

ABSTRACT

This research aims to test and analyze the influence of the board of commissioners' political connections, the audit committee's industrial expertise, and the audit committee's accounting and financial expertise on the value relevance of accounting information. The differences in empirical evidence from previous research regarding the relationship between the characteristics of corporate governance mechanisms and the value relevance of accounting information is the reason for conducting this study. The population in this research is public companies in the manufacturing sector listed on the Indonesia Stock Exchange in the period 2012 to 2021. Sample selection using the purposive sampling method obtained a sample size of 1,234 company—year observations. Hypothesis testing was carried out using multiple linear regression statistical tests for panel data with a fixed effects model approach. Data processing in this research used the STATA 17.0 application. The research results prove that the political connections of the board of commissioners have no effect on the value relevance of accounting information. The audit committee's industry expertise was found to influence the value relevance of accounting information. An audit committee with industry expertise can support oversight activities on accounting issues specific to the complexity of the company's industry. Specific supervision can provide assurance that the financial reporting process is fair in presenting quality accounting information. This research also shows that the audit committee's accounting and financial expertise influences the value relevance of accounting information. The audit committee's accounting and financial expertise can support the process of monitoring the company's financial reporting activities to ensure the presentation of quality accounting information.

Keywords: value relevance of accounting information, board of commissioners, audit committee, political connections, industry expertise, accounting and financial expertise.