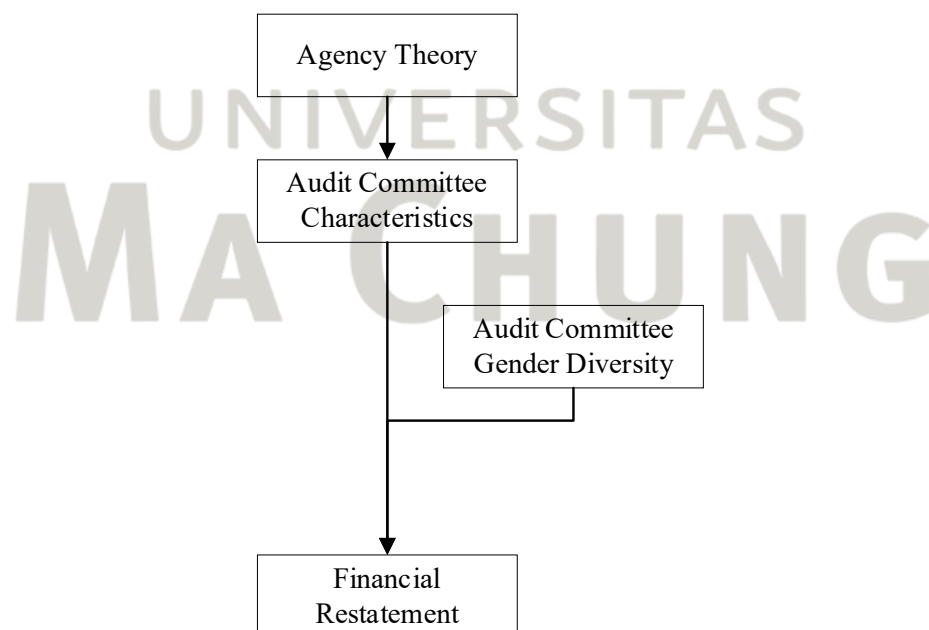


Figure 1. Research Framework

Source: Processed Data (2025)

2.9. Research Design

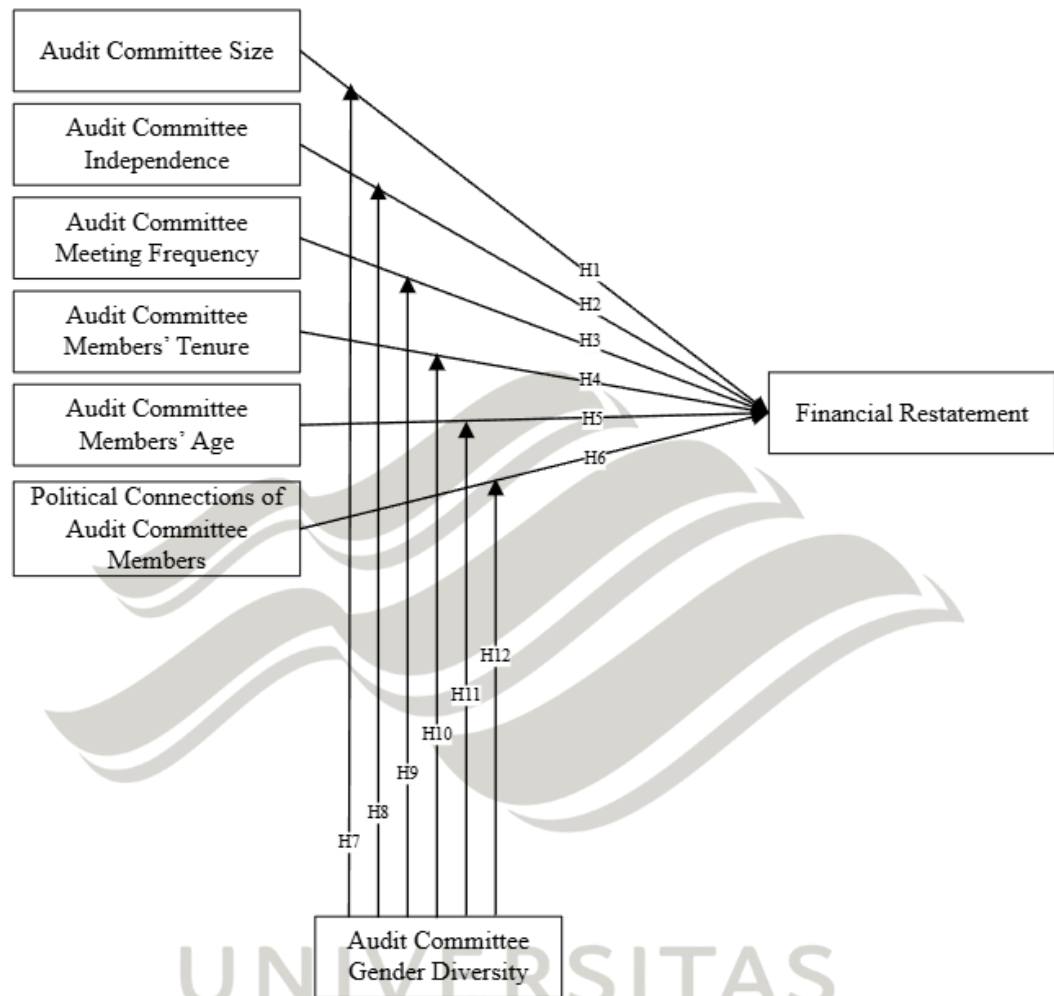


Figure 2. Research Design
Source: Processed Data (2025)

CHAPTER III

RESEARCH METHOD

3.1. Research Approach

This study is using quantitative research with a causal approach. Quantitative research is a type of research where the research problem is identified and defined beforehand. This type of research applies to scientific principles, such as being concrete, objective, measurable, rational, and systematic. Additionally, quantitative research uses data in the form of numbers, which will later be analyzed using statistical methods (Sugiyono, 2013).

The causal approach employed in quantitative research involves examining the interaction between dependent and independent variables. The purpose of this approach is to demonstrate that independent variables cause dependent variables. In other words, when independent variables are removed or modified, dependent variables will change accordingly (Sekaran & Bougie, 2010).

3.2. Variables Measurement

This study uses four types of variables, namely the independent variable, dependent variable, moderating variable, and control variable. The following is an explanation of each variable:

3.2.1. Dependent Variable

The dependent variable is the variable that is influenced by the independent variable (Sugiyono, 2013). The dependent variable in this study is financial

restatement which is denoted by the symbol (Y). Financial restatement is calculated using dummy variables by giving codes :

- a. 1 for companies that make restatements.
- b. 0 for companies that do not make restatements.

Information related to company restatements for a particular year can be seen in the financial statements subsequent to the observation year.

3.2.2. Independent Variables

The independent variable, denoted as X, is commonly referred to as the predictor variable. This type of variable influences or causes changes in the dependent variable (Sugiyono, 2013). The independent variables used in this study are explained as follows:

- a. Audit Committee Size (SIZE)

One widely studied characteristic of the audit committee is its size. Hasnan et al. (2022) measure this variable in the same way as Ali et al. (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.

- b. Audit Committee Independence (IND)

The presence of independent parties within the audit committee indicates the level of independence of the audit committee in a company. This variable 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). The verification of whether an audit committee member is an independent commissioner can be done by reviewing the company's annual report, specifically in the audit committee profile section. Profile of independent commissioners who are also part of the audit committee will be indicated with the note profile can be found in the Board of Commissioners' profile.

c. Audit Committee Meeting Frequency (MEET)

The frequency of meetings is one of the key factors that determine the effectiveness of the audit committee. This variable is measured based on the number of meetings held by the audit committee in 1 fiscal year (Hasnan et al., 2022; Hidayah et al., 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.

d. Audit Committee Members' Tenure (TENURE)

The tenure of the audit committee is no longer than that of the board of commissioners. This variable is measured by looking at the average tenure of all audit committee members. Tenure can be found in the section Audit committee composition or in each member's profile. The equation is as follows:

$$\text{TENURE} = \frac{\sum_{i=1}^n \text{Audit committee members' tenure}}{\text{Total number of the members of the audit committee}} \dots\dots\dots (1)$$

Equation 1. Audit Committee Members' Tenure

Source: Othman et al., (2014)

e. Audit Committee Members' Age (AGE)

The age composition within the audit committee membership can be grouped into four categories assigned with number 1-4: 35-40 years, 41-46 years, 47-52 years, and above 52 years (Hasnan et al., 2022). The specific information regarding members' age can be found in audit committee member profile within the annual report of each public company.

f. Political Connections of Audit Committee Members (POLITIC)

Political connections are assessed based on other positions held by audit committee members, specifically whether any member is currently or has previously served as a politician, such a member of parliament, minister, or high-ranking public servant, including former generals of the police or military (Jamil, 2020). Political connections are measured using a dummy variable, where a value of 1 is assigned to audit committees with political connections, and 0 is given to those without (Hasnan et al., 2022). Information regarding this aspect can be found in the profiles of audit committee members, particularly in the sections on concurrent positions, work experience, or career history.

3.2.3. Moderating Variable

A moderating variable is an independent variable that influence the relationship between other independent variables and the dependent variable (Ghozali, 2018; Sugiyono, 2013). The moderating variable used in this study is audit committee gender diversity. This variable is measured based on the percentage of women in the audit committee, as expressed in the following equation:

$$\text{GENDER} = \frac{\sum_{i=1}^n \text{Female audit committee}}{\text{Total number of the members of the audit committee}} \dots\dots\dots (2)$$

Equation 2. Audit Committee Gender Diversity

Source: Abbas (2020)

3.2.4. Control Variables

To ensure that the influence of independent variables on the dependent variable is not affected by other biased factors, researchers can use control variables (Sugiyono, 2013). The control variables used in this study are based on (Rustiarini et al., 2023), including Return on Assets (ROA), Debt to Equity Ratio (DER), current ratio, and firm size.

a. Return on Assets (ROA)

ROA is one of the ratios used to measure a company's profitability. Rustiarini et al. (2023) included this ratio as a control variable in the context of research related to restatements based on the studies by Utari et al. (2021) and Hendro & Wardhani (2016). The higher a company's profitability, the more conservative it will be in its financial reporting process.

$$\text{ROA} = \frac{\text{Net profit}}{\text{Total assets}} \dots\dots\dots (3)$$

Equation 3. Return on Assets

Source: Rustiarini et al. (2023)

b. Debt to Equity Ratio (DER)

The use of DER as a control variable is based on the assumption that companies with higher leverage levels tend to be more conservative in order to reduce contract costs and agency conflicts Rustiarini et al. (2021).

$$\text{DER} = \frac{\text{Total debt}}{\text{Total equity}} \dots\dots\dots (4)$$

Equation 4. Debt to Equity Ratio

Source: Rustiarini et al., (2023)

c. Current Ratio (CR)

The current ratio is one of the ratios used to measure a company's liquidity. Alfonso et al. (2018) explained that managers who are at risk of violating debt covenants tend to misclassify cash flows to alter the company's cash levels. This misclassification impacts on the current ratio, which reflecting the company's liquidity.

$$CR = \frac{\text{Current assets}}{\text{Current liabilities}} \dots\dots\dots (5)$$

Equation 5. Current Ratio

Source: Rustiarini et al., (2023)

d. Firm Size (FS)

This study also uses firm size as a control variable. Prior studies suggest the assumption that larger firms exhibit lower levels of asymmetric earnings timeliness Rustiarini et al. (2021).

$$FS = \text{Natural logarithm (Company's total assets)} \dots\dots\dots (6)$$

Equation 6. Firm Size

Source: Rustiarini et al., (2023)

3.3. Population and Sample

The population refers to the entire group of individuals, events, or objects that the researcher aims to study. If the population is too large, the researcher can use a sample, which is a part of the population that represents the characteristics of the entire population (Sugiyono, 2013). The population used in this study consists of companies in the consumer business, energy, and manufacturing sectors listed on

the Indonesia Stock Exchange from 2018 to 2022. The sample in this study is determined based on the following sampling criterias:

- a. Consumer Business, Energy, and Manufacturing companies listed on the Indonesia Stock Exchange (IDX) by the latest in 2021.
- b. Exclude companies whose fiscal year end is not December.
- c. Exclude companies whose annual reports and/or financial statements are not found for five consecutive years.
- d. Exclude companies that do not provide the necessary information during the research period for five consecutive years.

3.4. Data Sources

The data used in this study is quantitative data, which consists of numbers that can be measured. The data source for this research is secondary data, which is obtained from existing sources, such as company websites, government publications, industry analyses presented by the media, the internet, and others (Sekaran & Bougie, 2010). Specifically, the data is obtained from the audited annual reports and financial statements of companies on the Indonesia Stock Exchange website or the respective company websites.

3.5. Data Collection

According to Sugiyono (2013), the data collection technique is a crucial step in conducting research because the core of any research lies in gathering data. In this study, data was collected using documentation technique, which involves gathering information from relevant documents. The documents used include the

annual reports and audited financial statements of companies in the consumer business, energy, and manufacturing sectors listed on the Indonesia Stock Exchange.

3.6. Data Quality Tests

3.6.1. Descriptive Statistic

Descriptive statistics used as an initial data test for this study. According to Ghozali (2018), descriptive statistics are used to describe data through measures such as the mean, standard deviation, variance, maximum value, and minimum value. The mean represents the average of the data, while the standard deviation quantifies the spread of the distribution or the variability within the data. Variance, on the other hand, is calculated by subtracting the mean from each observation, squaring the resulting differences, and dividing the sum of these squared differences by the total number of observations. The maximum and minimum values indicate the largest and smallest observations in the dataset, respectively (Sekaran & Bougie, 2010).

3.6.2. Classical Assumption Tests

Before performing the regression analysis, the data must first undergo classical assumption testing. Classical assumption tests include normality, multicollinearity, autocorrelation, and heteroscedasticity test.

a. Multicollinearity Test

The multicollinearity test aims to check whether there is a correlation between the independent variables. In a good regression model, there should be no correlation among the independent variables. A common sign of

multicollinearity is the correlation between independent variables, which is indicated by a tolerance value of approximately ≤ 0.10 (Ghozali, 2018).

3.7. Data Analyses Techniques

This study features a dependent variable measured on a nominal scale, which categorizes or groups data (Ghozali, 2018). Therefore, statistical testing for this research is conducted using binary logistic regression analysis. According to Ghozali (2018), logistic regression analysis is used when the research aims to examine whether the probability of the dependent variable's occurrence can be predicted by its independent variables. The basic model of logistic regression can be stated as follows:

$$\text{RESTATE} = \alpha + \beta_1\text{SIZE} + \beta_2\text{IND} + \beta_3\text{MEET} + \beta_4\text{TENURE} + \beta_5\text{AGE} + \beta_6\text{POLITIC} + \varepsilon \dots\dots\dots (7)$$

Equation 7. Logistic Regression Model

Source: Processed Data (2025)

Description:

α	= Constant
β	= Coefficients
RESTATE	= Financial restatement
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
ε	= <i>Random error</i>

Due to the presence of a moderating variable, the regression analysis is extended with a second model including the interaction of the independent variables

and moderating variable (GENDER). Mathematically, the moderation regression equation is as follows:

$$Y = \alpha + \beta_1 X + \beta_2 X * Z + \varepsilon \dots \dots \dots (8)$$

Equation 8. Basic Moderated Regression Model

Source: Processed Data (2025)

Based on that basic equation model, the moderation regression equation for this study is expressed as follows:

$$\begin{aligned} \text{RESTATE} = & \alpha + \beta_1 \text{SIZE} + \beta_2 \text{IND} + \beta_3 \text{MEET} + \beta_4 \text{TENURE} + \beta_5 \text{AGE} + \\ & \beta_6 \text{POLITIC} + \beta_7 \text{GENDER} + \beta_7 \text{SIZE} * \text{GENDER} + \beta_8 \text{IND} * \text{GENDER} + \\ & \beta_9 \text{MEETING} * \text{GENDER} + \beta_{10} \text{TENURE} * \text{GENDER} + \beta_{11} \text{AGE} * \text{GENDER} + \\ & \beta_{12} \text{POLITIC} * \text{GENDER} + \beta_{13} \text{ROA} + \beta_{14} \text{DER} + \beta_{15} \text{CR} + \beta_{16} \text{FS} + \\ & \varepsilon \dots \dots \dots \end{aligned} \quad (9)$$

Equation 9. Moderated Regression Model

Source: Processed Data (2025)

Description:

α = Constant

β = Coefficients

GENDER = Audit committee gender diversity

ROA = Return on Assets

DER = Debt to Equity Ratio

CR = Current ratio

FS = Firm size

Logistic regression analysis is conducted using Python programming language, employing the formula API provided by the statsmodels library.

3.8. Hypotheses Testing

H_{01} : Audit committee size does not significantly affect the occurrence of financial restatement.

H_{a1}: There is a negative association between the audit committee size and the occurrence of financial restatements.

H_{o2}: Audit committee independence does not significantly affect the occurrence of financial restatement.

H_{a2}: There is a positive association between the audit committee independence and the occurrence of financial restatements.

H_{o3}: Audit committee meeting frequency does not significantly affect the occurrence of financial restatement.

H_{a3}: There is a positive association between the audit committee meeting frequency and the occurrence of financial restatements.

H_{o4}: Audit committee members' tenure does not significantly affect the occurrence of financial restatement.

H_{a4}: There is a negative association between the audit committee members' tenure and the occurrence of financial restatements.

H_{o5}: Audit committee members' age does not significantly affect the occurrence of financial restatement.

H_{a5}: There is a negative association between the audit committee members' age and the occurrence of financial restatements.

H_{o6}: Political connections of audit committee members do not significantly affect the occurrence of financial restatement.

H_{a6}: There is a negative association between the political connections of audit committee members and the occurrence of financial restatements.

H₀₇: Audit committee gender diversity does not moderate the relationship between audit committee size and financial restatements.

H_{a7}: Audit committee gender diversity strengthens the negative relationship between the audit committee size and financial restatements.

H₀₈: Audit committee gender diversity does not moderate the relationship between audit committee independence and financial restatements.

H_{a8}: Audit committee gender diversity weakens the positive relationship between the audit committee independence and financial restatements.

H₀₉: Audit committee gender diversity does not moderate the relationship between audit committee meeting frequency and financial restatements.

H_{a9}: Audit committee gender diversity weakens the positive relationship between the audit committee meeting frequency and financial restatements.

H₀₁₀: Audit committee gender diversity does not moderate the relationship between audit committee members' tenure and financial restatements.

H_{a10}: Audit committee gender diversity strengthens the negative relationship between the audit committee members' tenure and financial restatements.

H₀₁₁: Audit committee gender diversity does not moderate the relationship between audit committee members' age and financial restatements.

H_{a11}: Audit committee gender diversity strengthens the negative relationship between the audit committee members' age and financial restatements.

H₀₁₂: Audit committee gender diversity does not moderate the relationship between political connection of audit committee members and financial restatements.

H_{a12}: Audit committee gender diversity strengthens the negative relationship between the political connections of audit committee members and financial restatement.



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CHAPTER IV

RESULTS & DISCUSSION

4.1. Research Object Description

The population in this study includes companies from the Consumer Business, Energy, and Manufacturing sectors that are listed on the Indonesia Stock Exchange (IDX) during the period 2018 to 2022. The sample is selected based on specific sampling criteria outlined as follows.

Table 2. 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

Source: Processed Data (2025)

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, 401 samples and 1.547 firm-year observations were obtained.

4.2. Descriptive Statistics

Tables 3, 4, and 5 present the descriptive statistics for continuous, dichotomous, and categorical variables, respectively. In short, 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).

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 Schrader & Sun (2021), which suggests that the longer an audit committee member serves, the more experienced and familiar 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 and group 4.

Table 3. 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 = 1.505				
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

Source: Processed Data (2025)

The explanation of the descriptive statistical results for each continuous variable is provided below:

1. A total of 1.505 non-restatement firms had a mean SIZE of 3,027 with a standard deviation of 0,321, a minimum value of 1, and a maximum of 6. On the other hand, 42 restatement firms had a mean of 3,071, a standard deviation of 0,601, a minimum value of 2, and a maximum of 5. The mean difference between the two groups is 0,045. This indicates that the

restatement group has a greater average value of committee size than non-restatement group.

2. A total of 42 restatement firms had an IND mean of 0,385 with a standard deviation of 0,119, a minimum value of 0,250, and a maximum of 0,667. On the other hand, 1.505 non-restatement firms had a mean of 0,357, a standard deviation of 0,091, a minimum value of 0, and a maximum of 1. This indicates that the restatement group has a slightly greater average value of committee independence than non-restatement group.
3. A total of 1.505 non-restatement firms had a MEET mean of 6,207 with a standard deviation of 5,867, a minimum value of 1, and a maximum of 80. On the other hand, 42 restatement firms had a mean of 9,167, a standard deviation of 12,213, a minimum value of 3, and a maximum of 59. The mean difference between the two groups is 2,96. This indicates that the restatement group has a higher average value of committee meetings than the non-restatement group.
4. A total of 1.505 non-restatement firms had a TENURE mean of 4,371 with a standard deviation of 2,877, a minimum value of 1, and a maximum of 21,333. On the other hand, 42 restatement firms had a mean of 4,054, a standard deviation of 2,495, a minimum value of 1,5, and a maximum of 11. The mean difference between the two groups is 0,317. This indicates that the restatement group has a lower average value of committee members' tenure than non-restatement group.

5. A total of 1.505 non-restatement firms had a GENDER mean of 0,223 with a standard deviation of 0,261, a minimum value of 0, and a maximum of 1. On the other hand, 42 restatement firms had a mean of 0,239, a standard deviation of 0,277, a minimum value of 0, and a maximum of 1. The mean difference between the two groups is only 0,016. This indicates that the restatement group has a slightly higher average value of women presence than non-restatement group.

Table 4. Descriptive Statistics of Dichotomous Variables

	Financial Restatement Firms (FR) N = 42		Non-Financial Restatement Firms (Non-FR) N = 1.505	
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%)

Source: Processed Data (2025)

Table 4 presents the frequencies and percentages for dichotomous independent variables. Political connections of audit committee members (POLITIC) on restatement firms have a distribution of 81% for category 0 and 19% for category 1. Non-restatement firms have 14,3% of 1 and 85,7% of 0. This percentage indicates that restatement firms tend to have more political connections than those that didn't.

Table 5. Descriptive Statistics of Categorical Variables

	Financial Restatement Firms (FR) N = 42				Non-Financial Restatement Firms (Non-FR) N = 1.505			
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

Source: Processed Data (2025)

Table 6. Age Distribution

	Financial Restatement Firms (FR) N = 42		Non-Financial Restatement Firms (Non-FR) N = 1.505	
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%

Source: Processed Data (2025)

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.

4.3. Multicollinearity Test

Table 7. 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

Source: Processed Data (2025)

Table 7 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. Several

noteworthy relationships can also be observed through the correlation matrix presented in Table 7 above.

First, 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, the 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 frequent meetings are held. Larger audit committees are more capable of 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 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 value up to 0,30 between these two variables.

The matrix also exhibits a relatively 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.

4.4. Hypothesis Testing Results

4.4.1. Hypothesis Testing Results on the Effect of Audit Committee Characteristics on Financial Restatements

Table 8. 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	1.547	1.547	1.547	1.547	1.547	1.547
Pseudo R Square (%)	1.165%	1.660%	2.228%	1.209%	1.081%	1.171%
Log Likelihood	-190.65	-189.69	-188.60	-190.56	-190.81	-190.64

Source : Processed Data (2025)

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.

The table above presents the results of the logistic regression output. The decision-making is based on the significance value of the one-tailed p-value and the regression coefficient. Based on the table, only two hypotheses are accepted, namely H_{a2} and H_{a3} , with significance levels of 10% and 5%, respectively. The analysis of the regression test results for each variable is as follows:

1. SIZE has a significance value of 0,275 ($p\text{-value} > 0,05$), thus H_{a1} is rejected and H_{o1} is accepted. This indicates that the size of the audit committee does not have a significant effect on the occurrence of financial restatements. The intercept of -5,7892 suggests that when the audit committee has no members at all, the log-odds of a restatement occurring are -5,7892 (occurrence probability of 0,31%). The regression coefficient for SIZE is 0,2449, which means that each additional member of the audit committee increases the log-odds of financial restatement by 0,2449, which is equivalent to a 27.77% increase in the odds of restatement.

2. IND has a significance value of 0,055 ($p\text{-value} < 0,10$), thus H_{a2} is accepted and H_{o2} is rejected. This indicates that higher audit committee independence, as proxied by the increased number of independent commissioners, in fact tends to increase the likelihood of financial restatements. The intercept coefficient of -5,7592 suggests that when the audit committee has no independent members at all, the log-odds of a restatement occurring are -5,7592 (occurrence probability of 0,31%). Meanwhile, the regression coefficient for IND is 2,091, which means that an increase of one independent commissioner in the audit committee membership increases the log-odds of financial restatement by 2,091, which is equivalent to a 709,30% increase in the odds of restatement.
3. MEET has a significance value of 0,007 ($p\text{-value} < 0.05$), thus H_{a3} is accepted and H_{o3} is rejected. This indicates that more meetings are correlated with the occurrence of financial restatements. The intercept coefficient of -4,3569 suggests that when the audit committee did not conduct any meeting in a fiscal year, the log-odds of a restatement occurring are -4,3569 (occurrence probability of 1,27%). Meanwhile, the regression coefficient for MEET is 0,0345, which means that for each additional meeting, the log-odds of financial restatement increases by 0,0345, which is equivalent to a 3,51% increase in the odds of restatement.
4. TENURE has a significance value of 0,2475 ($p\text{-value} > 0.05$), thus H_{a4} is rejected and H_{o4} is accepted. This indicates that audit committee members' tenure does not have a significant effect on the occurrence of financial

restatements. The intercept coefficient of -5,0697 suggests that if the audit committee members have no prior service duration, the log-odds of a financial restatement occurring is -5,0697 (occurrence probability of 0,62%). Meanwhile, the regression coefficient for TENURE is -0,0417, This means that each additional year of audit committee tenure decrease the log-odds of financial restatement by 4,08%.

5. AGE has a significance value of 0,469 ($p\text{-value} > 0.05$), thus H_{a5} is rejected and H_{o5} is accepted. This indicates that audit committee members' age does not have a significant effect on the occurrence of financial restatements. The intercept coefficient of -5,3355 suggests that if the audit committee members' age equal to zero, the log-odds of a financial restatement occurring is -5,3355 (occurrence probability of 0,48%). Meanwhile, the regression coefficient for AGE is -0,0417, it means that each additional year in the average age of the audit committee is associated with a 0,0417 decrease in the log-odds of a financial restatement, which is equivalent to 4,08% decrease in the odds of restatement.
6. POLITIC has a significance value of 0,2715 ($p\text{-value} > 0.05$), thus H_{a6} is rejected and H_{o6} is accepted. This indicates that the political connections of audit committee members does not have a significant effect on the occurrence of financial restatements. The intercept coefficient of -5,0604 suggests that if the political connections are equal to zero, the log-odds of a financial restatement occurring is -5,0604 (occurrence probability of 0,63%). Meanwhile, the regression coefficient for POLITIC is 0,2494, it suggests

that companies with political connections have a higher tendency to engage in financial restatements than those without political ties with 28,33% increase in the odds of restatements.

4.4.2. Hypothesis Testing Results on the Effect of Audit Committee Characteristics on Financial Restatements with Gender Diversity as a Moderating Variable

Table 9. 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 (2.8110)	-6.0871 (2.6040)	-4.4778 (2.3780)	-5.3333 (2.7090)	-6.5511 (2.7610)	-5.3542 (2.6380)
SIZE*	-2.2474** (1.6300)					
GENDER						
IND*		0.3456 (1.3740)				
GENDER						
MEET*			0.0480 (0.0740)			
GENDER						
TENURE*				0.0242 (0.2140)		
GENDER						
AGE*					-0.6985 (0.5690)	
GENDER						
POLITIC*						-0.9573 (1.9510)
GENDER						
Control var:						
ROA	-0.0002 (0.0200)	-0.0002 (0.0020)	-0.0002 (0.0020)	-0.0003 (0.0300)	-0.0002 (0.0020)	-0.0003 (0.0020)
DER	-0.0841 (0.1380)	-0.0834 (0.1380)	-0.0968 (0.1440)	-0.0866 (0.1380)	-0.0823 (0.1360)	-0.0917 (0.1390)
CR	-0.1093 (0.0890)	-0.1055 (0.0880)	-0.1072 (0.0890)	-0.1127 (0.0890)	-0.1144 (0.0900)	-0.1083 (0.0890)
FS	0.0638 (0.0900)	0.0675 (0.0880)	0.0338 (0.0820)	0.0771 (0.0910)	0.0731 (0.0930)	0.0678 (0.0900)
Observations	1.547	1.547	1.547	1.547	1.547	1.547
Pseudo R Square (%)	1.683%	1.785%	2.430%	1.283%	1.533%	1.325%
Log Likelihood	-189.65	-189.45	-188.21	-190.42	-189.94	-190.34

Source : Processed Data (2025)

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.

The table above presents the results of the logistic regression output including the moderating effect of gender diversity (GENDER). The decision-making is based on the significance value of the one-tailed p-value and the regression coefficient. Based on the table, only one hypothesis is accepted, namely H_{a7} , with significance levels of 10%. The analysis of the regression test results for each variable is as follows:

1. The interaction variable SIZE*GENDER has a significance value of 0,0840 (p-value < 0,10), thus H_{a7} is accepted in 10% significance level. This indicates that the gender diversity of audit committees does moderate the relationship between audit committee size and financial restatements. The intercept coefficient of -7,3753 suggests that if the number of members and female members both equal to zero, the log-odds of a financial restatement occurring is -7,3753 (occurrence probability of 0,06%). Meanwhile, the regression coefficient for SIZE*GENDER is -2,2474, indicating that the presence of gender diversity in the audit committee strengthens the negative association between audit committee size and financial restatements. In other words, for companies with gender-diverse audit committees, each additional female member decreases the log-odds of a financial restatement by 2,2474 (equivalent to 89,43% decrease in the odds of restatement).

2. The interaction variable $IND*GENDER$ has a significance value of 0,4005 ($p\text{-value} > 0,05$), thus H_{a8} is rejected in both 10% and 5% significance level. This indicates that the gender diversity of audit committees does not moderate the relationship between audit committee independence and financial restatements. The intercept coefficient of -6,0871 suggests that if there is no independent members and no female representation, the log-odds of a financial restatement occurring is -6,0871 (occurrence probability of 0,23%). Meanwhile, the positive regression coefficient for $IND*GENDER$ by 0,3456, indicating that each additional female independent member increases the log-odds of a financial restatement by 0,3456 (equivalent to 41,28% increase in the odds of restatement).
3. The interaction variable $MEET*GENDER$ has a significance value of 0,2590 ($p\text{-value} > 0,05$), thus H_{a9} is rejected in both 10% and 5% significance level. This indicates that the gender diversity of audit committees does not moderate the relationship between audit committee meeting frequency and financial restatements. The intercept coefficient of -4,4778 suggests that when the audit committee holds no meetings and has no female members, the log-odds of a financial restatement occurring is -4,4778, which corresponds to a low probability of restatement by only 1,12%. Meanwhile, the positive regression coefficient for $MEET*GENDER$ by 0,0480, indicating that each additional meeting in a gender-diverse audit committee increases the

log-odds of a financial restatement by 0,0480 (equivalent to 4,92% increase in the odds of restatement).

4. The interaction variable TENURE*GENDER has a significance value of 0,4550 ($p\text{-value} > 0,05$), thus H_{a10} is rejected in both 10% and 5% significance level. This indicates that the gender diversity of audit committees does not moderate the relationship between audit committee members' tenure and financial restatements. The intercept coefficient of -5,3333 suggests that when audit committee members have no tenure experience and no female members, the log-odds of a financial restatement occurring is -5,3333, which corresponds to a low probability of restatement by only 0,48%. Meanwhile, the positive regression coefficient for TENURE*GENDER by 0,0242, indicating that each additional year of tenure within a gender-diverse audit committee increases the log-odds of a financial restatement by 0,0242 (equivalent to 2,45% increase in the odds of restatement).
5. The interaction variable AGE*GENDER has a significance value of 0,1095 ($p\text{-value} > 0,05$), thus H_{a11} is rejected in both 10% and 5% significance level. This indicates that the gender diversity of audit committees does not significantly moderate the relationship between audit committee members' age and financial restatements. The intercept coefficient of -6,5511 suggests that when audit committee members' age equal to zero and no female members, the log-odds of a financial restatement occurring is -6,5511, which corresponds to a low probability

of restatement by only 0,14%. Meanwhile, the negative regression coefficient for AGE*GENDER by -0,6985, indicating that each additional year in age in gender-diverse committees decreases the log-odds of a financial restatement by 0,6985 (equivalent to 50,27% decrease in the odds of restatement).

6. The interaction variable POLITIC*GENDER has a significance value of 0,3120 ($p\text{-value} > 0,05$), thus H_{a12} is rejected in both 10% and 5% significance level. This indicates that the gender diversity of audit committees does not significantly moderate the relationship between political connections of audit committee members and financial restatements. The intercept coefficient of -5,3542 suggests that when audit committee has no political connections and no female members, the log-odds of a financial restatement occurring is -5,3542, which corresponds to a low probability of restatement by only 0,47%.

4.5. Findings

4.5.1. The Effect of Audit Committee Size on Financial Restatements

The logistic regression results show that SIZE does not have a significant effect on RESTATE, so H_{a1} is rejected. 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. This suggests that an increase in the number of audit committee members does not automatically enhance its monitoring function. When the committee becomes too large without clear role distribution or strong leadership, its function may become symbolic rather than

substantive, thus failing to prevent reporting errors. An excessively large committee may also lead to increased communication costs (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 et al., 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 et al., 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).

4.5.2. 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 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. Although independence is intended to strengthen objectivity and oversight, in practice, it may lead to weak monitoring when independent members lack contextual understanding or access to the core information of the company. 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). Shortly, this might reduce the committee's ability to detect financial irregularities, thus increasing the risk of restatements.

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 et al. (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).

4.5.3. 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). 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. As meetings became a reactive response to the underlying problems that have already occurred, the committee will be more focused on resolving recurring issues, thus their ability to prevent reporting errors weakens, thus increasing the potential for financial restatements.

4.5.4. 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 observation samples 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.

4.5.5. The Effect of Audit Committee Members' Age on Financial Restatements

Based on the data in Table 6, 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 et al., 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. When seniority is prioritized over relevant expertise, the role of older audit committee members may become passive, thereby limiting their impact on preventing financial restatements. This explains why the effect of age on financial reporting quality tends to be inconsistent and not always statistically significant.

4.5.6. The Effect of Political Connections of Audit Committee Members on Financial Restatements

Table 10. Politically Connected Sectors

	"1"		"0"	
Energy	40	20.41%	156	79.59%
Infrastructures (Utilities)	0	0.00%	20	100.00%
Technology	3	6.67%	42	93.33%
Basic Materials	50	16.89%	246	83.11%
Industrials	18	13.04%	120	86.96%
Properties And Real Estate	30	14.29%	180	85.71%
Consumer Non-cyclicals	49	16.39%	250	83.61%
Consumer Cyclicals	33	9.62%	310	90.38%

Source: Processed Data (2025)

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 is evident from the observation data from 1.547 firm-year observations, which show that politically connected firms are most prevalent in the energy sector (20,41%), followed by basic materials (16,89%), consumer non-cyclicals (16,39%), properties and real estate (14,29%), industrials (13,04%), consumer cyclicals (9,62%), technology (6,67%), and the utilities sector 0,00%. These proportions suggest that in several industries, particularly those closely tied to government regulation, public interest, or resource allocation, political connections have become a normalized and strategic feature. As practice becomes widespread across sectors, the differences between politically connected and non-connected firms become statistically indistinguishable. Consequently, political affiliation no longer serves as a meaningful differentiating factor in explaining the occurrence of financial restatements.

4.5.7. The Moderating Effect of Audit Committee Gender Diversity on Relationship Between Audit Committee Characteristics and 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. 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 et al., 2023; Jurkus et al., 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 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.

4.6. Research Implications

4.6.1. Theoretical Implications

In Agency Theory, the audit committee is described as a party which are able in mediating agency conflicts between managers—who do not always act in the best interest of shareholders—and the shareholders themselves. However, it is important to emphasize that beyond the audit committee as a board, its specific characteristics are crucial in determining the outcomes of financial reporting (Uddin Bhuiyan et al., 2024). Therefore, this study provides a theoretical contribution by enriching the literature on the relationship between audit committee characteristics

and the occurrence of financial restatements, particularly by linking it to the socio-cultural aspects specific to Indonesia.

The counterintuitive findings that independence and meeting frequency are positively correlated with financial restatements challenges previous theories or even general assumptions that assumed these attributes always have a positive impact on financial reporting quality, decreasing the potential restatements. These suggest that, in certain cultural and institutional contexts such as Indonesia, the concept of independence needs to be reinterpreted the urgencies of conducting board meetings need to be reevaluated.

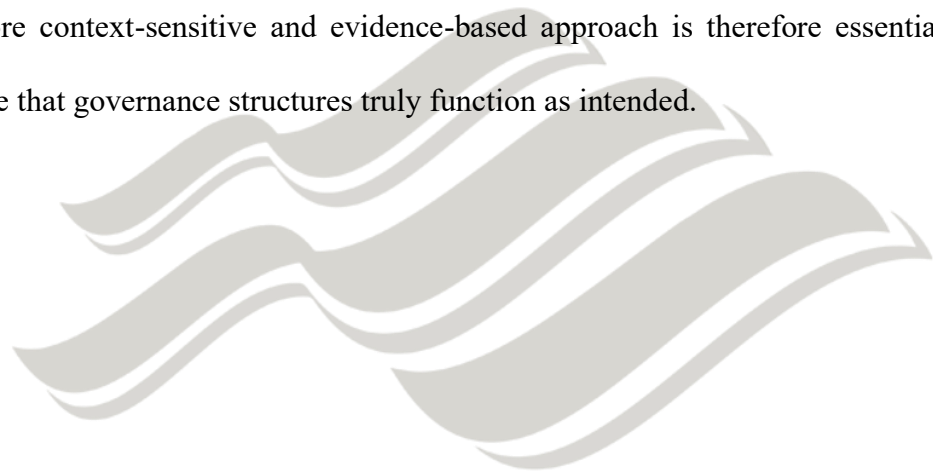
This study also introduces the gender perspective as a moderating variable, which is only statistically significant in influencing the relationship between audit committee size and financial restatements and failed to moderate other factors. This is an indication of the tokenism phenomenon occurring in Indonesian companies, highlighting a novel and intriguing aspect to be further explored within the context of corporate governance.

4.6.2. Practical Implications

The findings of this study are expected to serve as a reference for the development of future research on how audit committee characteristics influence the occurrence of financial restatements. The characteristics examined in this study, particularly independence and meeting frequency, show a positive relationship with financial restatements. Additionally, gender diversity, which fails to function effectively as a moderating variable, can also be interpreted as a signal of a

corporate governance issue, considering that gender diversity has the potential to serve as an alternative governance mechanism (Jurkus et al., 2011).

This should draw the attention of corporate stakeholders to avoid relying solely on regulatory compliance or general assumptions in composing their audit committee. Instead, they should critically assess the actual effectiveness of audit committee attributes substantively in enhancing the quality of financial reporting. A more context-sensitive and evidence-based approach is therefore essential to ensure that governance structures truly function as intended.



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CHAPTER V

CONCLUSIONS & LIMITATIONS

5.1. Conclusions

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 H_{a2} , H_{a3} and H_{a6} .

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.

5.2. Limitations

This study has three main limitations. First, it only includes a five-year time span, thus making the observation limited. Second, each company presents its audit committee profile in different formats, which in some cases resulted in the removal of certain observation years or even entire companies from the sample due to missing specific data. For example, some companies were excluded from the sample because they did not disclose the age of their audit committee members. Third, there are limitations in terms of the calculation of variables, especially those related to sociocultural elements such as POLITIC, which was measured using a dummy variable. This approach restricted the definition of “political connections” and provided limited room to explore the relationship between the POLITIC variable and financial restatements. Nevertheless, these limitations present opportunities for future research to expand the scope of data and apply more in-depth methodological approaches.

5.3. Suggestions

Based on the research findings obtained, several suggestions can be provided:

5.3.1. Future Research

Based on the research findings and the limitations, several suggestions can be considered to further explore studies related to board characteristics and the phenomenon of financial restatements:

1. As stated in the research limitations, future studies may consider extending the time span to obtain more observations and potentially yield more insightful results.
2. The findings show that the Pseudo R-Square values for each variable do not exceed 2,5%. This indicates that the explanatory power of the independent variables—the characteristics of the audit committee—is still limited as predictors in the context of financial restatements. Therefore, future research may explore this issue from the perspective of the Board of Directors, as they are directly involved in daily business operations and the preparation of financial statements.
3. The failure of GENDER as a moderating variable also opens up opportunities for future research to consider other factors—such as nationality and busyness—to be used as moderating variables.
4. Due to the limitations in interpreting qualitative variables that are quantified, future studies are strongly encouraged to adopt a more holistic approach by complementing numerical data with qualitative insights, such as through interviews or case studies.

5.3.2. For Companies and Their Stakeholders

Based on the findings of this study, companies and stakeholders are encouraged to reevaluate the composition of their audit committees. Additionally, board gender diversity should not be a regulatory compliance, even tokenism, but rather as a strategic tool to strengthen corporate governance. Furthermore, companies should avoid relying on indicators such as independence or the number of meetings to assess the effectiveness of audit committees. Given the study's focus on the Indonesian context, it is also important for companies and stakeholders to recognize that the composition of their audit committee must be tailored to local cultural, regulatory, and institutional aspects.

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APPENDICES

Appendix 1. List of Sample

Stock Code	Companies Name
ADRO	Alamtri Resources Indonesia Tbk.
AKRA	AKR Corporindo Tbk.
ARII	Atlas Resources Tbk.
ARTI	Ratu Prabu Energi Tbk.
BBRM	Pelayaran Nasional Bina Buana Tbk.
BIPI	Astrindo Nusantara Infrastruktur Tbk.
BSSR	Baramulti Suksessarana Tbk.
BUMI	Bumi Resources Tbk.
DEWA	Darma Henwa Tbk.
DOID	Delta Dunia Makmur Tbk.
DSSA	Dian Swastatika Sentosa Tbk
ELSA	Elnusa Tbk.
ENRG	Energi Mega Persada Tbk.
GEMS	Golden Energy Mines Tbk.
HITS	Humpuss Intermoda Transportasi Tbk.
HRUM	Harum Energy Tbk.
INDY	Indika Energy Tbk.
KKGI	Resource Alam Indonesia Tbk.
KOPI	Mitra Energi Persada Tbk.
LEAD	Logindo Samudramakmur Tbk.
PTBA	Bukit Asam Tbk.
PTRO	Petrosea Tbk.
RUIS	Radiant Utama Interinsco Tbk.
SMMT	Golden Eagle Energy Tbk.
SOCI	Soechi Lines Tbk.
TOBA	TBS Energi Utama Tbk.
TPMA	Trans Power Marine Tbk.
WINS	Wintermar Offshore Marine Tbk.
SHIP	Sillo Maritime Perdana Tbk.
TAMU	Pelayaran Tamarin Samudra Tbk.
FIRE	Alfa Energi Investama Tbk.
PSSI	IMC Pelita Logistik Tbk.
DWGL	Dwi Guna Laksana Tbk.
ITMG	Indo Tambangraya Megah Tbk.
RAJA	Rukun Raharja Tbk.
APEX	Apexindo Pratama Duta Tbk.
BULL	Buana Lintas Lautan Tbk.

MBAP	Mitrabara Adiperdana Tbk.
MBSS	Mitrabahtera Segara Sejati Tbk.
PGAS	Perusahaan Gas Negara Tbk.
TCPI	Transcoal Pacific Tbk.
SURE	Super Energy Tbk.
TEBE	Dana Brata Luhur Tbk.
SGER	Sumber Global Energy Tbk.
UNIQ	Ulima Nitra Tbk.
MCOL	Prima Andalan Mandiri Tbk.
RMKE	RMK Energy Tbk.
BSML	Bintang Samudera Mandiri Lines Tbk.
MITI	Mitra Investindo Tbk.
HADE	Himalaya Energi Perkasa Tbk.
KEEN	Kencana Energi Lestari Tbk.
MPOW	Megapower Makmur Tbk.
POWR	Cikarang Listrindo Tbk.
LAPD	Leyand International Tbk.
EMTK	Elang Mahkota Teknologi Tbk.
PTSN	Sat Nusapersada Tbk.
MCAS	M Cash Integrasi Tbk.
KREN	Quantum Clovera Investama Tbk.
NFCX	NFC Indonesia Tbk.
DIVA	Distribusi Voucher Nusantara Tbk.
TFAS	Telefast Indonesia Tbk.
DMMX	Digital Mediatama Maxima Tbk.
GLVA	Galva Technologies Tbk.
CASH	Cashlez Worldwide Indonesia Tbk.
WIFI	Solusi Sinergi Digital Tbk.
DCII	DCI Indonesia Tbk.
EDGE	Indointernet Tbk.
ZYRX	Zyrexindo Mandiri Buana Tbk.
BUKA	Bukalapak.com Tbk.
WGSB	Wira Global Solusi Tbk.
RUNS	Global Sukses Solusi Tbk.
UVCR	Trimegah Karya Pratama Tbk.
ADMG	Polychem Indonesia Tbk.
AGII	Samator Indo Gas Tbk.
ALDO	Alkindo Naratama Tbk.
ALKA	Alakasa Industrindo Tbk.
ALMI	Alumindo Light Metal Industry
ANTM	Aneka Tambang Tbk.
APLI	Asiaplast Industries Tbk.

BAJA	Saranacentral Bajatama Tbk.
BMSR	Bintang Mitra Semestaraya Tbk.
BRMS	Bumi Resources Minerals Tbk.
BRNA	Berlina Tbk.
BRPT	Barito Pacific Tbk.
BTON	Betonjaya Manunggal Tbk.
CITA	Cita Mineral Investindo Tbk.
CLPI	Colorpak Indonesia Tbk.
DKFT	Central Omega Resources Tbk.
DPNS	Duta Pertiwi Nusantara Tbk.
EKAD	Ekadharma International Tbk.
ESSA	ESSA Industries Indonesia Tbk.
FASW	Fajar Surya Wisesa Tbk.
GDST	Gunawan Dianjaya Steel Tbk.
FPNI	Lotte Chemical Titan Tbk.
IGAR	Champion Pacific Indonesia Tbk.
INAI	Indal Aluminium Industry Tbk.
INCI	Intanwijaya Internasional Tbk.
INCO	Vale Indonesia Tbk.
INKP	Indah Kiat Pulp & Paper Tbk.
INRU	Toba Pulp Lestari Tbk.
INTP	Indocement Tunggul Prakarsa Tbk.
KDSI	Kedawung Setia Industrial Tbk.
KRAS	Krakatau Steel (Persero) Tbk.
LMSH	Lionmesh Prima Tbk.
LTLS	Lautan Luas Tbk.
MDKA	Merdeka Copper Gold Tbk.
NIKL	Pelat Timah Nusantara Tbk.
SMBR	Semen Baturaja Tbk.
SMCB	Solusi Bangun Indonesia Tbk.
SMGR	Semen Indonesia (Persero) Tbk.
SPMA	Suparma Tbk.
SRSN	Indo Acidatama Tbk.
SULI	SLJ Global Tbk.
TALF	Tunas Alfin Tbk.
TBMS	Tembaga Mulia Semanan Tbk.
TINS	Timah Tbk.
TPIA	Chandra Asri Pacific Tbk.
UNIC	Unggul Indah Cahaya Tbk.
WTON	Wijaya Karya Beton Tbk.
KMTR	Kirana Megatara Tbk.
MDKI	Emdeki Utama Tbk.

ZINC	Kapuas Prima Coal Tbk.
PBID	Panca Budi Idaman Tbk.
TDPM	Tianrong Chemicals Industry Tbk.
MOLI	Madusari Murni Indah Tbk.
SMKL	Satyamitra Kemas Lestari Tbk.
GGRP	Gunung Raja Paksi Tbk.
OPMS	Optima Prima Metal Sinergi Tbk.
ESIP	Sinergi Inti Plastindo Tbk.
IFSH	Ifishdeco Tbk.
IFII	Indonesia Fibreboard Industry Tbk.
AYLS	Agro Yasa Lestari Tbk.
SAMF	Saraswanti Anugerah Makmur Tbk.
EPAC	Megalestari Epack Sentosaraya Tbk.
BEBS	Berkah Beton Sadaya Tbk.
NPGF	Nusa Palapa Gemilang Tbk.
OBMD	OBM Drilchem Tbk.
INCF	Indo Komoditi Korpora Tbk.
WSBP	Waskita Beton Precast Tbk.
AVIA	Avia Avian Tbk.
IPOL	Indopoly Swakarsa Industry Tbk.
ISSP	Steel Pipe Industry of Indonesia
TRST	Trias Sentosa Tbk.
SBMA	Surya Biru Murni Acetylene Tbk.
CMNT	Cemindo Gemilang Tbk.
ARCI	Archi Indonesia Tbk.
NICL	PAM Mineral Tbk.
PNGO	Pinago Utama Tbk.
AMIN	PT Ateliers Mecaniques D Indonesie Tbk.
ARNA	Arwana Citramulia Tbk.
ASGR	Astra Graphia Tbk.
BHIT	MNC Asia Holding Tbk.
BNBR	Bakrie & Brothers Tbk
CTTH	Citatah Tbk.
DYAN	Dyandra Media International Tbk.
ICON	Island Concepts Indonesia Tbk.
IMPC	Impack Pratama Industri Tbk.
INDX	Tanah Laut Tbk.
INTA	Intraco Penta Tbk.
JTPE	Jasuindo Tiga Perkasa Tbk.
KBLI	KMI Wire & Cable Tbk.
KBLM	Kabelindo Murni Tbk.
KIAS	Keramika Indonesia Assosiasi Tbk.

KOIN	Kokoh Inti Arebama Tbk.
LION	Lion Metal Works Tbk.
MFMI	Multifiling Mitra Indonesia Tbk.
MLIA	Mulia Industrindo Tbk.
SCCO	Supreme Cable Manufacturing & Commerce Tbk.
TOTO	Surya Toto Indonesia Tbk.
UNTR	United Tractors Tbk.
MARK	Mark Dynamics Indonesia Tbk.
SPTO	Surya Pertiwi Tbk.
SKRN	Superkrane Mitra Utama Tbk.
CAKK	Cahayaputra Asa Keramik Tbk.
ARKA	Arkha Jayanti Persada Tbk.
SINI	Singaraja Putra Tbk.
GPSO	Geoprima Solusi Tbk.
JECC	Jembo Cable Company Tbk.
KUAS	Ace Oldfields Tbk.
ABMM	ABM Investama Tbk.
BMTR	Global Mediacom Tbk.
APLN	Agung Podomoro Land Tbk.
ASRI	Alam Sutera Realty Tbk.
BAPA	Bekasi Asri Pemula Tbk.
BCIP	Bumi Citra Permai Tbk.
BEST	Bekasi Fajar Industrial Estate
BIKA	Binakarya Jaya Abadi Tbk.
BIPP	Bhuwanatala Indah Permai Tbk.
BKDP	Bukit Darmo Property Tbk
BKSL	Sentul City Tbk.
BSDE	Bumi Serpong Damai Tbk.
CTRA	Ciputra Development Tbk.
DART	Duta Anggada Realty Tbk.
DILD	Intiland Development Tbk.
DMAS	Puradelta Lestari Tbk.
DUTI	Duta Pertiwi Tbk.
ELTY	Bakrieland Development Tbk.
EMDE	Megapolitan Developments Tbk.
FMII	Fortune Mate Indonesia Tbk.
GAMA	Aksara Global Development Tbk.
GMTD	Gowa Makassar Tourism Development Tbk.
GPRA	Perdana Gapuraprima Tbk.
JRPT	Jaya Real Property Tbk.
KIJA	Kawasan Industri Jababeka Tbk.
LPCK	Lippo Cikarang Tbk.

LPKR	Lippo Karawaci Tbk.
MDLN	Modernland Realty Tbk.
MKPI	Metropolitan Kentjana Tbk.
MMLP	Mega Manunggal Property Tbk.
MTLA	Metropolitan Land Tbk.
OMRE	Indonesia Prima Property Tbk
PPRO	PP Properti Tbk.
PUDP	Pudjiadi Prestige Tbk.
PWON	Pakuwon Jati Tbk.
SMRA	Summarecon Agung Tbk.
TARA	Agung Semesta Sejahtera Tbk.
ARMY	Armidian Karyatama Tbk.
RISE	Jaya Sukses Makmur Sentosa Tbk
POLL	Pollux Properties Indonesia Tbk.
CITY	Natura City Developments Tbk.
SATU	Kota Satu Properti Tbk.
URBN	Urban Jakarta Propertindo Tbk.
CPRI	Capri Nusa Satu Properti Tbk.
PAMG	Bima Sakti Pertiwi Tbk.
NZIA	Nusantara Almazia Tbk.
REAL	Repower Asia Indonesia Tbk.
TRIN	Perintis Trinita Properti Tbk.
DADA	Diamond Citra Propertindo Tbk.
AMAN	Makmur Berkah Amanda Tbk.
KBAG	Karya Bersama Anugerah Tbk.
PURI	Puri Global Sukses Tbk.
HOMI	Grand House Mulia Tbk.
TRUE	Trinita Dinamik Tbk.
RBMS	Ristia Bintang Mahkotasejati Tbk.
RDTX	Roda Vivatex Tbk.
GWSA	PT. Greenwood Sejahtera Tbk.
KOTA	PT. DMS Propertindo Tbk.
AALI	Astra Agro Lestari Tbk.
ADES	Akasha Wira International Tbk.
AMRT	Sumber Alfaria Trijaya Tbk.
ANJT	Austindo Nusantara Jaya Tbk.
BISI	BISI International Tbk.
BTEK	Bumi Teknokultura Unggul Tbk.
BUDI	Budi Starch & Sweetener Tbk.
BWPT	Eagle High Plantations Tbk.
CPIN	Charoen Pokphand Indonesia Tbk.
CPRO	Central Proteina Prima Tbk.

DLTA	Delta Djakarta Tbk.
DSFI	Dharma Samudera Fishing Industries Tbk.
DSNG	Dharma Satya Nusantara Tbk.
FISH	FKS Multi Agro Tbk.
GGRM	Gudang Garam Tbk.
GOLL	Golden Plantation Tbk.
HERO	DFI Retail Nusantara Tbk.
HMSP	H.M. Sampoerna Tbk.
ICBP	Indofood CBP Sukses Makmur Tbk.
INDF	Indofood Sukses Makmur Tbk.
JPFA	Japfa Comfeed Indonesia Tbk.
LSIP	PP London Sumatra Indonesia Tbk.
MAIN	Malindo Feedmill Tbk.
MBTO	Martina Berto Tbk.
MIDI	Midi Utama Indonesia Tbk.
MLBI	Multi Bintang Indonesia Tbk.
MPPA	Matahari Putra Prima Tbk.
MRAT	Mustika Ratu Tbk.
MYOR	Mayora Indah Tbk.
PSDN	Prasidha Aneka Niaga Tbk.
SDPC	Millennium Pharmacon International Tbk.
SGRO	Sampoerna Agro Tbk.
SIPD	Sreeya Sewu Indonesia Tbk.
SKBM	Sekar Bumi Tbk.
SKLT	Sekar Laut Tbk.
SMAR	Smart Tbk.
SSMS	Sawit Sumbermas Sarana Tbk.
STTP	Siantar Top Tbk.
TBLA	Tunas Baru Lampung Tbk.
TCID	Mandom Indonesia Tbk.
TGKA	Tigaraksa Satria Tbk.
ULTJ	PT Ultrajaya Milk Industry & Trading Company Tbk.
UNVR	Unilever Indonesia Tbk.
WAPO	Wahana Pronatural Tbk.
WICO	Wicaksana Overseas International Tbk.
WIIM	Wismilak Inti Makmur Tbk.
DPUM	Dua Putra Utama Makmur Tbk.
KINO	Kino Indonesia Tbk.
CLEO	Sariguna Primatirta Tbk.
HOKI	Buyung Poetra Sembada Tbk.
CAMP	Campina Ice Cream Industry Tbk.
PCAR	Prima Cakrawala Abadi Tbk.

MGRO	Mahkota Group Tbk.
ANDI	Andira Agro Tbk.
KPAS	Cottonindo Ariesta Tbk.
GOOD	Garudafood Putra Putri Jaya Tbk.
FOOD	Sentra Food Indonesia Tbk.
ITIC	Indonesian Tobacco Tbk.
KEJU	Mulia Boga Raya Tbk.
PSGO	Palma Serasih Tbk.
UCID	Uni-Charm Indonesia Tbk.
CSRA	Cisadane Sawit Raya Tbk.
DMND	Diamond Food Indonesia Tbk.
IKAN	Era Mandiri Cemerlang Tbk.
PGUN	Pradiksi Gunatama Tbk.
KMDS	Kurniamitra Duta Sentosa Tbk.
ENZO	Morenzo Abadi Perkasa Tbk.
PMMP	Panca Mitra Multiperdana Tbk.
FAPA	FAP Agri Tbk.
TAPG	Triputra Agro Persada Tbk.
CMRY	Cisarua Mountain Dairy Tbk.
OILS	Indo Oil Perkasa Tbk.
BOBA	Formosa Ingredient Factory Tbk
FLMC	Falmaco Nonwoven Industri Tbk.
RANC	Supra Boga Lestari Tbk.
RMBA	Bentoel International Investama Tbk.
PALM	PT Provident Investasi Bersama Tbk.
PANI	Pantai Indah Kapuk Dua Tbk.
ACES	Aspirasi Hidup Indonesia Tbk.
ARTA	Arthavest Tbk.
AUTO	Astra Otoparts Tbk.
BATA	Sepatu Bata Tbk.
BIMA	Primarindo Asia Infrastructure Tbk.
BLTZ	Graha Layar Prima Tbk.
BOLT	Garuda Metalindo Tbk.
BRAM	Indo Kordsa Tbk.
BUVA	Bukit Uluwatu Villa Tbk.
CINT	Chitose Internasional Tbk.
CSAP	Catur Sentosa Adiprana Tbk.
ECII	Electronic City Indonesia Tbk.
ERAA	Erajaya Swasembada Tbk.
ERTX	Eratex Djaja Tbk.
FORU	Fortune Indonesia Tbk
GDYR	Goodyear Indonesia Tbk.

GEMA	Gema Grahasarana Tbk.
HDTX	Panasia Indo Resources Tbk.
IIKP	Inti Agri Resources Tbk.
IMAS	PT Indomobil Sukses Internasional Tbk.
INDR	Indo-Rama Synthetics Tbk.
INDS	Indospring Tbk.
JIHD	PT Jakarta International Hotels Dan Development Tbk.
JSPT	Jakarta Setiabudi Internasional Tbk.
KICI	Kedaung Indah Can Tbk.
KPIG	MNC Land Tbk.
LMPI	Langgeng Makmur Industri Tbk.
LPIN	Multi Prima Sejahtera Tbk.
LPPF	Matahari Department Store Tbk.
MAPI	Mitra Adiperkasa Tbk.
MASA	Multistrada Arah Sarana Tbk.
MDIA	Intermedia Capital Tbk.
MNCN	Media Nusantara Citra Tbk.
MPMX	Mitra Pinasthika Mustika Tbk.
MSKY	MNC Sky Vision Tbk.
MYTX	Asia Pacific Investama Tbk.
PANR	Panorama Sentrawisata Tbk.
PBRX	Pan Brothers Tbk.
PJAA	Pembangunan Jaya Ancol Tbk.
PSKT	Red Planet Indonesia Tbk.
PTSP	PT Pioneerindo Gourmet International Tbk.
SCMA	Surya Citra Media Tbk.
SHID	PT Hotel Sahid Jaya International Tbk.
SMSM	Selamat Sempurna Tbk.
SONA	Sona Topas Tourism Industry Tbk.
SRIL	Sri Rejeki Isman Tbk.
TMPO	Tempo Intimedia Tbk.
UNIT	Nusantara Inti Corpora Tbk.
VIVA	Visi Media Asia Tbk.
JGLE	Graha Andrasentra Propertindo Tbk.
BOGA	Bintang Oto Global Tbk.
CARS	PT Industri dan Perdagangan Bintraco Dharma Tbk.
MINA	Sanurhasta Mitra Tbk.
WOOD	Integra Indocabinet Tbk.
MAPB	MAP Boga Adiperkasa Tbk.
HRTA	Hartadinata Abadi Tbk.
BELL	Trisula Textile Industries Tbk
DFAM	Dafam Property Indonesia Tbk.

PZZA	Sarimelati Kencana Tbk.
MSIN	MNC Digital Entertainment Tbk.
MAPA	Map Aktif Adiperkasa Tbk.
FILM	MD Entertainment Tbk.
DIGI	Arkadia Digital Media Tbk.
YELO	Yelooo Integra Datanet Tbk.
ZONE	Mega Perintis Tbk.
HRME	Menteng Heritage Realty Tbk.
BOLA	Bali Bintang Sejahtera Tbk.
POLU	Golden Flower Tbk.
IPTV	MNC Vision Networks Tbk.
EAST	Eastparc Hotel Tbk.
INOV	Inocycle Technology Group Tbk.
PMJS	Putra Mandiri Jembar Tbk.
SLIS	Gaya Abadi Sempurna Tbk.
SOFA	Boston Furniture Industries Tbk.
SCNP	Selaras Citra Nusantara Perkasa Tbk.
SNLK	Sunter Lakeside Hotel Tbk.
MGLV	Panca Anugrah Wisesa Tbk.
DEPO	Caturkarda Depo Bangunan Tbk.
DRMA	Dharma Polimetal Tbk.
TRIS	Trisula International Tbk.
IDEA	Idea Indonesia Akademi Tbk.
RALS	Ramayana Lestari Sentosa Tbk.
RICY	Ricky Putra Globalindo Tbk.
IKAI	Intikramik Alamasri Industri Tbk.
NASA	PT. Andalan Perkasa Abadi Tbk.
TURI	Tunas Ridean Tbk.

Appendix 2. Descriptive Statistics for Financial Restatement Firms (Continuous Variables)

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
SIZE	42	2.00000	5.00000	3.0714286	.60052242
IND	42	.25000	.66667	.3845219	.11913348
MEET	42	3.00000	59.00000	9.1666667	12.21338064
TENURE	42	1.50000	11.00000	4.0543650	2.49476721
ROA	42	-.20820	.18250	.0188024	.07938694
DER	42	.01000	9.14000	.7800083	1.40431019
CR	42	.33000	8.10000	2.0438095	1.60468666
FS	42	25.76669	32.28255	28.9102088	1.54154689
GENDER	42	0.00000	1.00000	.2392855	.27693253
Valid N (listwise)	42				

Appendix 3. Descriptive Statistics for Non-Financial Restatement Firms (Continuous Variables)

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
SIZE	1505	1.00000	6.00000	3.0265781	.32096190
IND	1505	0.00000	1.00000	.3574724	.09145866
MEET	1505	1.00000	80.00000	6.2073090	5.86694897
TENURE	1505	1.00000	21.33333	4.3713179	2.87663257
ROA	1505	-1396.86270	3612.44260	1.5143061	99.85959912
DER	1505	-1.00450	422.87000	1.2047586	11.15778088
CR	1505	-.68000	2172.55000	5.1453817	58.21502252
FS	1505	.49000	32.82638	28.5595165	2.40805829
GENDER	1505	0.00000	1.00000	.2232885	.26129739
Valid N (listwise)	1505				

Appendix 4. Descriptive Statistics for Financial Restatement Firms (Dichotomous Variable)

POLITIC

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00000	34	81.0	81.0	81.0
	1.00000	8	19.0	19.0	100.0
	Total	42	100.0	100.0	

Appendix 5. Descriptive Statistics for Non-Financial Restatement Firms (Dichotomous Variable)

POLITIC

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00000	1290	85.7	85.7	85.7
	1.00000	215	14.3	14.3	100.0
	Total	1505	100.0	100.0	

Appendix 6. Descriptive Statistics for Financial Restatement Firms (Categorical Variable)

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
AGE	42	1.00000	4.00000	3.4523810	.96783341
Valid N (listwise)	42				

Appendix 7. Descriptive Statistics for Non-Financial Restatement Firms (Categorical Variable)

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
AGE	1505	1.00000	4.00000	3.4179402	.90069256
Valid N (listwise)	1505				

Appendix 8. Multicollinearity Test

Coefficients^a

Model		Collinearity Statistics	
		Tolerance	VIF
1	SIZE	.844	1.184
	IND	.910	1.099
	MEET	.868	1.152
	TENURE	.938	1.067
	AGE	.751	1.332
	POLITIC	.905	1.105
	ROA	.991	1.009
	DER	.998	1.002
	CR	.997	1.003
	FS	.884	1.131
	GENDER	.820	1.220

a. Dependent Variable: RESTATE

Appendix 9. Correlation Matrix

	X1	X2	X3	X4	X5	X6	C1	C2	C3	C4	Z
X1	1.00	-0.25	0.27	-0.12	0.06	0.15	0.00	0.00	-0.01	0.14	-0.02
X2	-0.25	1.00	-0.05	0.11	0.11	0.01	0.00	-0.01	-0.01	0.06	-0.08
X3	0.27	-0.05	1.00	-0.04	0.12	0.23	-0.01	0.00	-0.01	0.20	-0.09
X4	-0.12	0.11	-0.04	1.00	0.14	-0.08	-0.02	-0.02	-0.02	-0.06	0.01
X5	0.06	0.11	0.12	0.14	1.00	0.17	0.01	0.03	0.00	0.24	-0.41
X6	0.15	0.01	0.23	-0.08	0.17	1.00	-0.01	0.00	-0.02	0.17	-0.12
C1	0.00	0.00	-0.01	-0.02	0.01	-0.01	1.00	0.00	0.00	-0.07	0.05
C2	0.00	-0.01	0.00	-0.02	0.03	0.00	0.00	1.00	-0.01	0.00	-0.03
C3	-0.01	-0.01	-0.01	-0.02	0.00	-0.02	0.00	-0.01	1.00	-0.03	-0.02
C4	0.14	0.06	0.20	-0.06	0.24	0.17	-0.07	0.00	-0.03	1.00	-0.09
Z	-0.02	-0.08	-0.09	0.01	-0.41	-0.12	0.05	-0.03	-0.02	-0.09	1.00

Appendix 10. Regression Output SIZE

Logit Regression Results

```

=====
Dep. Variable:                Y    No. Observations:                1547
Model:                        Logit  Df Residuals:                    1541
Method:                       MLE   Df Model:                      5
Date:                         Wed, 30 Apr 2025   Pseudo R-squ.:              0.01165
Time:                         16:15:27   Log-Likelihood:              -190.65
converged:                    True    LL-Null:                     -192.89
Covariance Type:              nonrobust   LLR p-value:                 0.4805
=====

```

	coef	std err	z	P> z	[0.025	0.975]
Intercept	-5.7892	2.601	-2.226	0.026	-10.887	-0.691
X1	0.2449	0.409	0.598	0.550	-0.557	1.047
C1	-0.0002	0.002	-0.085	0.932	-0.005	0.004
C2	-0.0908	0.140	-0.648	0.517	-0.365	0.184
C3	-0.1108	0.089	-1.250	0.211	-0.285	0.063
C4	0.0626	0.087	0.719	0.472	-0.108	0.233

Appendix 11. Regression Output IND

Logit Regression Results

```

=====
Dep. Variable:                Y    No. Observations:                1547
Model:                        Logit  Df Residuals:                    1541
Method:                       MLE   Df Model:                      5
Date:                         Wed, 30 Apr 2025   Pseudo R-squ.:              0.01660
Time:                         16:14:36   Log-Likelihood:              -189.69
converged:                    True    LL-Null:                     -192.89
Covariance Type:              nonrobust   LLR p-value:                 0.2688
=====

```

	coef	std err	z	P> z	[0.025	0.975]
Intercept	-5.7592	2.463	-2.338	0.019	-10.587	-0.931
X2	2.0910	1.307	1.599	0.110	-0.471	4.653
C1	-0.0002	0.002	-0.083	0.934	-0.005	0.004
C2	-0.0882	0.140	-0.631	0.528	-0.362	0.186
C3	-0.1060	0.088	-1.205	0.228	-0.278	0.066
C4	0.0602	0.085	0.710	0.478	-0.106	0.226

Appendix 12. Regression Output MEET

Logit Regression Results

```
=====
Dep. Variable:          Y    No. Observations:          1547
Model:                  Logit    Df Residuals:          1541
Method:                  MLE    Df Model:              5
Date:                    Wed, 30 Apr 2025    Pseudo R-squ.:          0.02228
Time:                    15:50:47    Log-Likelihood:          -188.60
converged:              True    LL-Null:              -192.89
Covariance Type:        nonrobust    LLR p-value:          0.1263
=====
```

	coef	std err	z	P> z	[0.025	0.975]
Intercept	-4.3569	2.270	-1.919	0.055	-8.807	0.093
X3	0.0345	0.014	2.450	0.014	0.007	0.062
C1	-0.0002	0.002	-0.094	0.925	-0.004	0.004
C2	-0.1074	0.148	-0.728	0.467	-0.397	0.182
C3	-0.1061	0.089	-1.197	0.231	-0.280	0.068
C4	0.0301	0.079	0.381	0.704	-0.125	0.185

Appendix 13. Regression Result TENURE

Logit Regression Results

```
=====
Dep. Variable:          Y    No. Observations:          1547
Model:                  Logit    Df Residuals:          1541
Method:                  MLE    Df Model:              5
Date:                    Wed, 30 Apr 2025    Pseudo R-squ.:          0.01209
Time:                    16:16:31    Log-Likelihood:          -190.56
converged:              True    LL-Null:              -192.89
Covariance Type:        nonrobust    LLR p-value:          0.4583
=====
```

	coef	std err	z	P> z	[0.025	0.975]
Intercept	-5.0697	2.575	-1.969	0.049	-10.116	-0.024
X4	-0.0417	0.061	-0.683	0.495	-0.161	0.078
C1	-0.0002	0.002	-0.092	0.927	-0.005	0.005
C2	-0.0907	0.139	-0.650	0.515	-0.364	0.183
C3	-0.1126	0.089	-1.271	0.204	-0.286	0.061
C4	0.0698	0.088	0.796	0.426	-0.102	0.242

Appendix 14. Regression Output AGE

Logit Regression Results

```
=====
Dep. Variable:          Y    No. Observations:          1547
Model:                  Logit    Df Residuals:          1541
Method:                  MLE    Df Model:              5
Date:                   Wed, 30 Apr 2025    Pseudo R-squ.:          0.01081
Time:                   16:17:00    Log-Likelihood:          -190.81
converged:              True    LL-Null:            -192.89
Covariance Type:        nonrobust    LLR p-value:          0.5253
=====
```

	coef	std err	z	P> z	[0.025	0.975]
Intercept	-5.3355	2.582	-2.066	0.039	-10.397	-0.274
X5	-0.0147	0.189	-0.078	0.938	-0.386	0.356
C1	-0.0002	0.002	-0.080	0.936	-0.005	0.005
C2	-0.0910	0.140	-0.650	0.516	-0.365	0.184
C3	-0.1128	0.089	-1.268	0.205	-0.287	0.062
C4	0.0747	0.094	0.798	0.425	-0.109	0.258

Appendix 15. Regression Output POLITIC

Logit Regression Results

```
=====
Dep. Variable:          Y    No. Observations:          1547
Model:                  Logit    Df Residuals:          1541
Method:                  MLE    Df Model:              5
Date:                   Wed, 30 Apr 2025    Pseudo R-squ.:          0.01171
Time:                   16:17:28    Log-Likelihood:          -190.64
converged:              True    LL-Null:            -192.89
Covariance Type:        nonrobust    LLR p-value:          0.4777
=====
```

	coef	std err	z	P> z	[0.025	0.975]
Intercept	-5.0604	2.518	-2.010	0.044	-9.995	-0.126
X6	0.2494	0.410	0.608	0.543	-0.555	1.054
C1	-0.0002	0.002	-0.084	0.933	-0.005	0.004
C2	-0.0948	0.141	-0.673	0.501	-0.371	0.181
C3	-0.1108	0.088	-1.252	0.211	-0.284	0.063
C4	0.0619	0.087	0.711	0.477	-0.109	0.232

Appendix 16. Regression Output SIZE*GENDER

Logit Regression Results

Dep. Variable:	Y	No. Observations:	1547
Model:	Logit	Df Residuals:	1539
Method:	MLE	Df Model:	7
Date:	Wed, 30 Apr 2025	Pseudo R-squ.:	0.01683
Time:	16:19:03	Log-Likelihood:	-189.65
converged:	True	LL-Null:	-192.89
Covariance Type:	nonrobust	LLR p-value:	0.4837

	coef	std err	z	P> z	[0.025	0.975]
Intercept	-7.3753	2.811	-2.624	0.009	-12.885	-1.866
X1	0.7278	0.511	1.424	0.155	-0.274	1.730
Z	7.0603	4.877	1.448	0.148	-2.498	16.618
X1_Z	-2.2474	1.630	-1.379	0.168	-5.442	0.948
C1	-0.0002	0.002	-0.100	0.920	-0.005	0.004
C2	-0.0841	0.138	-0.610	0.542	-0.354	0.186
C3	-0.1093	0.089	-1.226	0.220	-0.284	0.065
C4	0.0638	0.090	0.709	0.478	-0.113	0.240

Appendix 17. Regression Output IND*GENDER

MOD X2_Z

Logit Regression Results

Dep. Variable:	Y	No. Observations:	1547
Model:	Logit	Df Residuals:	1539
Method:	MLE	Df Model:	7
Date:	Wed, 30 Apr 2025	Pseudo R-squ.:	0.01785
Time:	16:20:56	Log-Likelihood:	-189.45
converged:	True	LL-Null:	-192.89
Covariance Type:	nonrobust	LLR p-value:	0.4410

	coef	std err	z	P> z	[0.025	0.975]
Intercept	-6.0871	2.604	-2.338	0.019	-11.191	-0.984
X2	2.1455	1.325	1.620	0.105	-0.451	4.742
Z	0.2667	0.805	0.331	0.740	-1.312	1.845
X2_Z	0.3456	1.374	0.252	0.801	-2.347	3.038
C1	-0.0002	0.002	-0.099	0.922	-0.005	0.005
C2	-0.0834	0.138	-0.606	0.544	-0.353	0.186
C3	-0.1055	0.088	-1.194	0.232	-0.279	0.068
C4	0.0675	0.088	0.764	0.445	-0.106	0.241

Appendix 18. Regression Output MEET*GENDER

MOD X3_Z

Logit Regression Results

```

=====
Dep. Variable:                Y      No. Observations:                1547
Model:                        Logit   Df Residuals:                  1539
Method:                       MLE    Df Model:                      7
Date:                        Wed, 30 Apr 2025   Pseudo R-squ.:                0.02430
Time:                        16:24:15    Log-Likelihood:               -188.21
converged:                    True      LL-Null:                     -192.89
Covariance Type:             nonrobust   LLR p-value:                  0.2269
=====

```

	coef	std err	z	P> z	[0.025	0.975]
Intercept	-4.4778	2.378	-1.883	0.060	-9.138	0.182
X3	0.0243	0.023	1.073	0.283	-0.020	0.069
Z	0.0396	0.787	0.050	0.960	-1.503	1.582
X3_Z	0.0480	0.074	0.647	0.518	-0.097	0.193
C1	-0.0002	0.002	-0.099	0.921	-0.004	0.004
C2	-0.0968	0.144	-0.673	0.501	-0.379	0.185
C3	-0.1072	0.089	-1.201	0.230	-0.282	0.068
C4	0.0338	0.082	0.413	0.680	-0.127	0.194

Appendix 19. Regression Output TENURE*GENDER

Logit Regression Results

```

=====
Dep. Variable:                Y      No. Observations:                1547
Model:                        Logit   Df Residuals:                  1539
Method:                       MLE    Df Model:                      7
Date:                        Wed, 30 Apr 2025   Pseudo R-squ.:                0.01283
Time:                        16:25:53    Log-Likelihood:               -190.42
converged:                    True      LL-Null:                     -192.89
Covariance Type:             nonrobust   LLR p-value:                  0.6663
=====

```

	coef	std err	z	P> z	[0.025	0.975]
Intercept	-5.3333	2.709	-1.969	0.049	-10.642	-0.024
X4	-0.0475	0.079	-0.598	0.550	-0.203	0.108
Z	0.2138	1.093	0.196	0.845	-1.928	2.355
X4_Z	0.0242	0.214	0.113	0.910	-0.395	0.443
C1	-0.0003	0.003	-0.103	0.918	-0.005	0.005
C2	-0.0866	0.138	-0.627	0.530	-0.357	0.184
C3	-0.1127	0.089	-1.266	0.206	-0.287	0.062
C4	0.0771	0.091	0.849	0.396	-0.101	0.255

Appendix 20. Regression Output AGE*GENDER

Logit Regression Results

Dep. Variable:	Y	No. Observations:	1547
Model:	Logit	Df Residuals:	1539
Method:	MLE	Df Model:	7
Date:	Wed, 30 Apr 2025	Pseudo R-squ.:	0.01533
Time:	16:27:09	Log-Likelihood:	-189.94
converged:	True	LL-Null:	-192.89
Covariance Type:	nonrobust	LLR p-value:	0.5497

	coef	std err	z	P> z	[0.025	0.975]
Intercept	-6.5511	2.761	-2.372	0.018	-11.963	-1.139
X5	0.3145	0.334	0.940	0.347	-0.341	0.970
Z	2.5894	1.941	1.334	0.182	-1.215	6.394
X5_Z	-0.6985	0.569	-1.228	0.219	-1.813	0.416
C1	-0.0002	0.002	-0.070	0.945	-0.005	0.005
C2	-0.0823	0.136	-0.606	0.545	-0.349	0.184
C3	-0.1144	0.090	-1.266	0.205	-0.291	0.063
C4	0.0731	0.093	0.785	0.432	-0.109	0.255

Appendix 21. Regression Output POLITIC*GENDER

Logit Regression Results

Dep. Variable:	Y	No. Observations:	1547
Model:	Logit	Df Residuals:	1539
Method:	MLE	Df Model:	7
Date:	Wed, 30 Apr 2025	Pseudo R-squ.:	0.01325
Time:	16:28:02	Log-Likelihood:	-190.34
converged:	True	LL-Null:	-192.89
Covariance Type:	nonrobust	LLR p-value:	0.6461

	coef	std err	z	P> z	[0.025	0.975]
Intercept	-5.3542	2.638	-2.030	0.042	-10.524	-0.184
X6	0.4251	0.500	0.850	0.395	-0.555	1.405
Z	0.4643	0.637	0.729	0.466	-0.783	1.712
X6_Z	-0.9573	1.951	-0.491	0.624	-4.781	2.866
C1	-0.0003	0.002	-0.105	0.916	-0.005	0.005
C2	-0.0917	0.139	-0.662	0.508	-0.363	0.180
C3	-0.1083	0.089	-1.223	0.221	-0.282	0.065
C4	0.0678	0.090	0.752	0.452	-0.109	0.245