www.bircu-journal.com/index.php/birci
Budapest International Research and Critics Institute-Journal (BIRCI-Journal)
Humanities and Social Sciences
ISSN 2615-3076 Online)
ISSN 2615-1715 (Print)

Relevance of Value and Determinants of Restatement Financial Statements

Fery Wijaya
Magister Akuntansi, Institut Bisnis dan Informatika Kwik Kian Gie
Ferywijaya6@gmail.com

Abstract

The reported financial statements have a general purpose, namely to provide information about the company's financial position, performance and cash flows that are useful for most users of financial statements in order to make investment decisions and demonstrate management's stewardship for the use of resources entrusted to them. they. The purpose of this study was to determine and analyze the effect of restatement of financial statements on firm value. Profitability, leverage, firm size and audit quality together can explain the possibility of a financial statement restatement.

Keywords
value relevance; restatement; financial statements

I. Introduction

The reported financial statements have a general purpose, namely to provide information about the company's financial position, performance and cash flows that are useful for most users of financial statements in order to make investment decisions and demonstrate management's stewardship for the use of resources entrusted to them. they. (PSAK No.1, 2014). In order for the information in the financial statements to be useful, the information in the financial statements must meet the fundamental qualities, namely relevant and appropriate presentation. Financial statements are basically a source of information for investors as one of the basic considerations in making capital market investment decisions and also as a means of management responsibility for the resources entrusted to them (Prayoga and Afrizal 2021). Financial performance is a measuring instrument to know the process of implementing the company's financial resources. It sees how much management of the company succeeds, and provides benefits to the community. Sharia banking is contained in the Law of the Republic of Indonesia No.21 of 2008 article 5, in which the Financial Services Authority is assigned to supervise and supervise banks. (Ichsan, R. et al. 2021)

An information is said to be relevant when the information is able to make a difference in the decision making of its users (IASB, 2010). Not only relevant, information from financial statements must also be presented appropriately. Appropriate presentation means that the figures and descriptions match the conditions that exist or occur (Donald E. Kieso, 2016). However, companies are often required to restate financial statements (restatements) because the financial statements do not meet the fundamental quality, especially the appropriate presentation, for example, there are incomplete or misstatements that are not in accordance with generally accepted accounting principles (GAO, 2006).

Globally, the restatement of financial statements has become a fairly serious problem where in fact the restatement of financial statements from year to year continues to increase. High-profile financial statement restatement scandals in the United States, such as Enron and World Com, caused significant damage to reputation and stock market value

DOI: https://doi.org/10.33258/birci.v5i3.6892

and could even lead to bankruptcy. According to the United States Government Accounting Office (GAO), there were approximately 2,705 cases of restatement of financial statements and this number continued to increase in thirteen years from 2000 to 2013 (Mazurina, 2018). Several previous studies (Wang & Wu, 2011; He & Chiang, 2013; Chi & Sun, 2014; Alfonso, 2018; Albring, 2013) found that firm value would weaken when restatement occurred.

In addition to research on the relevance of the restatement value of financial statements, the researchers also examined the factors that caused the restatement to occur. One of them that is often the reason is the profitability factor. Profitability is the company's ability to seek profit and provide a measure of the level of effectiveness of the company's management (Ross, et al, 2012:62). Managers will choose accounting procedures that shift reported earnings in future periods to the current period so that company profits look high because managers want high remuneration. As a result, reported income violates applicable accounting principles so that companies are required to restate the reported income (Watts & Zimmerman, 1986). The practice of revenue recognition is the most common reason for restatement (Donald E. Kieso, 2016). However, the results of previous studies (Wang & Wu, 2011; Hsin et al, 2011; Chi & Sun, 2014 and Alfonso et all, 2018), found that there was a negative relationship between profitability and restatement.

Leverageor the level of debt is also considered to have an important influence on the occurrence of financial statement restatements. The solvency ratio or leverage ratio is the ratio used to regulate the extent to which the company's activities are financed with debt (Kasmir, 2011). The higher the level of debt will make the company seen by investors as having a high risk of default or violation of credit agreements (Sembiring, 2005). This tendency makes the company not recognize debt as a whole. As a result, the financial statements are presented incompletely so that the company is required to restate the financial statements on the recognition of debt. In a study conducted by Alfonso (2018) found a negative relationship between debt levels and restatement while research (Wang & Wu, 2011; Hsin et al, 2011;

Companies that are large and listed on the stock exchange tend to show good performance, so it is possible for these companies to manipulate financial statements. The results of previous studies (Chi & Sun, 2014; Alfonso et all, 2018) found a positive relationship between company size and the occurrence of restatements, but research (Wang & Wu, 2011) found the opposite relationship, namely company size had a negative effect on restatement. Meanwhile, Hsin et al (2011) failed to find a relationship between the two.

Audit quality is also a factor that influences companies to restate financial statements. Audit quality in general means the possibility of the auditor to detect and report material misstatements contained in the client's financial statements or accounting system. The higher the audit quality, the lower the possibility of restatement. According to DeAngelo, 1981, big four KAPs have higher audit quality than non-big four KAPs. Companies audited by the big four KAPs are believed to have high audit quality so that the possibility of restatement of financial statements is low. The results of previous research (Alfonso, 2018; Chi & Sun, 2014), found that there was a negative effect of the size of the public accounting firm on restatement.

Based on the above background, research on the relevance of the value of financial statement restatements and the factors that influence the occurrence of restatements still has inconsistent results and is still rarely found in Indonesia. This study aims to re-examine the relevance of the value of the restatement of financial statements and the factors that cause the restatement of financial statements. The results of this study are expected to support previous research by providing additional empirical evidence and contributing as a useful reference to the financial statement restatement literature.

The purpose of this study was to determine and analyze the effect of restatement of financial statements on firm value.

II. Research Method

The objects of this research are manufacturing companies listed on the Indonesia Stock Exchange (BEl) in the period 2014-2017. The reason this study observes manufacturing companies is because this industry is the largest industry in Indonesia and its contribution reaches 20.27% in the national scale economy (BKPM, 2018) and has the most possibility of committing fraud so that it is most likely to restate financial statements. The 2014-2017 period is the period that is the focus of observation because based on the Government Accounting Office (GAO), there are around 2. 750 cases of restatement of financial statements reported from January 1997 to June 2006 which recorded a loss in market capitalization of nearly 18 billion US dollars and in the 2014 audit analysis report specifically noted that there were cases of restatement of financial statements that continued to increase for 13 years from 2000 to 2013 Therefore, this study aims to determine whether the number of companies that perform financial statement restatements increases in the study period. This study consists of 2 models, namely model 1 to test the relevance of the value of financial statement restatements and model 2 to examine the factors that influence the occurrence of financial statement restatements. Model 1 is to test the value relevance of financial statement restatements. Value relevance is defined as the ability of financial statement information to capture and summarize information that has an influence on firm value (Beisland, 2009). Therefore, the dependent variable is firm value. Firm value is consistently measured by the Olshon (1995) model by previous research (Alfonso et al, 2018) which uses the average daily stock price and return for 3 months after the December 31 financial statement date.

The independent variable in model 1 is restatement which is defined as corrections made to financial statements because they are not in accordance with generally accepted accounting principles (GAO, 2006). The restatement is consistent with previous research (Wang & Wu, 2011; Albring, 2013) measured by a dummy variable, namely number 1 for companies that do financial statement restatements and number 0 for companies that do not restate financial statements.

Model 2 is to examine the factors that affect restatement. Financial statement restatement becomes the dependent variable in this model 2. The restatement is consistent with previous research (Wang & Wu, 2011; Albring, 2013) which is measured by a dummy variable, namely number 1 for companies that do financial statement restatements and number 0 for companies that do not restate financial statements. While the independent variables are profitability, leverage, firm size and audit quality.

III. Result and Discussion

In this study, the manufacturing companies selected as research objects consisted of 104 manufacturing companies listed on the Indonesia Stock Exchange during the 2014-2017 period that met the sampling requirements described in chapter III. A list of company names and codes can be seen in appendix 2, and the sampling process can be seen in appendix 3. Below is an overview of the research variables.

Table 1. The Average Value of Research Variables

Variable	2014	2015	2016	2017
Profitability	0.069	0.060	0.076	0.049
Leverage	0.963	1,245	2,578	1.168
Company_Size	14,261	14,300	14,431	14,507
Quality_Audit	0.346	0.346	0.365	0.385
restatement	0.606	0.096	0.067	0.135
The value of the company	1,382	-19,852	-1,350	0.868

Source: Processed data

Based on table 1 above, it can be explained that the highest average value for the Profitability variable is 0.076 in 2016 and the lowest average value of 0.049 is in 2017. Then for the Leverage variable the highest average value obtained is 2.578 in 2016 while the lowest average value of 0.963 was in 2014. In addition, in the Firm Size variable, it is known that the lowest average value was in 2014 which was 14,261 and the largest average value for the Company Size variable was 14,507 in 2017.

Meanwhile, on the Audit Quality variable, it is known that the lowest average value obtained was 0.346 which was found in 2014 and 2015 while the highest average value was 0.385 in 2017. Then the financial statement restatement variable obtained the highest average value of 0.606 in 2014 and the lowest average value of 0.067 in 2016. Furthermore, the firm value variable is known to have the highest average value obtained at 1.382 in 2014 and the lowest average value is in 2015 which is -19.852.

Furthermore, the results of descriptive statistical tests to see the description of the research variables are presented as follows:

Table 2. Descriptive statistical analysis

Descriptive Statistics

	N	Minimum	Maximum	mean	Std. Deviation
Profitability	416	-0.55	2.88	0.0635	0.21584
Leverage	416	-31.18	162.21	1.4886	8.38442
Company_Size	416	8.94	19.51	14.3750	1.60941
Quality_Audit	416	0.00	1.00	0.3606	0.48075
restatement	416	0.00	1.00	0.2260	0.41872
The value of the company	416	-2592,49	400.87	-4.7495	131.85813
Valid N (listwise)	416				

Source: Results of data processing

Based on Table 2 above, it can be explained that the Profitability variable obtained a minimum value of -0.55, a maximum value of 2.88, and an average value (mean) of 0.0635 with a standard deviation of 0.21584. From these data it can be seen that the lowest Profitability value of -0.55 was found at PT Inti Keramik Alam Asri Industri Tbk (IKAI) in 2016, while the highest Profitability of 2.88 was found at PT Mustika Ratu Tbk (MRAT) in 2016.

Then on the Leverage variable, it is known that the minimum value obtained is -31.18, the maximum value is 162.21, and the average value (mean) is 1.4886 with a standard deviation value of 8.38442. Based on these data, it can be seen that the lowest leverage value of -31.18 was at PT Merck Sharp Dohme Pharma Tbk (SCPI) in 2014 while the highest leverage was at PT Eterindo Wahanatama Tbk (ETWA) in 2016.

Furthermore, the Firm Size variable is known to obtain a minimum value of 8.94, a maximum value of 19.51, and an average value (mean) of 14.3750 with a standard deviation of 1.60941. Based on these data, it can be seen that the smallest Company Size with a value of 8.94 was found in PT Alam Karya Unggul Tbk (AKKU) in 2015 while the largest Company Size was found in PT Eterindo Wahanatama Tbk (ETWA) in 2016.

For the Audit Quality variable, it is known that the minimum value obtained is 0.00, the maximum value is 1.00, and the average value (mean) is 0.3606 with a standard deviation value of 0.48075. Based on these data, it can be seen that the smallest Audit Quality of 0.00 indicates that there are companies that use auditors from Non Big 4 KAPs while the Audit Quality value of 1.00 indicates companies with Big 4 KAP auditors. Those who use auditors from Non Big 4 KAPs include PT Semen Baturaja (Persero) Tbk (SMBR), PT Wijaya Karya Beton Tbk (WTON), PT Inti Keramik Alam Asri Industri Tbk (IKAI), PT Alaska Industrindo Tbk (ALKA), and other. Then companies that use auditors from KAP Big 4 include PT Holcim Indonesia Tbk (SMCB),

In the financial statement restatement variable, it is known that the minimum value obtained is 0.00, the maximum value is 1.00, and the average value (mean) is 0.2260 with a standard deviation value of 0.41872. Based on these data, it can be seen that the smallest restatement of financial statements is 0.00, which means that the company does not restate financial statements, while the value of restatement of financial statements is 1.00, which means that the company does restatement of financial statements. From this data, it is known that there are several companies that do not restate their financial statements, including PT Semen Indonesia (Persero) Tbk (SMGR), PT Wijaya Karya Beton Tbk (WTON), PT Alaska Industrindo Tbk (ALKA), and others.

Meanwhile, the Firm Value variable is known to have a minimum value of -2592.49, a maximum value of 400.87, and an average value (mean) of -4.7495 with a standard deviation of 131.85813. From these data, it can be seen that the lowest company value of -2592.49 was found in PT Indo Acitama Tbk (SRSN) in 2015 while the highest company value of 400.87 was found in PT Steel Pipe Industry Of Indonesia Tbk (ISSP) in 2015.

3.1 Analysis Results

In model 1 this study uses simple linear regression. Table 4.3 shows a significant value of 0.627, which means it is greater than = 0.05 (5%), this result shows that the Restatement variable has no significant effect on Company_Value.

Table 3. Value relevance results from the restatement of financial statements

Coefficientsa

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	-6,454	7,366		-,876	,381
restatement	7.524	15,478	,024	,486	,627

a. Dependent Variable: Company_Value

Source: Results of data processing

In model 2, before carrying out the hypothesis, the feasibility test of the logistic regression model will be analyzed using the output results of the Hosmer and Lemeshow Test, which will be presented in table 4.4. The goodness of fit test fit test value as measured by Chi-Square in the Hosmer and Lemeshow test resulted in a significant level of 0.634 where this significance rate was greater than 0.05. Thus, it can be stated that the initial hypothesis (H0) cannot be explained, this result can be concluded that the results of this study are able to predict the value of the observation or it can be said that the model is acceptable because it is in accordance with the observational data and in accordance with expectations. The variables of profitability, leverage, firm size, and audit quality together can explain the company's tendency to restate financial statements.

Table 4. *Feasibility Analysis of the Hosmerdan Model* Lemeshow Test

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	6,118	8	,634

Source: Results of data processing

Furthermore, for testing the overall model – the overall model fit in table 4.5 by paying attention to the number -2 Log Likelihood. The number -2 Log Likelihood for the model with constants only (Block Number = 0) is 444.580, while -2 Log Likelihood for the model with constants and independent variables (Block Number = 1) the number -2 Log I Likelihood is 436,773. The decrease in this number according to Ghozali (2011: 79), means that H0 is rejected and the addition of the independent variables of profitability, leverage, firm size, audit quality into the model improves the fit model and shows a better logistic regression model so that the regression model is feasible for further testing.

Table 5. Table -2 Log likelihood

Iteration Historya, b, c

Iteration		-2 Logs likelihood	Coefficients
			Constant
Step 0	1	445,940	-1.096
	2	444.581	-1,227
	3	444.580	-1,231
	4	444.580	-1,231

a. Constant is included in the model.
b. Initial -2 Log Likelihood: 444,580
c. Estimation terminated at iteration number 4 because parameter estimates changed by less than .001.

Table 6. Iteration Historya, b, c, d

Iteration		-2 Logs likelihood	Coefficients				
			Constant	Profitability	Leverage	Company_Size	Quality_Audit
Step 1	1	440.540	-2.856	-,217	-,010	,128	-,136
	2	437,479	-3.691	-,384	-,028	,180	-,202
	3	436,783	-3,799	-,437	-0.059	,189	-,230

4	436,773	-3.815	-,433	-,063	,191	-,234
5	436,773	-3.815	-,433	-,063	,191	-,234

a. Method: Enter
b. Constant is included in the model.
c. Initial -2 Log Likelihood: 444,580
d. Estimation terminated at iteration number 5 because parameter estimates changed by less than .001.
Source: Results of data processing

From table 6, it can be seen from the value of Nagelkerke's R Square of 0.028, which means that the variability of companies performing financial statement restatements (the dependent variable) can be explained by the variability of the independent variables (profitability, leverage, firm size, audit quality) of 2.8%. While the remaining 97.2% is explained by other variables outside the model.

Table 6. Nagelkerke R Square
Model Summary

Step	-2 Logs likelihood	Cox & Snell R Square	Nagelkerke R Square
1	436,773a	0.019	0.028

a. Estimation terminated at iteration number 5 because parameter estimates changed by less than .001.

Multicollinearity testing was conducted to test whether there was a correlation between independent variables. Whether or not multicollinearity occurs, it can be seen from the Variance Inflation Factor (VIF) and Tolerance values in Table 4.7.

Table 7. Multicollinearity Test
Coefficientsa

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Profitability	,991	1.009
	Leverage	,994	1.006
	Company_Size	,732	1.366
	Quality_Audit	,727	1.376

a. Dependent Variable: Financial_Restatement
Source: Results of data processing

From the test results, it is known that VIF < 10 and Tolerance > 0.10 for all independent variables, which means that there is no multicollinearity between the independent variables in this study.

Table 8. Classification Table 2 x 2

Classification Table

Observed			Predicted		
			restatement		Percentage Correct
			,00	1.00	
Step 1	restatement	,00	322	0	100.0
		1.00	93	1	1.1
	Overall Percentage				77.6

a. The cut value is ,500

Source: Results of data processing

From table 8 above, it can be seen that the accuracy of the model is 77.6%. To test the hypothesis in model 2, namely about profitability, leverage, firm size, audit quality on financial statement restatements using Wald's test, and the results are as follows:

Table 9. Wald test

Variables in the Equation

		B	SE	Wald	df	Sig.	Exp(B)	95% CIfor EXP(B)	
								Lower	Upper
Step 1a	Profitability	-,433	,743	,340	1	,560	,649	,151	2,782
	Leverage	-,063	.044	2,115	1	,146	,939	,862	1.022
	Company_Size	,191	,086	4,876	1	0.027	1,210	1.022	1,433
	Quality_Audit	-,234	,295	,630	1	,428	,791	,443	1,411
	Constant	-3.815	1,205	10,019	1	,002	,022		

a. Variable(s) entered on step 1: Profitability, Leverage, Company_Size, Audit_Quality.

Source: Results of data processing

Based on the results of the Wald test, it can be seen that the most significant result, namely the sig value at the 5% level (Sig 0.05) is size (firm size). While the rest, namely profitability, leverage, audit quality has no evidence / insufficient evidence affects the dependent variable, namely the restatement of financial statements.

3.2 Discussion of Research Results

The discussion of the results of this study is described as follows:

a. Effect of restatement of financial statements on firm value

Table 10. Simple Regression Test

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
dimension 01	,024a	.001	-,002	131.97991

a. Predictors: (Constant), Financial_Restatement

Source: Processed Data

The results of the feasibility test on model 1, the simple linear regression test showed that the value of the coefficient of determination (R2) in the simple linear regression test in table 4.10 showed a value of 0.001. This means that 0.1% of the variation in firm value can be explained by the financial statement restatement variable. The remaining 99.9% changes in firm value are influenced by other variables outside the research model.

The financial statement restatement variable has a significance value of 0.627 with a beta value of 7.524 which means that there is not enough evidence that financial statement restatement has an influence on firm value. This result is not in accordance with the research hypothesis which states that the financial statement restatement has a negative effect on firm value. The results of this study do not support the results of previous studies (Wang & Wu, 2011; He & Chiang, 2013; Chi & Sun, 2014; Alfonso, 2018; Albring, 2013) that the value of the company will weaken when the restatement occurs.

The results of this study also do not support the theory of market efficiency which states that market prices always perfectly reflect available information and react immediately to new information. This is indicated by the absence of the effect of restatement of financial statements on firm value. This can be due to the number of companies that did restatement of financial statements during the study period only 22.6% of the total sample of 416. This number is so low that it cannot prove that restatement has an effect on firm value.

b. Factors Affecting the Occurrence of Financial Statement Restatements

The results of the feasibility test in model 2 show that profitability, leverage, firm size, audit quality together can explain the company's tendency to restate financial statements, the value of the explanatory power/coefficient of determination (R2) in this model is 0.028. This means that 2.8% of the variation in financial statement restatements can be explained by the variables of profitability, leverage, firm size, audit quality. The remaining 97.2% of the occurrence of restatement of financial statements is explained by other variables outside the research model. The effect of each variable on the restatement of financial statements:

1). The effect of profitability on the restatement of financial statements

The test results show a significant value of 0.560 and beta -0.433, which means that profitability has no effect on financial statement restatements, these results are inconsistent with the research hypothesis which states that the greater the profitability, the more likely companies are to restate financial statements. The results of this study are not in accordance with the research results of Wang & Wu, 2011; Chi et al, 2011 ; Chi & Sun, 2014, who found that profitability had an effect on the restatement of financial statements. This result is inconsistent with agency theory in its opportunistic form which explains that company managers who want high remuneration will choose accounting procedures that shift reported earnings in future periods to the current period.

The absence of a significant effect between profitability and financial statement restatement can be caused by the achievement of a fairly low level of profitability in manufacturing companies during the 2014-2017 period, where on average the company's ability to generate profits is only around 6%. With the average profitability ratio of only about 6%, it can be concluded that the level of profitability of manufacturing companies is not too high or still below 10%. With profitability conditions that are not too high, it does not encourage the company's management to restate the financial statements.

2). The effect of leverage on the restatement of financial statements

The results of this study show a significant value of 0.146 and a beta value of -0.063, which means that there is not enough evidence that leverage has an effect on Financial Statement Restatement. This result is inconsistent with the research hypothesis which states that the higher the level of leverage, the more likely the company is to restate its financial statements. The results of this study do not support Alfonso's previous research (2018) which found that there was an influence between the level of debt and the restatement of financial statements.

There is not enough evidence that leverage has an effect on financial statement restatement, perhaps due to the company's debt activities, most of their funding levels are not obtained from debt. Therefore, leverage is not a significant factor in the occurrence of financial statement restatements. This is indicated by the high value of the leverage ratio of manufacturing companies which reached 2,578 in 2016.

3). The effect of company size on the restatement of financial statements

The test results show a significance value of 0.027 and a beta value of 0.191, which means that it is proven that the size of the company has a significant effect on the restatement of financial statements. The results of this study are in accordance with the research of Chi and Sun (2014) which found that company size had an effect on the occurrence of restatements.

The results of this study are in accordance with the statement of Stolowy & Breton, 2000 which states that large companies, when viewed from reported earnings in a stable position, will provide more confidence for company owners accompanied by the aim of increasing shareholder satisfaction through growth and stability. reported earnings, but still within the limits of applicable accounting rules.

4). The effect of audit quality on the restatement of financial statements

The results of this study indicate a significant value of 0.428 and a beta value of -0.234, which means that there is insufficient evidence that audit quality has an effect on Financial Statement Restatement. This result is inconsistent with the research hypothesis which states that the lower the audit quality, the more likely companies are to restate their financial statements. The results of this study do not support previous research conducted by Alfonso (2018) and Chi & Sun (2014) which found that there was a significant effect between the size of a public accounting firm and the occurrence of restatements. This shows that the size of the KAP has no effect on the possibility of a financial statement restatement.

There is no influence between audit quality and financial statement restatement in manufacturing companies in this study, one of which is due to only a small number of companies or less than 50% of companies using the services of the big four KAPs during the 2014-2017 period. This can be seen from the average maximum audit quality score that only reached 38.5% in 2017, and the lowest was 34.6% in 2014 and 2015. Thus, it can be concluded that on average less than 50% companies that use KAP services are included in the big four.

IV. Conclusion

Based on the results and discussion of research, this research can be concluded as follows:

1. restatementfinancial statements have no effect on firm value
2. Profitability, leverage, firm size and audit quality together can explain the possibility of a financial statement restatement. The effect of each variable is described as follows:

a) There is not enough evidence that the greater the profitability, the more likely companies are to restate their financial statements.
b) There is not enough evidence that the higher the leverage owned by the company, the more likely the company is to restate its financial statements.
c) It is evident that the larger the size of the company, the more likely the company is to restate its financial statements.
d) There is insufficient evidence that the poorer the audit quality, the more likely companies are to restate financial statements.

References

Beasley, MJ Carcello and D. Hermanson. (1997). Fraudulent Financial Reporting: 1987-1997. An Analysis of U.S Public Companies.

Bebchuck, LA Cohen and A. Ferrell. (2004). What Matters in Corporate Governance? Harvard Law and Economics Discussion Paper No. 491

Cores. J, R Holthousen. (1999). Corporate Governance, CEO Compensation, and Firm Performance. Journal of Finance, CE; 371-390

Cores. JW Guav and T. Rusticus. (2005). Does Weak Governance Cause Weak Stock Return? An Examination of Firm Operating Performance and Investor's Expections. The Journal of Finance(Forthcoming).

Cremers, M. and V. Nair. (2005). Governance Mechanism and Equity Prices. The Journal of Finance, No. Vol.pp

Dechow, PR Sloan and A. Sweeny. (1996). Causes and Consequences of Earnings Manipulation: An Analysis of Firms Subject to Enforcement Actions by the SEC. Contemporary Accounting Research, 13: 1-36

Deni Darmawati., (2004). Relationship of Corporate Governance and Company Performance. National Accounting Symposium VII. 2-3 Dec 2004. Denpasar, Bali. Page 391-467

Farber, D. (2005). Restoring Trust After Fraud: Does Corporate Governance Matter? The Accounting Review, 80(2):539-561.

General Accounting Office (GAO). (2003). Financial Statement Statement Database. GAO reports. 2003-395 R (January).

Gibbons, R. and K. Murphy. (1992). Optimal Incentive Contracts In the Presence of Career Concerns: Theory and Evidence. Journal of Political Economy, 100: 468-505

Gompers, PJ Ishii and A. Metrick. (2003). Corporate Governance and Equity Prices. Quarterly Journal of Economics, 118:107-155.

Gompers, PJ Ishii and A. Metrick. (2004). Incentive vs Control: An Analysis of U. S dual class stocks. NBER Working Paper No. W10240

Hapsoro, Doddy. (2006). Corporate Governance Mechanisms, Transparency and Economic Consequences: An Empirical Study on the Indonesian Capital Market. Doctoral Dissertation UGM Doctoral Program. Yogyakarta

Ichsan, R. et al. (2021). Determinant of Sharia Bank's Financial Performance during the Covid-19 Pandemic. Budapest International Research and Critics Institute-Journal (BIRCI-Journal). P. 298-309.