

# **The Influence of Independent Commissioners, Audit Committees, Audit Quality on Company Value**

(Empirical Study of Banking Companies Listed on the Indonesia Stock Exchange Year 2015-2019)

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**Abstract** - This study aims to determine the effect of independent commissioners, audit committee, and audit quality on firm value. The research strategy used in this research is an associative research strategy with the research method used is the documentation method. In this study, researchers used quantitative data taken from audited banking company financial reports for 2015-2019. The research results prove that: 1) Independent Commissioners have a negative and insignificant effect on Firm Value. 2) The Audit Committee has a positive and significant effect on Firm Value. 3) Audit quality has a positive and significant effect on Firm Value. 4) Independent Commissioners, Audit Committee, and Audit Quality have a positive and significant effect on Firm Value.

**Keywords:** Firm Value, Independent Commissioner, Audit Committee, Audit Quality.

**Abstrak**— Penelitian ini bertujuan untuk mengetahui pengaruh komisaris independen, komite audit, dan kualitas audit terhadap nilai perusahaan. Strategi penelitian yang digunakan dalam penelitian ini adalah strategi penelitian yang bersifat asosiatif dengan metode penelitian yang digunakan adalah metode dokumentasi. Dalam penelitian ini, peneliti menggunakan data yang bersifat kuantitatif yang diambil dari laporan keuangan perusahaan perbankan yang telah diaudit tahun 2015-2019. Hasil penelitian membuktikan bahwa : 1) Komisaris Independen berpengaruh negatif dan tidak signifikan terhadap Nilai Perusahaan. 2) Komite Audit berpengaruh positif dan signifikan terhadap Nilai Perusahaan. 3) Kualitas Audit berpengaruh positif dan signifikan terhadap Nilai Perusahaan. 4) Komisaris Independen, Komite Audit, dan Kualitas Audit berpengaruh positif dan signifikan terhadap Nilai Perusahaan

**Kata Kunci:** Nilai Perusahaan, Komisaris Independen, Komite Audit, Kualitas Audit.

## I. INTRODUCTION

The objectives are clear in a company, both in terms of the short and long term of a company. Obtaining profit is the company's main short-term goal while the long term is to provide prosperity for both the company's owners and shareholders and make the company's value reflected to the maximum in the company's share price. The ongoing share price movements on the Indonesian stock exchange can be a valuation material for investors' valuations. But in reality, many investors are mistaken and have difficulty making decisions in predicting the value of the company. The main reference cause is the share price of a company at any time can experience changes in increase or decrease. Here is *the PBV* in the Keungan Sub-Sector from 2015 to 2019.

**Table 1.1**

### **PBV in The Financial Sub-Sector**

No	Sub-Sector	Years				
		2015	2016	2017	2018	2019
1	Bank	1,67	1,62	1,45	2,27	2,42
2	Financing Institutions	1,21	1,37	1,04	1,65	2,56
3	Securities Company	1,16	1,33	2,68	3,23	1,92
4	Insurance	1,25	1,62	2,04	3,57	2,66

Sumber : [www.idx.com](http://www.idx.com)

Table 1.1 shows company value data as measured by the PBV of each financial sub-sector listed on the Indonesia Stock Exchange in the period 2015 to 2019. Then it will be shown more clearly the increase and decrease in the value of the company by looking at the percentage of PBV of each financial subsector registered in the IDX during 2015 to 2019 at table 1.2 below:

**Table 1.2**

### **Percentage Increase and Decrease of PBV in Financial Subsector**

No.	Sub-Sector	Years					Average
		2015	2016	2017	2018	2019	
1	Bank	-13%	-3%	-10%	56,6%	1,3%	6,3%
2	Financing Institutions	426,1%	13,2%	24,1%	58,6%	55,1%	115,4%
3	Securities Company	-49,6%	14,7%	101,5%	20,5%	-40,6%	9,3%
4	Insurance	9,6%	29,6%	25,9%	75,0%	25,5%	33,1%

Table 1.2 is shown by the changes in pbv ups and downs occurring *in the financial sub-sector* in the period 2015-2019. It can be seen from the average per *sub sector*, that the Financing Institution claims the highest average increase in PBV reached 115.4%, it can be seen that in the financing institutions from 2015 to 2019 the increasing value of the company, then followed by Insurance reached an average PBV of 33.1% and Securities Companies got an average of 9.3%. In addition, *the sub-sector* that got the lowest PBV with an average PBV of 6.3% is the Bank. This was triggered because from 2015 to 2019 the banking sub-sector was the most unstable from what was in 2015 but 2017 experienced extreme sub-regulation and in 2018 there was an increase in ekstrem and 2019 experienced a less significant increase.

The bank's good financial performance will reflect the health condition owned by the bank and be able to attract interest and trust from internal and external parties. Judging from the experience of the global financial crisis has encouraged the *need to improve good corporate government* so that banks can identify problems from the beginning, follow up improvements appropriately and faster, and implement better corporate *government* so that banks are more resilient in the face of crises. By implementing GCG, it is expected to maintain the balance of things and obligations between shareholders, managers, creditors, governments, employees, and other stakeholders so that no party is harmed so as to create added value for all *stakeholders*. Because in the company, in its operational activities can not live alone but related in the surrounding environment (Alfinur, 2016).

The Company needs parties or groups to monitor the implementation of directors' policies in *implementing good corporate governance*, one of which is an independent commissioner who is an important role holder in directing strategies and supervising the running of the company and ensuring the performance of managers has actually improved as part of achieving the company's objectives. In addition to independent commissioners, internal supervision of the company is also carried out by the audit committee and also as an intermediary between shareholders and the board of commissioners in control activities carried out by management as well as internal and external auditors. According to (Saputra & Wardhani, 2017) said there is a positive relationship between the many meetings of the audit committee with intellectual capital disclosure, capital structure and rational capital disclosure, the audit committee has a task to be carried out, namely when there are negotiation meetings attended by the board of commissioners, directors and committees along with external auditors of the company, the audit committee must attend the meeting. Another thing to note in a role that affects the value of the company is the quality of the audit. However, the quality of the audit is not something that can be observed directly.

### **1.2 Problem Formulation**

Based on the background described above, the author proposed the problem formulation in this study is

1. Is there any influence of independent commissioners on the value of companies in banks listed on the Indonesia Stock Exchange?
2. Is there any influence of the audit committee on the value of the company in banks listed on the Indonesia Stock Exchange?
3. Is there any effect of audit quality on the value of the company in banks listed on the Indonesia Stock Exchange?

### **1.3 Research Objectives**

Based on the operational audit function, the purpose of this research is to provide

1. To find out the influence of independent commissioners on the value of the company in banks listed in the IDX.
2. To find out the influence of the audit committee on the value of the company in banks listed in the IDX.
3. To find out the effect of audit quality on the value of the company in banks listed in the IDX.
4. To find out the influence of independent commissioners, audit committees, audit quality on the value of the company in banks listed in the IDX.

## **II. LITERATURE REVIEW**

### **2.1 Theoretical Foundation**

### **Agency Theory**

According to Saputra & Wardhani (2017) The owner of the company (principal) will give his agents the authority to manage and supervise the company. If it has already happened, then it can cause problems agency (*agency problem*) *Because there is* a transfer of power over ownership and control of the company.

### **Signaling Theory**

According to Brigham & Houston (2014) signal theory, signals or signals are signals that management gives to external parties or users of financial statements. This is done by management to get the view that the company has good prospects, because companies that have good prospects will avoid selling shares and get new capital using other means.

### **Banking**

According to Kasmir (2014) the Bank is a business entity that raises funds from the community and manages the funds by channeling funds back to the community and providing other bank services. According to Law No. 10 of 1998 on banking is all matters related to banks, both institutional and all banking activities that do not escape the financial sector.

### **Company Value**

According to Samasta *et al.* (2018) the value of the company can be expressed as the selling price of the company approved by the prospective buyer, the higher the value of the company, the greater the prosperity of the company owner. By maximizing the value of the company, it can be interpreted to maximize the prosperity of the company owner. According to Scott (2015), the main goal of financial management is to get managers to maximize their company's values. Brigham and Houston (2014) said management has the primary goal of maximizing shareholder welfare by maximizing the company's share price.

### **Independent Commissioner**

According to Alfinur (2016) independent commissioners are not members of management, majority shareholders, acting can be said to have a direct relationship or not with the majority shareholder of a company that oversees the management of the company. The Board of Commissioners is the culmination of the company's internal management system, has a role to play in supervisory activities and an independent commissioner acts as a moderator in dissent that occurs to internal managers and becomes the supervisor of management policy and provides advice to management.

### **Audit Committee**

According to Indrasari, Yuliandhari, & Triyanto (2017) The audit committee is a committee formed by the board of commissioners to carry out the supervisory function of the company's management. The number of audit committee membership is required to have at least three members, where the chairman is an independent commissioner of the company and other members are people from external parties of the company who are independent and can have background or experience in finance and also accounting.

### **Audit Quality**

De Angelo (1981) in Wijaya (2020) defines *audit quality as a joint probability* where an auditor will find and report violations in his client's accounting system. Auditors will find misstatement depends on the quality of understanding of auditors (Competencies) while the act of reporting misstatement depends on the independence of the auditor.

## **2.2 Hypothesis Development**

Based on the relationship of variables that have been described above, the author tries to present a hypothesis that will be used as a reference in solving the problem, namely:

- H1 : Independent commissioners have a positive influence on the company's value this hypothesis refers to previous research (Alfinur, 2016)
- H2 : The audit committee positively influenced the company's value of this hypothesis referring to previous research (Samasta et al., 2018)
- H3 : Audit quality has a positive effect on the company's value of this hypothesis based on previous research (Wijaya, 2020)

### III. RESEARCH METHODS

#### 3.1 Research Strategies

The research strategies used in this study are associative. Associative research is used with the aim of looking at the relationship between independent variables and dependent variables (Sugiyono, 2017). Researchers chose to use associative research because it is in accordance with the objectives of knowing whether or not the influence of independent board of commissioners, audit committee, and audit quality on the value of the company in banking companies listed on the Indonesia Stock Exchange in 2015-2019.

#### 3.2 Population and Sample

**Table 3.1**  
**Sampling Criteria**

Sample Criteria	Amount	Accumulation
Banking Companies registered with IDX in 2015-2019	45	45
Incomplete Banking Company Annual Report on IDX in 2015-2019	6	6
Sample Total		39 Companies
Observation Data from 2015-2019		195

#### 3.3 Variable Operationalization

##### Company Value

According to Brigham & Houston (2014) the value of the company is very important, because by maximizing the value of the company, it can be said that the company is able to prosper its shareholders. The value of the company is reflected in the price of a share in the company because the value of the company can provide maximum shareholder prosperity if the company's share price increases. One of the ratios to measure the value of a company and measure the value of a stock is to use *Price to Book Value (PBV)* because *pbv* is more than thorough to check whether management in its policy to make decisions has been effective in utilizing economic resources and also in terms of investment and future potential in a company. The company PBV value has the following formula :

$$PBV = \frac{\text{Harga Pasar Saham}}{\text{Nilai Buku perlembar Saham}}$$



If,  $PBV < 1$  then it can be interpreted that *the price value* is lower than the book value. *Book Value* is obtained from the calculation of capital divided by the number of shares outstanding. When viewed from the book value,  $PBV$  means that the company's shares are *undervalued* so that the selling value of the company becomes low because  $pbv$  can be seen from how capable the company to create a relative value to the amount of capital invested and cause investors to have a bad idea on the company in dissinging its shares.

If,  $PBV > 1$ , then it can be interpreted that *the price value* is greater than the book value, *Book Value* is obtained from the calculation of capital divided by the number of shares in circulation. When viewed from the book value,  $PBV$  means that the company's shares are *undervalued* so that the selling value of the company becomes low because  $pbv$  can be seen from how capable the company to create relative value to the amount of capital invested and cause investors to have good thoughts in investing their shares in the company.

### **Independent Board of Commissioners**

According to Alfinur (2016) The independent board of commissioners in this research is a member of the commissioner who is not affiliated with management, and has no business and other relationships that result in the ability to act independently to be affected in the interests of the company. The composition of an independent board of commissioners can be measured using the following formula:

$$KI = \frac{\text{Jumlah Komisaris Independen}}{\text{Jumlah dewan Komisaris}} \times 100\%$$

### **Audit Committee**

According to Lusiana & Agustina, (2018) The existence of the audit committee is one of the criteria for *Good Corporate Governance*. The audit committee consists of at least one independent commissioner and at least two other members from outside the issuer or public company. Formula used to calculate:

$$UKA = \text{Jumlah Komite Audit}$$

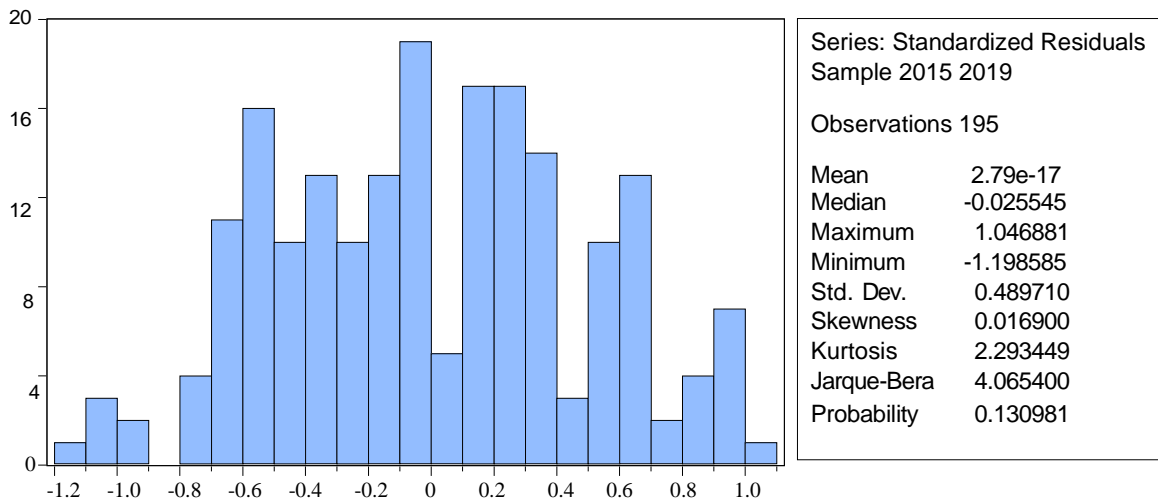
### **Audit Quality**

The quality of audit used in the research is the Size of KAP (Public Accounting Firm) because the good name of the company is very important, the quality of auditors will affect the audit results carried out by auditors. The quality of audit can be measured by classifying the audit conducted by KAP Big Four and KAP Non-Big Four, If the company is audited by KAP Big Four then it is rated 1 and if not rated 0.

## **IV. RESULTS AND DISCUSSION**

### **Assumption Test Classic**

#### **Test Normality**



Looking at the histogram graph and jarque bera statistical test (JB-Test) based on graph 4.1 the normality test can be seen the probability value of 0.130981 where the probability value is greater than 0.05 which is  $0.130981 > 0.05$  then it can be satisfied with normal distributed data.

**Multicollinearity Test**

**Tabel Uji Multikolinieritas**

Variance Inflation Factors  
Date: 08/07/20 Time: 08:46  
Sample: 1 195  
Included observations: 195

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
KOMISARI_INDEPENDEN	0.618124	37.77880	1.000443
KOMITE_AUDIT	0.006115	17.03968	1.033157
KUALITAS_AUDIT	0.019562	2.319192	1.033536
C	0.305488	53.91229	NA

(Sumber : Hasil Output Regresi Data Panel Eviews 10)

Based on table 4.3 it can be known that there is no multicollinearity problem, this can be seen from the VIF value in Centered VIF for all three independent variables less than 10. Where centered vif scores are Independent Commissioners  $1.000443 < 10$ , Centered VIF Audit Committee  $1.033157 < 10$ , and Centered VIF Quality Audit  $1.033536 < 10$ .

**Heteroscedasticity Test**

**Table Heteroscedasticity Test**

Heteroskedasticity Test: White

F-statistic	1.588471	Prob. F(9,185)	0.1213
Obs*R-squared	13.98806	Prob. Chi-Square(9)	0.1228

Scaled explained SS

23.64973 Prob. Chi-Square(9)

0.0049

(Sumber : Hasil Output Regresi Data Panel Eviews 10)

Based on table 4.4 can be seen from *the probability* value of chi square has a value of 0.1228 *i.e. p-value*  $\geq$  of 0.05 then it can be concluded that there are no symptoms of heteroscedastisity.

### Autocorrelation Test

**Tabel**  
**Uji Autokorelasi**

Dependent Variable: PBV  
Method: Panel EGLS (Cross-section random effects) Date: 08/07/20  
Time: 08:38  
Sample: 2015 2019  
Periods included: 5  
Cross-sections included: 39  
Total panel (balanced) observations: 195  
Swamy and Arora estimator of component variances

R-squared	0.428373	Mean dependent var	0.432201
Adjusted R-squared	0.413112	S.D. dependent var	0.579474
S.E. of regression	0.575662	Sum squared resid	63.29496
F-statistic	19.859153	Durbin-Watson stat	1.965899
Prob(F-statistic)	0.037929		

(Sumber : Hasil Output Regresi Data Panel Eviews 10)

The test results *using durbin watson* can be that dw values located between  $d_U < dw < 4-d_U$  identify the absence of autocorrelation. Based on *durbin watson* table with  $\alpha = 5\%$ , the number of observations (n) in this study was 195 and the number of free variables (k) was 3, obtained value  $d_L = 1.7345$  and  $d_U = 1.7969$  then dw value obtained by 1.965899 which is between  $1.7969 < 1.965899 < 2.2031$  means that in this regression model there is no positive or negative autocorrelation.

### Selection of Panel Data Regression Model

Selection in determining the panel data regression model there are three models of equations, namely *Common Effect Model* (CEM), *Fixed Effect Model* (FEM), and *Random Effect Model* (REM). Three models of equations are required to test using the following tests:

#### Uji Chow (Common Effect Model vs Fixed Effect Model)

**Tabel**  
**Uji Chow**

Redundant Fixed Effects Tests  
Equation: Untitled  
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	12.964256	(38,153)	0.0000
Cross-section Chi-square	280.762330	38	<b>0.0000</b>



Sumber : Hasil Output Regresi Data Panel Eviews 10)

Based on table 4.2 in *chow test result, common effect vs fixed effect above*, probability value (*P-value*) cross section F of  $0.0000 < 0.05$  then **hypothesis  $H_0$  rejected and  $H_1$  received** which means Fixed Effect Model (FEM) is more appropriate to use.

#### Uji Hausman (Random Effect Model vs Fixed Effect Model)

Tabel

##### Uji Hausman

Correlated Random Effects - Hausman Test  
Equation: Untitled  
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	5.636162	3	<b>0.1307</b>

Sumber : Hasil Output Regresi Data Panel Eviews 10)

Based on table 4.2 in *hausman test result, random effect vs fixed effect above*, obtained probability value (*P-value*) cross section random by  $0.1307 > 0.05$  then **hypothesis  $H_0$  received and  $H_1$  Rejected** which means Random Effect Model (REM) model is more appropriately used.

#### Lagrange Multiplier Test (Common Effect Model vs Random Effect Model)

Tabel

##### Uji Lagrange Multiplier

Lagrange Multiplier Tests for Random Effects  
Null hypotheses: No effects  
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives

	Cross-section	Test Hypothesis Time	Both
Breusch-Pagan	174.2955 <b>(0.0000)</b>	0.008670 (0.9258)	174.3042 (0.0000)

Based on table 4.3 in *Lagrange Multiplier test results, random effect vs common effect above*, obtained cross section Breusch-pangan  $< 0.05$  which is  $0.000 < 0.05$  then **hypothesis  $H_0$  rejected and  $H_1$  received which** means Random Effect Model (REM) model is more appropriately used.

#### Conclusion of Model Selection

Based on the results of the model selection that has been done *consisting of lagrange multipliertest, chow test and hausman test*. So it can be concluded that the method of estimating the regression of panel data used is as follows:

Table  
Test Conclusion Results

No.	Method	Testing	Results
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1	<i>Chow Test</i>	CEM vs FEM	<b><i>Fixed Effect Model</i></b>
2	<i>Hausman Test</i>	REM vs FEM	<b><i>Random Effect Model</i></b>
3	<i>Lagrange Multiplier Test</i>	REM vs CEM	<b><i>Random Effect Model</i></b>

The test results of the selection of panel data regression model for the three panel data models above have the aim to strengthen the conclusion of the panel data regression estimation method used. And based on the table above, it is concluded that the random effect *model* will be used to analyze further data in this research.

### **Testing Hypothesis**

#### **Test T**

This t statistical test aims to find out the influence of each independent variable on dependent variables. To determine whether the hypothesis is accepted or rejected by comparing  $t_{count}$  and  $t_{table}$  and significant value with significant levels in this study i.e.  $\alpha = 5\% = 0.05$ . If  $t_{calculate} < t_{table}$  then independent variables have no effect on dependent variables. The number of observations as much as  $(n = 195)$ , the number of independent variables as much as  $(k = 3)$ , then the degree of freedom  $(df) = n - k - 1$  is  $195 - 3 - 1 = 191$  with a significant level of 0.05 then  $t_{table}$  is 1.972462.

**Tabel 4.13**  
**Hasil Regresi Data Panel Model *Random Effect Model***

Dependent Variable: PBV  
Method: Panel EGLS (Cross-section random effects) Date: 08/07/20  
Time: 08:38  
Sample: 2015 2019  
Periods included: 5  
Cross-sections included: 39  
Total panel (balanced) observations: 195  
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
KOMISARIS_INDEPENDEN	1.437369	0.660132	1.907397	0.0607
KOMITE_AUDIT	2.010250	0.077581	2.132123	0.0350
KUALITAS_AUDIT	0.086162	0.130354	2.060983	0.0294
C	2.502403	0.480807	5.204592	0.0000

Weighted Statistics			
R-squared		Mean dependent var	0.432201
Adjusted R-squared	0.413112	S.D. dependent var	0.579474
S.E. of regression	0.575662	Sum squared resid	63.29496
F-statistic	19.859153	Durbin-Watson stat	1.965899
Prob(F-statistic)	0.037929		

Based on table above, the hypothetical results are obtained as follows:

1. The first hypothesis indicates that the Independent Commissioner has an influence on the Company's Value, rejected. Hasi statistical tests show the thitung value is less than the ttabel ( $1.907397 < 1.972462$ ) and the probability result is greater than the significance level ( $0.0607 > 0.05$ ). So it can be concluded that the Independent Commissioner has a positive effect insignificant on the Company's Value.
2. The second hypothesis indicates that the Audit Committee affects the Company's Value, accepted. Statistical test results showed thitung value greater than ttabel ( $2.132123 > 1.972462$ ) and probability result less than the significance level ( $0.0350 < 0.05$ ).
3. The third hypothesis indicates that The Audit Quality affects the Company's Value, accepted. The results of the statistical test show the thitung value is greater than the ttabel ( $2.060983 > 1.972462$ ) and the probability result is less than the significance level ( $0.0094 < 0.05$ ). So it can be concluded that the Audit Quality has a positive and significant effect on the Company's Value..

### F Test

The F test is a test conducted to see the effect of the independent variables as a whole on the dependent variable. The following are the results for testing the f test in this study:

**Tabel 4.14**  
**Hasil Analisis Uji F dan Koefisien Determinasi**

Dependent Variable: PBV			
Method: Panel EGLS (Cross-section random effects) Date: 08/07/20			
Time: 08:38			
Sample: 2015 2019			
Periods included: 5			
Cross-sections included: 39			
Total panel (balanced) observations: 195			
Swamy and Arora estimator of component variances			
R-squared	0.428373	Mean dependent var	0.432201
Adjusted R-squared	0.413112	S.D. dependent var	0.579474
S.E. of regression	0.575662	Sum squared resid	63.29496
F-statistic	19.859153	Durbin-Watson stat	1.965899
Prob(F-statistic)	0.037929		

Sumber : Hasil Output Regresi Data Panel Eviews 10)

Based on table 4.14, the results of panel data regression of the random effect model obtained an Fcount of 19.859153 with a p-value of F-statistic 0.00000. Based on the Ftable, the value is 2.651888 with  $df_1 = (4-1) = 3$  and  $df_2 = (n-k) = (195-3) = 192$  with degrees of freedom  $\alpha = 0.05$  ( $\alpha = 5\%$ ). This means that  $F_{count} > F_{table}$  or equal to  $19.859153 > 2.651888$  with a p-value F-statistic  $< 0.05$  or equal to  $0.037929 < 0.05$ , which means that the independent variable is Independent Commissioner, Committee Audit and Audit Quality together have an effect on the dependent variable, namely Firm Value.

### Determination Coefficient Test

Coefficient of determination test aims to determine the proportion or percentage of total variation in the independent variable that is trapped in the dependent variable. The results of the coefficient test can be seen with the adjusted R-Square value. Based on table 4.13, the coefficient

of determination seen from adjusted R2 is 0.413112 or 41.31%, which means that all independent variables are able to explain the variation of the dependent variable by 41.3112% while the remaining 58.688% (100% - 41.3112%) is explained by other independent variables. who are not included in this research model.

## **Interpretation of Research Results**

### **1. The Effect of Independent Commissioners on Company Value**

The results of the research which states that the Independent Commissioner has a positive and insignificant effect on Firm Value. This means that if the independent commissioner adds its members, it will increase the company value, but the increase is not significant. This conclusion can be seen from the tcount value is smaller than ttable ( $1.907397 < 1.972462$ ) and the probability result is greater than the significance level ( $0.0607 > 0.05$ ). This occurs because the Independent Commissioner is not a member of management, majority shareholder, official or in other words, has direct or indirect contact with the majority shareholder of a company that oversees the management of the company so that it does not really affect the condition of the company's value. The results of this study are in line with research conducted by Pangemanan & Universitymanado (2018) and Dewi & Dewi (2016) which found that independent commissioners had no effect on firm value. Contrary to research conducted by Alfinur (2016), which found that independent commissioners have an effect on firm value.

### **2. The Effect of the Audit Committee on Company Value**

The results of this study indicate that the Audit Committee has a positive and significant effect. This means that if the audit committee increases its members will increase the company value with a significant increase. This conclusion is made because it can be seen from the tcount value greater than t table ( $2.132123 > 1.972462$ ) and the probability result is smaller than the significance level ( $0.0350 < 0.05$ ). This is because the existence of the audit committee also plays an important role in ensuring the creation of good corporate governance in the company. When the audit committee carries out its duties properly, supervision will be better so that company performance increases. This will affect the interest of investors to invest in a company which will increase the stock price so that the company value increases. The results of this study are in line with research conducted by Lusiana & Agustina (2018), Samasta, Muharam, & Haryanto (2018), and Agyemang-Mintah & Schadewitz (2018) which found that the audit committee has an effect on firm value. Meanwhile, the results of this study are contrary to research conducted by Pangemanan & Universitymanado (2018) which found that the audit committee had no effect on firm value.

### **3. The Effect of Audit Quality on Firm Value**

The results of the study which states that Audit Quality has a positive and significant effect on Firm Value. This means that if the company is audited by a KAP member of BigFour KAP, it will significantly increase the company value. This can be seen from the tcount value is greater than ttable ( $0.060983 > 1.972462$ ) and the probability result is smaller than the significance level ( $0.0094 < 0.05$ ). The BigFour Public Accounting Firm is considered to have a higher audit quality than the non-big 4. The reasons are: it has more clients, the ability to maintain the reputation of the KAP, has greater potential resources that can be used for recruitment, training, and technology. , can withstand losses (for example: rejecting a client with a bad reputation). BigFour Public Accounting Firms provide better audit quality assurance, resulting in better earnings quality. This process is carried out by the BigFour Public Accounting Firm to protect the reputation of auditors from legal exposure and reputation risk stemming from misleading client financial reports and optimistic earnings reporting. The results of this study are also supported by previous researchers conducted by Wijaya (2020) and Alfraih (2016) who said that audit quality affects firm value.

#### **4. The Effect of Independent Commissioners, Audit Committee, and Audit Quality on Company Value**

The results of the analysis of the fourth hypothesis in this study indicate that the Independent Commissioner, Audit Committee, and Audit Quality on Firm Value. This is supported by the test results using Eviews version 10.0 which can be seen in table 4:14. The results show that the value of  $f_{count}$  is greater than the value of  $f_{table}$  ( $f_{count} > f_{table}$ ) ( $19.859153 > 2.651888$ ). While the probability value is smaller than the significance level ( $prob < 0.05$ ) ( $0.037929 < 0.05$ ). From these results it can be concluded that (H4) which states that the Independent Commissioner, Audit Committee, and Audit Quality have an effect on Firm Value is accepted.

#### **V. Conclusion**

The purpose of the research that was tested was the effect of independent commissioners, audit committee, and audit quality on firm value. This study uses a population of companies in the banking sector listed on the IDX for the period 2015-2019. The sample used is based on the purposive sampling method. The author draws the conclusions described in the previous chapter, namely:

1. The independent commissioner variable has a positive but insignificant effect on the value of the company in banking companies listed on the IDX for the period 2015-2019. This means that the independent commissioner does not really influence investors to invest in the company, so it does not affect market value.
2. The audit committee variable has a positive and significant effect on firm value in banking companies listed on the IDX for the period 2015-2019. Therefore, the company should maintain the existence of the Audit Committee within the company. This is because the functions and responsibilities of the Audit Committee are so important in helping the auditors to maintain their independence from management. In addition, the Company Value is reflected in the company's share price.
3. The audit quality variable has a positive and significant effect on the company value of banking companies listed on the IDX for the period 2015-2019. This is because the big BigFour Public Accounting Firm provides better audit quality assurance so that it has an impact on better earnings quality and also with BigFour KAP it will attract investors' attention to invest in companies audited by BigFour KAP.
4. The independent commissioner, audit committee, and audit quality variables together (simultaneously) have a significant effect on firm value in banking companies listed on the IDX for the period 2015-2019.

#### **Suggestion**

Based on the research results that have been researched, the authors provide suggestions, namely:

1. For investors to be more careful in seeing and assessing the value of the company, especially the independent commissioner, audit committee and audit quality contained in the company's financial statements.
2. For accounting science, it is hoped that a little knowledge or insight will benefit from independent commissioners, audit committee members and audit quality.

#### **Research Limitations**

It has several limitations that may cause disruption to the research results, including:

1. There are limitations for researchers to obtain incomplete data, theories, and books due to the effects of COVID-19. Researchers only search for data on the internet



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