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AUDIT COMMITTEE CHARACTERISTICS AND VOLUNTARY DISCLOSURE (STUDY ON MANUFACTURING COMPANIES IN 2017-2019)

Safitri Nurul Aisyah
Isna Putri Rahmawati*
Accounting Department, Faculty of Economics and Business, Universitas Sebelas Maret, Indonesia
*Corresponding Author: isnaputrirahmawati@staff.uns.ac.id

ABSTRACT

This study centers on how the audit committee's characteristics impact voluntary disclosure. The composition of the audit committee is shown by its size, percentage of independent commissioners, and gender diversity. This study used 255 observations over 3 years, from 2017 to 2019, and samples from industrial firms recorded on the Indonesia Stock Exchange. In this study, a multiple linear analysis is conducted. The results show that the audit committee size has a negative effect on voluntary disclosure. The ratio of independent commissioners and the gender diversity of the audit committee have a positive impact on voluntary disclosure.
Keywords: audit committee; gender diversity; independent commissioner; voluntary disclosure

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INTRODUCTION

Companies include both required and voluntary disclosures in annual reports on the condition of their businesses. "Mandatory disclosure" refers to information that firms must disclose in compliance with Law Number 40 of 2007 and Financial Services Authority Regulation (*Peraturan Otoritas Jasa Keuangan*/POJK) Number 29/POJK.4/2016. Mandatory disclosure attempts to fulfill regulatory requirements and protect stakeholders. On the contrary, voluntary disclosure is the voluntary publication of financial and non-financial data not required by relevant accounting rules and legislation (Scaltrio, 2016). By connecting the information gap between management and shareholders and lowering shareholder uncertainty, voluntary disclosure can lower the cost of capital.

Based on agency theory, a disagreement of interests between management and the company results in information asymmetry between the two parties where shareholders bear the company's risk but do not have access to comprehensive management information. (Fama & Jensen, 1983). Managers are self-serving agents with more critical information than shareholders about the company's current success and future performance likelihood (Ho & Taylor, 2013). In addition, they can use their authority by choosing the information that is disclosed to facilitate their involvement in resourceful behavior for particular gain (Watts & Zimmerman, 1990). As a result, there are firm costs, which Jensen & Meckling (1976) refer to as agency costs. According to the agency theory, companies enhance voluntary disclosure to lower agency costs and conflict between parties.

Based on a survey conducted by FTI Consulting in 2019 on 330 companies in Asia, Indonesia was rated as one of the lowest countries in terms of voluntary disclosure standards. The survey results show that no single company from Indonesia has a perfect score in voluntary disclosure. Indonesia is in the lowest group in the value of voluntary disclosure in ASEAN, along with the Philippines and Vietnam. It is because Indonesia does not yet have adequate voluntary disclosure standards that can be used as benchmarks in general. It could be interpreted that companies in countries with lower voluntary disclosure will be more challenging to compete for foreign investors than companies in countries with higher voluntary disclosure (FTI Consulting, 2019). Low amounts of voluntary disclosure are also often related to a low corporate governance system (Md Zaini et al., 2018). One of the corporate governance principles is transparency. Companies will disclose financial information through annual reports to minimize the information gap owned by shareholders and management to fulfill this principle. In other words, Companies with strong corporate governance practices release more voluntary information than those with weak corporate governance practices.

Former research concerning the predictors of voluntary disclosure began in the 1990s. In this era, most of the studies focused on the company's financial factors such as size, leverage, and profitability (Hossain et al., 1994; Hossain et al., 1995; Owusu-Ansah, 1998). Currently, most research focuses on non-financial factors such as corporate governance systems. This is because financial aspects will only give economic benefit to the company in the short term and are not sustainable. Therefore, it is necessary to have structures, systems, and valuable processes which provide additional value to the firm that is sustainable in the long term, such as corporate governance. For example, the board of executives composition, the formation and independence of the advisory board, a dual role of the CEO and the board of executives, and the formation and characteristics of the audit committee, are all factors affecting the characteristics of corporate governance (Ho & Wong, 2001; Madi et al., 2014; Othman et al., 2014; Alfraih & Almutawa, 2017; Agyei-Mensah, 2018; Talpur et al., 2018).

The Indonesian Institute for Corporate Governance (IICG) identifies corporate governance as a system of procedures that regulate a company by stakeholder expectations. The National Committee on Corporate Governance Policy was founded in 1999 and brought corporate governance to Indonesia under the direction of the Coordinating Minister for Economic Affairs, Finance, and Industry. In 1999, the organization published its first set of National Guidelines for Good Corporate Governance, modified in 2001 and 2006 (OJK, 2014). Corporate governance regulations are currently governed by POJK Number 21/POJK. 04/2015.

The corporate governance mechanisms regulated in the Indonesian corporate governance guidelines include the General Meeting of Shareholders (GMS), directors and commissioners, nomination and remuneration committee, corporate secretary, audit committee, as well as internal audit and external audit (KNKG, 2006). One of these mechanisms is the audit committee, which supervises the management and offering professional opinions to the board of commissioners. In POJK Number 55/POJK.04/2015, it is stated that the functions and responsibilities of the audit committee are to examine financial reporting and confirm that the company obeys the applicable laws and regulations. In other words, audit committee is in charge of ensuring that the reports are following real conditions and applicable standards and regulations. Audit committee can also offer suggestions to the board of commissioners relating to possible conflicts of interest between management and other shareholders. This means that the audit committee can decrease agency costs that occur between management and shareholders by providing information on the condition of the company through company reports to decrease information asymmetry and improve disclosure quality. This is also supported by the research by Madi et al. (2014) and Talpur et al. (2018), claiming that the role of the audit committee in supervising the financial reporting process can increase the effectiveness of the transparency of corporate reporting so as to improve the company's voluntary disclosure.

Several studies measure the effectiveness of audit committee performance seen from audit committee features such as financial expertise, independence, frequency of meetings, number of audit committees, multiple directorships, previous experience, as well as tenure, and gender diversity (Madi et al., 2014; Othman et al., 2014; Agyei-mensah, 2018; Talpur et al., 2018; Bravo & Reguera-Alvarado, 2018). This study focuses on three characteristics of the audit committee, namely, independence, size, and gender diversity.

Resource dependence theory suggests that companies are open systems that depend on their external environment to ensure the flow of resources essential to their survival. According to this theory, the audit committee functions as an advisor and consultant to the board of commissioners to provide worthwhile properties for a company (Zhou et al., 2018). Therefore, a larger number of audit committees will have diverse resources such as knowledge, experience, and expertise to increase their effectiveness in carrying out their responsibilities which also increases voluntary disclosure (Madi et al., 2014; Othman et al., 2014; Talpur et al., 2018). Talpur et al. (2018); Agyei-mensah (2018); Fatmawati et al. (2018) revealed that audit committee size gives a positive effect on voluntary disclosure. Meanwhile, the research by Othman et al. (2014) and Dharma & Nugroho (2013) suggests that the size of the audit committee does not give a positive impact on voluntary disclosure. A more extensive audit committee might be less efficient in carrying out its duties due to pointless discussion, worse communication, and delays in decision-making.

Independent audit committee, according to FCGI (2002) and POJK Number 55/POJK.04/2015, refers to independent commissioners, including the chairman and member of the audit committee not related to company management and affiliated parties. Independent commissioners as representatives of minority shareholders are expected to be independent of the interests of majority shareholders. Independent commissioners seem to have a private interest and advantage in the use of shareholder value; hence, they work without burden from company management (Bédard & Gendron, 2010; Talpur et al., 2018). Therefore, independent commissioners have more chances to regulate and lessen management's opportunities to deny information for their advantage (Allegrini & Greco, 2013; Madi et al., 2014). Independent commissioners guarantee the value and clearness of the financial reporting process to minimize information asymmetry and affect voluntary disclosure increases (Allegrini & Greco, 2013; Madi et al., 2014; Talpur et al., 2018). Previous studies evidencing that the proportion of independent commissioners in the audit committee had a positive effect on voluntary disclosure include Talpur et al. (2018); Agyei-mensah (2018); and Saraswati et al. (2020). Meanwhile, Othman et al. (2014) and Cahaya & Yoga (2020) have concluded that the proportion of independent commissioners in the audit committee does not affect voluntary disclosure.

Gender diversity is also a vital characteristic of audit committees in advancing the corporate governance system (Appuhami & Tashakor, 2017). The literature agrees that female directors are more stakeholder-oriented and more subtle about CSR issues, which can increase involvement and encourage voluntary disclosure (Giannarakis, 2014; Helfaya & Moussa, 2017). Women are more participatory and democratic than men, which will encourage greater debate about corporate stakeholders and attention to environmental, social, and governance issues (Galbreath, 2018). Increased sensitivity and participatory decision-making style generally explain that female directors are more proactive in social and environmental disclosures to meet stakeholder requests (Rao & Tilt, 2016). Several prior studies exposed that gender diversity of audit committees had a positive contribution to voluntary disclosure, including Bravo & Reguera-Alvarado (2018); Appuhami & Tashakor (2017); Fauziah (2018). Meanwhile, the results of these studies contradict the studies conducted by Ammer & Ahmad-Zaluki (2017) and Kartikarini & Mutmainah (2013) which advocated that the gender diversity of audit committees does not have a positive effect on voluntary disclosure because the proportion of women on the audit committee is relatively small, making it difficult for them to influence the majority group.

This study aims to empirically examine the impact of audit committee characteristics, including audit committee size, the proportion of independent commissioners, and gender diversity in the audit committee on voluntary disclosures in manufacturing companies in Indonesia. The article includes an introduction, theoretical framework, research method, results and discussion, conclusions, and suggestions.

Hypothesis Development

Agency theory

Jensen & Meckling (1976) outline an agency relationship as one in which shareholders hire management (agents) to perform duties on their behalf and delegate some decision-making authority to the agents. In other words, the shareholders authorize the management to complete specific activities or jobs following the mutually agreed-upon employment contract. Agency theory estimates businesses with high agency costs will attempt to lower them by utilizing control mechanisms like corporate governance systems (Jensen & Meckeling, 1976). This technique aids in management control and guarantees that they act in the way shareholders desire. The audit committee, one of the corporate governance framework's components, is in charge of monitoring the financial reporting procedure. The audit committee's supervision of financial reporting and the audit process of the company can strengthen its corporate governance structure. As an impartial, knowledgeable, and active audit committee, it must protect the interests of shareholders (Zhou et al., 2018).

Resource dependence theory

According to Biermann & Harsch (2017), resource dependence theory is based on the idea that organizations are rooted in their environment and subject to external resources to run and survive. The organizational environment comprises the structures, actors, and events affecting the organization's dependence on external resources. These resources can be tangible such as raw materials, employees, capital, facilities, and equipment. This theory conceptualizes organizations as open systems. This system emphasizes the connection between the organization and the resources it receives from or sends to its environment. Pfeffer & Salancik (1978) suggested that firms should manage this uncertainty by creating relationships with important elements in their external environment. Under this perspective, the board of directors and the board of commissioners are the main linkage mechanisms to link the external environment with the company by optimizing the resources needed to survive and thrive. The audit committee can bring several valuable economic resources such as information, skills, knowledge, and expertise. These resources can increase their effectiveness in carrying out their responsibilities and roles (Madi et al., 2014; Othman et al., 2014; Talpur et al., 2018).

Audit committee

The audit committee is a company's organ in corporate governance. The committee is formed and is responsible to the board of commissioners whose role is to assist in completing the duties and functions of the board of commissioners (POJK Number 55/POJK.04/2015). This organ is a dynamic oversight mechanism that companies must have to help commissioners in their internal responsibilities and increase their effectiveness (Alraih & Almutawa, 2017). The responsibilities of the audit committee can be grouped into three: (1) supervision of external communications, (2) monitoring of internal control systems, and (3) oversight of external auditors (Bédard & Gendron, 2010). While legal and regulatory requirements have traditionally emphasized oversight of financial reporting and external audits, recent regulatory reforms have extended the audit committee's responsibilities to the internal control system and extended its oversight errands regarding external communications and audits.

In POJK Number 55/POJK.04/2015, it is explicated that audit committee consists of at least three members including an independent commissioner as chairman of audit committee and two other members who are outside parties from the company. This minimum threshold guarantees proper monitoring through the diversity of expertise (Bédard & Gendron, 2010). The intention is to have a committee that is not so large as to be difficult, but large enough to ensure effective monitoring. Furthermore, the regulation confirms that the independent commissioner is one of audit committee members serving as the chairman.

Voluntary disclosure

Meek et al. (1995) define voluntary disclosure as an unrestricted choice on the portion of company management to provide accounting and other information relevant to the decision needs of users of annual reports. Voluntary disclosure has been used as a means of communication aimed at promoting market management ideas that present the company's potential to stakeholders (Zaini et al., 2017).

Graham et al. (2005) focus on six main reasons or drivers for management to disclose voluntary information: information irregularity, amplified analyst coverage, contests for corporate control, stock compensation, management talent, and mandatory disclosure restrictions. In addition, they reveal five obstacles to voluntary disclosure, including proprietary costs, litigation costs, disclosure precedence, agency costs, and political costs.

Audit committee size and voluntary disclosure

Madi et al. (2014); Talpur et al. (2018); Agyei-mensah (2018); Fatmawati et al. (2018) reported that audit committee size influences voluntary disclosure. From the perspective of resource dependence theory, the more members of the audit committee, the more valuable the information, experience, and competence contributed. The audit committee is in charge of overseeing the financial reporting process. Thus, an audit committee improves the internal control system, which advances disclosure quality as well as the reliability of annual report. This will make their performance more

effective and result in the disclosure of voluntary information that is more pertinent for investors for decision making given the high level of uncertainty (Fatmawati et al, 2018). Moreover, Talpur et al. (2018) claimed that a large audit committee size will improve their performance in monitoring and controlling the company thereby increasing voluntary disclosure.
H1: The audit committee size has a positive effect on voluntary disclosure

The proportion of independent commissioners in the audit committee and voluntary disclosure

Madi et al. (2014); Talpur et al. (2018); Agyei-mensah (2018); and Saraswati et al. (2020) found the positive influence of independent commissioner proportion in the audit committee on voluntary disclosure. Independent commissioners on the audit committee do not have an economic or personal relationship with management. Therefore, they prefer working independently and objectively without management's influence (Madi et al., 2014). In addition, independent commissioners are seen as a check and balance mechanism to confirm that management actions serve the greatest interests of shareholders and other stakeholders (Saraswati et al. 2020). This can provide more opportunities for independent commissioners to manage and decrease the chance for management to withhold information for particular benefit (Madi et al., 2014). Talpur et al. (2018) also contended that independent commissioners can guarantee the quality and transparency of financial reporting so that it can reduce information asymmetry and affect the increase in a voluntary disclosure.
H2: The independent commissioner proportion in the audit committee has a positive effect on voluntary disclosure.

Gender diversity in the audit committee and voluntary disclosure

Studies by Bravo & Reguera-Alvarado (2018); Appuhami & Tashakor (2017); Fauziah (2018) evidenced that gender diversity in the audit committee has a positive contribution to voluntary disclosure. From the agency theory perspective, women will try to avoid conflict because they are considered more ethical, diligent, and better at supervision (Kartikarini & Mutmainah, 2013; Nadeem, 2019). In particular, female members can improve the monitoring ability of the audit committee, and thus, female external members are linked with fewer occurrences of financial fraud, increased transparency, and decreased agency costs (Nadeem, 2019). Therefore, it is believed that female members of audit committee can increase voluntary disclosure because the information can reduce information asymmetry and decrease internal friction.

Based on the perspective of resource-dependent theory, women have different values, perspectives, personalities, experiences, leadership styles, and communication patterns from men (Orazalin, 2019). For instance, women are more elusive to social and environmental matters, as well as more participatory and democratic than men, thus encouraging greater debate on environmental, social, and governance issues and consequently increasing voluntary disclosure (Galbreath, 2018). Moreover, women have better networking skills and socialization skills so that they can support the company's relationships with customers, suppliers, and other stakeholders (Nadeem, 2019). This also indicates that women will be more stakeholder-oriented to reinforce the relationship between the company and outsiders so that they will strive to meet stakeholders' necessities of information.
H3: Gender diversity in the audit committee has a positive effect on voluntary disclosure.

RESEARCH METHOD

The research population comprises manufacturing companies listed on the Indonesia Stock Exchange between 2017 and 2019. The classification of manufacturing companies applies the latest classification from the IDX-IC (IDX Industrial Classification). Manufacturing companies in this latest classification are in the raw material, primary consumer, and non-primary consumer sectors. The samples were chosen with a purposive sampling technique and examined with multiple analysis technique using Eviews 11. The data were gained from the company's annual reports available through the official website of the Indonesia Stock Exchange and the company's official website.

Voluntary disclosure was evaluated using the voluntary disclosure index (VDIND) where the number of items disclosed by each company was divided by the maximum number of items expected to be disclosed by each company (35 items). The voluntary disclosure component in this study was a list of items from Alfraih& Almutawa (2017) then adjusted to the POJK Number 29/POJK.4/2016. The items were then classified into four main types of information: corporate environment, corporate future prospects, non-financial information, corporate governance information, and corporate social and environmental information.

The audit committee size was measured by the total audit committee members in a company. The independent commissioner proportion was determined by comparing the proportion of the number of independent commissioners divided by the total number of audit committee members. Gender diversity in the audit committee was measured by the proportion of female audit committee members divided by the total number of audit committee members. Firm size and leverage were the control variables. Firm size was evaluated by the natural logarithm (Ln) of the company's total assets and leverage was calculated by dividing total liabilities by total assets owned by the company. The regression model used in this study was:

$$VDI_{it} = \alpha + \beta_1 ACSIZE_{it} + \beta_2 ACIND_{it} + \beta_3 ACGEND_{it} + \beta_4 SIZE_{it} + \beta_5 LEV_{it} + \varepsilon_{it}$$

VDI = voluntary disclosure index
i = company order
t = company year
α = constant
β = coefficient
ACSIZE = audit committee size
ACIND = ratio of independent commissioners in the audit committee
ACGEND = gender diversity in the audit committee
SIZE = firm size
LEV = leverage
ε = error term

RESULTS AND DISCUSSION

A total of 840 manufacturing companies were registered on the Indonesia Stock Exchange during 2017-2019. After elimination by purposive sampling technique, the final samples obtained were 255 observations for three years.

Table 1. Descriptive statistics

	N	Mean	Median	Maximum	Minimum	Std. Dev.
VDI	255	0.737	0.743	0.971	0.4	0.117
ACSIZE	255	3.082	3	5	2	0.34
ACIND	255	0.357	0.333	0.667	0.25	0.96
ACGEND	255	0.447	0.333	1	0.2	0.188
SIZE	255	28.052	27.903	32.011	22.36	1.789
LEV	255	0.485	0.489	1.947	0.006	0.238
SIZE*	255	6.23T	1.31T	79.8T	5.14M	12.3T

The lowest voluntary disclosure index was recorded by PT Siwani Makmur Tbk in 2017 and 2018 (0.4 or 40%) and the highest value was achieved by PT MNC Sky Vision Tbk in 2018 and PT Waskita Beton Precast Tbk in 2019 (0.971 or 97.1%). Meanwhile, the average value of the voluntary disclosure index was 0.737 (73.7%), which indicates that on average, manufacturing companies in Indonesia disclose 73.7% of the 35 items of voluntary disclosure.

Independent variable of audit committee size with a minimum value of 2 was recorded by PT Kertas Basuki Rachmat Indonesia Tbk and the company with the highest number of audit committee members (5) was PT Malindo Feedmill Tbk with five audit committee members. The average value was 3.082, which means that the average manufacturing companies in Indonesia have an audit committee of three people in their companies. This is following POJK Number 55/POJK.04/2015 which necessitates a minimum of three members of the audit committee.

The results of descriptive statistical analysis for independent commissioner proportion in the audit committee show a minimum value of 0.25, a maximum value of 0.667, a mean value of 0.357, and a standard deviation of 0.96. The companies with highest percentage of independent commissioners at 66.7% were PT Dharma Samudra Fishing Industries Tbk, PT Hero Supermarket Group Tbk, PT Jakarta International Hotels & Development Tbk, PT Jakarta Setiabudi Internasional Tbk, PT MNC Studios International Tbk, PT Panorama Sentrawisata Tbk, and PT Waskita Karya Beton Tbk. The average value was 35.7%, indicating that manufacturing companies in Indonesia have at least one member of an independent commissioner, following POJK Number 55/POJK.04/2015 explaining that one member of the audit committee is an independent commissioner who also serves as chairman.

The independent variable of gender diversity has a minimum value of 0.2, a maximum value of 1, a mean value of 0.447, and a standard deviation was 0.188. PT Hotel Fitra International Tbk, PT Jaya Agra Wattie Tbk, PT Lionmesh Prima Tbk, and PT Ayana Land International Tbk had the highest greatest ratio of female members, in which all members of the audit committee in the company are women.

Selection of Regression Model

Chow test

Table 2. Chow test

Effect Test	Statistic	Df	Probability
F-statistic	11.753202	(98.151)	0.0000
Chi-Squared	549.525468	98	0.0000

The results of the Chow test demonstrate a probability value of $F < 0.05$, indicating that H0 was not supported and the appropriate choice was the fixed effect model. Thus, the Hausman test was applied to find out the right model to apply between the fixed effect model and the random effect model.

Hausman test

Table 3. Hausman test

Effect Test	Statistic	Df	Probability
F-statistics	11.753202	(98.151)	0.0000
Chi-Squared	549.525468	98	0.0000

Based on the Hausman test, the probability value of 0.0483 was smaller than the 0.05 significance level so H0 was rejected and the most suitable model to adopt was the fixed effect model. Because the fixed effect model was chosen, the Lagrange-multiplier test was not required.

Hypothesis Test

Table 4. Significance test

Variable	Coefficient	Std. Error	t-statistic	Prob	Description
Constant	-1.5155	0.0389	-3.8908	0.0001	
ACSIZE	-0.0364	0.0144	-2.5256	0.0126	Unsupported
ACIND	0.2206	0.0954	2.3132	0.0221	Supported
ACGEND	0.0656	0.0032	20.636	0.0000	Supported
SIZE	0.0795	0.0124	6.4205	0.0000	Supported
LEV	0.0515	0.0221	2.3292	0.0212	Supported
Adj. R^2		0.8418			
Prob (F-Statistic)		0.0000			

Before testing the hypothesis, the classical assumption test had been performed. The model had passed the classical assumption test. Based on the significance test, the t-statistic value of the audit committee size (ACSIZE) was -2.5256 with a significance of -0.0126 (sig < 0.05). These indicate that the audit committee size has a negative effect on voluntary disclosure, confirming studies by Dharma & Nugroho (2013) and Othman et al. (2014). The unsupported hypothesis of this research can be caused by several reasons.

First, based on the statistical description, the number of audit committees was relatively low. Companies have audit committees following the minimum number required (three), which can further increase company voluntary disclosure. This shows the efficiency of the audit committee in performing its roles, particularly in supervision and external communication. This voluntary disclosure can bridge the information asymmetry between management and stakeholders. The effectiveness of the duties is also inseparable from the features of the audit committee such as expertise, education, and experience.

Table 4 shows the t-statistical value for the variable proportion of independent commissioners in the audit committee (ACIND) of 2.3132 with a significance of 0.0221 (sig < 0.05). This figure indicates the significant effect of the independent commissioner proportion in the audit committee on voluntary disclosure. These outcomes are constant with the studies of Madi et al. (2014); Talpur et al. (2018); Agyei-mensah (2018); and Saraswati et al. (2020) which proposed that the independent commissioner proportion in the audit committee can improve voluntary disclosure. Independent commissioners are external parties working independently and objectively from the influence of management and their presence can increase their effectiveness in monitoring management behavior. Therefore, independent commissioners may contribute to the decrease in management opportunities to suppress information for their benefit, by encouraging management to make more voluntary disclosures of information (Madi et al., 2014). Talpur et al. (2018) also argued that independent commissioners can guarantee the quality and clarity of the financial reporting process to reduce information asymmetry and affect the increase in a voluntary disclosure.

The t-statistic value for gender diversity (ACGEND) was 20.6363 with a significance level of 0.0000 (sig <0.05), representing that gender diversity in the audit committee has a positive impact on voluntary disclosure. These results harmonized with outcomes of studies by Bravo & Reguera-Alvarado (2018); Appuhami & Tashakor (2017); and Fauziah (2017) showing gender diversity can increase voluntary disclosure.

Female members have high sensitivity to environmental, social, and governance problems and they are more participating and independent than men, which explains the proactive attitude of women towards social and environmental disclosures, which can stimulate higher voluntary disclosure (Galbreath, 2018). In addition, women are more ethical, diligent, and better at supervision so their presence can increase the monitoring ability of audit committees and simultaneously female members can be associated with increased transparency and reduced agency costs (Bravo & Reguera-Alvarado, 2018; Nadeem, 2019). Thus, it can be said that female members of the audit committee can increase voluntary disclosure because information can increase transparency and reduce difficulties in the agency.

CONCLUSION

This study concludes that audit committee size gives a negative effect on voluntary disclosure. A larger number of audit committee members will only reduce their effectiveness in supervising the financial reporting since they have diverse opinions leading to unnecessary debate and poor communication which slows down decision making.

Further results reveal that the proportion of independent commissioners in the audit committee has a significant positive effect on voluntary disclosure. Independent commissioner on the audit committee can lower the chance for management to suppress information for their benefit and encourages them to disclose additional information to shareholders and stakeholders.

Gender diversity in the audit committee has a significant positive impact on voluntary disclosure. The more female members on the audit committee, the higher the level of company voluntary disclosure. Women are more orientated to stakeholders and more considerate of social and environmental matters so they will try to meet the needs of stakeholders for information about social and environmental.

The measure of gender diversity in this study was limited to the proportion of female members on the audit committee, while there are many other parameters to measure gender diversity. Future research is anticipated to use other measures of gender diversity such as the Blaux index (Blau, 1977) and the Shannon index (Shannon, 1948). The samples were also focused on manufacturing companies, and thus, further research can expand research samples such as companies in the non-financial and financial sectors.

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