Audit Committee Characteristics and Risk Management: Moderated by Family Business

Edelyn Hermili[1*]; Ricky Ricky[2]
[1,2] Faculty of Economics and Business
[1,2]Universitas Widya Dharma Pontianak
Jl. Hos Cokroaminoto No.445, Darat Sekip, Kec. Pontianak Kota, Pontianak, West Kalimantan, Indonesia, 78243
[1*]edelynlee21@gmail.com; [2]ricky@widyadharma.ac.id

Corresponding Author

Abstract— **Risk management is a crucial aspect of implementing corporate governance for all companies. It can be used as a solution for managing the company's uncertainty and preventing risks that could result in losses. Meanwhile, the audit committee is responsible for assessing how risk management is put into practice and the impact of family business within the company. This study seeks to examine how audit committee characteristics relate to risk management, with family business as a moderating factor. This study utilizes secondary data extracted form the annual reports of technology companies listed on the Indonesia Stock Exchange (IDX) from 2021 to 2023 with the total sample consists of 50 selected through purposive sampling. The study employed multiple linear regression analysis of the Moderated Regression Analysis (MRA) model using SPSS 26 statistical software. The final results indicate that audit committee characteristics do not significantly impact risk management, but family business is able to moderate the audit committee, as measured by the number of independent audit committee members on risk management. This study may produce even more interesting findings if the research data uses technology sector companies from other Asia-Pacific regions or uses different sector companies and different research timeframes.**

Keywords— Audit Committee; Family Business; Risk Management

I. INTRODUCTION

The technology sector is one of the sectors that has been a major driver of innovation and economic growth around the world, especially in the Asia-Pacific region. Along with the development of technology, the technology sector is growing rapidly and has a significant positive impact in various aspects of life, especially in the economic aspect. The development of technology sector companies listed on the Indonesia Stock Exchange (IDX) is also growing rapidly due to high growth in a short period of time. However, company directors remain aware of the importance of risk sources and uncertainties. The heightened focus on risk management in recent years can be attributed to numerous corporate calamities and unforeseen business collapses (Walker et al., 2002).

According to Article 1 of Regulation No. 5/8/PBI/2003 of the Indonesian Central Bank, risk management refers to the set of procedures and methods utilized to identify, measure, monitor and manage risks that arise from business activities. Effective risk management is essential for company management to ensure its successful implementation and to safeguard the organization against potential risks. The aim of risk management is to enhance the performance of an organization or company. Management is responsible for establishing and operating a risk management framework. An effective risk management system is a corporate strength that helps achieve the organization's business objectives but also enhances the quality of financial reporting, thereby safeguarding the organization's reputation (Subramaniam et al., 2009). Risk management is expected to detect the maximum losses that may occur in the future. Risk management is needed along with the increasing complexity of the external environment and other changes that can affect company activities. Risk management starts from management awareness realizing that risk must exist in an organization. The implementation of good risk management must ensure that the organization is able to adequately address the risks that affect it (Asir et al., 2023).

Risk management has become a key issue for the audit committee, finance deparment, and board of commissioners. The audit committee's involvement in risk management is increasing, there are concerns regarding the strength of audit committee on the efficiency of risk management. The audit committee serves as an essential element of the corporate governance structure that contributes to the supervision and monitoring of corporate governance (Faradea & Suwarno, 2022). According to the principles of agency theory proposed by Jensen and Meckling (1976), audit committee can influence the risk disclosure practices of a company because the existence and performance of an effective audit committee can assist the board in its supervisory role, especially in ensuring that the financial statements are accurately prepared in accordance with generally accepted accounting principles. The audit committee possesses several characteristics, such as its size, independence, and expertise.

Audit committee size refers to the number of members serving on the audit committee. Audit committee size is regulated by Regulation No. 55/POJK.04/2015 of the Financial Services Authority (OJK) on the guidelines for the establishment and implementation of the audit committee. The audit committee is supposed to have a minimum of three members, with the chairperson being an independent officer of the company and two external individuals who are independent of the company and have a background in accounting and finance. According to Nuresa & Hadiprajitno (2013), the audit committee's effectiveness generally rises with its size, as a larger committee typically has more resources to address company issues. A higher count of members on the audit committee is expected to enhance their ability to optimal supervision so that the financial statements can present actual information. According to agency theory (Jensen & Meckling, 1976), management owes a fiduciary duty to the owners to ensure good financial performance and may act opportunistically to manipulate profits if financial performance declines. Increased supervision by a larger audit committee can reduce information asymmetry (Cormier et al., 2010). Moreover, a larger audit committee size leads to increased supervision, which is associated with lower earnings management by managers. A higher count of audit committee members in the company can reduce earnings management, thus indicating that audit committee size affects profit management. A study conducted by Endrawes et al. (2020) shows that audit committee size has a positively influences audit disclosure. Therefore, the proposed hypothesis is as below:

H_1: There is a positive relationship between audit committee size and risk management.

Audit committee independence refers to the count of non-executive members on the committee. The Regulations of Indonesia Stock Exchange (IDX) and the Corporate Governance Guidelines on Formation of an Effective Audit Committee state that the audit committee must include at least one independent member and at least two non-executive members. The requirements for audit committee members must be from outside the company, not involved in the day-to-day management responsibilities, and have the experience necessary to effectively perform their oversight functions. The existence of audit committee independence aims to uphold integrity and maintain an objective perspective in the preparation of the committee's report and recommendations. This is because independent individuals are generally perceived as being more fair, impartial and objective when addressing certain issues (FCGI, 2002). As an outside director, audit committee independent can be viewed as a means of enhancing the reputation of board as an expert in decision-making control (Fama & Jensen, 1983). Audit committee activities may enhance the reputation of directors, but may also hurt the reputation, especially in the event of financial misstatements. According to research conducted by Alderman & Jollineau (2020); Afenya et al. (2022) show that audit committee independence contributes positively to audit results. However, studies conducted by Habib et al. (2022); Mardessi (2021) show that audit committee independence has a negative influence on profit management. Generally, independent audit committee members offer impartial opinion in committee decisions and achieve an effective financial monitoring process (Rahman et al., 2023). Based on Sardari et al. (2021), audit committee independence tends to mitigate the extent to which company experiences improvements in its development orientation. There is a concern that the disruption of audit committee independence can potentially hamper the growth prospects of related companies. This occurs because internal auditors and managers may prioritize fulfilling the requirements of committee members, thus diverting attention from the company's core activities. Therefore, the proposed hypothesis is as below:

H_2: There is a negative relationship between audit committee independence and risk management.

Audit committee expertise refers to the count of audit committee members who possess financial and accounting competence, which includes qualifications and experience in finance and accounting, based on their biographical information. According to Wilbanks et al. (2017), audit committee members with professional backgrounds as company controllers tend to be more actively involved in risk assessment related to financial reporting fraud and management supervision. Audit committee expertise is recognized as an individual principal on the audit committee who has a higher level of responsibility in the financial reporting process and possesses enhanced knowledge and understanding of financial matters and reporting issues. Tandean & Winnie (2016) state that audit committee members in public companies should include finance and accounting professionals, which means audit committee has an important role in overseeing the financial reports, internal control, and risk management. The audit committee's role in corporate governance includes ensuring the company complies with pertinent laws and regulations in the domain of finance and accounting. Thus, audit committee expertise is positively associated with risk management. Therefore, the proposed hypothesis is as below:

H_3: There is a positive relationship between audit committee expertise and risk management.

Meanwhile, in family firms, there is usually a close relationship between family members and managers. This close relationship causes managers to manage profits to meet the long-term goals or expectations of family members and sacrifice the wealth of minority shareholders (Adiguzel, 2013). Family business is a company that is controlled and managed by family members and ownership of the company will be passed on to their descendants (Pukthuanthong et al., 2013; Beuren et al., 2016). Family companies can also be defined as companies whose ownership structure is concentrated in family members, where the family in addition to being the owner and being part of the company's management, also has an interest in participating in decision making regarding company policy (Shyu, 2011). Companies with family ownership can be identified from two aspects. First, the founder and/or family members of the founder own at least 20 percent of the shares and are the highest shareholders in the company. Second, one of the family members serves as CEO or holds a chairman position on the company board of directors (Pukthuanthong et al., 2013; Beuren et al., 2016). A company can be categorized as family ownership even if it only meets one of these aspects. In other words, if both aspects are not met, then a company can be categorized as a non-family company. Family members holding important positions in the company results in ineffective monitoring, which can provide opportunities for family members to seek personal gain and expropriate wealth from minority shareholders (Jara & Lopez, 2011; Adiguzel, 2013; Isakov & Weisskopf, 2014; Cheng, 2014).

Regarding audit committee size, no research has tried to examine empirically the moderating role of family business on this relationship. Given the limiten existing literature on family business moderation, this study anticipates a positive effect of family businesses on risk management through the optimal size of the audit committee. Meanwhile, family business is expected to have a negative influence on the relationship of audit committee independence. This occurs due to family members' interference in company management that leads to decision-making. There are several cases of active involvement in company management, i.e. the agency costs of family firms are estimated to be relatively lower than the agency costs of diversified ownership firms run by hired professional managers (Parsons, 1986; Becker, 1974). Family owners might perceive the expense of a high-quality audit as excessive and unproductive. Audit committee independence may lead it to monitor more closely the integrity of financial controls and the accuracy of financial statements. Additionally, researcher Siam et al. (2018) identified a positive interaction between audit committee expertise and family business on profit management. Increasing the proportion of audit committee members with financial expertise to limit profit management tends to have no effect in the case of family-controlled firms. It is evident that firms with concentrated family business are less likely to engage in resourceful business management as they aim to maintain the family reputation and pass on the business to the next generation (Ali et al., 2007; Haji-Abdullah & Wan-Hussin, 2015). In other words, family firms are expected to have a high incentive to report higher earnings quality. This is in line with the idea that family firms reduce agency problems to maximize the long-term wealth of firms to protect the family name and reputation. To limit earnings management, it is less likely to have an effect in the case of family-controlled companies (Alani & Makhlouf, 2023). Both audit committee independence and expertise can affect the effectiveness of the profit management practiced by the family owners. As profit management results in higher reported profits, heightened vigilance from independent audit committee members and those with expertise will mitigate this behavior.

Nonetheless, the relative emphasis that family firms place on non-economic objectives also suggests that audit committee independence and audit committee expertise are less successful in family firms. Internal directors and financial professionals may adopt a more contextually nuanced perspective in the performance of their duties (Sundarasen et al., 2024). Therefore, the proposed hypothesis is as below:

H_4: Family business moderates audit committee size on risk management.

H_5: Family business moderates audit committee independence on risk management.

H_6: Family business moderates audit committee expertise on risk management.

These considerations motivate the author to examine whether audit committee characteristics have a relationship with risk management and whether family business influences the relationship between audit committee characteristics and risk management.

II. RESEARCH METHODS

This study uses associative research, which examines the audit committee characteristics on risk management with family business as a moderating variable. The methodological apporoach of this study is quantitative research. Data management involves documentary studies using secondary data, specifically annual reports of technology sector companies listed on the Indonesia Stock Exchange (IDX) from 2021 to 2023. These reports are accessed through the website www.idx.co.id.

The population used in this study is companies in the technology sector that are listed on the Indonesia Stock Exchange (IDX) from 2021 to 2023. The study utilizes a sample size of 50 samples. Sampling is conducted using the purposive sampling technique.

Table 1. List of Technology Sector Companies used for analysis

Name of Companies	Industries
AWAN (Era Digital Media Tbk)	Applications & Services
BUKA (Bukalapak.com Tbk)	Applications & Services
DIVA (Distribusi Voucher Nusantara Tbk)	Applications & Services
ELIT (Data Sinergitama Jaya Tbk)	IT Services & Consulting
EMTK (Elang Mahkota Teknologi Tbk)	Applications & Services
GOTO (GoTo Gojek Tokopedia Tbk)	Applications & Services
HDIT (Hensel Davest Indonesia Tbk)	Applications & Services
IOTF (Sumber Sinergi Makmur Tbk)	Electronic Equipment & Instruments
LUCK (Sentral Mitra Informatika Tbk)	Computer Hardware
MCAS (M Cash Integrasi Tbk)	Applications & Services
NFCX (NFC Indonesia Tbk)	Applications & Services
PTSN (Sat Nusapersada Tbk)	Networking Equipment
RUNS (Global Sukses Solusi Tbk)	Software
UVCR (Trimegah Karya Pratama Tbk)	Applications & Services
WGSH (Wira Global Solusi Tbk)	Software
WIFI (Solusi Sinergi Digital Tbk)	Applications & Services
ZYRX (Zyrexindo Mandiri Buana Tbk)	Computer Hardware

Source: https://www.idx.co.id/id (2024)

The research variable used in this study is risk management (Y) as the dependent variable, then audit committee size (X1), audit committee independence (X2), and audit committee expertise (X3) as independent variables, and family business (Z) as a moderating variable. The dependent variable, namely risk management, is measured using an index compiled by Horvey & Ankamah (2020); Supriyadi & Setyorini (2020) which consists of five components, i.e. disclosure of risk information, auditor type, risk management committee, risk monitoring committee, and information on internal auditor competency development. From these components, an index is then formed with a score of 1 if it meets and 0 if it does not meet. The results are then calculated and averaged to form a value ranging from 0-1, with a value close to 1 representing better risk management disclosure. The independent variables are audit committee size proxied by the number of company audit committee members, audit committee independence proxied by the number of independent audit committee members in the company, and audit committee expertise proxied by the number of audit committee members with a financial or accounting education background (Bawuah, 2024; Thomya & Ritsri, 2024). The moderating variable, namely family business, is measured by the ratio of family-owned shares to the total number of company shares outstanding (Anderson & Reeb, 2003; Madyan et al., 2019; Gaaya et al., 2017).

Table 2. Variable Description and Measurement

Variables	Variable Type	Measurement	References
Risk management (Y)	Dependent	The score of risk management standards met divided by the total criteria in the risk management standards collection.	Horvey & Ankamah (2020); Supriyadi & Setyorini (2020)

Variables	Variable Type	Measurement	References
Audit committee size (X1)	Independent	The number of company audit committee members.	Bawuah (2024)
Audit committee independence (X2)	Independent	The number of independent audit committee members in the company.	Bawuah (2024)
Audit committee expertise (X3)	Independent	The number of audit committee members with a financial or accounting education background.	Thomya & Ritsri (2024)
Family business (Z)	Moderator	The number of shares owned by the family divided by the number of outstanding shares of the company.	Anderson & Reeb (2003); Madyan et al. (2019); Gaaya et al. (2017)

In this study, the analysis technique includes descriptive analysis, classical assumption tests, and influence analysis through moderated regression analysis with 2 regression model equations that have been formulated as follows:

$$y = a + b1X1 + b2X2 + b3X3 + b4Z + e \quad (1)$$
$$y = a + b1X1 + b2X2 + b3X3 + b4Z + b5X1Z + b6X2Z + b7X3Z + e \quad (2)$$

The first equation regression model is conducted to analyze the influence between the audit committee on risk management. Meanwhile, the second equation regression model is conducted to analyze how family business interacts with the influence of the audit committee on risk management.

III. RESULT AND DISCUSSION

Before testing classical assumptions, it is necessary to do the descriptive analysis first. The following is appendix table 3 which displays the results of descriptive analysis of the variables in this study.

Table 3. Descriptive Statistics

Variables	N	Min.	Max.	Mean	Std. Dev.
Risk management (Y)	50	0.4	0.8	0.560	0.1565
Audit committee size (X1)	50	3	4	3.04	0.198
Audit committee independence (X2)	50	2	3	2.98	0.141
Audit committee expertise (X3)	50	1	2	1.28	0.454
Family business (Z)	50	0.0001	1.0000	0.2336	0.2757

Source: Output SPSS 26.0. (2024)

According to table 3, the risk management variable with a total data (N) of 50, has a minimum percentage of 40 percent, a maximum percentage of 80 percent, with an average percentage (mean) of 56 percent, and a standard deviation of 0.1565. The audit committee size variable with a total data (N) of 50, has a minimum number of members of 3 people, a maximum number of members of 4 people, with an average number of members (mean) of 3.04, and a standard deviation of 0.198. The audit committee independence variable with a total data (N) of 50, has a minimum number of members of 2 people, a maximum number of members of 3 people, with an average number of members (mean) of 2.98, and a standard deviation of 0.141. The audit committee expertise variable with a total data (N) of 50, has a minimum number of members of 1 person, a maximum number of members of 2 people, with an average number of members (mean) of 1.28, and a standard deviation of 0.454. And the family business variable with a total data (N) of 50, has a minimum percentage of 0.01 percent, a maximum percentage of 100 percent, with an average percentage (mean) of 23.36 percent, and a standard deviation of 0.2757.

After conducting the descriptive analysis, the next step involves testing classical assumptions, i.e. normality, autocorrelation, and heteroscedasticity tests. The following is appendix table 4 which displays the results of the normality test by testing the Kolmogorov Smirnov residuals.

Table 4. Result of Normality Test

		Unstandardized Residual
N		50
Normal Parameters	Mean	.0000000
	Std. Deviation	.08625919
Most Extreme Differences	Absolute	.097
	Positive	.097
	Negative	-.082
Test Statistic		.097
Asymp. Sig. (2-tailed)		.200

Source: Output SPSS 26.0. (2024)

According to table 4, the test produces a significance value of 0.200, which means that the research data is normally distributed because the significance value is greater than the significance level of 0.05.

The following is appendix table 5 which displays the results of the autocorrelation test by doing the Durbin Watson (dw) test.

Table 5. Result of Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.555	.308	.192	.09317	1.907

Source: Output SPSS 26.0. (2024)

According to table 5, the test produces a dw value of 1.907, which means that the research data does not have autocorrelation disorder because the dw value is between dU which is 1.8750 and (4-dU) 4-1.8750 = 2.125.

The following is appendix table 6 which displays the results of the heteroscedasticity test by doing the Glejser test.

Table 6. Result of Heteroscedasticity Test

Model	B	Std. Error	Beta	t	Sig.
(Constant)	.495	.440		1.126	.267
Audit committee size (X1)	-.335	.189	-.337	-1.772	.084
Audit committee independence (X2)	.179	.158	.215	1.131	.265
Audit committee expertise (X3)	-.128	.070	-.455	-1.821	.076
Family business (Z)	-.698	1.225	-3.920	-.570	.572
X1*Z	.159	.574	1.550	.277	.783
X2*Z	.060	.400	.581	.150	.882
X3*Z	.263	.153	1.647	1.722	.092

Source: Output SPSS 26.0. (2024)

According to table 6, the test produces a significance value for all variables that is greater than the 0.05 significance level, which means that the research data does not experience heteroscedasticity problems.

After testing classical assumptions, the next step is to analyze the effect with 2 equation regression models. The following is appendix table 7 which displays the results of the effect analysis with the first regression model.

Table 7. Results of Influence Analysis with the First Regression Model

Model	B	Std. Error	Beta	t	Sig.
(Constant)	1.411	.587		2.403	.020
Audit committee size (X1)	-.227	.262	-.116	-.864	.392
Audit committee independence (X2)	-.223	.223	-.136	-.998	.324
Audit committee expertise (X3)	.142	.074	.257	1.901	.064
Family business (Z)	-.131	.047	-.347	-2.766	.008

Source: Output SPSS 26.0. (2024)

According to table 7, the first regression model obtained the significance value of each variable X1, X2, and X3 on Y of 0.392, 0.324, and 0.064, so it can be concluded that there is no significant influence between the audit committee on risk management because the significance value of each independent variable is above 0.05. The first regression model equation is as follows:

$$y = 1.411 - 0.227X1 - 0.223X2 + 0.142X3 - 0.131Z + e \qquad (1)$$

The following is appendix table 8 displays the results of the effect analysis with the second regression model.

Table 8. Results of Influence Analysis with the Second Regression Model

Model	B	Std. Error	Beta	t	Sig.
(Constant)	2.443	.828		2.950	.005
Audit committee size (X1)	-.460	.356	-.235	-1.292	.203
Audit committee independence (X2)	-.637	.298	-.389	-2.138	.038
Audit committee expertise (X3)	.230	.132	.417	1.742	.089
Family business (Z)	-4.508	2.308	-12.868	-1.953	.058
X1*Z	1.101	1.081	5.456	1.019	.314
X2*Z	1.591	.753	7.844	2.112	.041
X3*Z	-.275	.288	-.875	-.956	.345

Source: Output SPSS 26.0. (2024)

According to table 8, the second regression model obtained an interactive significance value of X1 and Z of 0.314, an interactive significance value of X2 and Z of 0.041, and an interactive significance value of X3 and Z of 0.345, so it can be concluded that family business is able to moderate the audit committee proxied by the count of independent members on risk management. The second regression model equation is as follows:

$$y = 2.443 - 0.460X1 - 0.637X2 + 0.230X3 - 4.508Z + 1.101X1Z + 1.591X2Z - 0.275X3Z + e \qquad (2)$$

The following is appendix table 9 displays the results of the ANOVA test with the first regression model.

Table 9. Result of ANOVA Test with the First Regression Model

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	.106	4	.027	2.837	.035
Residual	.421	45	.009		
Total	.527	49			

Source: Output SPSS 26.0. (2024)

The following is appendix table 10 which displays the results of the coefficient of determination with the first regression model.

Table 10. Result of the Coefficient of Determination with the First Regression Model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.449	.201	.130	.09668

Source: Output SPSS 26.0. (2024)

According to tables 9 and 10, the test produces a significance value of 0.035 smaller than 0.05 and an F value of 2.837 greater than the F table (2-tailed) which is 2.32 obtained from the F table of significance 0.05 with N1 = 6 (number of variables - 1 = 7 - 1) and N2 = 43 (amount of data - number of variables = 50 - 7) The coefficient of determination (R^2) value is 0.130, so it can be concluded that there is a simultaneous influence between the audit committee on risk management by 13 percent.

The following is appendix table 11 which displays the results of the ANOVA test with the second regression model.

Table 11. Result of ANOVA Test with the Second Regression Model

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	.162	7	.023	2.667	.022
Residual	.365	42	.009		
Total	.527	49			

Source: Output SPSS 26.0. (2024)

The following is appendix table 12 which displays the results of the coefficient of determination with the second regression model.

Table 12. Result of the Coefficient of Determination with the Second Regression Model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.555	.308	.192	.09317

Source: Output SPSS 26.0. (2024)

According to tables 11 and 12, the test results in a significance value of 0.022 smaller than 0.05 and an F value of 2.667 greater than the F table (2-tailed) of 2.32, the coefficient of determination (R2) of 0.192, so it can be concluded that there is a moderating influence of family business simultaneously between the audit committee and risk management by 19.2 percent.

According to the research findings, the first regression model indicates that audit committee characteristics do not significantly influence risk management, as the significance value of each audit committee variable is above 0.05. The results test of the audit committee size is consistent with the research of Larastomo et al. (2016) and Agustia (2013) whom concluded that audit committee size has no impact on earnings management practices. Earnings management that arises does not consider the number of audit committee members owned by the company (Chi et al., 2015). Audit committee members are only those close to management, a large number of audit committee members does not necessarily optimize their oversight function. Thus, having a large number of audit committee members does not guarantee a reduction in earnings management. The results test of the audit committee independence aligned with the study conducted by Xie et al. (2003) which indicated no significant relationship between audit committee independence and profit management in a sample of 280 US companies. There is also another study by Zhang et al. (2007) states that audit committee independence is not related to the disclosure of internal control weaknesses. The auditor's focus on upholding the reputation for delivering high-quality audits may inhibit activities that could endanger independence, as revenue from each client is only a small fraction of the auditor's total income, additional research indicates that the providing non-audit services poses a threat to auditor independence. Research by Frankel et al. (2002) reveals that non-audit services are linked to higher levels of discretionary accruals and the attainment of specific revenue targets. The results of the audit committee expertise test aligned with the study conducted by Ojeka et al. (2015) which concluded that audit committee expertise does not have a significant impact on the quality of financial reporting in the Nigerian banking sector. Board members are selected from high-ranking retired military and civil servants which do not have knowledge of basic finance and business operations, not only people who have financial skills and expertise (Okpara, 2020). Adesiyan (2010) states that only one has access to information provided by CEO, so the need for an audit committee with financial expertise cannot be overemphasized. Apart from that, the problem of financial fraud can occur in companies that have financial expertise in the audit committee (DeFond et al., 2005).

Meanwhile, the second regression model indicates that family business does not moderate the influence of audit committee size and audit committee expertise on risk management. The test results contradict the research of Siam et al. (2018) who identified a positive interaction between audit committee expertise and family ownership on profit management. However, family business is able to moderate the influence of audit committee independence on risk management. The test results are consistent with Donnelley's (1988) research which found that within the company there is a family relationship which is one of the factors in determining management succession. Owners and management in family firms view a company as an asset that will be passed on by their descendants (Cheng, 2014). This becomes a high motivation to maintain the image and good name of the family, so that the family business as a moderating variable is proven to effectively moderate the influence of audit committee independence on risk management.

IV. CONCLUSION

According to the findings from multiple linear regression analysis to determine the relationship between audit committee characteristics and risk management, it can be concluded that audit committee characteristics have no impact on risk management as the significance value of each audit committee variable is above 0.05. Meanwhile, family business is unable to moderate the effects of audit committee size and audit committee expertise on risk management because the significance value of each variable is above 0.05. However, family business is able to moderate the influence of audit committee independence on risk management because the significance value of the variable is below 0.05.

This study utilizes data from technology sector companies listed on the Indonesia Stock Exchange (IDX) from 2021 to 2023, so it has limitations that can be a concern for future authors. This research may have different results if it uses companies in the technology sector in other Asia-Pacific regions or by using companies in different sectors and different research time spans, so that future research may obtain better findings regarding the correlation between audit committee characteristics and risk management, along with the role of family business as a moderating variable. In addition, future research may also produce more interesting findings if the research data used is primary data.

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