THE 3RD INTERNATIONAL CONFERENCE ON ECONOMICS, BUSINESS, AND MANAGEMENT RESEARCH (ICEBMR)
"Navigating the Blue Economy: Sustainable Development Goals and Trends in Economics, Business, Management, and Information Technology"
https://e-conf.usd.ac.id/index.php/icebmr/ | ISSN: 3032-596X | Vol 3, 2024

POLITICAL CONNECTION, AUDIT COMMITTEE CHARACTERISTICS, AND RELATED PARTY TRANSACTIONS DISCLOSURE IN INDONESIAN COMPANIES – A QUALITATIVE RESEARCH

Hastuti Widyaningsih[1], Didi Achjari[2], Rusdi Akbar[3], Fuad Rakhman[4]
[1]Student of Doctoral Program, Faculty of Economics and Business, Universitas Gadjah Mada, Yogyakarta, Indonesia [2,3,4]Accounting Department, Faculty of Economics and Business, Universitas Gadjah Mada, Yogyakarta, Indonesia
Email: [1]hastuti.w@mail.ugm.ac.id, [2]didi_a@ugm.ac.id, [3]rusdi.akbar@mail.ugm.ac.id, [4]frakhman@mail.ugm.ac.id

ABSTRACT
Related party transactions (RPTs) is a phenomenon that occurs in companies in Indonesia, because the majority of companies in Indonesia are group companies. This study aims to reveal how political connection of supervisory board and audit committee characteristics have an effect on RPTs disclosure. In-depth interviews were conducted with audit committee and external auditor. This study found that political connection and audit committee characteristics play a role in RPTs disclosure.
***Keywords**: Related Party Transactions Disclosure; political connection; audit committee characteristics.*

1. Introduction

According to the OECD, stakeholders should have timely and consistent access to relevant, sufficient, and trustworthy information. The corporate governance structure should ensure that all important information about related party transactions (hereafter RPTs) is disclosed in a timely and correct manner. Certain critical functions should be performed by the board, such as monitoring and controlling potential conflicts of interest among management, board members, and shareholders, such as misuse of corporate assets and abuse of RPTs.

The market needs to know whether the company is being run with all of its investors' interests in mind. To that end, the company must fully disclose material RPTs to the market, either individually or in aggregate, including whether they were completed at arms' length and on normal market terms. In some jurisdictions, this is already a legal obligation. Related parties may include entities that control or are under common control of the company, significant shareholders, including their family members, and key executives. Transactions involving major shareholders (or their immediate families, relationships, etc.), directly or indirectly, can be the most difficult type of transaction.

In some jurisdictions, shareholders with a shareholding limit of 5% or more are required to report transactions. Disclosure requirements include the nature of the relationship in which control exists and the nature and extent of related party transactions, grouped as appropriate. Due to the inherent opacity of many transactions, the unitholders may be required to notify the board of the transaction, and the board will be required to disclose information to the market. This does not exempt the board from monitoring its own company, which is an important responsibility.

In Indonesia, Statement of Financial Accounting Standards Number 7 (PSAK 7) defines RPTs, as transactions carried out by an entity with managers, a board of directors, shareholders, as well as companies and subsidiaries affiliated with that company. PSAK No. 7 regulates the disclosure of related parties and has the scope to identify relationships and transactions with related parties, identify balances, commitments between the entity and related parties, and determine the disclosures required for financial statements. Entities need to disclose transactions with related parties because transactions and financial statement balances are influenced by parties who have a special relationship with the entity.

Entities that have transactions with related parties during the period covered by the financial statements should disclose at least the number of transactions, the amount of the balance, the allowance for doubtful accounts related to the amount of the balance, and the expenses recognized during the period in the case of doubtful receivables. doubt or write-off of receivables from related parties. Transactions disclosed with related parties include the purchase or sale of goods, the purchase or sale of property or other assets, the provision or receipt of services, rentals, the transfer of research and development, the transfer under license agreements, the transfer under financing agreements, and provisions for guarantees or collateral.

According to Wulandari and Setiawan (2021), companies engage in RPTs for three primary reasons: economic motives, profit manipulation, and tunneling. The accounting literature provides three different views regarding RPTs. The first opinion is the agency hypothesis, which states that related party transactions are a mechanism for transferring wealth between companies and related parties. The second approach is the efficient transaction hypothesis, which considers RPTs as transactions that can maximize value because RPTs can reduce transaction costs and can be used as an efficient transaction mechanism in underdeveloped capital markets (Bansal and Thenmozhi, 2020). Pizzo (2013) suggests that RPTs are influenced by organizational context and social factors, as well as complementarity and substitution between governance factors.

Because of its distinctive institutional features, Indonesia provides an intriguing context for this research. Habib et al. (2017b) have explained five conditions. First, Indonesia is a strong religious country. Second, company value and company performance in Indonesia are influenced by the company's political connections. Third, there is a high ownership concentration. Fourth, RPTs are transactions that commonly occur in companies in Indonesia, because the majority of companies in Indonesia are group companies. Fifth, there is weak corporate governance in Indonesian companies.

El-Helaly (2018) suggests that corporate governance can reduce the risk of RPTs, by taking over shareholder wealth, decreasing company value, lower quality of financial reporting, and decreasing company performance. In their research, Anwar and Aziz (2019) show that corporate governance will consider the interests of stakeholders, and the independence of the audit committee has a positive effect on company profitability. The audit committee provides recommendations to the board of commissioners regarding whether there is a risk of a potential conflict of interest for the issuer.

Political connections consist of former members of parliament, ministers or heads of local governments, having close links with politicians or parties, and military membership (Habib et al., 2017a; Habib et al., 2017b; Habib & Muhammadi, 2018). Arifin et al. (2020) distinguish political connections into transactional political connections and relational political connections. Joni et al. (2020) view political connections as the external side of the company. Nasih et al. (2020) emphasize political connections owned by the board of directors, board of commissioners, audit committee members, and company secretary members and then classify political connections based on BI Regulation Number 12/3/PBI/2010. The board of directors, the board of commissioners, audit committee members, and company secretary members are part of corporate governance in a company. Preuss & Königsgruber (2021) suggest two measures of political connections that can be measured from financial statements, namely personal service and state ownership.

The objective of this paper is to examine how corporate political connections and audit committee characteristics play a role in RPTs disclosure. To achieve the objective, an in-depth interview with the audit committee and an external auditor were held and analyzed using thematic content analysis. This research contributes to methodological and theoretical contributions. This research uses a qualitative approach to explain how political connections and audit committee characteristics play a role in RPTs disclosure. Previous research used the qualitative method with a face-to-face semi structured interview to explain that there is no requirement for a specific classification of related party transaction disclosure (Marchini et al., 2019). Based on resource dependence theory, political connections and audit committee are resources owned by the company to reduce uncertainty.

2. Literature Review

2.1. Network interactionist

In Indonesia, patron-client relationships have a significant influence on an organization's business network. In countries with weak institutional environments, such as Indonesia, close personal relationships with strong political patrons can reduce uncertainty in business and access to public sector contracts (Turner, 2007). Networks built by the board of commissioners/directors can reduce uncertainty and information gaps (Carney et al., 2020).

The importance of business networks in East Asian countries has been documented by previous researchers (Carney et al., 2020). The existence of professional networks, family networks, government networks, and political networks is important for a business organization. There are several countries with strong networks, namely: a) China, namely business relationships based on kinship, with networks based on business relationships, guan xi (social connections); b) Thailand, namely family and kinship networks that form business groups (glum thurakit); c) Philippines, namely family networks, called family-owned conglomerates; d) Indonesia and Malaysia, namely patron-client relationships that have a significant impact on the organization's business network. In a weak institutional environment like Indonesia, close personal relationships with political patrons can reduce uncertainty and secure contracts in the public sector. e) Japan, a business network known as keiretsu, which dominates the Japanese economy. f) South Korea, a business network dominated by elite business families known as chaebol.

2.2. Resource Dependence

In accordance with resource dependence theory, organizations seek to exercise control over their environment by co-opting the resources needed to survive (Hillman et al., 2009). In accordance with this perspective, governance and board membership are seen as resources that can add value to the company (Carpenter and Westphal, 2001). A larger board of directors with professionally qualified members can better help the company manage its resources. The purpose of political connections can be explained by resource dependence theory, which explains that one of the several ways companies use to reduce the uncertainty of the external environment is to form political connections (Hillman et al., 2009).

2.3. Isomorphism Normative

There are three mechanisms of institutional isomorphism, namely: 1) coercive isomorphism. Coercive isomorphism stems from formal and informal pressures exerted on the organization by other organizations on which it depends and by cultural expectations in the society in which it functions. 2) mimetic isomorphism. Not all organizations are isomorphism and when the organization has poor technology and the goals of the company are ambiguous or when the environment of the organization creates uncertainty, it encourages the company to model other organizations. Modeling is a solution for organizations to reduce uncertainty. Organizations tend to model their own organizations after similar organizations in their field that are considered more successful. 3) normative isomorphism. Normative isomorphism mainly comes from professionalization. Professionalization consists of two aspects: formal education and elaboration with professional networks (Dimaggio and Powell, 1983).

2.4. Previous Research in Political Connections, Audit Committee Characteristics, and RPTs Disclosure

A previous study documented a quantitative method to explain the effect of corporate political connections on RPTs disclosure. Habib et al. (2017b) documented an association between political connections and RPTs size. Previous studies have examined the relationship between corporate governance and RPTs disclosure (Utama and Utama, 2014a; 2014b). Marchini et al. (2019) used the qualitative method with a face-to-face semi structured interview to explain that there is no requirement for a specific classification of RPTs disclosure.

Several studies have documented the effect of the number of audit committee meetings on several types of accounting information disclosure. Chariri and Januarti (2017) presented results showing that the frequency of audit committee meetings has a positive effect on financial reporting. Research in Indonesia has examined the characteristics of audit committees. Syofyan et al. (2021) found that the frequency of audit committee meetings is positively related to the timeliness of reporting. Haji (2015) presented evidence that the number of audit committee meetings has a positive effect on intellectual capital disclosure. Appuhami and Tashakor (2017) tested the influence of audit committee characteristics and found that the number of audit committee meetings had a positive effect on corporate social responsibility disclosure. Salehi and Shirazi (2016) presented evidence that the number of audit committee meetings has a negative effect on the quality of company disclosure.

Several studies have documented the influence of audit committee expertise on certain types of accounting information disclosure. The financial expertise possessed by audit committee members influences shorter audit reporting delays and increases the timeliness of financial reporting (Sultana et al., 2015). Chariri and Januarti (2017) stated that audit committee expertise has a positive effect on financial reporting. Dewayanto et al. (2017) presented evidence of a positive relationship between the experience and competence of the audit committee and the disclosure of the internal control index. Expertise in the audit committee can eliminate earnings management (Suprianto et al., 2019; Mardjono et al., 2020; Dwiharyadi, 2017). Irwandi and Pamungkas (2020) suggest that the legal expertise of audit committee members moderates the strength of the relationship between the risk of investor distrust and the quality of financial reporting. The financial expertise of audit committee members is considered a major determinant of the effectiveness of financial reporting (Garner and Conover, 2016). Haji (2015) shows that the audit committee's financial expertise influences intellectual capital disclosure. Salehi and Shirazi (2016) presented evidence that the financial expertise of the audit committee has a positive effect on the quality of company disclosure.

Several studies have presented evidence of the influence of audit committee expertise on RPTs disclosure. Sellami and Fendri (2017) stated that accounting and financial expertise combined with industry expertise possessed by audit committee members is better in increasing TPB disclosure compared to accounting and financial expertise. Institutional theory, in this case normative isomorphism, mainly comes from professionalization. Professionalization consists of formal education and professional networks. The audit committee expertise in accounting and finance is in accordance with the normative isomorphism theory.

3. Research Methods

The open-ended interview questions were developed to fulfill the research objective. The questions were structured under four headings: political connection, related party transactions, audit committee meetings, and audit committee supervision of system and procedure. In-depth interviews were conducted in 2023 with one audit committee and one external auditor. A copy of the interview guide can be found in Appendix 1. The questions were centered around how political connections and corporate governance affect related party transaction disclosure. The variety of interviewee profiles can be clearly seen in Table 1.

Table 1. Participant

Code	Description	Interview Duration
P1, CA	Audit committee in BUMN	41 minutes
P2, EA	Eksternal auditor	34 minutes

Following contact by phone to make appointments, interviews were conducted online using the Zoom meeting platform. The interviews (recorded with the permission of the interviewees) lasted for 41 minutes for participant 1 (P1) and 34 minutes for participant 2 (P2). Qualitative data collected during the interviews was in the form of audio files saved from the Zoom meeting platform. The audio data were subsequently transcribed by one of the researchers to convert the data into text, which enabled the application of text analysis. The original interviews were conducted using Indonesian and converted to English. The qualitative data were analyzed using thematic analysis, which can be defined as "a method for identifying, analyzing, and reporting patterns (themes) within data" (Braun and Clarke, 2006). It is a systematic way of identifying all the main concepts arising in the interviews and then categorizing these into common themes. Given the relatively small number of interviews, the data were processed manually.

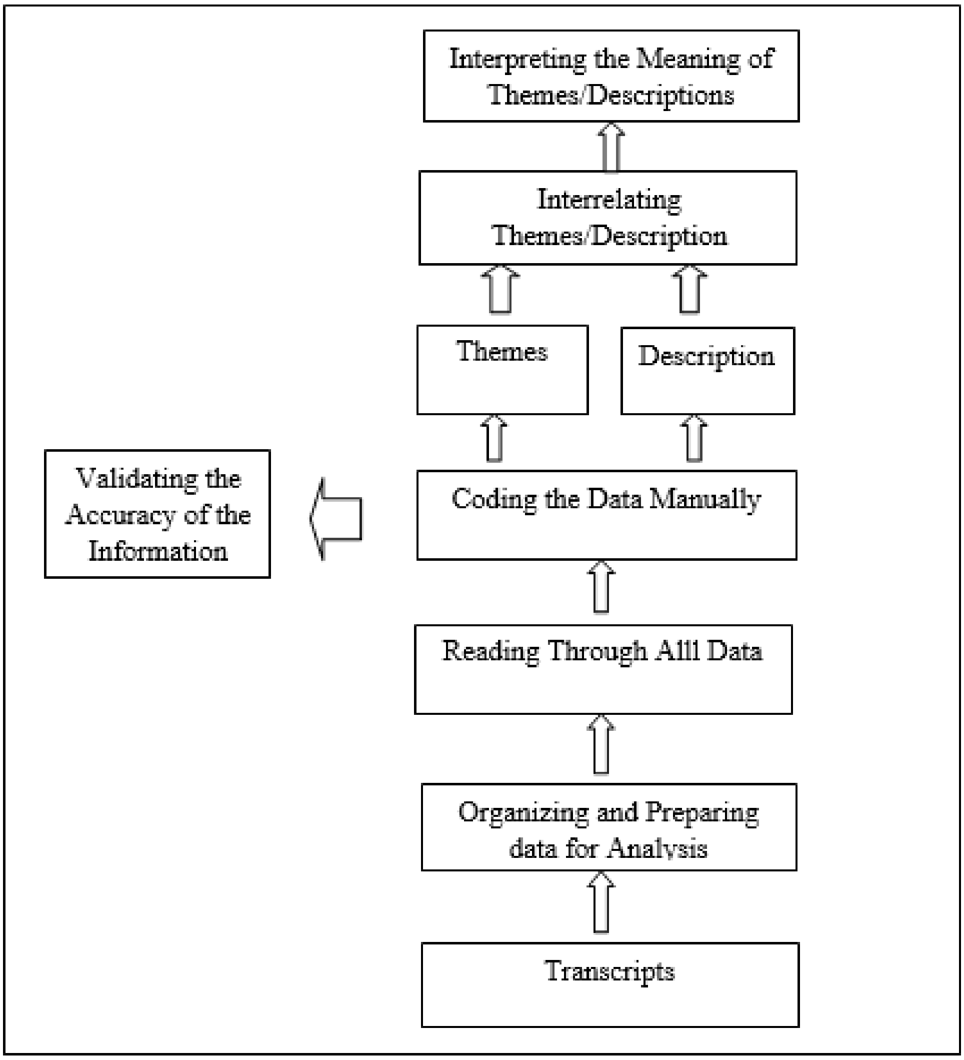
Thematic analysis organizes and describes data in a more detailed form. Data collected during the interview process was recorded and saved in the form of audio files. The audio data is then transcribed to convert the data into text data that can be analyzed. Thematic analysis is used to interpret textual data. In this study, themes are identified and built on the issue being researched. The main themes developed are related party transactions and corporate governance.

Transcription is a process for changing audio data obtained during the interview process into a text document. The transcription process allows researchers to classify and analyze data systematically. The thematic analysis used aims to assist in transforming qualitative information into manageable and meaningful concepts. The transcription process includes steps to convert audio data collected during the interview process into a data set. Analytical tools are needed to transform data into meaningful information. This transformation involves coding qualitative information and requires explicit coding. Codes can be a list of themes, a complex model consisting of themes, indicators, and related qualifications, or something in between (theme and model). Figure 1 explains the steps in a qualitative approach, namely

a. Organize and prepare data for the analysis stage. At this stage, the process of transcription of the company's annual report and interview recordings is carried out.
b. Read all the data. At this stage, the entire meaning of the information obtained in the first stage will be studied.
c. Code the data. Coding data is a process for organizing data by taking text data obtained during data collection, sorting sentences or paragraphs into categories, and labeling categories using measurements.

d. Use the coding process to produce a description of a situation or person as well as categories or themes for analysis. A description includes details about people, places, or events in a setting. The coding process is also used to generate themes or categories.
e. Interrelated themes describe how descriptions and themes will be represented in the qualitative narrative. The approach used is a narrative section to convey the findings of the analysis.
f. The final step in data analysis is making interpretations in a qualitative approach from the findings or results. Interpretation of the results can come from the researcher's personal interpretation or by comparing it with the theory used as a reference.

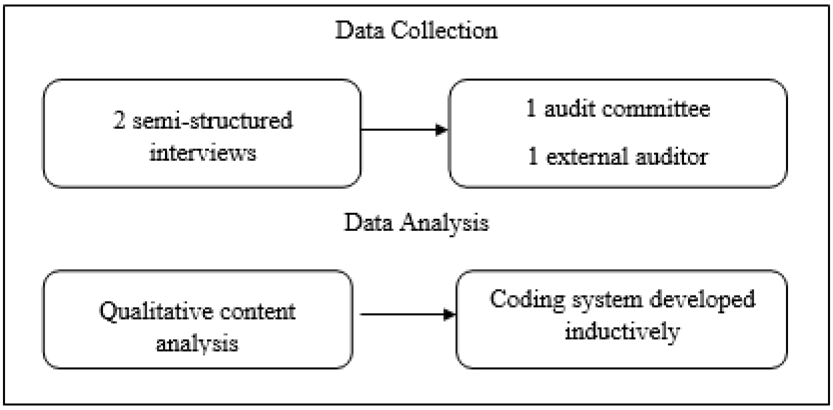
The data consists of transcripts from interviews with audit committee members from companies selected from the sample (P1, KA) and external auditors (P2, AE).



Resource: Creswell (2014)

Figure 1. Steps in Data Analysis

Interviews were conducted using the Zoom meeting platform. Data obtained during the interview is in the form of audio files stored in a video recording device downloaded from the Zoom meeting application. The audio data is then transcribed to convert the data into written data. In this research, themes were identified and built around RPTs disclosure. There are several steps in the analytical cycle to analyze data in the form of interviews, namely description, comparison, categorization, conceptualization, and theory development. To perform the analytical process, a bookcode and thick description are used. The codebook can be seen in Appendix 2, and the thick description is in Appendix 3. The research design was highlighted in Figure 2.



Resource: Boruchowitch and Fritz (2022)

Figure 2. Research Design

4. Research Findings and Discussion

This section provides the results of the interviews as they relate to the research questions detailed previously. These questions, in turn, are then answered in the conclusion.

4.1. Political Connection

According to Preuss and Königsgruber (2021), political connections can be measured using eight proxies, and this research uses political connection proxies, which are measured by politicians' positions on company boards of commissioners and government share ownership. The interview stage was carried out to explore the role of political connections and government share ownership on the RPTs disclosure.

There is influence, for example, in state-owned mining companies whose parent companies are The Ministry of Energy and Mineral Resources and The Ministry of State-Owned Enterprises. Well, the mining commissioner of course comes from the government. (P1, AC)

The Ministry of SOEs does, the Ministry of Energy and Mineral Resources does. (P1, AC)

Well, of course, if mining is the commissioner, which one is from the government. (P1, AC)

The existence of political connections means that many commissioners do not understand their capacity as company supervisors because their knowledge and knowledge in accounting and tax reporting may not be understood. (P2, EA)

So if he has anything to do with a political party, he is not allowed to join. (P2, EA)

By using the code words 'BUMN', ‘The Ministry of Energy and Mineral Resources’, 'The Ministry of State-Owned Enterprises', and ‘government’, the analysis carried out on the first participant's statement shows that political connections, in this case government share ownership, play a role in the transparency of related party transactions. By using the code words 'political connection' and 'political party', the analysis carried out on the second participant's statement shows that political connections, in this case the political connections of the board of commissioners, play a role in the transparency of related party transactions.

4.2. Audit Committee Characteristics

The qualitative stage aims to find out how committee characteristics play a role in disclosing related party transactions. There are several participant statements that examine the role of audit committee meetings.

Well, this was, that, detailed and in-depth, yes, because we know very well the conditions why party A did not pay us immediately, what the difficulties were, well, we already knew that from the internal auditor, they gave us a quarterly report, then at the director and commissioner level, this has also been discussed in the monthly reports from directors to commissioners. (P1, AC)

This is deep, we are under the realm of law, yes. If we make a mistake, what is it called, give a recommendation, give a wrong solution, we are in the realm of law. So, we have to be really careful, then we understand the problem, the existing debts and receivables, and so on, as clearly as possible, then, we as representatives of minority shareholders on the stock exchange, of course we want to provide good transparency, that's clear, that's it. It's not detrimental, just what's fair, what's right. It's not detrimental to the company, or anything, but the sentence that was written sounds very clear, that's how it is. (P1, AC).

One, for example in the financial statements, the disclosures may have hundreds of items, because the accounts will be explained, for example, accounting policies. There may be several, a, b, c, d, e, so right, well we discuss it in detail and in depth, because the audit committee is given the opportunity to review yes, review, he will review until the end of the financial statements. (P1, AC)

The audit committee itself, when holding meetings with management in presenting financial report presentations, if the SOP rules are regulated, which ones must be disclosed in the meeting agenda will definitely be clearer, which limits are violated, risks -what risks, what management can cause distortion. (P2, EA)

If it's red, it's a concern, when we meet the risk monitoring committee... Well, why is it red? Well, you can't lie anymore, because the application control itself has already said that, right? (P2, EA)

I think eee the rules that ee set both eee limits and eee what should be opened in eee meetings, meeting agendas, it determines eee the supervisory function itself in addition to eee SOPs or internal controls or eee delivery of authority systems that have been set up at the beginning. (P2, EA)

By using the code words 'detailed', 'deep', 'review', 'meeting' (in Bahasa Indonesia: pertemuan), 'meeting', 'meeting' (in Bahasa Indonesia: rapat), and 'meeting agenda', the analysis carried out on participant statements shows that audit committee meetings are carried out in detail, in depth, and discuss the presentation of financial report.

At the interview stage, information was sought on how the characteristics of the audit committee play a role in the transparency of related party transactions. There are several participant statements that examine the role of audit committee types, namely

So there is a main commissioner, who is usually also an independent commissioner, he is an expert in maritime affairs, and so on, for example. Because our production is at sea too, right? Then secondly, independent commissioner, which was because of his expertise. Then the regular commissioner. So, for example, an ordinary commissioner could come from the government, or at the request of the region. (P1, AC)

The commissioner is the supervisor, and the rules of the audit committee itself are actually in its capacity to assist the board of commissioners to carry out the supervisory function in company management. (P2, EA)

And that makes it easier for all parties, both internal audit and the audit committee, which helps supervise the implementation of supervisory functions within the company. (P2, EA)

If these limitations are presented and expressed, it will be very, very helpful for us as an audit committee in supervising company management. (P2, EA)

By using the code words 'commissioner', 'audit committee', and ‘supervisor’, the interview results showed that participants explained the types of commissioners who discussed the company's financial reports at audit committee meetings. One type of commissioner is an independent commissioner, who is the chairman of the audit committee. And the function of the audit committee is to monitor company management.

There are several participant statements that examine the role of the accounting and/or financial educational background of audit committee members.

The audit committee must consist of two, one whose background is geology, the other whose basis is finance, because according to POJK regulations, at least one member of the audit committee must understand accounting or finance, that is, or business, like that. (P1, AC)

At least one member of the audit committee must understand accounting or finance, or business, like that. (P1, AC)

Well, that's actually good because they collaborate, complement each other, that's how it is. (P1, AC)

The OJK regulations themselves actually already exist, so there must be someone who is an expert in auditing. (P2, EA)

By using the code words 'accounting', 'finance', 'collaboration’, ‘complement’, and 'audit', the results show that an expertise background in accounting, finance, or auditing is one of the requirements that must be met in the composition of the audit committee.

In general, the interview results show that political connections, audit committee characteristics (number of meetings, type, and accounting and/or financial expertise) play a role in the transparency of related party transactions. The research results support network interactionist theory (Carney et al., 2020), resource dependence theory (Hillman and Collins, 2009), and normative isomorphism theory (Dimaggio and Powell, 1983). Figure 3 explains the framework for analyzing the results.

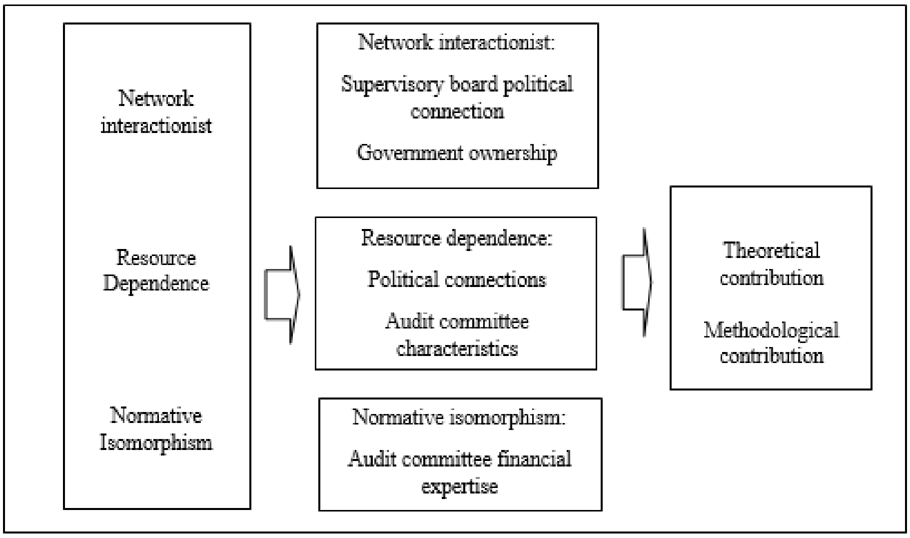


Figure 3. Framework for analyzing results

5. Conclusion

The results of this research show that political connections, in this case, government ownership and the political connections of the supervisory board, play a role in the RPTs disclosure. Audit committee meetings are held in detail, in depth, and discuss the presentation of financial reports. The audit committee functions as a supervisor of company management. Expertise in accounting, finance, or auditing is one of the requirements that must be met in the composition of the audit committee. A limitation is that the participants in the interview sessions were audit committee members and external auditors. Future research can add the board of commissioners, the board of directors, and the company secretary as participants.

This study supports network interactionist theory (Carney et al., 2020), resource dependence theory (Hillman and Collins, 2009), and institutional theory, namely normative isomorphism (Dimaggio and Powell, 1983). The purpose of political connections can be explained using resource dependence theory, which states that one of the several ways companies use to reduce the uncertainty of the external environment is to form political connections (Hillman et al., 2009). The research results have implications for the application of institutional theory, namely normative isomorphism. Normative isomorphism mainly comes from the professionalization of audit committee members; that audit committee members must have expertise in accounting, finance, and auditing to support their professional duties.

References

Anwar, Z., & Aziz, B. (2019). Does Corporate Governance Stimulate Firm Performance ? Assessing Corporate Governance Practices. *New Horizons*, *13*(1), 107–126.

Appuhami, R., & Tashakor, S. (2017). The Impact of Audit Committee Characteristics on CSR Disclosure : An Analysis of Australian Firms. *Australian Accounting Review*, *27*(4), 400–420. https://doi.org/10.1111/auar.12170

Arifin, T., Hasan, I., & Kabir, R. (2020). Transactional and relational approaches to political connections and the cost of debt. *Journal of Corporate Finance*, *65*(August), 101768. https://doi.org/10.1016/j.jcorpfin.2020.101768

Bansal, S., & Thenmozhi, M. (2020). Does Concentrated Founder Ownership Affect Related Party Transactions ? Evidence from an Emerging Economy. *Research in International Business and Finance*, *53*, 101206. https://doi.org/10.1016/j.ribaf.2020.101206

Boruchowitch, F., & Fritz, M. M. C. (2022). Who in the firm can create sustainable value and for whom ? A single case-study on sustainable procurement and supply chain stakeholders. *Journal of Cleaner Production*, *363*(June), 132619. https://doi.org/10.1016/j.jclepro.2022.132619

Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, *3*, 77–101. https://doi.org/10.1191/1478088706qp063oa

Carney, R. W., Child, Travers Barclay, & Li, X. (2020). Board connections and crisis performance : Family , state , and political networks. *Journal of Corporate Finance*, *64*(April), 101630. https://doi.org/10.1016/j.jcorpfin.2020.101630

Carpenter, Mason A dan Westphal, J. D. (2001). The Strategic Context of External Network Ties : Examining the Impact of Director Appointments on Board Involvement in Strategic Decision Making Author (s): Mason A . Carpenter and James D . Westphal Published by : Academy of Management Stable URL : htt, *44*(4), 639–660.

Chariri, A., & Januarti, I. (2017). Audit Committee Characteristics and Integrated Reporting : Empirical Study of Companies Listed on the Johannesburg Stock Exchange. *European Research Studies Journal*, *XX*(4B), 305–318.

Creswell, J. W. (2014). *Research Design. Qualitative, Quantitative, and Mixed Method Approaches* (Fourth edi). Thousand Oaks, California: SAGE Publications Inc.

Dewayanto, T., Suhardjanto, D., Bandi, & Setiadi, I. (2017). Ownership Structure , Audit Committee , and Internal Control Disclosure : Indonesia and. *Review of Integrative Business and Economics Research*, *6*(4), 353–364.

Dimaggio, P. J., & Powell, W. W. (1983). The iron cage revisited : Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, *48*(2), 147–160.

Dwiharyadi, A. (2017). Pengaruh keahlian akuntansi dan keuangan komite audit dan dewan komisaris terhadap manajemen laba (. *Jurnal Akuntansi Dan Keuangan Indonesia*, *14*(1), 75–93.

El-Helaly, M. (2018). Related-party transactions : a review of the regulation , governance and auditing literature. *Managerial Auditing Journal*, *33*(8/9), 779–806. https://doi.org/10.1108/MAJ-07-2017-1602

Garner, S. A., Hutchison, P. D., & Conover, T. L. (2016). The Effect of SEC Disclosure Regulation Regarding Audit Committees' Financial Experts on Foreign Private Issuers Cross-Listed on U.S. Securities Exchanges. *Journal of International Accounting Research*, *15*(2), 7–26. https://doi.org/10.2308/jiar-51375

Habib, A., & Muhammadi, A. H. (2018). Political connections and audit report lag : Indonesian evidence lag. *International Journal of Accounting & Information Management*, *26*(1), 59–80. https://doi.org/10.1108/IJAIM-08-2016-0086

Habib, A., Muhammadi, A. H., & Jiang, H. (2017a). Political connections , related party transactions , and auditor choice : Evidence from Indonesia. *Journal of Contemporary Accounting & Economics*, *13*(1), 1–19. https://doi.org/10.1016/j.jcae.2017.01.004

Habib, A., Muhammadi, A. H., & Jiang, H. (2017b). Political Connections and Related Party Transactions : Evidence from Indonesia. *International Journal of Accounting*. https://doi.org/10.1016/j.intacc.2017.01.004

Haji, A. A. (2015). The role of audit committee attributes in intellectual capital disclosures Evidence from Malaysia. *Managerial Auditing Journal*, *30*(89), 756–784. https://doi.org/10.1108/MAJ-07-2015-1221

Hillman, A. J., Withers, M. C., & Collins, B. J. (2009). Resource Dependence Theory : A Review. *Journal of Management*, *35*(6), 1404–1427. https://doi.org/10.1177/0149206309343469

Irwandi, S. A., & Pamungkas, I. D. (2020). Determinants of Financial Reporting Quality : Evidence from Indonesia. *Journal of International Studies*, *13*(2), 25–33. https://doi.org/10.14254/2071-8330.2020/13-2/2

Joni, J., Ahmed, K., & Hamilton, J. (2020). Politically connected boards , family business groups and fi rm performance Evidence from Indonesia. *Journal of Accounting & Organizational Change*, *16*(1), 93–121. https://doi.org/10.1108/JAOC-09-2019-0091

Marchini, P. L., Andrei, P., & Medioli, A. (2019). Related party transactions disclosure and procedures : a critical analysis in business groups. *Corporate Governance*, *19*(6), 1253–1273. https://doi.org/10.1108/CG-08-2018-0281

Mardjono, E. S., Chen, Y., & He, L.-J. (2020). Earning Management and The Effect Characteristics of Audit Committee, Independent Commissioner : Evidence from Indonesia. *International Journal of Business and Society*, *21*(2), 569–587.

Nasih, M., Al-Cholili, A. S., Harymawan, I., Haider, I., & Rahayu, N. K. (2020). Political Connections , Overinvestment and Governance Mechanism in Indonesia. *Cogent Economics & Finance*, *8*, 1–23. https://doi.org/10.1080/23322039.2020.1790220

Pizzo, M. (2013). Related party transactions under a contingency perspective. *J Manag Gov*, *17*, 309–330. https://doi.org/10.1007/s10997-011-9178-1

Preuss, S., & Königsgruber, R. (2021). How do corporate political connections influence financial reporting ? A synthesis of the literature. *Journal of Accounting and Public Policy*, *40*(1), 106802. https://doi.org/10.1016/j.jaccpubpol.2020.106802

Salehi, M., & Shirazi, M. (2016). Audit committee impact on the quality of financial reporting and disclosure Evidence from the Tehran Stock Exchange. *Management Research Review*, *39*(12), 1639–1662. https://doi.org/10.1108/MRR-09-2015-0198

Sellami, Y. M., & Fendri, H. B. (2017). The effect of audit committee characteristics on compliance with IFRS for related party disclosures Evidence from South Africa. *Managerial Auditing Journal*, *32*(6), 603–626. https://doi.org/10.1108/MAJ-06-2016-1395

Setiany, E., Hartoko, S., Suhardjanto, D., & Honggowati, S. (2017). Audit Committee Characteristics and Voluntary Financial Disclosure. *Review of Integrative Business and Economics Research*, *6*(3), 239–254.

Sultana, N., Singh, H., & Zahn, J. W. M. Van Der. (2015). Audit Committee Characteristics and Audit Report Lag. *International Journal of Auditing*, *19*, 72–87. https://doi.org/10.1111/ijau.12033

Suprianto, E., Rahmawati, R., Setiawan, D., & Aryani, Y. A. (2019). Controlling Generation of Family Firms and Earnings Management in Indonesia : The Role of Accounting Experts of Audit Committees. *Journal of International Studies*, *12*(3), 265–276. https://doi.org/10.14254/2071-8330.2019/12-3/21

Syofyan, E., Septiari, D., Dwita, S., & Rahmi, M. (2021). The characteristics of the audit committee affecting timeliness of the audit report in Indonesia. *Cogent Business & Management*, *8*, 1–17. https://doi.org/10.1080/23311975.2021.1935183

Turner, S. (2007). Small-Scale Enterprise Livelihoods and Social Capital in Eastern Indonesia : Ethnic Embeddedness and Exclusion. *The Professional Geographer*, *59*(4), 407–420. https://doi.org/10.1111/j.1467-9272.2007.00631.x

Utama, C. A., & Utama, S. (2014a). Corporate governance , size and disclosure of related party transactions , and firm value : Indonesia evidence. *International Journal of Disclosure and Governance*, *11*(4), 341–365. https://doi.org/10.1057/jdg.2013.23

Utama, C. A., & Utama, S. (2014b). Determinants of disclosure level of related party transactions in Indonesia. *International Journal of Disclosure and Governance*, *11*(1), 74–98. https://doi.org/10.1057/jdg.2012.15

Wulandari, T. R., & Setiawan, D. (2021). Ownership concentration , foreign ownership and tunneling in Indonesia. *Rajagiri Management Journal*, *0972-9968*(260). https://doi.org/10.1108/RAMJ-12-2020-0068