

## The Moderating Effects of Economic Growth on the Relationships Between Related Party Transactions, Profitability, Audit Committee and Firm's Value

Asep Risman<sup>1\*</sup>, Agus Sunarya Sulaeman<sup>2</sup>, Bayu Anggara Silvatika<sup>2</sup>, Indra Siswanti<sup>1</sup>

<sup>1</sup>Mercu Buana University, Jakarta, Indonesia, <sup>2</sup>State Financial Polytechnic STAN, Jakarta, Indonesia

\* Email: [asep.risman@mercubuana.ac.id](mailto:asep.risman@mercubuana.ac.id)

Received for publication: 02 August 2020.

Accepted for publication: 30 September 2020.

### Abstract

This study aims to determine the influence of related parties, profitability, committee on firm value, through the mediating role of economic growth. We conducted research on 40 companies of various industrial subsectors on the Indonesia Stock Exchange (IDX), over a period of 3 years (2016 to 2018), and the analysis model are Multivariate Regression and Moderating Regression Analysis (MRA).

The empirical findings of this study are that the disclosure of related party transactions has an effect on firm's value, while profitability has no effect on firm's value, then the audit committee has no effect on firm's value. The results of this study also indicate that economic growth can moderate the effect of related party disclosure on firm's value, but it does not have a role in the relationship between profitability and the audit committee on firm's value.

**Keywords:** Disclosure of Related Party Transactions, Profitability, Firm's value, Company Age, Audit Committee, and Economic Growth.

### Introduction

Transactions with related parties are something that is normal in business. Related parties may occur because they are members of a group of companies that have share ownership relationships or parent company, subsidiary or branch company relationships. Transaction relationships between related parties (Related Transaction Parties / RTP) are a normal characteristic of trade and business. Companies often carry out a business transaction, such as purchases, sales, and accounts payable / receivable through parent / subsidiary companies or associated companies.

Transactions between related parties may also be made in relatively large amounts than sales transactions to unrelated parties. As a result, the company's profitability may be significantly affected by this disclosure of related party transactions. There is a significant impact, requires that transactions related to related parties must be fully disclosed in the financial statements. This is in accordance with the Statement of Financial Accounting Standards Number 7 (Revised 2018) concerning Related Party Disclosures that related parties are considered to have a special relationship if one party has the ability to control the other party or has significant influence over the other party in financial and operational decision making.

IASB (2011) states that the financial statements of a company must disclose transactions with related parties, including transactions made with companies that have ownership relationships, individuals as owners or employees who have significant influence, members of the immediate family of such individuals, and companies that have significant influence owned substantially by that individual. Transactions with related parties are considered to cause a conflict of interest which is used as a means of expropriation of the firm's resources.

The phenomenon of transactions with related parties that are detrimental in nature and considered as a means of expropriation of the firm's resources, among others is the Case of Enron Corporate, Arthur Andersen, WorldCom, Adelphia, and Tyco International. The Enron Corporate case involved a large company which had an impact on the stability of the American economy in 2001. This case occurred because of a Disclosure of related party transaction carried out by an Enron subsidiary which resulted in a loss of \$ 644 million due to an additional \$ 1 billion in expenses. Enron's financial statements show a \$ 393 million increase in profit, but the previous year's profit was \$ 293 million (Kompasiana, 2015).

Although there have been many studies related to the effect of related party disclosure on firm's value, the results of these studies still show mixed results. Several studies conducted by Ahmed, et al (2019) state that Disclosure of related party transactions do not have a significant effect on firm's value, with the focus of his research on 30 manufacturing companies listed on the Egyptian Stock Exchange during 2012-2017. Nuswandari et al. (2018) found that Related Parties Transactions (RPT) had no effect on firm's value. Unlike Nekhili and Cherif (2017), Related Parties Transactions (RPT) are influenced by the market value of the firm. This research was conducted with a sample of 85 companies listed on the Paris Stock Exchange during the period 2002-2005.

Company managers as representatives of shareholders must constantly attempt to set the firm's capital structure so that the cost of company capital is being minimized and consequently value and profitability be maximized (Fengju et al., 2013). Chowdhury and Chowdhury (2010) states that profitability has a significant and positive effect on firm value in manufacturing companies on the Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) of Bangladesh. This finding is supported by Oktiwiati and Nurhayati (2020), Iturriaga and Zans (2001) who also found a positive and significant relationship. However, this contradicts the Kodongo, Mintah and Schadewitz (2018) in their research entitled "Audit Committee Adoption and Firm's value: Evidence from UK Financial Institutions" stated that the Audit Committee affects firm's value. This is supported by research conducted by Ali and Amir (2018) using panel data from 14 cement companies from 2013-2016. As a mechanism for good corporate governance, the Audit Committee was formed as assertion responsibility for clearer and more transparent disclosure of related party transactions. In addition, the Audit Committee also fulfills accounting standards in the International Accounting Standard (IAS) Number 24 issued by the International Accounting Standards Board (IASB).

The difference between this study and research from several previous studies such as Nekhili and Cherif (2011), Diab, Aboud and Hamdy (2019), Iturriaga and Zans (2001), Chowdhury and Chowdhury (2010), Mintah and Schadewitz (2018) and Ali and Amir (2018) This study combines three independent variables, namely disclosure of related parties, profitability, and the audit committee. In the previous research, economic growth has not been used as a moderating variable. This study analyzes the effect of independent variables on firm's value and uses economic growth as a moderating variable.

### **Literature Review and Hypotheses**

The theory of Disclosure of related party transaction can be explained in PSAK Number 7 (Revised 2018), where the definition of Disclosure of related party transaction is the full presentation in the financial statements of a transfer of resources, services or liabilities between the reporting entity and related parties, regardless of whether a price is charged (IAI, 2018). Related parties are considered to have a special relationship if one party has the ability to control the other party or has significant influence over the other party in making financial and operational decisions.

The research results of Ahmed, et al. (2019) state that there is no significant effect on the effect of disclosure of related party transactions on firm's value, with the focus of his research on 30 manufacturing companies listed on the Egyptian Stock Exchange during 2012-2017. The research design used OLS regression analysis with control variables, namely ROA, company size, and capital expenditure.

This contradicts the research of Nekhili and Cherif (2019) which also explained that Related Parties Transactions (RPT) can have a significant effect on firm's value, which is proxied by the composition of shareholder voting rights, board size, independent audit committee, board of directors, and choice of external auditors. Therefore, the disclosure of related party transactions is considered to have a positive effect on firm's value. Based on the description above, the following hypothesis is formulated:

**H<sub>1</sub>: Disclosure of related party transactions has a positive effect on firm's value.**

Profitability is the company's ability to generate net income from activities carried out in the accounting period. High profitability will provide an indication of the company's good prospects so that it can trigger investors to participate in increasing share demand. The higher the company's profitability will also increase the company's earnings per share. Profitability is the ability to make profit from all the business activities of an organization, company, firm, or an enterprise (Olalekan and Adeyinka, 2013). Profitability may be considered as a relative term measurable in terms of profit and its relations with other elements that can directly influence the profit (Kamran, Zao and Ambreen, 2017). The company's ability to generate profits will attract investors to invest their money in expanding its business, on the other hand, a low level of profitability will cause investors to withdraw their money and switch to investments with high profitability ratios. For the company itself, the profitability ratio can be used as an evaluation of the effectiveness of managing a company.

In this study, profitability was proxied by Return on Assets (ROA), ROA is a profitability ratio that measures how much the company can increase the company's net profit by using all assets owned by the company, in other words ROA is an indicator of the company's ability to generate profits. The results of previous research conducted by Chowdhury and Chowdhury (2010) show that profitability has a significant and positive effect on firm value in manufacturing companies on the Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) of Bangladesh, this finding is supported by Iturriaga and Zans (2001) who also found a positive and significant relationship.

However, Kodongo, Mokoteli and Maina (2014) state that profitability (which is proxied by ROE), has no significant effect on firm's value in manufacturing companies on the Kenya Stock Exchange for the period 2002-2011. This is in accordance with signal theory, where the higher the company's profitability ratio, which is indicated by the information on the annual report and the company's financial statements, the higher the company's market value according to investors. Therefore, profitability is considered to have a positive effect on firm's value. Based on the description above, the following hypothesis is formulated:

**H<sub>2</sub>: Profitability has a positive effect on firm's value.**

The theory of the audit committee based on FSA Regulation Number 55 of 2015 states that the audit committee is a committee formed by and responsible to the Board of Commissioners in helping carry out the duties and functions of the Board of Commissioners. The Audit Committee is required to be able to act independently, where the level of independence of the Audit Committee cannot be separated from its morality and integrity.

This is the duty and responsibility of the Audit Committee in three areas, namely (1) Financial Reporting, (2) Corporate Governance, and (3) Corporate Oversight. In carrying out these three areas the Audit Committee holds regular meetings at least once in three months. Mintah and Scha-

dewitz (2018) in their research entitled "Audit Committee Adoption and Firm's value: Evidence from UK Financial Institutions" stated that the Audit Committee affects firm's value. This is supported by research conducted by Ali and Amir (2018) using panel data from 14 cement companies from 2013-2016.

The existence of an audit committee is considered as an effort by management and shareholders to increase firm's value. The characteristics and composition of the Independent Audit Committee can also affect the level of compliance with IFRS. The company has good governance, including a good audit composition that can strengthen the influence of the audit committee on firm's value. The more intensive the Audit Committee conducts meeting, it is considered that it can improve the supervisory function so that it can increase corporate value. Therefore, the audit committee can have a positive effect on firm's value. Based on the description above, the following hypothesis is formulated:

**H<sub>3</sub>: Audit committee has a positive effect on firm's value.**

Economic growth is considered as a variable that can drive firm's value. Proxies for economic growth can be in the form of inflation, GDP, interest rates, and others. In this study, economic growth is thought to strengthen the effect of disclosure of related party transactions on firm's value. A country with good economic growth can strengthen the effect of disclosure of related party transactions on firm's value. The better the economic growth is considered to be able to increase the supervisory function so as to increase the value of the company. Therefore, economic growth can moderate the effect of disclosure of related party transactions on firm's value. Based on the description above, the following hypothesis is formulated:

**H<sub>4</sub>: Economic growth can moderate the effect of disclosure of related party transactions on firm's value.**

Economic growth is considered as a variable that can drive firm's value. Proxies for economic growth can be in the form of inflation, GDP, interest rates, and others. In this study, economic growth is thought to strengthen the effect of profitability on firm's value. A country with good economic growth can strengthen the effect of profitability on firm's value. The better the economic growth is considered to be able to increase the supervisory function so as to increase the value of the company. Therefore, economic growth can moderate the effect of profitability on firm's value. Based on the description above, the following hypothesis is formulated:

**H<sub>5</sub>: Economic growth can moderate the effect of profitability on firm's value.**

Economic growth is considered as a variable that can drive firm's value. Proxies for economic growth can be in the form of inflation, GDP, interest rates, and others. In this study, economic growth is thought to strengthen the influence of the audit committee on firm's value. A country with good economic growth can strengthen the influence of the audit committee on firm's value. The better the economic growth is considered to be able to increase the supervisory function so as to increase the value of the company. Therefore, economic growth can moderate the effect of the audit committee on firm's value.

Based on the description above, the following hypothesis is formulated:

**H<sub>6</sub>: Economic growth can moderate the effect of the audit committee on firm's value.**

Based on the description above, a conceptual framework model for this research can be built as shown in Figure 1.

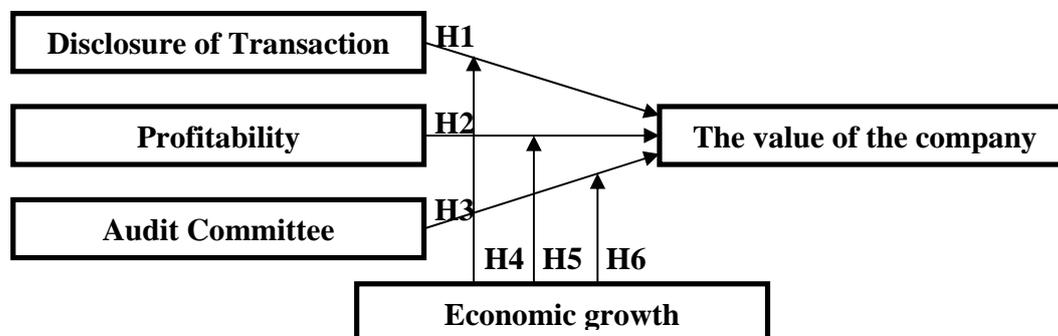
The Multiple Regression Model as follows:

$$NP = a - b_1 PT + b_2 PRO + b_3 KA - b_4 PE$$

The Moderating Regression Analysis as follows:

$$NP = a_1 - b_5 PT + b_6 PRO + b_7 KA - b_8 PE + b_9 PT.PE - b_{10} PRO.PE - b_{11} KA.PE + e.$$

where: a: constant, NP is Firm's value, PT: disclosure of related party transactions, PRO: Profitability, KA: Audit Committee, PE: Economic Growth. b: regression coefficient of each variable, e: error



**Figure 1. Conceptual Framework**  
Source: Data processed (2020)

**Materials and Methods**

This research approach is quantitative, with an explanatory method, more specifically with the causal method, which examines the effect of one or more variables that affect the affected variables. This type of research is hypothesis testing with the aim of examining the effect of digital payment instruments on financial system instability and market risk. This study uses panel data with a period from 2016 to 2018.

The data used data on 40 companies of various industrial subsectors on the Indonesia Stock Exchange (IDX), over a period of 3 years (2016 to 2018), as well as data of economic growth and the audit committee are from Indonesia Central Bank (BI) and the Financial Services Authority (FSA). The data analysis technique used is the Panel Data Multiple Regression Model and Moderating Regression Analysis (MRA). The operational variables in this study can be seen in Table 1 as follows.

**Table 1. Operational Research Variables**

No.	Variable	Measurement	Scale Type
1	Firm's value (Y)	Firm's value (Tobin's Q): Tobin's Q = {(Market Value Equity + Debt)} x 100% (Total Assets)	Ratio
2	Disclosure of Related Party Transactions (X1)	DISCL = (np / tp) x 100% Where : • DISCL = level of disclosure of related party transactions; • np = value of disclosure of related party transactions conducted by the company; • tp = total disclosure.	Ratio
3	ROA (X2)	ROA = (Net Income / Total Assets) x 100%	Ratio
4	Audit Committee Meetings (X3)	KA = Audit Committee Where : • KA = frequency of audit committee meetings (Number of meetings in one year)	Ratio

No.	Variable	Measurement	Scale Type
5	Economic Growth (M)	The percentage of economic growth issued by the government.	Ratio

Source: Processed from BI data (2019).

### Results

This research uses panel data, therefore the first step in multivariate regression analysis is the regression model selection analysis, the next step are the goodness of fit model using the F test and the coefficient of determination, hypothesis testing using the t test and Moderating Variable Analysis (MRA).

#### *Selection of Regression Model*

To choose among the common effect approach, the fixed effect approach, or the random effect approach. Chow testing is done to choose the right model, whether it is Common Effect Model (CEM) or Fixed Effect Model (FEM). From the processing results, it is obtained that the prob value of the chi-square cross section is 0.0001 < 0.05 so that H<sub>0</sub> is rejected and H<sub>1</sub> is accepted (see the following table) so that the conclusion obtained is the appropriate Random Effect Model (REM) model.

**Table 2. Panel Data Regression Model Selection**

Testing	Indicator	Probability	Selected Model
Chow Test	<i>Chi-square cross-section</i>	0.0001	<i>Fixed Effect</i>
Hausman Test	<i>Random cross-section</i>	1.0000	<i>Random Effect</i>
LM Test	Breusch Pagan	0.0008	<i>Random Effect</i>

#### *Hypothesis Testing*

The results of processing on the firm's value model obtained an adjusted R<sup>2</sup> value of 0.825077 or 82.5077%, which means that the variation or behavior of the independent variables, namely PT, PRO, KA, PE, the interaction of PT\_PE, PRO\_PE and KA\_PE is able to explain the variation or behavior of the dependent variable, namely the value the company amounted to 82.5077% while the remaining 17.4932% is the variation or behavior of other independent variables that affect firm's value but are not included in the model.

Meanwhile, the processing results on global testing were found to have a statistical F value of 73.44712 with a p-value of 0.0000 < 0.05 so that H<sub>0</sub> is rejected and H<sub>a</sub> is accepted, which means that it can be concluded that there is at least one independent variable that has a significant effect on the dependent variable, namely the value of the company.

The processing results for individual testing are based on the Random Effect Model using white shown in Table 3 as follows.

**Table 3. Model Estimation of Random Effect Model Method**

Dependent Variable: Firm's value					
Independent Variable	Prediction	Coefficient	t statistics	p-value	Conclusion
C		5.869408			
PT	-	10.57444	2.355853	0.0203	H1 accepted
PRO	+	7,515654	1.196687	0.2340	H2 rejected

Dependent Variable: Firm's value					
Independent Variable	Prediction	Coefficient	t statistics	p-value	Conclusion
KA	+	0.215478	0.136259	0.8919	H3 rejected
PT_PE	+	235.1890	2.663067	0.0089	H4 accepted
PRO_PE	-	149.9369	1.209844	0.2290	H5 rejected
PUTTY KNIFE	-	2.288992	0.073823	0.9413	H6 rejected

Source: Data from Eviews (2020) processing

It can be seen that the models in the study are:

$$NP = 5.869408 - 10.57444 PT + 7.515654 PRO + 0.215478 KA - 119.6370 PE + 235.1890 PT.PE - 149.9369 PRO.PE - 2.288992 KA.PE + e.$$

Hypothesis 1 was carried out with the aim of testing the negative effect of disclosure of related party transactions on firm's value. From the processing results, the estimated coefficient value is 10.57444. With a statistical t value of 2.355853, the p-value is 0.0203 < 0.05 so that H0 is rejected and Ha is accepted. So it can be concluded that it is proven that there is a negative effect of disclosure of related party transactions on firm's value so that the first hypothesis is accepted.

Hypothesis 2 aims to examine the positive effect of profitability on firm's value. From the processing results, the estimated coefficient value is 7.515654. With a statistical t value of 1.196687, the p-value is 0.2340 > 0.05 so that H0 is accepted and Ha is rejected. So it can be concluded that profitability has no effect on firm's value so that the second hypothesis is rejected.

Hypothesis 3 was carried out in order to test the positive effect of the audit committee on firm's value. From the processing results indicated by the estimated coefficient value of 0.215478. With a statistical t value of 0.136259, the p-value is 0.8919 > 0.05 so that H0 is accepted and Ha is rejected. So it can be concluded that it is proven that the audit committee has no effect on firm's value so that the third hypothesis is rejected.

Hypothesis 4 was carried out with the aim of testing that economic growth strengthens the effect of Disclosure of related party transaction on firm's value. The processing results are indicated by the estimated coefficient value of 235.1890. With a statistical t value of 2.663067, the p-value is 0.0089 < 0.05 so that H0 is rejected and Ha is accepted. So it can be concluded that it is proven that economic growth strengthens the effect of disclosure of related party transactions on firm's value. Thus the fourth hypothesis is accepted.

Hypothesis 5 was carried out in order to test that economic growth does not strengthen the effect of profitability on firm's value. The processing results are indicated by the estimated coefficient value of -149.9369. With a statistical t value of 1.209844, the p-value is 0.2290 > 0.05 so that H0 is accepted and Ha is rejected. So it can be concluded that it is proven that economic growth does not strengthen the effect of profitability on firm's value. Thus the fifth hypothesis is rejected.

Hypothesis 6 was carried out in order to test that economic growth did not strengthen the effect of the audit committee on firm's value. The processing result is indicated by the estimated coefficient value of -2.288992. With a statistical t value of 1.209844, the p-value is 0.2290 > 0.05 so that H0 is accepted and Ha is rejected. So it can be concluded that it is proven that economic growth does not strengthen the effect of the audit committee on firm's value. Thus the sixth hypothesis is rejected.

## Discussion

Based on the results, it is known that the variable Disclosure of related party transaction has a negative effect on firm's value. The decreasing in disclosure of related party transactions will decrease firm's value and conversely an increasing in disclosure of related party transactions will increase firm's value. The results of this study support the previous empirical findings of Ahmed, et al (2019) and Nuswandari et al. (2018), but these findings are different from the previous empirical findings of Nekhili and Cherif (2019) and Diab, Aboud and Hamdy (2019). This difference is possible due to differences in the use of proxies, both proxies for profitability and capital structure or leverage, as well as differences in the study period, data or countries related to the sample.

Sub-various industrial manufacturing companies that have special relationship transactions can conduct their business based on the agreed price according to the relationship, so as to reduce the value of the company. Pricing of a Disclosure of related party transaction is known as transfer pricing, where the price of the agreement can be arranged which allows mutual benefit between the two transacting parties. However, these transactions are likely to have a negative impact on the company. The negative impact is related to taxation.

This is regulated in the Income Tax Law of 2000 article 18th paragraph (3) and paragraph (4). Article 18 paragraph (3) of the Income Tax Law indicates the possibility of tax smuggling by taxpayers who have a special relationship. Transfer pricing is a means that can be used to carry out this purpose. In the elucidation of Article 18 paragraph (3) of the Income Tax Law, it is stated that the purpose of this provision is to prevent tax evasion, which may occur because of a special relationship. If there is a special relationship, there is the possibility that the income is reported less than it should be or the cost is more than what it should be. This ultimately has an impact on investors' assessment of the company's financial performance.

Meanwhile, based on the results of the tests that have been carried out, it is known that the profitability variable has no effect on firm's value. Companies with a high level of profitability will not affect firm's value. This is in accordance with the Signaling Theory, where an investor can determine his choice of investing, not only based on the profitability trend of a company, but also negative sentiment towards the company which can have a significant effect on the value of the company itself. The results of this study support the previous empirical research of Kodongo, Mokoteli and Maina (2014) which also found that probability has no effect on firm's value, but these findings are different from the findings of Oktiwiati and Nurhayati (2020), Chowdhury and Chowdhury (2010) and Iturriaga and zans (2001) who found the opposite result.

In addition, the profitability ratio used in this study is ROA (Return on Assets). The indicator is that the higher the ROA, the higher the company's ability to generate profits. However, high profit does not mean that the company's value is attractive to investors. Many other variables encourage investors to invest. High firm's value is not only influenced by high profits. Based on the results of the above discussion, it can be concluded that the profitability ratio of a various sub-industry manufacturing company does not have a significant effect on firm's value.

The results of this study indicate that the audit committee variable has no effect on firm's value. The higher the intensity level of the audit committee meeting, the less the firm's value itself will be, and vice versa, the decreasing in the frequency of audit committee meetings does not have an impact on the lower firm's value. This is due to the lack of attention of the audit committee on the company's financial performance. The intensity of the audit committee meetings as much as 4 times a year is still considered insufficient to monitor the company's operational activities. These results support previous research conducted by Sharma et al., (2019), where the audit committee was

found to have no effect on firm's value. However, these findings contradict research conducted by Mintah and Schadewitz (2018) and Ali and Amir (2018).

### Conclusion

Based on the results of tests that have been carried out, it is known that the variable economic growth strengthens the effect of disclosure of related party transactions on the value of the company. This shows that sub-industrial manufacturing companies that have special relationship transactions in determining the agreement price according to this relationship can be strengthened by economic growth so as to increase firm's value. In determining the price for the transaction of the related party, the company must consider the stability of the economic growth of the developing community. Economic stability is the basis for achieving the increasing of people's welfare by increasing in high economic growth. Economic stability will be achieved when there is a balance or continuity between domestic demand and domestic spending, savings and investment. Therefore, economic growth is able to strengthen the effect of disclosure of related party transactions on firm's value.

Based on the results of tests that have been done, it is known that the variable economic growth does not strengthen the effect of profitability on firm's value. That is, the existence of a variable economic growth in various sub-industrial manufacturing companies can weaken the effect of profitability on firm's value. This shows that economic growth is not able to increase the profits of various sub-industrial manufacturing companies, so it does not affect firm's value. There are many factors that can increase profitability such as ROE, EPS, NPM and so on.

Based on the results, it is known that the economic growth variable does not strengthen the effect of the audit committee on firm's value. This means that the existence of a variable economic growth in various sub-industrial manufacturing companies can weaken the influence of the audit committee on firm's value. This is because economic growth is not a reference for the audit committee to conduct intensive work meetings. Therefore, economic growth does not strengthen the influence of the audit committee on firm's value.

### References

- A, Ahmed, Diab, Ahmed Aboud, Arafat Hamdy. 2019. The Impact of Related Party Transactions on Firm's value: Evidence from a developing country, *Journal of Financial Reporting and Accounting*, 17(3).
- Agyemang-Mintah, P., & Schadewitz, H. (2018). Audit committee adoption and firm's value: evidence from UK financial institutions. *International Journal of Accounting and Information Management*, 26(1), 205–226. <https://doi.org/10.1108/IJAIM-04-2017-0048>
- Ali, K., & Amir, M. (2018). Impact of Audit Committee structure on firms' value in Pakistan: Evidence from the Cement Sector. *Journal of Corporate Governance Research*, 2(1), 42. <https://doi.org/10.5296/jcgr.v2i1.14028>
- Chowdhury, Anup & Chowdhury, Suman. (2010). Impact of capital structure on firm's value: Evidence from Bangladesh. *Business and Economic Horizons*. 3. 10.15208/beh.2010.32.
- Diab, A. A., Aboud, A., & Hamdy, A. (2019). The impact of related party transactions on firm's value: Evidence from a developing country. *Journal of Financial Reporting and Accounting*. <https://doi.org/10.1108/JFRA-08-2018-0064>.
- Downs, David and Joseph T. L. Ooi. (2016). Related Party Transactions and Firm's value: Evidence from Property Markets in Hongkong, Malaysia, and Singapore. *Journal Real Estate Finan Econ.*, 52: 408-427. DOI 10.1007/s11146-015-9509-0.

- Fengju, X., Fard, R. Y., Maher, L. G., & Akhteghan, N. (2013). The Relationship Between Financial Leverage and Profitability With an Emphasis on Income Smoothing in Iran's Capital Market. *European Online Journal of Natural and Social Sciences*, 2(3), 156–164.
- Indonesian Accounting Association (IAI). 2018. Statement of Financial Accounting Standards (PSAK) No. 69: Agriculture, Jakarta: IAI
- Kodongo, O., Mokoaleli-Mokoteli, T., & Maina, L. (2014). Capital structure, profitability and firm's value: panel evidence of listed firms in Kenya. Munich Personal RePEc Archive Paper .No 57116. 1-19.
- López-Iturriaga, F.J., Rodríguez-Sanz, J.A. Ownership Structure, Corporate Value and Firm Investment: A Simultaneous Equations Analysis of Spanish Companies. *Journal of Management & Governance*, 5, 179–204 (2001). <https://doi.org/10.1023/A:1013078225905>
- Nekhili dan Cherif. (2019). Related Parties Transactions and Firm's Market Value: the French Case. *Journal of Accounting and Finance*, 10(3).
- Nekhili, M., & Cherif, M. (2011). Related parties transactions and firm's market value: the French case. *Review of Accounting and Finance*, 10(3), 291- 315. doi:doi:10.1108/14757701111155806.
- Nekhili, M., Nagati, H., Chtioui, T., & Nekhili, A. (2017). Gender-diverse board and the relevance of voluntary CSR reporting. *International Review of Financial Analysis*, 50, 81–100. <https://doi.org/10.1016/j.irfa.2017.02.003> [Crossref], [Web of Science ®], [Google Scholar].
- Nuswandari, C., Sunarto, S., Jannah, A., & Ikromudin, I. (2019). *Corporate Social Responsibility Moderated the Effect of Liquidity and Profitability on the Firm's value*. 86(Icobame 2018), 87–90. <https://doi.org/10.2991/icobame-18.2019.19>
- Oktiwiati, E. Dela, & Nurhayati, M. (2020). The Effect of Profitability, Capital Structure, and Investment Decisions on Company Value (in the Pharmaceutical Sector Listed on the Indonesia Stock Exchange 2013-2017). *Management Scientific Journal Mix*, 10 (2), 196. <https://doi.org/10.22441/mix.2020.v10i2.004>
- Olalekan, A., & Adeyinka, S. (2013). Capital Adequacy and Banks' Profitability: an Empirical Evidence From Nigeria. *American International Journal of Contemporary Research*, 3(10), 87–93.
- Financial Services Authority (OJK), Regulation Number 55 /POJK.04/2015. " 2015. Establishment and Implementation Guidelines for Audit Committee Work, [https://www.ojk.go.id/id/kanal/pasar-modal/regulasi/peraturanojk/Documents/Pages/POJK-Nomor-55.POJK.04.2015/SALINAN-POJK\\_55\\_Pembentukan\\_dan\\_Pedoman\\_Pelaksanaan\\_Kerja\\_Komite\\_Audit.pdf](https://www.ojk.go.id/id/kanal/pasar-modal/regulasi/peraturanojk/Documents/Pages/POJK-Nomor-55.POJK.04.2015/SALINAN-POJK_55_Pembentukan_dan_Pedoman_Pelaksanaan_Kerja_Komite_Audit.pdf).
- Sharma, S. S., Narayan, P. K., Thuraiamy, K., & Laila, N. (2019). Is Indonesia's Stock Market Different When It Comes To Predictability? *Emerging Markets Review*, 40, 100623. <https://doi.org/10.1016/j.ememar.2019.100623>.
- Law of the Republic of Indonesia Number 17 year 2000 Concerning the Third Amendment to Law No. 7 year 1983 concerning Income Tax, Jakarta, Formation Management Institute, 2001