Journal of Advanced Zoology

ISSN: 0253-7214

Volume 44 Issue 03 Year 2023 Page 126:137

Research and Development of Performance Evaluation Form of the Composition of the Risk Management Committee and Audit Committee

Nongluck Phudphuek[1], Suree Bosakoranut[2]

[1]*School of Accountancy, Sripatum University, Thailand*

Email: tusikahome@gmaill.com

**Corresponding author's E-mail: tusikahome@gmaill.com*

Article History

Received: 06 June 2023

Revised: 05 Sept 2023

Accepted:11 Sept 2023

Abstract

The purpose of this research is to study and analyze the composition of the risk management committee and audit committee, and to develop a performance evaluation form of the composition of the risk management committee and audit committee regarding prediction of the return of companies registered in the Stock Exchange of Thailand. Samples used in this study are 317 companies in 5 years interval between 2017 – 2021. Path analysis is used in this study. In addition, seven experts in the related fields are invited to an in-depth interview and the results are summarized in accordance with the questionnaire in order to support the results that are in line with the hypothesis. The results of statistical analysis will be used to develop the Performance Evaluation Form of the Composition of the Risk Management Committee and Audit Committee.

Keywords: *Performance Evaluation Form, Risk Management Committee, Audit Committee, Stock Return.*

1. Introduction

Several businesses crises such as corruption from Enron, and WorldCom executives, and the Subprime Mortgage Crisis between 2005 and 2006 in the U.S. increased risks for investors in the capital markets. These events are called black swans, a phrase to describe an unpredictable or unforeseen event, typically one with extreme consequences. The most recent and impactful event is none other than the outbreak of Covid-19 back in 2019 which causes even greater economic uncertainty and lack of mutual trust between companies and stakeholders. Business sectors could not completely assess risk factors that would impact their businesses. However, if the risk management committee is appointed, organizations are able to resiliently and systematically handle impacts, including adapting the organizations to seize opportunities that come with the aforementioned risks (Ruangfon Jaisamut, 2019). Previous researches have shown the importance of the risk management committee in managing and preventing the risks of the companies (Allini et al., 2016; Abdullah & Said 2019). Decision making in future development plans is the most vital responsibility for company executives as it is required in order to achieve strategic goals, increase turnover and respond to the expectations of shareholders and stakeholders (Baker & Martin, 2011; Bangun & Natsir, 2021; Ali Shah et al., 2021). In addition, Brown et al. (2009) suggested that, in order to promote risk management, companies should appoint a separate risk management committee emphasizing on the stability of risk governance to ensure that the company's overall risk management functions are aligned with company's strategic planning. Gordon et al. (2009) found that the risk management committee assists the board in carrying out its risk management responsibilities, including the audit committee that is the last line of defense for assessing and monitoring risks. These are essential components of the governance process (Hines et al., 2015; Vuuren, 2016). Therefore, should there be a well-performed auditing, and disclosure of risks and prevention methods from the organizations, more trust will be earned from stakeholders and investors (Bangbon et al., 2023; Channuwong, 2018; Laturette & Gunawan, 2023).

The composition of the risk management committee and audit committee affect the risk management processes and company operations (Latif & Kamardin, 2022). The company's performance reflects whether the company is facing a loss or profit and it is a key issue in the strategic management of the organization. Therefore, in order to maximize resource utilization and create long-term competitive advantages, providing systematic risk management and processes to reduce risks that may cause negative effects to the business so that users of the financial statements can assess the risk factors that the company faces and their impact on the performance. Realizing the importance of disclosing risks is essential (Abdel-Azim & Abdelmoniem, 2015). Investors believe that risk and value assessments can be done should companies disclose their risks and management methods. Santos & Coelho (2018) Abdullah & Shukor (2017), and Amrin (2019) reported that the composition of risk management and audit committee should be prioritize as it is corelated with the job performance.

Therefore, from the aforementioned statement, the authors are interested in developing the performance evaluation form of the composition of the of risk management and audit committee regarding prediction of the return of companies registered in the Stock Exchange of Thailand. The objective is to analyze the impact of the risk management and audit committee on security return of registered companies in the Stock Exchange of Thailand to, in turn, serve as guidelines and deciding factors for potential investors.

2. Literature Review

Agency Theory is a theory used to explain corporate governance mechanisms which reflects people behavior and the way companies operate. In addition, it can be used to explain the motives of misconducts committed by executives, such as manipulating accounts to misappropriate the benefits that should have gone to shareholders into the undue benefit of executives. Jensen & Meckling, (1976) explained that the agency relationship is a relationship between two entities, a principal and an agent, where the principal gives the agent legal permission to act on the principal's behalf to invest and create the highest return to shareholders from the given capital. However, if the there is a conflict of interest between shareholders and executives, it will cause an agency problem. This theory addresses the difference between incentives given by executives or managers, and interests of shareholders (Mayers & Smith, 1987). Stakeholder Theory is a theory related to the concepts of organizational management and business ethics which emphasize morals and values in organizational management. Giving priority to stakeholders can benefit both the firm and other stakeholders. In essence, this theory states that stakeholders are assets to the organizations (Freeman & Medoff, 1984). Having good relationship with stakeholders will help promote the exchange of knowledge, ideas and useful resources between one another. It creates a better understanding of the social environment and also affects the image of the organization. (Clarkson, 1995; Freeman et al., 2010; Syafrullah & Muharam, 2017). Moreover, satisfactions of multiple groups of stakeholders may ultimately increase the value (i.e., social reputation) of the organization (Shad et al., 2019).

Signaling Theory is a theory coined by Spence (1973). It explains the behavior of two parties: transmitters and receivers which is one of the underlying causes of information asymmetry. Brigham & Houston, (2010); Luthfiyanti & Dahlia, (2020) pointed out that when company provide information to third parties, there is information asymmetry between one another. Therefore, to reduce the asymmetry of information as executives always have the upper hand, corporates use this theory to send positive and negative signals by which the executives disclose the risk of organizations through financial reporting (Hamrouni et al., 2015). Once the firm signals the disclosure of risks, investors can understand that the company is exposed to risks. Therefore, in order to avoid uncertain risks, investors can manage such risks, either withdrawing stocks or otherwise, to make investments more efficient (Cordazzo et al., 2017).

The audit committee consists of subcommittee and sub-committee chair who are appointed by the board to provide different independent opinions and may oppose company executives and management decisions to reduce fraud and internal conflict (Fama & Jensen, 1983). Fama & Jensen, (1983), Aryan (2015), Inaam & Khamoussi (2016), Abdullah et al. (2017), Kurniawanto et al. (2017)

and Amrin (2019) reported that the size of audit committee affects the risk disclosure. Alqatamin (2018), Ail & Amir (2018), Salaudeen et al (2018), Kasthury & Anandasayanan (2020), Virginus et al. (2021), Ozcan (2021), Bazhair (2022), Yakubu et al. (2022) found that it affects the performance. However, Koutoupis & Bekiaris (2019) revealed that the size of the auditing committee does not significantly affect the performance and the independence of the audit committee is an essential trait. The reason is that it aids the committee in gaining independent views regarding corporate's financial report and it ensures that the committee is not influenced by executives or mangers which in turn leads to better auditing. Alqatamin. (2018), Shatnawi et al. (2019), Madi et al. (2014), Abdullah et al. (2017) and Amrin (2019) reported that the independence of the audit committee affects the disclosure of information. Akpey et al. (2016), Karajeh & Ibrahim (2017), Alqatamin (2018), Ali & Amir (2018), Asharil & Krismiaji (2020), Kasthury & Anandasayanan (2020), Koutoupis & Bekiaris (2019), Bazhair (2022) and Yakubu et al. (2022) found that independence also affect the performance. In addition, accounting and financial expertise of the audit committee are also vital to managing, monitoring and reviewing financial reports. The reason is that the main responsibility of the audit committee is to oversee corporate financial reporting and help protect the interests of stakeholders and shareholders which in turn reduces agency problems and improves income quality. Sultana et al., (2015), Shatnawi et al. (2019) and Amrin (2019) reported that accounting and financial expertise affect the disclosure of information. Furthermore, meetings of auditing committee are critical to the oversight of company executives or managers. The frequency of audit committee meetings reflects the effectiveness of monitoring and having frequent meetings allows the committee to be informed about the situation of the company.

The risk management committee comprises of subcommittee and sub-committee chair who are appointed by the board. The number of risk management committee indicates the determination of companies in managing their risks. Ramlee (2020) stated that the size of risk management committee has significant positive effect on corporate performance measured by its return on asset (Salaudeen et al.,2018; Ramlee, 2020) and return on equity. Ramlee (2020) also found that the educational credentials support the risk management of the company by the committee. In addition, Salaudeen et al. (2018), Ramlee & Ahmad (2020) explained that accounting and financial expertise of the risk management committee correlate with corporate performance measuring from return on assets and Tobin's Q (Ramlee & Ahmad, 2020). The corporate meeting is a good place for the risk management committee to openly communicate and discuss to achieve common goal in monitoring and managing risks. The frequency of meeting indicates the efforts of the committee in achieving its goals (Sori, Ramadili, & Karbhari, 2009). Therefore, risk management committee frequency is one of the perks that may affect the company value. (Beasley et al., 2010; Bouaziz, 2012) stated that the meeting frequency positively affects the performance.

Disclosure of financial risks is the provision of information regarding the company key risks and the expected economic impact on its current and future performance. Financial risks (i.e., liquidity risks, credit risks, risks from the change of interest rates and risks from foreign currency exchange) affect the acquisition of assets which in turn affect long-term operations. Odubuas, Oshilim & Deborah (2020) found that foreign currency exchange risks positively impact the performance when measured by return of assets. Onsongo et al. (2020) reported that credit risks positively affect the return on equity and Razek (2014) explained that it also benefits the return on asset. Furthermore, Mwaurah & Waititu (2017) stated that liquidity and credit risks have a positive effect on share price spread. Performance means maximizing benefits from using resources in accordance to the corporate goals which affects the satisfaction of influential stakeholders. This study uses the performance that are measured from the return of equity and return on assets since they are widely popular parameters and are able to assess past and present accounting potential in businesses. Koutoupis & Bekiaris, (2019), Ashari1 & Krismiaji, (2020), Erin et al., (2020) and Tobin's Q subtly provide in-depth information regarding values of future expectations among shareholders about possible form of dividend payments. Stock return is the change of capital or wealth from prior changes such as dividend, interest, change of stock prices (Mehri, 2015). This study utilizes dividend yield and capital gain yield. Hayati et al. (2018), Septian et al. (2020) pointed out that the return of asset positively affects the dividend yield and Awalakki's work (2021) showed that Tobin's Q have a positive effect on the capital gain yield. In addition, Mwaurah & Waititu, (2017) explained that disclosure of liquidity and credit risks positively affects the capital gain yield.

3. Materials And Methods

Population and sample

The population used in this study is companies registered under the Stock Exchange of Thailand. Companies registered under Market for Alternative Investment (MAI) are not included as their purposes of fundraising are not clearly identified. There are 631 firms that fall under these criteria and their end of accounting period is 31st December. The interval of the study is 5 years between 2017 to 2021. There are 317 suitable samples that are not financial businesses and companies with inadequate information. Therefore, the sample size for data collection is 317 companies × 5 years = 1,585 company years. The authors test the hypothesis from quantitative research and qualitatively verify the results by an in-depth interview with 7 experts in their related fields. The interview results are inferred to the questionnaire to support the quantitative research. *3.2* Measurement of Variables The instrument used in this research is a questionnaire created under a framework that comes from prior related researches and studies to identify operational definition and desired variable structure. For this research there are 4 aspects of the components: 1) Risk Management, 2) Risk Disclosure, 3) Performance and 4) Stock Return. These aspects are divided into 5 sections as follows.

Characteristics of the Risk Management Committee and Audit Committee

1. Risk Management Committee (RMC) is measure by the number of members in the risk management committee *(*Amrin, 2019; Abdullah et al., 2017; Alqatamin, 2018).
2. Frequency of Risk Management Committee Meeting (FRCM) is measured from the number of meetings held annually *(*Amrin, 2019; Abdullah et al., 2017; Erin et al., 2020).
3. Risk Management Committee Accounting and Financial Expertise (RMCAF) is measured from the percentage of the risk management committee members who have credentials or experiences regarding accounting and finance *(*Ramlee & Ahmad, 2020; Salaudeen et al., 2018).
4. Audit Committee (AC) is measure by the number of members in the audit committee. *(*Amrin, 2019; Abdullah et al., 2017; Ozcan, 2021)
5. Audit Committee Independence (ACI) is measured from the percentage of independent audit committee members. *(*Abdullah et al., 2017; Madi et al., 2014; Bazhair, 2022)
6. Audit committee accounting and financial expertise (ACAFE) is measured from the percentage of the audit committee members who have credentials or experiences regarding accounting and finance *(*Salaudeen et al., 2018; Bazhair, 2022)
7. Frequency of Audit Committee Meeting (FACM) is measured from the number of meetings held annually *(*Amrin, 2019; Abdullah et al., 2017; Ozcan, 2021)

Financial Risk Disclosure

1. Liquidity Risk (LR) is measured from information disclosure: 1) Definitions, 2) Classification debt according to type and maturity period, 3) Comparison of current year debt with previous year, 4) Guidelines for liquidity management of the company and 5) Liquidity ratio. If the company discloses the information, a score of 1 will be given, 0 for otherwise (Razek, 2014, Dey et al., 2018).
2. Credit Risk (CR) is measured from information disclosure: 1) Definitions, 2) Quantitative or Qualitative information, 3) Classification of customer obligations by credit rating, 4) Determination of the age of debtors 5) Comparison of current year debtors with previous years. If the company discloses the information, a score of 1 will be given, 0 for otherwise (Razek, 2014; Dey et al., 2018).
3. Interest rate risk (IR) is measured from information disclosure: 1) Definitions 2) Classification of debt by interest rate (Fixed/Variable), *3)* Comparison of current year interest with previous year, *4)* Interest volatility analysis. If the company discloses the information, a score of 1 will be given, 0 for otherwise (Razek, 2014; Dey et al., 2018).
4. Currency Risk (CCR) is measured from information disclosure: 1) Definitions, 2) Details of transactions in foreign currencies, 3) Analysis of currency fluctuations, 4) Information on hedging instruments, 5) Comparison of foreign exchange rates of the current year and the previous year. If the company discloses the information, a score of 1 will be given, 0 for otherwise (Razek, 2014; Dey et al., 2018).

Data gathered from each aspect will be scored and calculated as follows.

Disclosure Index	=	$\frac{AS}{MS}$
Whereas		$0 \leq \text{Index} \leq 1$
AS	=	Actual Score
MS	=	Total Maximum Score in Each Aspects

Performance

Return on Assets ratio (ROA) (Brigham & Houston, 2001; Bazhair, 2022; Ramlee & Ahmad, 2020; Onsongo et al., 2020) is calculated by the following formula:

$$\frac{Net\ Income}{Average\ Total\ Assets} \times 100$$

Return on Equity Ratio (ROE) (Sartono, 2001; Ramlee & Ahmad, 2020; Onsongo et al., 2020; Bazhair, 2022) is calculated by the following formula:

$$\frac{Net\ Income}{Average\ Total\ Equity} \times 100$$

Tobin's Q: TBQ (Chung & Pruitt, 1994; Ali & Amir, 2018; Zubair, 2020; Ozcan, 2021) is calculated by the following formula:

$$\frac{(Market\ price\ per\ share\ \times Number\ of\ shares) + Liabilities}{Total\ Asset} \times 100$$

Stock return

Dividend Yield (DIY) (Graham, 2009; Tamrin, 2018; Farrukh et al.,2017; Nguyen et al., 2021) is calculated by the following formula:

$$\frac{Dividend\ per\ share}{Market\ price\ per\ share} \times 100$$

Capital gain (CPG) (Akpey et al., 2016; Karajeh & Ibrahim, 2017) is calculated by the following formula:

$$\frac{Stock\ price\ after\ first\ period - Initial\ stock\ price}{Initial\ stock\ price} \times 100$$

Control variable

The size of the firm (Lang & Stulz, *1994*; Allayannis & Weston, *2001)* is calculated by Natural Logarithm of firm size.

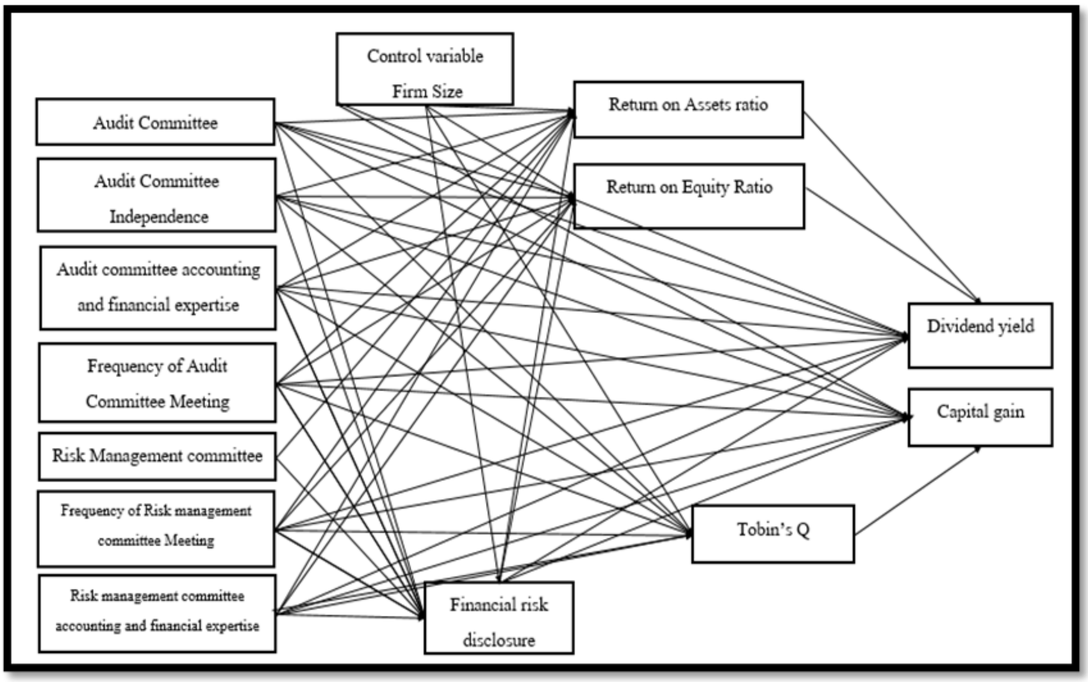

Figure (1): Proposed conceptual framework

The instrument used in the qualitative research is in-depth interviews with open-ended questions formulated from significant quantitative results to verify findings regarding risk management, financial disclosure, performance and stock return. The key informants are audit committee or risk management committee who has more than 3 years of experience and has expertise in accounting and finance, or chief executives in accounting and finance with more than 3 years of experience. These key informants are also representatives of companies in different industries that are registered in the Stock Exchange of Thailand. They are selected through purposive selection and volunteering. (Black, 2010).

4. Results and Discussion

The study results and criteria for validating the correlation model consistency used are 1) statistical value used to verify the fit of the theoretical path model with real data (p-value =.130) 2) index used to compare the fit of the model with empirical data (CMIN/DF: Relative Chi-square = 1.485) 3) Relative Consistency Index (CFI: Comparative Fit Index= .997) and 4) Root Mean Square Error of Approximation Index (RMSEA: Root Mean Square Error of Approximation = .017). The structural equation model is suitable, harmonious and congruent with the empirical findings (Hair et al., 1998). The analysis of correlation by hypotheses found that 15 hypotheses were accepted as shown in Table 1.

Table 1. A Summary of Data Analysis Results Separated by Assumptions (RMSEA: Root Mean Square Error ≈ .017).

Variable			Beta	b	S.E.	C.R.	P	Result
FRD	<---	RMC	0.129	0.019	0.004	5.371	***	Accept
FRD	<---	SIZE	0.261	0.022	0.002	10.636	***	Accept
ROE	<---	ACI	0.061	0.060	0.027	2.217	0.027*	Accept
ROE	<---	FACM	0.071	0.009	0.003	2.766	0.006**	Accept
ROE	<---	RMC	0.067	0.010	0.004	2.697	0.007**	Accept
TBQ	<---	ACI	0.067	0.479	0.194	2.475	0.013*	Accept
TBQ	<---	ACAFE	0.070	0.260	0.100	2.600	0.009**	Accept
TBQ	<---	RMCAF	0.115	1.837	0.395	4.651	***	Accept
TBQ	<---	SIZE	0.180	0.110	0.016	6.920	***	Accept
ROA	<---	SIZE	0.076	0.005	0.002	2.859	0.004**	Accept

ROE	<---	SIZE	0.177	0.015	0.002	6.761	***	Accept
DIY	<---	RMC	0.080	0.734	0.228	3.220	0.001*	Accept
DIY	<---	RMCAF	0.064	8.481	3.296	2.573	0.010*	Accept
CPG	<---	AC	0.058	28.559	12.887	2.216	0.027*	Accept
CPG	<---	RMC	0.120	30.830	6.506	4.738	***	Accept
DIY	<---	ROE	0.185	10.913	1.847	5.908	***	Accept

Significant at *** P < 0.001, ** P < 0.01, * P < 0.05

According to research statistics, RMC stands for Risk Management committee, ACI for Audit Committee Independence, FACM for Frequency of Audit Committee Meeting, AC for Audit Committee, RMC for Risk Management committee, FRD for Financial Risk Disclosure, ROE for Return on Assets ratio, TBQ for Tobin's Q, ROA for Return on Assets ratio, DIY for Dividend Yield, CPG for Capital Gains and SIZE for firm size. The researchers used the hypothesis test results from quantitative research to perform qualitative process. Seven knowledgeable and experienced professional representatives involved in risk management who work in companies registered in the Stock Exchange of Thailand were interviewed in-depth and anonymously. Gathered information are processed in the overall picture and summarized according to the questionnaire. This is done so to support the research findings that accept the assumptions and apply the results of the analysis to develop an evaluation form for the effectiveness of the components of the Risk Management Committee and the Audit Committee in forecasting the securities returns of listed companies on the Stock Exchange of Thailand.

The dependent variable of this research is securities returns as they are a measure of accounting performance that uses information from financial statements. They are also the most popular measurement as it is easily verified from statements publicized in the Securities and Exchange Commission website. If the company's stock price in the capital market is high Investors will have a positive attitude toward the company (Mottoh & Sutrisno, 2020). Therefore, what investors will be concerned about when deciding to invest in securities is the return and risk from the investment (Evindo & Haryono, 2013). The securities return can be measured by factors that yield returns. In this study, dividend yield and capital gain yield are used. There is empirical evidence that having a strong risk management committee and audit committee can increase risk management disclosure, for instance, mitigation of risks resulting from management information asymmetry or information disclosure without misstatement in today's business environment surrounded by uncertainty and various risks (Odubuas et al., 2020; Odubuasi et al., 2022). Disclosure of the economic impact that is expected to affect the performance in the present and future (Dey et al., 2018) will help build the confidence of investors and stakeholders, along with investors' perception regarding present and future opportunities (Surbakti et al., 2017; Malini et al., 2021). In addition, risk disclosure can help increase financial stability of shareholders and inform them about risks and company risk management guidelines, especially those listed in the stock exchange.

The concept of performance can be seen from the information presented in the financial statements covering multiple dimensions can be measured by the return on assets factor. This can be calculated from profit (loss) divided by average total assets. The results reflect how profitable the company's asset management is (Lechner & Gatzert, 2018; Horvey & Ankamah, 2020). This means that it creates value for the company and higher numbers indicate better company performance. There is also a return on equity which is calculated from profit (loss) divided by average shareholders' equity. The results show how much profit will be generated from the equity owned by shareholders. In conclusion, the return on equity is profitability ratios based on capital utilization that generates the most profit and returns to investors (Sartono, 2001; Horvey & Ankamah, 2020). Enterprise value, measured by Tobin's Q, is calculated from the market price per share multiplied by the number of common shares plus the value of liability and divided by total assets. It is a financial ratio that measures performance derived from the concept of combining information from financial statements and market value related to the turnover of assets, liabilities and stocks of a company (Chung & Pruitt, 1994; Wahla et al., 2012). Tobin's Q has confirmed that it is an accurate measure of performance, not only reflecting past performance, but also represents the company's future development expectations.

Therefore, it can be concluded that the performance of a company can be measured from the information presented in the financial report. Sadi'ah (2018) describes the condition of the company over a period of time and it is one of the factors considered by investors. Furthermore, it is an opportunity for the company to attract potential investors (Prananingrum et al., 2018). Financial ratios are part of the analysis of a company as investors are likely to compare them it with those of other companies (Awalakki, 2021). The higher the value of a company, the higher the return on equity (Husna & Satria, 2019). The researcher prepared a form to assess the efficiency of the composition of the risk management committee and the audit committee in estimating stock return. With assessment criteria, if yes, 1 point will be given, and if no, **0** points will be given (Rudzioniene & Guptor, 2019**)** as follows:
0.00-0.20 = Efficiency of the Risk Management Committee The audit committee and financial risk disclosure are low
0.21-0.40 = Efficiency of the Risk Management Committee The audit committee and financial risk disclosure were moderate
0.41-0.60 = Efficiency of the Risk Management Committee The audit committee and financial risk disclosure were at good
0.61-0.80 = Efficiency of the Risk Management Committee The audit committee and financial risk disclosure were at very good
0.81-1.00 = Efficiency of the Risk Management Committee The audit committee and the financial risk disclosure is excellent.

The results of the study show that performance and securities returns are significantly affected by the risk management and audit committees. Abdullah et al. (2017); Amrin, (2019); Rustiarini & Suryandar,. (2021); Ali & Amir (2018); Ashari1 & Krismiaji (2020) found that the meeting frequency of the audit committee has positive effect on risks disclosure. Yanto & Hajawiyah (2022) reported that the sizes of businesse positively affect risks disclosure. Ramlee & Ahmad (2020); Virginus et al. (2021) pointed out that the size of the risk management committee could benefit the return of equity. Ali & Amir (2018) found that the risk management committee has positive impact to Tobin's Q. Zubair (2020) reported that the audit committee who are expert in accounting and finance provides positive effects to Tobin's Q. Ali & Amir (2018) explained that the sizes of businesses positively affect Tobin's Q. Yakubu., Kapusuzoglu & Ceylan (2022) remarked that the risk management committees who are expert in accounting and finance can increase dividend yield. Karajeh & Ibrahim (2017) found that the size of the audit committee had a positive effect on the share price differential. The results of this study are consistent with previous studies. This means that the following characteristics: 1) sizes of risk management and audit committees, 2) expertise in accounting and finance, 3) meeting frequency will increase performance and securities returns.

Conflict of interest:
The authors declare no conflict of interest.

References:

Abdel-Azim, M. H., & Abdelmoniem, Z. (2015). Risk management and disclosure and their impact on firm value. *International Journal of Business, Accounting, & Finance,* 9(1), 1-14. https://doi.org/10.5267/j.ac.2020.4.011

Abdullah, M. D. F. (2019). The Effect of Corporate Risk Disclosure Toward Firm Value in Indonesia Sharia Stock Index. *Materials Science and Engineering,* 662(3), 1-6. https://doi.org/10.1088/1757-899X/662/3/032070

Abdullah, A., Ismail, K. N. I. K., & Isa, N. M. (2017). Risk Management Committee and disclosure of Hedging Activities Information among Malaysian Listed Companies. *Advanced Science Letters,* 21(6), 1871-1874. https://doi.org/10.1166/asl.2015.6140

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), 42-57. https://doi.org/10.5296/jcgr.v2i1.14028

Akpey, G, I., Azembila, B., Azembila, B, A, (2016). The Effect of Audit Committees on the Performance of Firms Listed on the Ghana Stock Exchange. *Journal of Business and Management,* (18), 11, 55-62. https://doi.org/10.9790/487X-1811055562

Allayannis, G., & Weston, J. P. (2001). The Use of Foreign Currency Derivatives and Firm Market Value. *Review of Financial Studies*, 14(1), 243–276. https://doi.org/10.1093/rfs/14.1.243
Allini, A., Manes Rossi, F., & Hussainey, K. (2016). The board's role in risk disclosure: An exploratory study of Italian listed state-owned enterprises. *Public Money and Management*, 36(2), 113–120
Alqatamin, M, R. (2018). Audit Committee Effectiveness and Company Performance: Evidence from Jordan. *Accounting and Finance Research*, 7(2), 48-60. https://doi.org/10.5430/afr.v7n2p48
Amrin, A. (2019). An empirical study: characteristics of business entities and corporate governance on risk disclosure practices. *Business: Theory and Practice*, 20, 25-49.
Aryan, L. A. (2015). The relationship between audit committee characteristics, audit firm quality and companies' profitability. *Asian Journal of Finance & Accounting*, 7(2), 215-226. https://doi.org/10.5296/ajfa.v7i2.8530
Asharil, S., & Krismiaji, K. (2020). Audit committee characteristics and financial performance: Indonesian evidence. *Equity*, 22(2),139-152. https://doi.org/10.34209/equ.v22i2.1326
Awalakki, M., & HN, D. (2021). Impact of financial performance ratios on stock returns–A study with reference to national stock exchange. *International Journal of Aquatic Science*, 12(3), 2151-2167.
Bangbon, P., Channuwong, S., Amponstira, F., Rungsuk, A., Snongtaweeporn, T., Yuenyong, T., Kanchanathaveekul, K., Buddhapoompitak, W., Siriyanun, S., & Dejun, Z. (2023). The influence of transformational leadership on organizational sustainability: A case study of business companies in Bangkok. Journal of Namibian Studies, 34(2023), 4058-4076. https://doi.org/10.59670/jns.v33i.2012
Bazhair, H, A. (2022). Audit committee attributes and financial performance of Saudi non-financial listed firms. *Cogent Economics & Finance*, 10, 1-13. https://doi.org/10.1080/23322039.2022.2127238
Beasley, M. S., Hermanson, D. R., Carcello, J. V., & Neal, T. L. (2010). *Fraudulent financial reporting: 1998-2007: An analysis of US public companies.* Committee of Sponsoring Organization of the Treadway Commission.
Black, k. (2010). *Business statistics: Contemporary decision making, 6th edition.* United State of America: John Wiley & Sons.
Blanco-Mesa, F., Rivera-Rubiano, J., Patino-Hernandez, X., & Martinez-Montana, M. (2019). The importance of enterprise risk management in large companies in Colombia. *Technological and Economic Development of Economy*, 25(4), 600-633. https://doi.org/10.3846/tede.2019.9380
Bouaziz, Z. (2012). The impact of auditor size on financial performance of Tunisian companies. Faculty of Economics and Management. Sfax University, Tunisia. https://doi.org/10.3846/tede.2019.9380
Brigham, E.F., Houston, J.F., (2001). *Fundamentals of Financial Management, ninth edition*. Harcourt. https://doi.org/10.19030/tlc.v2i5.1826
Channuwong, S. (2018). The relationship between good governance principles and organizational justice: A case study of Bangkok government officials. *Asia-Pacific Social Science Review*, 18(3), 43-56.
Chung, K. H., & Pruitt, S. W. (1994). A simple approximation of Tobin's Q. *Financial management*, 12, 70-74. https://doi.org/10.2307/3665623
Cordazzo, M., Papa, M., & Rossi, P. (2017). The interaction between mandatory and voluntary risk disclosure: a comparative study. *Managerial Auditing Journal*, 32(7), 682-714. https://doi.org/10.1108/MAJ-01-2016-1308
Dey, R. K., Syed Z, H, & Zabihollah R. (2018). Financial Risk Disclosure and Financial Attributes among Publicly Traded Manufacturing Companies: Evidence from Bangladesh. *Journal of Risk and Financial Management*, 11(50), 1-16. https://doi.org/10.3390/jrfm11030050
Dworczak-Zyznarska, B., & Rudzioniene, K. (2022). Corporate COVID-19-Related Risk Disclosure in the Electricity Sector: Evidence of Public Companies from Central and *Eastern Europe. Energies*, 15, 1-21. https://doi.org/10.3390/en15165810
Erin, O., Bamigboye, O., & Arumona, J., (2020). Risk governance and financial performance an empirical analysis. *Business: Theory and Practice*, 21(2), 758–768.
Evindo, A. P., & Haryono, A.N., (2013). Comparative study between the return of shares value stocks and growth stocks to go public companies in Indonesia stock exchange. *International annual symposium on management*, 547-565.
Fama, E.F., French, K.R. (1998). Value versus growth: The international evidence. *The Journal of Finance*, 53(6), 1975-1999. https://doi.org/10.1111/0022-1082.00080
Freeman, R. B., & Medoff, J. L. (1984). What do unions do. *Indus. & Lab. Rel. Rev.*, 38, 244.
Freeman, S. A., Davis, J., & Rochelle, G. T. (2010). Degradation of aqueous piperazine in carbon dioxide capture. *International Journal of Greenhouse Gas Control*, 4(5), 756-761. https://doi.org/10.1016/j.ijggc.2010.03.009
Ghania, E. K., Tarmezi, N., Said, J., & Yuliansyah, Y. (2016). The effect of risk management and Operational information disclosure practices on public listed firms' financial performance. *International Journal of Economics and Management*, 10, 235-252.

Graham, B. & Dodd, D.L. (1934). Security Analysis NY, United States. McGraw Hill New York. Hamrouni, A., Miloudi, A., Benkraiem, R. (2015). Signaling firm performance through corporate voluntary disclosure. *The Journal of Applied Business Research*, 31(2), 609-620. https://doi.org/10.19030/jabr.v31i2.9157

Hayati, A. F., Astuti, G., & Murdy, K. (2018). The Analysis of Factors Affecting Dividend Payout Ratio in Manufacturing Companies Listed in Indonesian Stock Exchange. *Business and Management, Accounting and Entrepreneurship*, 57,590-597. https://doi.org/10.2991/piceeba-18.2018.76

Horvey, S., Horvey & Ankamah, J, (2020). Enterprise risk management and firm performance: Empirical evidence from Ghana equity market. *Cogent Economics & Finance*, 8, 1-12. https://doi.org/10.1108/FS-12-2022-0188

Husna, A., & Satria, I. (2019). Effects of return on asset, debt to asset ratio, current ratio, firm size, and dividend payout ratio on firm value. *International Journal of Economics and Financial*, 9(5), 50-54. https://doi.org/10.32479/ijefi.8595

Inaam, Z., & Khamoussi, H. (2016). Audit committee effectiveness, audit quality and earnings management: a meta-analysis. *International Journal of Law and Management*, 58(2), 179- 196. https://doi.org/10.1108/IJLMA-01-2015-0006

Jaisamut, (2019). Risk Oversight and the Role of the Board.Online from https://www.thai-iod.com/th/publications-detail.asp?id=654.

Jensen, M. C., & Meckling. W. H. (1976). Theory of the firm: managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3, 305-360.

Kallamu, B. S. (2015). Risk management committee attribute and firm performance. *International Finance and Banking*, 2(2), 1-24.

Kallamu, B. S., & N. A. M. Saat. (2015). Audit committee attributes and firm performance: Evidence from Malaysian finance companies. *Asian Review of Accounting*, 23(3), 206-231. https://doi.org/10.1108/ARA-11-2013-0076

Karajeh, A. I., & Ibrahim, M. Y. B. (2017). Impact of audit committee on the association between financial reporting quality and shareholder value. *International Journal of Economics and Financial Issues*, 7(3), 14-19.

Kasthury, S., & Anandasayanan, S. (2020). *Impact of Audit Committee characteristics on Financial Performance of companies listed under materials sector in CSE.* In Proceedings of the International Conference on Business & Information (ICBI). https://dx.doi.org/10.2139/ssrn.3844244

Koutoupis, G. Andreas., & Bekiaris, Michail. (2019). Audit committees impact on Company Performance: The Greek & Italian Experience. *International Journal of Auditing and Accounting Studies*, 1(1), 1- 12.

Kurniawanto, H., Suhardjanto, D., Bandi, Agustiningsih, W, S. (2017). Corporate governance and corporate risk disclosure: Empirical evidence of non-financial companies listed in Indonesia Stock Exchange. *Integrative Business and Economics Research*, 6(4), 255-270. http://dx.doi.org/10.1016/j.irfa.2013

Lang, L, H., & Stulz, R. M. (1994). Tobin's Q Corporate Diversification and Firm Performance. *Journal of Political Economy*, 102(6), 1248–1280. https://doi.org/10.1086/261970

Latif, R. A., Mohd, K. N. T., & Kamardin, H. (2022). Risk disclosure, corporate governance and firm value in an emerging country. *Asian Economic and Financial Review*, 12(6), 420-437.

Laturette, K., Hartono, W., & Gunawan, K. (2023). The Impacts of Corporate Governance on Dividend Pay-out Ratio Policy before and during the COVID-19. *International Journal of Accounting & Finance in Asia Pacific*, 6(2), 67-82. https://doi.org/10.32535/ijafap.v6i2.2371

Lechner, P., & Gatzert, N. (2018). Determinants and value of Enterprise risk management: empirical evidence from Germany. *The European Journal of Finance*, 24(10), 867–887. https://doi.org/10.1080/1351847X.2017.1347100

Luthfiyanti, N. K., & Dahlia, L. (2020). The effect of enterprise risk management on financial distress. *Journal of Accounting Auditing and Business*, 3(2), 30-41.

Madi, K, H., Ishakb, Z., Manaf, A, A, N. (2014). The impact of audit committee characteristics on corporate voluntary disclosure. *Procedia - Social and Behavioral Sciences*, 164, 486 – 492. https://doi.org/10.1016/j.sbspro.2014.11.106

Malini, H., Natalia, D., Giriati. (2021). Corporate Governance and Company Value: A Manufacturing Industry Case Study. *Journal Inovasi Bisnis dan Manajemen Indonesia*, 4(4), 450-461. https://doi.org/10.31842/jurnalinobis.v4i4.196

Mehri, A.B. (2015). The effects of financial risks on the relationship between earnings and stock returns. *International Journal of Organizational Leadership*, 4, 154-169.

Meyer, J. P., Allen, N. J., & Smith, C. A. (1993). Commitment to organizations and occupations: Extension and test of a three-component conceptualization. *Journal of Applied Psychology*, 78(4), 538–55. https://psycnet.apa.org/doi/10.1037/0021-9010.78.4.538

Mottoh, D. D., & Sutrisno, P. (2020). The impact of enterprise risk management, earnings, volatility, firm characteristics to firm value. *International Journal of Business, Economics and Law,* 23, 181-191. https://doi.org/10.5267/j.ac.2020.4.011

Mwaurah, I., Muturi, W., & Waititu, A. (2017). The influence of financial risk on stock returns. *International Journal of Scientific and Research Publications*, 7(5), 418-430.

Odubuasi, A. C., Ofor, N. T., & Ugbah, A. (2022). Risk Committee Effectiveness and Financial Performance Indicator of Quoted Firms in Selected African Countries. *Journal of Financial Risk Management*, 11(3), 634-647. https://doi.org/10.4236/jfrm.2022.113030

Odubuasi, A., Wilson-Oshilim, U. D., & Ifurueze, M. (2020). Effect of market risks on the financial performance of firm in Nigeria. *European Journal of Accounting, Auditing and Finance Research,* 8(6), 28-45. https://doi.org/10.2139/ssrn.2978119

Onsongo, S. K., Muathe, S. M., & Mwangi, L. W. (2020). Financial risk and financial performance: evidence and insights from commercial and services listed companies in Nairobi securities exchange, Kenya. *International Journal of Financial Studies*, 8(3), 1-15. https://doi.org/10.3390/ijfs8030051

Ozcan, A. (2021). Audit Committee and Firm Value: An Empirical Investigation. *Muhasebe Bilim unyas Dergisi*, 23(2), 204–221. https://doi.org/10.31460/mbdd.756299

Prananingrum, D. K., Muthalib, D. A., Irfandy, M., & Rohansyah, M. (2018). Effects of return on asset, return on equity, earning per share on corporate value. *The International Journal of Engineering and Science,* 7(3), 5-14.

Ramlee, R., & Ahmad, N. (2020). Malaysian risk management committees and firm financial performance. *Asia-Pacific Management Accounting Journal*, 15(2), 147-167.

Razek, M. A. (2014). The association between corporate risk disclosure and firm performance in emerging country–The case of Egypt. *Journal of Empirical Studies*, 1(3), 105-115.

Rudzioniene, K., & Guptor, M. (2019). Financial reporting quality in Lithuanian state-owned enterprises. *Science and Studies of Accounting and Finance: Problems and Perspectives*, 13(1), 38-46. https://doi.org/10.15544/ssaf.2019.05

Sadi'ah, K. (2018). The effect of corporate financial ratio upon the company value. *The Accounting Journal of Binaniaga*, 3(2), 75-88. https://doi.org/10.33062/ajb.v3i2.245

Salaudeen YM, Atoyebi, TA & Oyegbile BA, (2018). Enterprise Risk Management and Performance of Selected Listed Consumer Goods Companies in Nigeria. *Applied Finance Accounting,* 4, 112–121. https://doi.org/10.11114/afa.v4i1.2918

Sartono, A. (2001). *Financial management, fourth edition*. Yogyakarta. https://doi.org/10.29040/seocology.v1i02.9

Septiani, M., Ariyani, N., & Ispriyahadi, H. (2020). The effect of stock prices, return on assets, and firm size on dividend payout ratio: evidence from Indonesian financial service companies. *Diponegoro International Journal of Business,* 3, 17-27. https://doi.org/10.14710/dijb.3.1.2020.17-27

Shad, M. K., Lai, F. W., Fatt, C. L., Klemes, J. J., & Bokhari, A. (2019). Integrating sustainability reporting into enterprise risk management and its relationship with business performance: A conceptual framework. *Journal of Cleaner Production,* 208, 415-425. https://doi.org/10.1016/j.jclepro.2018.10.120

Shatnawi, S., Hanefah, M., Adaa, A., & Eldaia, M. (2019). The Moderating Effect of Enterprise Risk Management on the Relationship between Audit Committee Characteristics and Corporate Performance: A Conceptual Case of Jordan. *International Journal of Academic Research Business and Social Sciences,* 9(5), 177–194.

Sori, Z. M., Ramadili, S. M., & Karbhari, Y. (2009). Audit committee and auditor independence: the bankers' perception. *International Journal of Economics and Management,* 3(2), 317-331.

Spence, M. (1973). Job market signaling. *The quarterly journal of Economics*, 87(3), 355-374.

Sultana, N., Singh, H., & Van der Zahn, J. L. W. M. (2015). Audit Committee Characteristics and Audit Report Lag. *International Journal of Auditing*, 19(2), 72–87. https://doi.org/10.1111/ijau.12033

Surbakti, L. P., Shaari, H. B. & Bamahros, H. M. A., (2017). Effect of Audit Committee Expertise and Meeting on Earnings Quality in Indonesian Listed Companies: A Conceptual Approach. *Journal of Accounting and Finance in Emerging Economies,* 3(1), 47-54. http://doi.org/10.26710/jafee.v3i1.97

Syafrullah, S., & Muharam, H. (2017). Analisis Pengaruh Kinerja Environmenal, Social, Dan Governance (ESG) Terhadap Abnormal Return. *Ejournal Undip*, 6(2), 222-235.

Virginus, L. U., Adaeze, E, E., Gabriel, C, O. (2021). A critical study of corporate risk management committee impact on firm performance. *International Journal of Academic Information Systems Research,* 5(4), 24-39.

Wahla, K. U. R., Shah, S. Z. A., & Hussain, Z. (2012). Impact of ownership structure on firm performance evidence from non-financial listed companies at Karachi Stock Exchange. *International Research Journal of Finance and Economics*, 84, 6–13. http://doi.org/10.11648/j.ijafrm.20180301.12

Yakubui, I. N., Kapusuzoglu, A., & Ceylan, N. B. (2022). The Effect of Corporate Governance on Firm Dividend Policy: Evidence from Ghana. *The Journal of Accounting and Finance*, 94, 223-238. https://doi.org/10.25095/mufad.1064148

Zubair, A. K. (2020). Does audit committee role reflect in firm value of listed non-financial firms. *Journal of Accounting Research*, 1(1), 138-149. http://doi.org/10.1080/1331677X.2019.1627894