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Corporate Governance, IFRS Disclosure, and Stock Liquidity in Indonesian Mining Companies

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***Abstract*—The purposes of this article are to investigate the effect of good corporate governance mechanism, featured by a number of meetings conducted by audit committee, independency of the boards of commissioners, quality of auditors and institutional ownerships on the mandatory disclosure as required by IFRS and the effect of mandatory disclosure on stock liquidity. Two multiple regression models are used for a sample of 13 Indonesian Mining Companies listed on the Indonesia Stock Exchange. The data has been collected for 4 years to arrive at 52 data used in the data analysis. The first model is used to test factors associated with the level of mandatory disclosure. Then, the predicted value of mandatory disclosure generated by the first model is used as a determinant in the second model. The second model is set to determine the factors associated with stock liquidity. The result indicates that the number of meetings conducted by audit committee is significantly and positively associated with the level of mandatory disclosure; whereas other determinants do not have any significant association with the level of mandatory disclosure. The result also shows that the predicted value of mandatory disclosure is positively and significantly associated with stock liquidity.**

Keywords: mandatory disclosure, stock liquidity, audit committee, board of commisioners, audit quality, institutional ownership

I. INTRODUCTION

In recent years, disclosure of financial statement is considered to be a critical issue that needs to be solved. Indonesia, based on the survey conducted by PricerwaterhouseCoopers in 1999, ranked as one of the worst country in Asia that has a low level of disclosure [1]. Disclosure, in another side, relates to the effective way to reduce the information asymmetry between investors and management [2]. The better the company discloses information to investors may result in the increase confidence of the investors to invest their capital [3].

The International Financial Reporting Standards (IFRS) require companies to disclose more information to the investors as compared to US GAAP [4]. This will become a challenge for companies. In the first year implementation of IFRS in Indonesia, the level of compliance of manufacturing companies was at 72% [1]. This indicates that manufacturing companies still tend to hide some information to investors. As a result, agency problem between investors and management has increased.

Since disclosure plays an important role in making investment decisions, a mechanism that is able to control the company is required to comply with the disclosure requirements set in IFRS. This mechanism is called as corporate governance. Previous researches prove that corporate governance has a significant association with disclosure [5-8]. According to Cadbury Committee, corporate governance is defined as a system to direct and control a company. This system enables the internal and external balances will be achieved in the company [9]. The internal balance means the operational mechanism among company organs (investors, boards, and commissioners); whereas the external balance means the operational mechanism between company and stakeholders [9].

Corporate governance acts as a mechanism to enhance the company to disclose mandatory information to the investors. Corporate governance provides the opportunity for the boards to better appreciate the need for public information disclosure so that it can improve the quantity as well as the quality of disclosure. If the company needs an additional capital, then the board has to guarantee that the company practices corporate governance by disclosing the truth financial performance and enhancing its transparency. This may result in an increase of investor confidence and decrease in transaction cost, specifically the cost to obtain more information, so the company is able to acquire public funds in a more efficient way [9].

Audit committee is one example of corporate governance mechanism. The audit committee is considered to be the important mechanism to produce a reliable, transparent, and high quality financial report as stated by Chairman of the Securities Exchange Commission (SEC) "…. the audit committee that has high qualification, independent, and open mind is the party that is able to maintain public trust to the company". Audit committee has a responsibility to strengthen the internal control in the company by monitoring the process of preparing financial statement [10]. In addition, the SEC asks the company to disclose information regarding the existence and activities of audit committee. This is believed by the SEC as one way to give public confidence that the audit committee has worked effectively to maintain the integrity of

the company's financial statement [11]. A prior research provides the result that companies having an active and independent audit committee has possibility of less material misstatement compared to the companies that do not have audit committee [12]. The audit committee also has a specific responsibility to monitor the company compliance to regulation, constitution, and laws exist in a country, including the company compliance to disclose complete information in the financial statement [13]. Therefore, the existence of audit committee will generally affect the quality of financial statement and will specifically affect the company compliance in disclosing financial information requested by IFRS. Previous researches prove that the audit committee has a positive association toward the mandatory disclosure of financial information [14-19].

Another mechanism of corporate governance is board of commissioners. The board of commissioners has a responsibility to conduct monitoring and provide advices to the directors in running the company [20]. The company having independent commissioners will focus their attention to protect the investor from fraudulent practices conducted by the company. The independent commissioners also work to convince that the company provides transparent and complete information to help the investors making rational decision [21]. In addition, the commissioners that conduct regular meeting as asked by Corporate Governance Guidelines significantly affect the level of mandatory disclosure [22].

External auditors also have significant contribution to enhance the level of mandatory disclosure. As part of corporate governance mechanism, the auditors have a role to provide independence assurance toward investors that financial statements fulfill all the criteria asked by IFRS. This means the auditor has responsibilities to conduct financial audit and operational audit to the company. However, the greater demands from investors on comprehensive information, not only information related to financial data but also information related to company policies has consequences for auditors to conduct Corporate Governance Audit (CGA) [23]. The auditors are said to have a high audit quality if they are able to do CGA audit and it is usually conducted by the big four public accountant firm. Previous researches show that the higher audit quality results in the higher level of both financial and policies information disclosures [24-27].

Institutional ownership is also considered to be the corporate governance mechanism that enhances disclosure. The institutional ownership has the opportunity to control management and therefore make the management are more compliant to disclose mandatory information as asked by IFRS. Prior researches also indicates that institutional ownership has significant association with the level of disclosure [13,26,28].

The more complete information disclosed to the investors, the more transparent financial statement published by the company [3]. In another side, the company hiding information to the investors creates information asymmetry [29]. As a result, processing cost increases and market is less liquid [30]. Previous researches provide result that disclosure positively and significantly affects stock liquidity [30,31].

Based on the above background, this research aims to determine the effect of corporate governance toward IFRS disclosure and the effect of IFRS disclosure to stock liquidity. This general aims are then divided into some specific objectives as follow: (1) determine whether audit committee individually affects IFRS disclosure, (2) determine whether the board of commissioner individually affect IFRS disclosure, (3) determine whether audit quality individually affects IFRS disclosure, (4) determine whether institutional ownership individually affect IFRS, and (5) determine whether IFRS disclosure individually affects stock liquidity.

II. Literature Review and Hypothesis

A. Audit Committee and IFRS Disclosure

Audit committee is an integral part of corporate governance that has responsibility to enhance integrity and quality of financial statement and to increase the effectiveness of internal control within the company [32]. To achieve high integrity and quality of financial statement, the audit committee has to monitor whether the company complies to laws and regulations including compliance to the mandatory disclosure required by IFRS [13]. The Blue Ribbon Commission (BRC) issues ten recommendations to strengthen the independency and effectiveness of audit committee. Among these ten recommendations, three criteria are usually used in the research as follow: (1) audit committee has at least three members, (2) at least one member in the audit committee is independent commissioner, and (3) at least one member in the audit committee has accounting and financial expertise [33]. In addition, BRC issues one more recommendation, even though SEC does not ask the company to comply this recommendation. The audit committee is suggested to conduct meetings at least one meeting in a quarter and to hold discussion with external auditors regarding the quality of financial statement [11].

Frequency of audit committee meeting is defined as the number of formal meeting held by audit committee in a year [34]. Audit committee that often holds meeting indicates that audit committee has more time to carry out the oversight function so the integrity and transparency of financial statement can be achieved [35]. The meetings also create effective communication among audit committee members so this will enable audit committee to determine financial statement's fraudulent [36]. It will be more difficult for the audit committee members that are usually independent members, to determine fraudulent in financial statement in a short time [37]. The meetings held by audit committee are the formal mechanism to discuss with internal auditors to get the information regarding accounting, auditing, and financial problems within the company [34]. Prior researches provide the empirical evidence that the number of audit meeting positively and significantly affect the level of disclosure [38,39].

Based on the above arguments, the first hypothesis is developed as follows:

H_1: Audit committee has a positive association with IFRS disclosure

B. Board of Commissioners and IFRS Disclosure

Board of commissioners is defined as the company organ that has responsibilities to hold oversight function in accordance with company's charter and provide advices to the directors [40]. The oversight function should be conducted to convince that the company is operated by management in accordance with the interest of stakeholders, specifically stockholders. Due to the opportunistic behavior that could be done by management and directors, it is necessary to oversight their works and this process are held by commissioners [40]. Management has an obligation to disclose transparent and complete information in accordance with IFRS. The commissioners have to oversight this process to convince that managements fulfill their obligation [41].

The members of board of commissioners consist of insider and independent member. Insider member is the member that gives direct contribution in assigning the strategies for the company and is directly involved with the operation process in the company [40]. The existence of insider members may result in the decrease effectiveness of oversight function. Therefore, it is necessary to include the independent person as the member of the commissioners. Independent member is the member coming from outside the company and having no business as well as ownership relationship with the company [42].

The independent commissioners are expected to be neutral to all policies decided by directors. Prior researches provide the empirical evidence that the works of independent commissioners are not affected by the directors, so they tend to encourage management and directors to disclose transparent information to stakeholders [43,44]

Based on the above arguments, the second hypothesis is developed as follows:

H_2: Board of Commissioners has a positive association with IFRS disclosure

C. Audit Quality and IFRS Disclosure

The role of external auditors has risen due to the bankruptcy of the public company whose financial statement has an unqualified opinion during the economy crisis. This indicates that the company is not transparent in disclosing their financial information to investors. In addition, financial information itself is not sufficient to enable investors to make rational investment decision. The investors need additional information such as company's prospect in the future, management policies, and transaction fairness. As a result, the financial and operational audits conducted by external auditors are not sufficient to determine whether the company discloses all the information needed by investors.

External auditors have to conduct the audit that evaluates the fairness of corporate governance and management policies within the company. This audit is known as Corporate Governance Audit (GCA) [23]. GCA enables the investors to have an assurance that company will disclose information regarding company prospect in the future and risks that come from management policies [9]. The auditor externals have to audit CGA scope, such as (1) fairness of the changes in accounting methods, (2) ownerships and their controls to management, (3) company structure in the industry, (4) business ethics held by the company, (5) management policies that have significant effect for company prospect in the future, (6) quality of financial statement, and (7) management policies that may result in potential litigation problems [23].

The more comprehensive audit needs additional effort from auditor externals. The audits conducted by The Big Four are often recognized as the audit having high quality. Prior researches provide empirical evidence that the audits held by the Big Four positively and significantly affect the amount of enterprise risk management disclosed by management [45-47].

Based on the above arguments, the third hypothesis is developed as follows:

H_3: Audit quality has a positive association with IFRS disclosure

D. Institutional Ownership and IFRS Disclosure

Institutional investors hold the important function to control the company due to the proportion of stocks they have in the company. The institutional investors are able to force management to disclose relevant information [48]. Moreover, institutional investors are considered to have more understanding regarding agency cost that may occur in the investment process, so they often oversight whether management discloses information they need to make investment decision [49]. The higher the proportion of stock owned by institutional investors, the more oversight they held to reduce management opportunistic behavior [50].

Based on the above arguments, the fourth hypothesis is developed as follows:

H_4: Institutional ownership has a positive association with IFRS disclosure

E. IFRS Disclosure and Stock Liquidation

Financial statement is considered to be a source of information needed by investors to determine company performance. The IFRS disclosure prepared by management will be a reference for the investors to make investment decision. Therefore, the level of disclosure will have a positive impact on the volume of stocks traded or stock liquidity [51]. Previous studies provide empirical evidence that the disclosure of mandatory and voluntary items positively and significantly affects stock liquidity [52, 53]. The disclosure conducted by management is capable to increase stock liquidity because the information asymmetry between informed and uninformed investors will reduce [54]. The investors will receive the same amount of information, so the stock liquidity will increase [30].

Stock liquidity indicates how easily and quickly a stock can be sold close to its fair value [55]. The stock liquidity is usually measured using the level of stock turnover [3]. The positive impact of disclosure is the increase level of transparency so this will reduce the information asymmetry between managers and investors and also among investors [29]. Since information asymmetry reduces, the stock demanded by investor increase and finally the stock turnover also increase. A prior research

provides empirical evidence that the level of disclosure has a positive impact on stock turnover [56].

Based on the above arguments, the fifth hypothesis is developed as follows:

H_5: IFRS disclosure has a positive association with stock liquidity

III. RESEARCH METHOD

A. Research Variables

Table 1 shows the variables used in this research and the measurement. Foreign ownership, largest stockholders, company value and leverage were used in this research to control the impact of IFRS disclosure on stock liquidity. The hypotheses developed for control variables are foreign ownership, largest stockholders, company value and leverage individually have a positive association with stock liquidity. The IFRS Disclosure used in this research refers to the 73 items disclosed in previous research [57].

TABLE I. RESEARCH VARIABLES

Variable	Measurement
Audit Committee	The number of formal audit committee meeting in a year [34]
Board of Commis-sioners	The proportion of independence commissioners [42]
Audit Quality	Dummy variable 1: the company is audited by the Big Four 0: the company is not audited by the Big Four [45]
Institutional Ownership	The proportion of stocks held by institutional investors [50]
IFRS Disclosure	Denominator adjusted disclosures indices [57]
Stock liquidity	Stock Turnover [3]
Foreign Ownership	The proportion of stocks owned by foreign investors [3]
Largest stockholders	The percentage holding of a company's largest stockholder [3]
Company Value	Natural logarithm of company's market value at the end of the year [3]
Leverage	Total Equity / Total Liability [3]

B. Population and Sample

The population used in this research was companies in the mining industry. The mining industry listed in Indonesia Stock Exchange includes coal mining companies, rock mining companies, metal and mineral mining companies, and oil and gas companies. Mining industry, specifically oil and gas sector, is the industry that provides significant contribution to global economy. In addition, the drop of crude oil price may impact the transparency and integrity of their financial statement [16]. Those were the reasons why mining companies used as population in this research. Among 41 mining companies listed in the Indonesia Stock Exchange during 2014-2017, 13 companies fulfilled the criteria to be chosen as research sample.

C. Data Analysis

Multiple regressions analysis was used to test the hypotheses of this research. There were two multiple regressions that were set. Equation (1) used to test hypothesis 1 to hypothesis 4 regarding the factors having association with IFRS disclosure. The predicted values of IFRS disclosure that were determined from (1) will be used as the determinant of stock turnover (liquidity) in (2).

$$\text{Disc} = \alpha + \beta_1 \text{AudComm} + \beta_2 \text{BoardComms} + \beta_3 \text{InstOwn} + \beta_4 \text{AudQual} \quad (1)$$

while:

Disc : IFRS disclosure
AudComm : Audit committee
BoardComms : Board of commissioners
InstOwn : Institutional Ownership
AudQual : Audit quality

$$\text{Turnover} = \alpha + \beta_1 \text{PredDisc} + \beta_2 \text{Forrown} + \beta_3 \text{Big} + \beta_4 \text{CompVal} + \beta_5 \text{Lev} \quad (2)$$

while:

Turnover : Stock liquidity
PredDisc : Prediction value of IFRS disclosure
Forrown : Foreign Ownership
ComVal : Company value
Lev : Leverage

The *t*-test was used to test whether the hypothesis was accepted or rejected. The hypothesis is accepted if the value of significance is less than the values of alpha 0.05 [58].

IV. RESULTS

A. Descriptive Statistics

Table 2 provides information regarding the result of descriptive for each variable. It can be seen from Table 2 that the mean of IFRS disclosure is 86%. This means that the average mining companies did not meet the criteria 100% IFRS disclosure asked by Bapepam-Lk. In addition, table 2 gives information that there were many companies whose audit committee has never held any formal meetings. Table 2 also shows that there were many companies having no independent commissioners. This indicates that corporate governance mechanism in the mining company need to be improved.

TABLE II. THE RESULT OF DESCRIPTIVE FOR EACH VARIABLE

Variable	N	Min	Max	Mean	Dev. Std
IFRS disclosure	52	0.790	0.960	0.860	0.044
Audit Committee	52	0.000	19.000	7.365	3.619
Board of Commissioners	52	0.000	0.667	0.392	0.126
Institutional Ownership	52	0.000	0.714	0.211	0.267
Audit quality	52	0.000	1.000	0.519	0.504
Stock Liquidity	52	0.000	0.006	0.002	0.002

B. Assumption Tests

The assumption tests were conducted to both multiple regression equations. The tests include normality,

heterocedasticity, linearity, autocorrelation, multicollinearity tests.

The first test is normality test. The test was conducted using Kolmogorov-Smirnov Test. It can be seen from table 3 that the normality assumption for the two regression models were met since each significance value is higher than 0.05.

TABLE III. NORMALITY TEST

Unstandardized Residual	Asymp. Sig (2-tailed)
The 1st multiple regression model	0.258
The 2nd multiple regression model	0.386

The second test is heterocedasticity test. The test was conducted using Scatterplot. Figure 1 and 2 provide information that there were no heterocedasticity for the 1st multiple regression model as well as the 2nd multiple regression model.

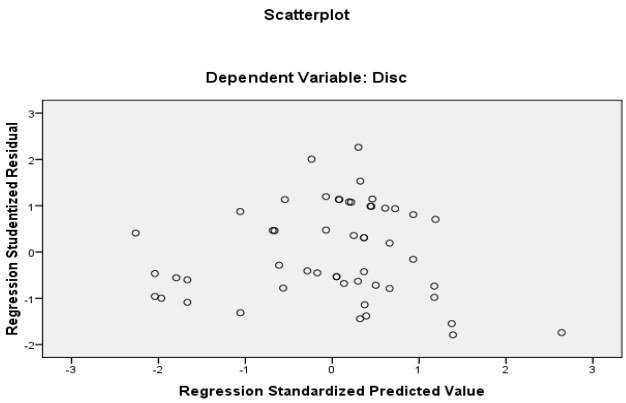

Fig. 1. Scatterplot for the 1st multiple reggression model.

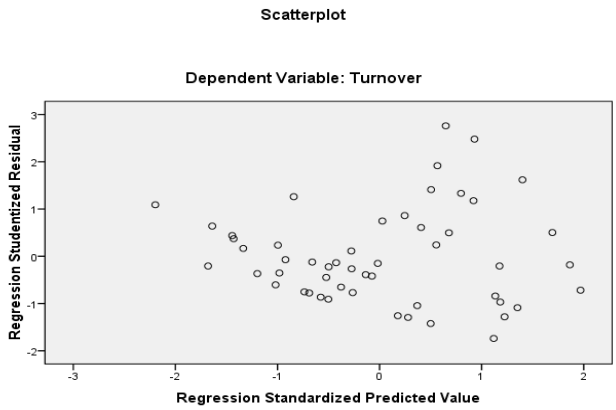

Fig. 2. Scatterplot for the 2st multiple reggression model.

The third test is linearity test. Table 4 informs that the relationship between independent and dependent variables for both the 1st and the 2nd multiple regression models are linear. The linearity is met if the value of linearity is less than 0.05 or the value of linearity deviation is higher than 0.05

The fourth test is autocorrelation test that was conducted using Durbin-Watson test. Table 5 informs that there was no autocorrelation for 1st multiple regression model as well as 2nd multiple regression model since the Durbin-Watson value for each model is less than 2.

TABLE IV. LINEARITY TEST

Variable Relation	Result
Audit committee – IFRS disclosure	Linearity Dev. = 0.120
Board of commissioners – IFRS disclosure	Linearity Dev. = 0.406
Institutional ownership – IFRS disclosure	Linearity Dev. = 0.348
Audit quality – IFRS disclosure	Linearity Dev. = 0.380
Predicted IFRS disclosure – stock liquidity	Linearity = 0.000
Foreign ownership – stock liquidity	Linearity = 0.004
Largest stockholder – stock liquidity	Linearity = 0.009
Company value – stock liquidity	Linearity = 0.025
Leverage – stock liquidity	Linearity = 0.000

TABLE V. AUTOCORRELATION TEST

Multiple Regression Model	Durbin-Watson Value
The 1st multiple regression model	1.089
The 2nd multiple regression model	1.130

The last test is multicollinearity test. Table 6 shows that there were no mulicollinearity between independent variables because the tolerance value is higher than 0.10 and the VIF value is less than 10.

TABLE VI. MULTICOLLINEARITY TEST

Variable	VIF	Tolerance
Audit committee	1.188	0.842
Board of commissioners	1.052	0.951
Institutional ownership	1.216	0.823
Audit quality	1.080	0.926
Predicted IFRS disclosure	1.360	0.735
Foreign ownership	1.190	0.840
Largest stockholder	1.321	0.757
Company value	1.435	0.697
Leverage	1.195	0.837

C. *Multiple Regression Analysis*

The 1st multiple regression model was used to test whether audit committee, board of commisioners, institutional ownership, and audit quality individually have a positive association with IFRS disclosure.

TABLE VII. RESULT OF 1ST MULTIPLE REGRESSION

Variable	Coeff.	Beta	Sig.	Explanation
Constant	0.885			
Audit committee	0.004	0.323	0.034	Significant
Board of commissioners	0.029	0.081	0.562	Not Significant
Institutional ownership	0.004	0.026	0.862	Not Significant
Audit quality	-0.001	-0.014	0.332	Not Significant
α	0.05			
R	0.362			
R^2	0.131			

Table 7 presents the result of data processing for the 1st regression model. The model that can be set is as follow:

$$Disc = 0.885 + 0.004\ AuditComm + 0.029\ BoardComms + 0.004\ InstOwn - 0.001AudQual$$

Table 7 reveals that the coefficient of audit committee variable is 0.004 indicating that there is a positive relationship between audit committee and IFRS disclosure. In addition, beta value for the audit committee variable is 0.323 indicating that 32.3% variation in companies' IFRS disclosure is explained by the variation in the companies' audit committee. The effect is significant since its significance value is 0.034 < 0.05. Therefore, H_1 is accepted indicating a positive and significant association between audit committee and IFRS disclosure. The more frequent the formal meetings are held by

the audit committee, the higher level of IFRS information will be disclosed. The result is consistent with a prior study which finds a positive and significant association between audit committee and IFRS disclosure [39].

Table 7 informs that the coefficient of board of commissioners variable is 0.029 indicating that there is a positive relationship between board of commisioners and IFRS disclosure. In addition, beta value for the board of commisioners variable is 0.081 indicating that 8.1% variation in companies' IFRS disclosure is explained by the variation in the companies' board of commisioners. However, the effect is not significant since its significance value is 0.562 > 0.05. Therefore, H_2 is not accepted indicating there is no association between board of commisioners and IFRS disclosure. Even tough the result does not support the hypothesis developed in this research, the result is consistent with previous studies. The previous studies have a result that there the association between independent board of commissioners and the level of disclosure is not significant [20,59]. The existence of independent of board commisiners just to fulfill the regulation set by government. Their role is not really significant to oversight directors in preparing financial performance. This have often occurred for the companies whose number of independent commisioners is less than the number of insider commissioner.

Table 7 presents that the coefficient of institusional ownership variable is 0.004 indicating that there is a positive relationship between institutional ownership and IFRS disclosure. In addition, beta value for the institutional ownership variable is 0.026 indicating that 2.6% variation in companies' IFRS disclosure is explained by the variation in the companies' institutional ownership. However, the effect is not significant since its significance value is 0.862 > 0.05. Therefore, H_3 is not accepted indicating there is no association between institutional ownership and IFRS disclosure. Even tough the result does not support the hypothesis developed in this research, the result is consistent with a prior study. Prior research finds insignificant association between institutional ownership and the level of disclosure [59]. According to the accountability perspective, the institutional investors have the same position and the same right to have complete information as other stakeholders [59].

Table 7 presents that the coefficient of audit quality variable is -0.001 indicating that there is a negative relationship between audit quality and IFRS disclosure. In addition, beta value for the institutional ownership variable is -0.014 indicating that 1.4% variation in companies' IFRS disclosure is explained by the variation in the companies' audit quality. However, the effect is not significant since its significance value is 0.332 > 0.05. Therefore, H_4 is not accepted indicating there is no association between audit quality and IFRS disclosure. Even tough the result does not support the hypothesis developed in this research, the result is consistent with a number of studies [20,59]. The information needed by the investor consists of financial as well as non financial information. The auditors were expected to provide assurance whether companies provided that information. This can be done by running CGA audit. The scope of CGA audit is broaden than financial and operational audit, so it would be more comprehensive and costlier to be conducted by accounting firm even the accounting firm is affiliated with the Big Four.

The 2nd multiple regression model was used to test whether predicted value of IFRS disclosure and other control variables individually have a positive association with stock liquidity.

TABLE VIII. RESULT OF 2ST MULTIPLE REGRESSION

Variable	Coeff.	Beta	Sig.	Explanation
Constant	-0.034			
Predicted IFRS disclosure	0.032	0.332	0.032	Significant
Foreign ownership	-0.002	-0.244	0.089	Not Significant
Largest stockholder	-0.001	-0.130	0.387	Not Significant
Company value	0.000	0.251	0.112	Not Significant
Leverage	0.000	-0.167	0.243	Not Significant
α	0.05			
R	0.484			
R^2	0.234			

Table 8 presents the result of data processing for the 2nd regression model. The model that can be set is as follow:

$$\text{Turnover} = -0.034 + 0.032\ \text{PredDisc} - 0.002\ \text{Forrown} - 0.001\ \text{Big} + 0.0\ \text{CompVal} + 0.000\ \text{Lev}$$

Table 8 reveals that the coefficient of predicted IFRS disclosure variable is 0.032 indicating that there is a positive relationship between predicted IFRS disclosure and stock liquidity. In addition, beta value for the predicted IFRS disclosure variable is 0.332 indicating that 33.2% variation in companies' stock liquidity is explained by the variation in the companies' predicted IFRS disclosure. The effect is significant since its significance value is 0.032 < 0.05. Therefore, H_5 is accepted indicating a positive and significant association between predicted IFRS disclosure and stock liquidity. The more IFRS information disclosed by management, the more liquid the stocks of the company. The result is consistent with a prior research finding a positive and significant association between audit committee and IFRS disclosure [3]. While predicted IFRS positively and significantly affect stock liquidity, other control variables do not have any impact on stock liquidity since each significance is higher than 0.05.

V. CONCLUSION

Based on the research results, it can be concluded that the audit company measured by a number of formal meetings held by audit committee in a year have a positive and significant association with IFRS disclosure. In addition, the predicted

IFRS disclosure has a positive and significant association with stock liquidity measured by stock turnover. The results imply that audit committee is necessary to hold regular formal meetings. There will be some discussions among the members to oversight the number of disclosure provided by management. The meetings can also be held with internal auditors to get more information regarding the process of preparing financial statement. By doing this, the level of disclosure increases and has significant impact on the demand of company stock.

There were some limitations identified in this research. The first limitation is that the number of sample used in this research was 13 companies. There is a possibility that the results do not reflect the real condition in mining companies. It is advisable to increase the number of sample and to lengthen the research period. Another limitation relates to the subjectivity involved in the determining whether an item is disclosed or not. Therefore, it is necessary to discuss with professional to limit subjectivity.

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