

Corporate Governance and Stock Return Volatility

Dian Mega Sari¹, Zaitul^{2*}

Universitas Bung Hatta, Padang, Indonesia
zaitul@bunghatta.ac.id

Submitted: 06th March 2024 | **Edited:** 28th April 2024 | **Issued:** 01st May 2024

Cited on: Sari, D. M., & Zaitul, Z. (2024). Corporate Governance and Stock Return Volatility. *AKADEMIK: Jurnal Mahasiswa Ekonomi & Bisnis*, 4(2), 904-919.

ABSTRACT

This research highlights the importance of corporate governance and helps investors and financial economists understand stock price behaviour after COVID-19. The study aims to find out the influence of the independent board of commissioners, and audit quality on the volatility of share returns in companies operating in the body care product sector and listed in the EIB in 2021-2022. In addition, this study also employs four control variables to avoid the model specification error. The population in this study is a company of body care products listed on the Indonesian Stock Exchange for the year 2021-202. The number of samples used is as many as eight companies in 2021-2022 based on purposive sampling methods that meet the sample selection criteria. The data analytical techniques used are descriptive statistical testing, classical assumption testing, and hypothetical testing using SPSS software version 25 and GRETL. The research results show that the independent board of commissioners and the audit quality influence share return volatility. As a sector directly related to daily consumer needs, the primary consumer goods sector tends to be highly responsive to changing trends and consumer preferences. It makes it interesting research subject to understand how the volatility of share returns in this sector reacts to external and internal factors.

Keywords: Board of Commissioner Independent, Audit Quality, Stock Return Volatility

INTRODUCTION

Stock return volatility is a fundamental concept in finance that characterizes the degree of variation in a stock's returns over a specific period. This volatility represents the dispersion of returns around the average return of a stock (Ahmed & Hla, 2018b). It is widely acknowledged that stock return volatility is not constant and fluctuates over time (Ang et al., 2006). This variability in stock return volatility can be attributed to market conditions, economic events, company-specific news, and investor sentiment (Rana, 2022). Stock return volatility is commonly utilized as an indicator of risk in investment analysis, as higher volatility indicates a greater potential for both gains and losses (Ahmed & Hla, 2018b). Numerous studies have explored the relationship between stock return volatility and financial metrics. For example, research has shown that size, book-to-market ratio, momentum, and liquidity do not entirely explain the low average returns observed in stocks with high exposure to systematic volatility risk or high

idiosyncratic volatility (Ang et al., 2006). This suggests complexities in the association between stock returns and volatility surpassing traditional financial metrics. Additionally, it has been highlighted that stock return volatility is frequently computed as the standard deviation of daily stock returns over a specific period, typically one year (Ahmed & Hla, 2018b).

The impact of stock return volatility on financial markets and investors has been a topic of interest. Studies have indicated that fluctuations in stock return volatility can influence investor behaviour and market dynamics. For instance, changes in stock market volatility can impact the overall market environment and investor confidence (Schwert, 1989). Understanding the dynamics of stock return volatility is crucial for investors to make well-informed decisions and effectively manage risks in their portfolios (Rana, 2020). Furthermore, the interplay between stock return volatility and other financial variables has been examined in the literature. Research has investigated how stock market return volatility interacts with socioeconomic factors such as interest rate volatility, foreign exchange rate volatility, and GDP per capita (Hossain & Abedin, 2017). These studies suggest that stock return volatility is influenced not only by market-specific factors but also by broader economic conditions and policy changes. In addition to its significance for investors, stock return volatility plays a vital role in financial modelling and forecasting. Stochastic volatility models capture the random volatility dynamics in stock returns (Pfante & Bertschinger, 2019). These models assist analysts and researchers in gaining a better understanding of the underlying processes steering stock return volatility and its implications for asset pricing and risk management. In conclusion, stock return volatility is a multifaceted concept influenced by various factors and holds a critical position in financial markets. Grasping the dynamics of stock return volatility is essential for investors, analysts, and policymakers to navigate the intricacies of the financial landscape and make informed decisions.

Stock return volatility is a crucial metric in the realm of finance and investment for various reasons. Firstly, it is essential for assessing risk in investment decisions. Higher volatility indicates greater uncertainty and risk associated with an investment, potentially impacting the returns (Ahmed & Hla, 2018b). Managing stock return volatility is crucial for investors to make informed decisions and construct portfolios aligned with their risk tolerance and investment goals. Furthermore, stock return volatility influences the cost of

capital for firms, affecting their investment decisions and capital structure choices (Ahmed & Hla, 2018b). Firms with higher stock return volatility may face increased capital costs, impacting their ability to raise funds and undertake profitable projects. Moreover, stock return volatility can affect global financial markets beyond individual firms and investors. Volatility transmission across different stock markets can significantly impact market dynamics and investor sentiment (Sari et al., 2017). Volatility in one market can spill over to others, influencing trading activities, asset prices, and overall market stability. Additionally, stock return volatility is intertwined with investor sentiment and market behaviour. Research has shown that investor sentiment can influence stock return volatility, highlighting the complex interplay between psychological factors and market dynamics (Sreenu & Naik, 2021). Understanding this relationship is crucial for predicting market trends and making informed investment decisions. In conclusion, stock return volatility is a critical aspect of financial markets that influences risk assessment, cost of capital, global market dynamics, investor sentiment, and market behaviour. By comprehending and analysing stock return volatility, investors, firms, and policymakers can navigate the complexities of financial markets and make sound investment decisions.

Stock return volatility in Indonesia is influenced by various factors such as the interdependence between Indonesia's and foreign stock markets, the impact of oil and gold price volatility during the Covid-19 pandemic, foreign ownership, and volatility spillover from other Asian developed stock markets. These factors contribute to the fluctuations in stock return volatility in Indonesia, highlighting the interconnectedness of the Indonesian stock market with global economic events and market dynamics. Understanding these issues is crucial for investors, policymakers, and market participants to navigate the complexities of the Indonesian stock market and make informed decisions. The degree of interdependence between Indonesia's and foreign stock markets increased substantially after the 2007 global financial crisis, as indicated by a drastic increase in the impact of stock return volatilities in the US and UK markets on the volatility of Indonesia's stock return (Sari et al., 2017). Foreign ownership also affects stock return volatility in Indonesia, with a larger stock owned by foreign investors leading to larger return volatility (Naufa & Lantara, 2018). Additionally, there is a strong relationship between the Indonesian stock market and the Singapore stock market, causing turmoil in

the Singapore stock market and affecting the volatility of returns (Panjaitan & Novel, 2021). Oil and gold price volatility during the COVID-19 pandemic also play a role in influencing stock returns in Indonesia (Marwanti & Robiyanto, 2021).

THEORY

Stock Return Volatility

Stock return volatility is a multifaceted phenomenon that has been extensively studied in the field of finance. One prominent theory used to explain stock return volatility is the stochastic volatility model, which suggests that stock returns are influenced by an unobserved process that captures the random dynamics of volatility (Pfante & Bertschinger, 2019). This model aids in understanding the underlying mechanisms governing stock return volatility and its implications for asset pricing and risk management. Moreover, research has shown that various financial variables, such as earnings quality measures, foreign ownership, and macroeconomic factors, can impact stock return volatility (Fonou-Dombeu et al., 2022; Niewińska, 2020). For example, studies have indicated that earnings smoothness can lead to increased idiosyncratic volatility, implying that companies with less smooth earnings may experience higher stock return volatility (Fonou-Dombeu et al., 2022). Investigations into the influence of investor sentiment on stock return volatility have revealed that during periods of heightened sentiment, there is a notable negative relationship between idiosyncratic volatility and expected stock returns. This suggests that sentiment traders may overvalue stocks with high idiosyncratic volatility, potentially resulting in lower future returns (N & BM, 2015). Furthermore, studies have explored the interconnectedness between stock returns and other financial markets, such as exchange rate movements. Research has demonstrated that stock return volatility can influence exchange rate volatility, highlighting the interdependence of different financial markets (Kanas, 2000).

Corporate Governance

Corporate governance refers to the processes that govern and direct firm managers to take decisions that are in line with the shareholders' goal of wealth maximization (Akbar, 2015). It defines ownership, outlines the distribution of economic returns among stakeholders, and sets the rules for corporate behaviour (Javed & Iqbal, 2006). Good corporate governance transmits favourable investment information to investors and

enlarges investment opportunities (Melnic & Juravle, 2020). Internal audit is not only a part of corporate governance but also evaluates and improves the effectiveness of corporate governance procedures (Ma, 2021). Directors are responsible for key oversight functions within corporate governance, including tasks such as CEO selection, termination, and compensation (Zaitul et al., 2018, 2019, 2020, 2022, 2023). Corporate governance is broadly defined as the means by which providers of finance to corporations ensure a return on their investments (Lahlou, 2018). It directs and controls business corporations (Musa et al., 2018), providing a framework for their management and direction (Madrahimovich & Mukhammadsidik, 2015). Effective corporate governance is essential for maintaining, increasing, and optimizing invested funds, particularly for firms with initial public offerings (Bezo & Dibra, 2021). Companies with higher-quality corporate governance mechanisms, including robust audit committee characteristics, tend to experience lower volatility in stock returns. Governance practices play a crucial role in stabilizing stock market performance and influencing stock return volatility. By ensuring sound governance practices, particularly in the composition and functioning of audit committees, firms can potentially reduce stock return volatility and enhance market stability.

Board size and stock return volatility is a critical aspect of corporate governance that impacts market dynamics. (Jorjani & Gerayli, 2018) utilized multiple regression models to demonstrate that companies with higher quality corporate governance, including aspects such as board and audit committee characteristics, experienced less volatility in stock returns. This suggests that the effectiveness and composition of the audit committee can play a significant role in mitigating stock return volatility. (Aloui & Jarboui, 2018) further delved into the relationship between corporate governance mechanisms and stock return volatility. Their study investigated how corporate governance practices influence stock return volatility, shedding light on the importance of governance structures in stabilizing stock market performance. By examining the effects of corporate governance on stock return volatility, this research contributes to understanding how governance practices, including audit committee size and effectiveness, can impact the stability and predictability of stock returns. In essence, these studies highlight the crucial role of audit committee characteristics within the broader spectrum of corporate governance in influencing stock return volatility.

Board of Commissioner Size

The relationship between board of commissioner size and stock return volatility is a topic of interest in the realm of corporate governance and financial performance analysis. Several studies have delved into this relationship, shedding light on the impact of board size on firm performance, profitability, and stock returns. (Guest, 2009) found a strong negative impact of board size on profitability, Tobin's Q, and share returns, suggesting that larger boards may not necessarily lead to better financial outcomes. This indicates that an excessively large board of commissioners may hinder decision-making processes and oversight functions, potentially contributing to increased stock return volatility. On the other hand, (Robiyanto & Susanto, 2020) conducted an analysis that initially found a positive effect of the board of commissioner size on stock price synchronicity. It suggests that a larger board size may enhance the synchronization of stock prices, which could potentially lead to higher stock return volatility due to increased market sensitivity and interconnectedness. However, the study also noted that factors such as the independence of board members and gender heterogeneity did not significantly affect stock price synchronicity, indicating that board size may play a more substantial role in influencing stock return volatility. Moreover, (Setiawan et al., 2020) highlighted that a large board of commissioners size can enhance the effectiveness and accuracy of supervision and recommendations made by commissioners, ultimately improving corporate performance.

While this may suggest a positive impact of board size on firm performance, it is essential to consider that increased supervision and recommendations could also lead to heightened scrutiny and potentially higher stock return volatility as market participants react to governance decisions and oversight activities. Contrastingly, (Malini et al., 2021) found a negative relationship between the size of the board of commissioners and the value of the company, indicating that a larger board size may not necessarily translate to better control and supervision of management, potentially contributing to increased stock return volatility. This highlights the nuanced nature of the relationship between board size, corporate governance effectiveness, and financial performance, emphasizing the need for a balanced and efficient board structure to mitigate stock return volatility. In conclusion, the size of the board of commissioners can have varying effects on stock

return volatility, with studies showcasing both positive and negative relationships with firm performance and financial outcomes.

Audit Quality

To investigate the relationship between audit quality and stock return volatility, several studies offer valuable insights into how audit-related factors can impact the volatility of stock returns. (Jorjani & Gerayli, 2018) suggest that stock return volatility tends to decrease as auditor tenure increases, leading to enhanced audit quality and reduced uncertainty in investment decisions. This indicates that a longer auditor tenure, characterized by a better understanding of business operations and reporting issues, can improve financial reporting quality and reduce stock return volatility. This finding highlights the significance of audit quality in mitigating uncertainty and stabilizing stock returns. Conversely, (Rompotis & Balios, 2023) discovered a negative relationship between audit quality and stock returns, contrary to the expected positive impact. This unexpected result suggests that the relationship between audit quality and stock return volatility may be more complex than initially assumed. While the study did not find the anticipated positive impact of audit quality on returns, it underscores the necessity for further research to comprehend the intricate dynamics between audit quality and stock return volatility. Furthermore, the study by (Pham et al., 2020) emphasizes that major audit firms, particularly the Big Four, are linked to higher audit quality compared to smaller audit firms. Shareholders tend to prefer Big Four firms due to their perceived competence and superior audit performance. This preference for Big Four firms reflects the market's confidence in their ability to deliver high-quality audits, potentially contributing to lower stock return volatility. The reputation and expertise of audit firms play a crucial role in enhancing market confidence and reducing uncertainty, thereby influencing stock return volatility.

Moreover, (Yoewono & Ariyanto, 2022) propose that audit quality, as a moderating variable, can affect the relationship between credit risk and stock return. It suggests that the quality of audits conducted can impact the association between credit risk and stock return volatility. By serving as a moderator, audit quality can potentially alleviate the effects of credit risk on stock return volatility, emphasizing the importance of robust audit practices in managing financial risks and market uncertainties. In conclusion, the relationship between audit quality and stock return volatility is intricate and multifaceted,

with studies presenting varying perspectives on how audit-related factors can affect the volatility of stock returns.

METHOD

The object of the study is the financial statements of companies operating in the body care products sector and registered in the EIB in 2021-2022. The data source is the company's annual financial reports, accessed through the official EIB web <https://www.idx.co.id/id> and the company's web directly. The criteria for sampling are body care sector companies listed on the Indonesian Stock Exchange for the period 2021-2022; body care industry companies that publish the annual financial report that has been audited for the 2021-2021 period; companies whose finances are in rupee currency; and companies that have relevant data according to the variable studied. The type of data used in this study is secondary data. This study used four control variable as well: price earnings ratio (Lutfi, 2016), leverage (Ardi, 2020; Masdupi et al., 2018), company size (Buer et al., 2020), and company liability (Aloui & Jarboui, 2018). Table 1 informs the measurement of research variables. The analytical techniques used in this study are descriptive statistics, multivariate regression analysis, classical assumption tests such as normality tests, multicollinearity tests, autocorrelation tests, heteroscedasticity tests, determination coefficients, F statistic, and t-tests (Gujarati, 1995). This study applies the multivariate regression as follows.

$$SRV = \alpha + \beta_1 BCS + \beta_2 KAP + \beta_3 PER + \beta_4 LEV + \beta_5 SIZE + \beta_6 TURN + \varepsilon$$

Where

SRV	= stock return volatility
BCS	= Board of commissioner size
KAP	= audit quality
PER	= price earning ratio
LEV	= company leverage
SIZE	= company size
TURN	= company liability
$\beta_1, \beta_2, \beta_3$	= coefficient regression
α	= constant
ε	= error

Table 1. Variable measurement

Variable	Measurement and references
Stock return volatility (SRV)	The standard deviation of annual stock returns measures SRV (Ahmed & Hla, 2018a; Aloui & Jarboui, 2018),
Board of Commissioner Size (BCS)	BCS is measured according to whether the firm appoints independent directors or by the ratio of independent directors (Sutrisno & Mohamad, 2019)
Audit quality (KAP)	KAP is measured by assigning one if the company is audited by a Big 4 audit firm (affiliated); otherwise, 0 (Rompotis & Balios, 2023; Zahid et al., 2022).
Price earning ratio (PER)	PER is measured by stock price to earnings per share (Lutfi, 2016)
Leverage (LEV)	LEV is measured by the ratio of total debt to asset (Ardi, 2020; Masdupi et al., 2018)
Company size (SIZE)	The company's total asset measures SIZE (Buer et al., 2020)
Company liability (TURN)	TURN is measured by the natural log of the total liabilities (Aloui & Jarboui, 2018)

Source : Research Data, 2023

RESULT

In this study, the researchers used measurements of the minimum value, maximum value, mean value, and deviation standard.

Table 2. Statistic descriptive

Variables	Min	Max	Mean	SD
SRV (index)	0.04	1.04	0.18	0.24
KAP (dummy)	0.00	1.00	0.63	0.50
IND (index)	0.33	0.83	0.42	0.16
SIZE (Rp. billion)	1.15	998	259.84	350
TURN (Rp. billion)	1.08	398	97.37	124.11
PER (index)	0.01	5.43	0.76	1.38
LEV (index)	0.21	0.78	0.45	0.18

Source : Research Data, 2023

The above descriptive statistical test table shows the existence of seven variables, namely KAP, SIZE, TURN, Board of Independent Commissioners, LEV, PER, and volatility of share return with the sum of each variable of 16 data obtained from the report. In this study, the researchers first conducted a classical assumption test, which included a normality test, a multicollinearity test, a heteroscedastic test, and an autocorrelation test. Based on data testing using SPSS version 25, the regression model is normally distributed as follows:

Tabel 3. Normality test

variabels	Skewness	SE	Sk/SE	Transformation	Sk/SE	Decision
KAP	-0.571	0.564	dummy	-		Dummy
SIZE	1.002	0.564	1.776	-		Normal

variabels	Skewness	SE	Sk/SE	Transformation	Sk/SE	Decision
TURN	1.337	0.564	2.37	-		Normal
IND	2.325	0.564	4.12	Ln	1.96	Normal
PER	2.865	0.564	5.078	Ln	0.72	Normal
LEV	0.622	0.564	1.102	-		Normal
SRV	3.282	0.564	5.816	Ln	1.86	Normal

Source : Research Data, 2023

The independent commissioner's board variables, PER and Volatility, obtained large skewness/standard error values of 4.120, 5.078 and 5.816 so that they were transformed and tested again; their values were counted, and the end was below 2.59 (0.51) so that it could be concluded that the variable was normal (Manning & Munro, 2004). Similarly, the results of other research variables can be seen in the table, and it can be inferred that all variables were normal.

Tabel 4. Regression result

Variable	Coefficient	Std. Error	VIF	t-stat	p-value
const	-9.332	1.258		-7.416	0.0001
KAP	0.848	0.319	3.842	2.658	0.029**
IND	-3.434	0.661	5.906	-5.195	0.001***
PER	-0.420	0.09	6.636	-4.674	0.002***
SIZE	-0.001	0.00	2.13	-1.396	0.200
TURN	0.00	0.001	2.272	0.275	0.790
LEV	4.354	0.981	4.653	4.438	0.002***
R Square			0.928		
F Sig			0.001***		
Durbin-Watson			1.131		
white test			0.301		

Note: ** and *** indicates that significant at 5% and 1%

Source : Research Data, 2023

Table 4 above shows that a Durbin-Watson value of 1,131 is in the range of +2 to -2, so it is concluded that there is no autocorrelation problem. The result of the multicollinearity test is seen from the VIF value < 10 , indicating that the variable used is multicollinearity-free. On a white test score of $0.301 > 0.05$, there is no problem with heteroscedasticity. The R square value of 0.928 indicates that at 92.8%, there is a strong correlation between the variables of the Independent Board of Commissioners, the Office of Public Accounts, PER, SIZE, LEV, and TURN towards the volatility of share returns and 7.2% influenced by variables not investigated in this study. The F-test results show that the overall regression model is significant, meaning that a combination of independent variables has an important relationship with dependent variables. Based on the results of the substantial value in the table above, the value of the Public Accounts

Office (PAC) variable is $0.029 < 0.05$, which means there is an influence of the public accounting office variable with the volatility of the share return. Then, the independent commissioner's board variable (IND) is $0.01 < 0.05$, which means that the independent board commissioner's variable affects the stock return volatility. The results of this study are consistent with the survey carried out by (Aloui & Jarboui, 2018), which states that the independent committee and public accountant's office influence the Volatility Return of stocks. After statistical testing of the control variable, PER obtained a result of $0.002 < 0.05$. The conclusion is that the PER as a controlling variable influences the volatility of the return of the stock. The corporate size control variables (SIZE) obtain the result of $0.200 < 0.05$. The conclusion was that the company's size as a control variable does not influence the volatility of the share return. The TURN controlled variable obtains an outcome of $0.790 < 0.05$.

DISCUSSION

Board of Commissioner Size and stock price volatility.

The impact of board size on stock return volatility has been a subject of interest in academic research. (Guest, 2009) discovered a strong negative impact of board size on profitability, Tobin's Q, and share returns. Other authors further supported this by revealing that board size has a statistically and economically significant negative effect on stock return volatility (Chaudhary, 2020). Additionally, (Suhendra & Wardani, 2013) found that the size of Board Commissioners negatively influences earnings management, indicating a trend where larger boards may struggle to manage financial aspects effectively. In contrast to the negative impact of board size on stock return volatility, (Setiawan et al., 2020) highlighted that while the board of commissioners' size may positively influence performance, this effect can be weakened by a high concentration of ownership in a company.

Furthermore, (Nawawi et al., 2020) emphasized the importance of good corporate governance mechanisms, including the size of the commissioner board, in mediating stock performance. The relationship between board size and financial performance has shown varying results. In brief, the influence of board of commissioner size on stock return volatility is a complex phenomenon influenced by various factors within the realm of corporate governance. While some studies demonstrate a clear negative impact of

larger boards on financial performance and volatility, others suggest a more nuanced relationship where the effects of board size are moderated by other governance mechanisms and ownership structures. Understanding these dynamics is crucial for companies seeking to optimize their governance practices and enhance their overall performance in the market.

Audit committee size and stock price volatility.

The relationship between audit committee size and stock return volatility is multifaceted and influenced by various corporate governance factors. (Al-Matari, 2019) found a significant negative relationship between audit committee size and firm performance. This suggests that as the size of the audit committee increases, there may be a corresponding decrease in firm performance, potentially impacting stock return volatility. Additionally, (Aloui & Jarboui, 2018) state that certain control variables, including firm size and return on assets, can significantly affect stock return volatility.

As a governance factor, this implies that audit committee size may interact with these control variables to influence stock return volatility. Furthermore, (Ogullah & Sylva, 2022) discovered a negative significant relationship between the size of the audit committee and earnings management practices. This finding suggests that a larger audit committee size may lead to more stringent oversight, potentially impacting the financial reporting quality, which in turn could affect stock return volatility. In essence, the size of the audit committee plays a crucial role in corporate governance structures, and its relationship with stock return volatility is intertwined with firm performance, earnings management, and other governance variables. A larger audit committee size may lead to enhanced oversight and potentially lower earnings management practices, which could contribute to more stable stock return volatility. However, the exact nature of this relationship is complex and may vary based on specific contextual factors within each organization.

CONCLUSION

From the study results, it can be concluded that the Independent Board of Commissioners, the Office of Public Accounts, significantly influences the company's share return volatility. The PER and LEV control variables influence the volatility of stock returns, while the SIZE and TURN control variables do not influence stock return

volatilities. Research implicates both theory and practice. In theory, this research contributes to the theory of resources dependent theory. In practice, the results of this research can be used by corporate stakeholders, especially primary consumer goods companies, who believe that the experience of the board of commissioners is crucial in building the efficiency and performance of the company. Further researchers should add samples and sharpen questions about the variables studied to obtain the most comprehensive results. It would be better to extend the sample outside the primary consumer goods companies registered in the EIB and use more recent years of research to find results that differ from this study and are more accurate.

REFERENCES

- Ahmed, Z., & Hla, D. T. (2018a). Stock Return Volatility and Capital Structure Measures of Nonfinancial Firms in a Dynamic Panel Model: Evidence From Pakistan. *International Journal of Finance & Economics*, 24(1), 604–628. <https://doi.org/10.1002/ijfe.1682>
- Ahmed, Z., & Hla, D. T. (2018b). Stock Return Volatility and Capital Structure Measures of Nonfinancial Firms in a Dynamic Panel Model: Evidence From Pakistan. *International Journal of Finance & Economics*, 24(1), 604–628. <https://doi.org/10.1002/ijfe.1682>
- Akbar, A. (2015). The Role of Corporate Governance Mechanism in Optimizing Firm Performance: A Conceptual Model for Corporate Sector of Pakistan. *Journal of Asian Business Strategy*, 5(6), 109–115. <https://doi.org/10.18488/journal.1006/2015.5.6/1006.6.109.115>
- Al-Matari, E. M. (2019). Do characteristics of the board of directors and top executives have an effect on corporate performance among the financial sector? Evidence using stock. *Corporate Governance (Bingley)*, 20(1). <https://doi.org/10.1108/CG-11-2018-0358>
- Aloui, M., & Jarboui, A. (2018). The Effects of Corporate Governance on the Stock Return Volatility. *International Journal of Law and Management*, 60(2), 478–495. <https://doi.org/10.1108/ijlma-01-2017-0010>
- Ardi, J. W. (2020). The Effect of Profitability, Leverage, and Size on Environmental Disclosure with the Proportion of Independent Commissioners as Moderating. *Accounting Analysis Journal*, 9(2), 123–130. <https://doi.org/10.15294/aa.v9i2.36473>
- Bezo, A., & Dibra, R. (2021). Corporate Governance, Accounting Standards in Albanian Companies. *Review of Economics and Finance*, 19, 386–394. <https://doi.org/10.55365/1923.X2021.19.40>
- Buer, S. V., Strandhagen, J. W., Semini, M., & Strandhagen, J. O. (2020). The digitalization of manufacturing: investigating the impact of production environment and company size. *Journal of Manufacturing Technology Management*, 0(247637). <https://doi.org/10.1108/JMTM-05-2019-0174>
- Chaudhary, P. (2020). Impact of Board Structure, Board Activities and Institutional Investors on the Firm Risk: Evidence From India. *Managerial Finance*, 47(4), 506–

524. <https://doi.org/10.1108/mf-05-2020-0281>
- Fonou-Dombeu, N. C., Mbonigaba, J., Olarewaju, O. M., & Nomlala, B. (2022). Earnings Quality Measures and Stock Return Volatility in South Africa. *Future Business Journal*, 8(1). <https://doi.org/10.1186/s43093-022-00115-x>
- Guest, P. M. (2009). The Impact of Board Size on Firm Performance: Evidence From the UK. *European Journal of Finance*, 15(4), 385–404. <https://doi.org/10.1080/13518470802466121>
- Gujarati, D. (1995). *Basic Econometric*. McGraw-Hill.
- Hossain, M. S., & Abedin, M. T. (2017). Socio-Economy and Stock Market Volatility. *Journal of Economic & Financial Studies*, 5(04), 1. <https://doi.org/10.18533/jefs.v5i04.292>
- Javed, A. Y., & Iqbal, R. (2006). Corporate Governance and Firm Performance: Evidence From Karachi Stock Exchange. *The Pakistan Development Review*, 45(4II), 947–964. <https://doi.org/10.30541/v45i4iipp.947-964>
- Jorjani, M., & Gerayli, M. S. (2018). Auditor Tenure and Stock Price Volatility: The Moderating Role of Auditor Industry Specialization. *Australasian Accounting Business and Finance Journal*, 12(1), 65–76. <https://doi.org/10.14453/aabfj.v12i1.5>
- Kanas, A. (2000). Volatility Spillovers Between Stock Returns and Exchange Rate Changes: International Evidence. *Journal of Business Finance & Accounting*, 27(3–4), 447–467. <https://doi.org/10.1111/1468-5957.00320>
- Lahlou, I. (2018). *Corporate Board of Directors*. <https://doi.org/10.1007/978-3-030-05017-7>
- Lutfi, M. (2016). Corporate Governance Practices and External Auditors' Reporting Lag in Nigeria. *Academic Journal of Economic Studies*, Vol.2, No., 55–63.
- Madrahimovich, R. N., & Mukhammadsidik, A. (2015). Corporate Governance and Development: The Case of Uzbekistan. *Journal of International Business Research and Marketing*, 1(6), 31–36. <https://doi.org/10.18775/jibrm.1849-8558.2015.16.3005>
- Malini, H., Natalia, D., & Giriati, G. (2021). Corporate Governance and Company Value: A Manufacturing Industry Case Study. *Inobis Jurnal Inovasi Bisnis Dan Manajemen Indonesia*, 4(4), 450–461. <https://doi.org/10.31842/jurnalinobis.v4i4.196>
- Marwanti, M. M., & Robiyanto, R. (2021). Oil and Gold Price Volatility on Indonesian Stock Market in the Period of Covid-19 Pandemic. *Jurnal Manajemen Dan Kewirausahaan*, 23(2), 129–137. <https://doi.org/10.9744/jmk.23.2.129-137>
- Masdupi, E., Tasman, A., & Davista, A. (2018). The Influence of Liquidity, Leverage and Profitability on Financial Distress of Listed Manufacturing Companies in Indonesia. *1st International Conference On Economics Education, Economics, Business and Management, Accounting and Entrepreneurship (PICEEBA 2018)*, 57, 223–228. <https://doi.org/10.2991/piceeba-18.2018.51>
- Melnic, F., & Juravle, D. (2020). Governance and Access to Finance. *Review of Economic and Business Studies*, 13(1), 151–168. <https://doi.org/10.1515/rebs-2020-0108>
- Musa, H., Musova, Z., & Debnárová, L. (2018). *Importance of Corporate Governance in Socially Responsible Behaviour of Enterprises*. <https://doi.org/10.5772/intechopen.70536>
- Naufa, A. M., & Lantara, I. W. N. (2018). Foreign Ownership, Return Volatility, Trading Volume, and Risk of Stocks in Indonesia. *International Journal of Banking and*

- Finance*, 13. <https://doi.org/10.32890/ijbf2017.13.2.8507>
- Nawawi, A. H. T., Agustia, D., Lusnadi, G. M., & Fauzi, H. (2020). Disclosure of Sustainability Report Mediating Good Corporate Governance Mechanism on Stock Performance. *Journal of Security and Sustainability Issues*, 151–170. [https://doi.org/10.9770/jssi.2020.9.j\(12\)](https://doi.org/10.9770/jssi.2020.9.j(12))
- Niewińska, K. (2020). Factors Affecting Stock Return Volatility in the Banking Sector in the Euro Zone. *Journal of Economics and Management*, 39, 132–148. <https://doi.org/10.22367/jem.2020.39.07>
- Ogullah, S. B., & Sylva, W. (2022). Impact of Corporate Governance Structures on Earnings Management and Performance: An Empirical Investigation of Quoted Manufacturing Companies in Nigeria. *Journal of Accounting and Financial Management*, 8(5), 18–44. <https://doi.org/10.56201/jafm.v8.no5.2022.pg18.44>
- Panjaitan, Y., & Novel, R. (2021). Volatility Spillover Among Asian Developed Stock Markets to Indonesia Stock Market During Pandemic Covid-19. *Jurnal Keuangan Dan Perbankan*, 25(2). <https://doi.org/10.26905/jkdp.v25i2.5532>
- Pfante, O., & Bertschinger, N. (2019). Volatility Inference and Return Dependencies in Stochastic Volatility Models. *International Journal of Theoretical and Applied Finance*, 22(03), 1950013. <https://doi.org/10.1142/s0219024919500134>
- Pham, C. B. T., Vu, T. M. T., Nguyen, L., & Nguyễn, D. T. (2020). Audit Quality and Stock Return Co-Movement: Evidence From Vietnam. *Journal of Asian Finance Economics and Business*, 7(7), 139–147. <https://doi.org/10.13106/jafeb.2020.vol7.no7.139>
- Rana, S. B. (2020). Dynamics of Time Varying Volatility in Stock Returns: Evidence From Nepal Stock Exchange. *Journal of Business and Social Sciences Research*, 5(1), 15–34. <https://doi.org/10.3126/jbssr.v5i1.30196>
- Rana, S. B. (2022). Stock Returns Volatility in Nepal: Evidence During Covid-19. *Butwal Campus Journal*, 5(1), 12–25. <https://doi.org/10.3126/bcj.v5i1.50179>
- Robiyanto, R., & Susanto, A. D. (2020). Corporate Governance Structure and Stock Price Synchronicity. *Jurnal Organisasi Dan Manajemen*, 16(2), 114–128. <https://doi.org/10.33830/jom.v16i2.967.2020>
- Rompotis, G. G., & Balios, D. (2023). Audit Quality, Firm Performance and Risk: Evidence From Greece. *Review of Accounting and Finance*, 22(5), 636–662. <https://doi.org/10.1108/raf-02-2023-0038>
- Sari, L. K., Achsani, N. A., & Sartono, B. (2017). The Volatility Transmission of Main Global Stock's Return to Indonesia. *Buletin Ekonomi Moneter Dan Perbankan*, 20(2), 229–256. <https://doi.org/10.21098/bemp.v20i2.813>
- Schwert, G. W. (1989). Why Does Stock Market Volatility Change Over Time? *The Journal of Finance*, 44(5), 1115–1153. <https://doi.org/10.1111/j.1540-6261.1989.tb02647.x>
- Setiawan, R., Handiliastawan, I., & Jafar, R. (2020). Commissioner Board Characteristics, Ownership Concentration, and Corporate Performance. *Jurnal Keuangan Dan Perbankan*, 24(2). <https://doi.org/10.26905/jkdp.v24i2.3827>
- Sreenu, N., & Naik, S. (2021). Investor Sentiment and Stock Return Volatility: Evidence From the Indian Stock Exchange. *Asia-Pacific Journal of Business Administration*, 14(4), 467–478. <https://doi.org/10.1108/apjba-11-2020-0405>
- Suhendra, E. S., & Wardani, D. T. (2013). *The Influence of Corporate Governance Mechanism to Earnings Management on Indonesia and China Industrial Banking*. <https://doi.org/10.36880/c04.00597>

- Sutrisno, S., & Mohamad, M. (2019). Board diversity and firm performance: cases in sharia capital market of Indonesia. *Jurnal Siasat Bisnis*, 23(2), 83–90. <https://doi.org/10.20885/jsb.vol23.iss2.art1>
- Yoewono, H., & Ariyanto, S. (2022). The Impact of Capital Adequacy Ratio, Credit Risk, Market Risk, Financial Distress, and Macroeconomic Toward Stock Return With Audit Quality as Moderator. *Accounting and Finance Studies*, 2(4), 213–228. <https://doi.org/10.47153/afs24.5072022>
- Zahid, R. M. A., Khan, M. K., Anwar, W., & Sahil, U. (2022). The role of audit quality in the ESG-corporate financial performance nexus: Empirical evidence from Western European companies. *Borsa Istanbul Review*, head of pr(head of print), head of print. <https://doi.org/10.1016/j.bir.2022.08.011>
- Zaitul, Ilona, D., Salfadri, Aqila, F. A. R., & Rahmawati, D. (2023). Kinerja ESG : Kontribusi Board Gender Diversity Dan Network. *Jurnal Akuntansi Keuangan Dan Bisnis*, 16(2), 209–218.
- Zaitul, Melmusi, Z., & Ilona, D. (2019). Corporate governance and bank performance: Global financial crisis 2008. *Journal of Reviews on Global Economics*, 8, 625–636. <https://doi.org/10.6000/1929-7092.2019.08.54>
- Zaitul, Puttri, D., Novianti, N., & Ilona, D. (2020). Accounting Standard, Corporate governance, and accounting quality. *Jurnal ASET (Akuntansi Riset)*, 12(2), 404–415.
- Zaitul, Ridwan, M., & Pratiwi, H. (2018). Dividend policy in Indonesian companies: Does corporate governance matter? *International Journal of Engineering and Technology(UAE)*, 7(3 Special Issue 25), 306–310. <https://doi.org/10.14419/ijet.v7i3.25.17587>
- Zaitul, Sari, A. Y., Puspa, D. F., Rahmawati, N., & Ilona, D. (2022). Pengaruh busyness, ukuran dewan komisaris, dan keahlian keuangan komite audit terhadap biaya audit. *Jurnal Maneksi*, 11(2), 456–464.