

Analysis of the Influence of Dividend Policy and Independent Board of Commissioners on Firm Value: The Moderating Role of Audit Quality

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Abstract

The study aims to examine the moderating effect of audit quality on the relationship between dividend policy and the independent board of commissioners on firm value. The sample and data were drawn from companies indexed in LQ45 during the 2018-2022 period. Fluctuations in stock prices reflect change in firm value, which are critical to investors. Dividend policy is a significant factor as it rewards investors and can signal a company's value. The effectiveness of corporate oversight can be enhanced by an independent board of commissioners. High audit quality is expected to moderate the impact of dividend policy and the independent board of commissioners on firm value. The method applied in this study is panel data regression, and the results indicate that firm value is not influenced by dividend policy, but is significantly and positively influenced by the independent board of commissioners. Audit quality does not moderate the effect of dividend policy on firm value, but it positively moderates the relationship between the independent board of commissioners and firm value. Understanding the factors that drive firm value aids investors in developing effective investment strategies, while increasing the effectiveness of the independent board of commissioners highlights the importance of good audit quality in improving transparency and investor confidence, contributing to the study's finding. Future research should expand the study period, utilize audit opinion and audit tenure to measure audit quality, and use PBV and MBV to measure firm value.

INTRODUCTION

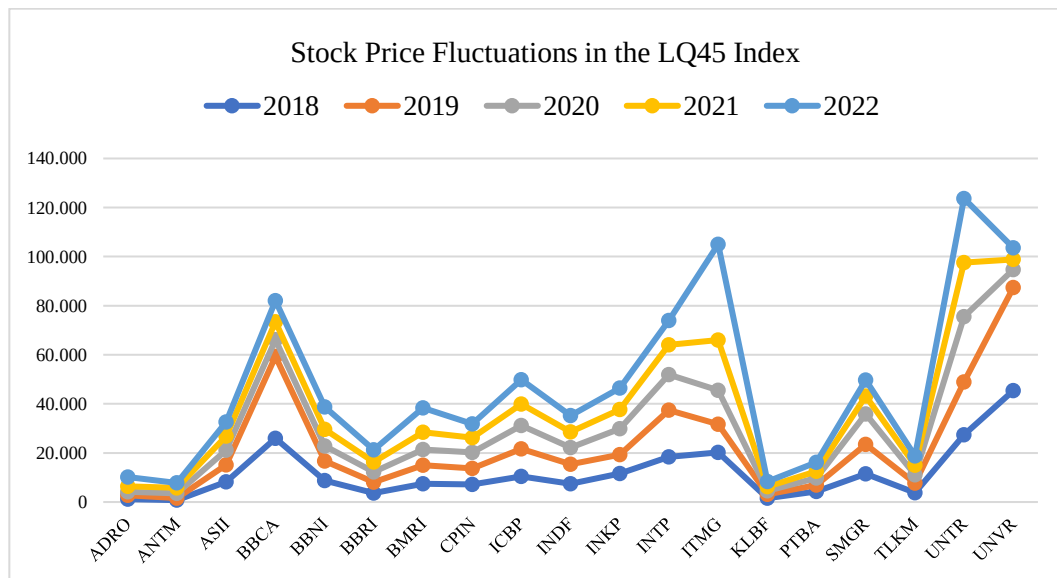
Company performance and value can be affected by various issues that arise in today's highly dynamic and complex business era. The value generated from the sale of assets based on share prices is referred to as company value. This means that the value of a company listed on the Indonesia Stock Exchange is reflected in its share price. Stock price mobility cannot be accurately estimated; investors must first analyze its value to avoid making the wrong investment (Nurwulandari et al., 2021). Fluctuating stock prices reflect stock value instability (Harianto, 2022). The LQ45 index is one of the stock indices that experiences price fluctuations despite its high capitalization and liquidity (Fadila & Islami, 2022; Nurwulandari et al., 2021). A summary of the fluctuating stock prices in the LQ45 index from 2018 to 2022 is shown in Table 1 and the graph in Figure 1.

Table 1. Stock Price Fluctuations in the LQ45 Index

No	Company Name	Closing Price (RP)				
		2018	2019	2020	2021	2022
1	PT Adaro Energy Indonesia Tbk (ADRO)	1,215	1,487	1,430	2,250	3,850
2	PT Aneka Tambang Tbk (ANTM)	765	840	1,935	2,250	1,985
3	PT Astra International Tbk (ASII)	8,225	6,925	6,025	5,700	5,700
4	PT Bank Central Asia Tbk (BBCA)	26,000	33,425	6,770	7,300	8,550
5	PT Bank Negara Indonesia Tbk (BBNI)	8,800	7,850	6,175	6,750	9,225
6	PT Bank Rakyat Indonesia Tbk (BBRI)	3,660	4,400	4,170	4,110	4,940
7	PT Bank Mandiri Tbk (BMRI)	7,375	7,675	6,325	7,025	9,925

8	PT Charoen Pokphand Indonesia Tbk (CPIN)	7,225	6,500	6,525	5,950	5,650
9	PT Indofood CBP Sukses Makmur Tbk (ICBP)	10,450	11,150	9,575	8,700	10,000
10	PT Indofood Sukses Makmur Tbk (INDF)	7,450	7,925	6,850	6,325	6,725
11	PT Indah Kiat Pulp & Paper Tbk (INKP)	11,550	7,700	10,675	7,825	8,725
12	PT Indocement Tunggul Prakasa Tbk (INTP)	18,450	19,025	14,475	12,100	9,900
13	PT Indo Tambangraya Megah Tbk (ITMG)	20,250	11,475	13,850	20,400	39,025
14	PT Kalbe Farma Tbk (KLBF)	1,520	1,620	1,480	1,615	2,090
15	PT Bukit Asam Tbk (PTBA)	4,300	2,660	2,810	2,710	3,690
16	PT Semen Indonesia Tbk (SMGR)	11,500	12,000	12,425	7,250	6,575
17	PT Telekomunikasi Indonesia Tbk (TLKM)	3,750	3,970	3,310	4,040	3,750
18	PT United Tractors Tbk (UNTR)	27,350	21,525	26,600	22,150	26,075
19	PT Unilever Indonesia Tbk (UNVR)	45,400	42,000	7,350	4,110	4,700
	Lowest Share Price	765	840	1,430	1,615	1,985
	Highest Share Price	45,400	42,000	26,600	22,150	39,025

Source: Indonesia Stock Exchange

**Figure 1. LQ45 Stock Price Fluctuation Graph**

Sumber: Bursa Efek Indonesia

The stock price movements of companies in the LQ45 Index during 2018–2022 showed varying fluctuations in company value. In 2018 and 2019, PT Unilever Indonesia Tbk had the highest share price, while PT Aneka Tambang (Persero) Tbk had the lowest. In 2020 and 2021, PT United Tractors Tbk recorded the highest share price, while PT Adaro Energy Indonesia Tbk recorded the lowest share price in 2020 and PT Kalbe Farma Tbk in 2021. In 2022, PT Indo Tambangraya Megah Tbk had the highest share price, and PT Aneka Tambang (Persero) Tbk again had the lowest share price. Increased share prices reflect increased company value and shareholder welfare (Purwati & Tahir, 2023). Increased company value also generates a positive response from investors (Safitri & Lidyah, 2022).

Investors trade shares with the goal of generating future profits through dividends. Dividend payment is seen as a corporate strategy to increase the company's attractiveness to investors (Oktari & Dianawati, 2023). Dividend policy is considered a factor influencing company value because

dividends provide a form of return for shareholders and a tool to increase company value (Kim et al., 2021). Dividend policy also serves as a signal regarding the company's current and future conditions and prospects (Bossman et al., 2022). The purpose of dividend payments is to demonstrate the company's ability to maximize value and provide benefits to investors (Oktari & Dianawati, 2023). However, previous research findings have shown discrepancies. Dividend policy has been shown to have a positive and significant effect on company value in several studies (Dang et al., 2021). Other studies have also found a positive effect of dividend policy on company value (Diab et al., 2024). Similar findings were also explained by Oktari & Dianawati (2023). Conversely, Bakri (2021) found that dividend policy had a negative effect on company value. Research by Aisyah et al. (2024) showed that dividend policy did not affect company value. Purnamasari & Fauziah (2022) found similar results. Safitri & Lidyah (2022) also stated that dividend policy has no impact on company value.

Agency conflicts arise from differing interests between shareholders and company management (Shafira & Astuti, 2024). An independent board of commissioners is needed to oversee management and safeguard shareholder interests (Wenhao et al., 2021). An independent board of commissioners is expected to increase the effectiveness of oversight and objectivity in corporate governance (M. & Sasidharan, 2020). The existence of an independent board of commissioners is also considered to strengthen the objectivity of the company's oversight function (Weli & Pambudi, 2023). According to M. & Sasidharan (2020), an independent board of commissioners is able to protect shareholder interests through more effective and professional oversight. Independent boards are also considered to provide added value to state-owned enterprises in India and China because they minimize agency problems and safeguard the interests of minority shareholders (Wenhao et al., 2021). Previous research has shown conflicting results regarding the influence of an independent board of commissioners on firm value. An independent board of commissioners was found to have a positive effect on firm value in a study by M. & Sasidharan (2020). Similar positive results were also found by Souther (2021). Tran (2020) also stated that an independent board of commissioners can increase firm value. However, Haldar et al. (2018) found that an independent board of commissioners had no effect on firm value. Similar results were also found by Safitri & Lidyah (2022). A study by Sasmita et al. (2023) showed that an independent board of commissioners had no effect on firm value. Shafira & Astuti (2024) also stated that an independent board of commissioners did not affect firm value.

The International Accounting Standards Board (IASB) states that financial information is relevant if it can influence the decisions of users of financial statements (Bakri, 2021). Audit quality plays a crucial role in increasing the reliability of financial information and reducing the risk of financial reporting errors (Shafira & Astuti, 2024). According to Wijaya (2020), good audit quality is a crucial component in increasing company value because investors tend to give higher ratings to companies with good audit quality. Previous research has shown that audit quality can strengthen the relationship between dividend policy and company value (Bakri, 2021). Similar findings were also explained by Butar & Stefy (2023). Sasmita et al. (2023) also stated that audit quality strengthens the relationship between dividend policy and company value. Furthermore, audit quality can also strengthen the relationship between independent commissioners and company value (Sasmita et al., 2023). Research by Al-Ahdal & Hashim (2022) shows that audit quality has a positive effect on company value. Similar findings were explained by Sihono (2024). Wijaya (2020) also stated that audit quality can increase company value.

Based on various previous studies, there remains a research gap regarding the relationship between dividend policy, independent board of commissioners, audit quality, and firm value. Dividend policy was found to have a positive effect on firm value in Dang et al.'s (2021) study. Diab et al. (2024) also found a positive effect of dividend policy on firm value. Oktari & Dianawati (2023) also showed similar results. However, Aisyah et al. (2024) stated that dividend policy did not affect firm value. Purnamasari & Fauziah (2022) also found no effect of dividend policy on firm value. Safitri & Lidyah (2022) also produced similar results. Furthermore, Bakri (2021) found

a negative effect of dividend policy on firm value. The influence of an independent board of commissioners on firm value also showed mixed results. M. & Sasidharan (2020) found a positive effect of an independent board of commissioners on firm value. Souther (2021) showed similar results. Tran (2020) also stated a positive influence of an independent board of commissioners on firm value. Conversely, Haldar et al. (2018) found that an independent board of commissioners had no effect on firm value. Safitri & Lidyah (2022) also found similar results. Research by Sasmita et al. (2023) showed that an independent board of commissioners did not affect firm value. Shafira & Astuti (2024) also found similar results. Research on audit quality also showed different results. Bakri (2021) stated that audit quality strengthens the relationship between dividend policy and firm value. Butar & Stefy (2023) found similar results. Sasmita et al. (2023) also stated that audit quality strengthens the relationship between dividend policy and an independent board of commissioners on firm value. However, Diab et al. (2024) found that audit quality actually weakens the relationship between dividend policy and firm value. Research by Al-Ahdal & Hashim (2022) shows that audit quality has a positive effect on firm value. Sihono (2024) also found a positive effect of audit quality on firm value. Wijaya (2020) stated that audit quality increases firm value. However, Kalbuana et al. (2020) found that audit quality has no effect on firm value.

Based on this research gap, this study aims to re-examine the effect of dividend policy on firm value, using audit quality as a moderating variable and adding an independent board of commissioners as a research variable. The study was conducted on companies listed in the LQ45 Index during the 2018–2022 period and was inspired by research by Bakri (2021).

The main objectives of this study are to identify the correlation between dividend policy and firm value. To determine the relationship between firm value and an independent board of commissioners. To determine whether audit quality can act as a moderator in the relationship between dividend policy and firm value. To determine whether audit quality can act as a moderator in the relationship between firm value and an independent board of commissioners.

Hypothesis

H1: Dividend policy has a positive effect on firm value.

H2: An independent board of commissioners has a positive effect on firm value.

H3: Audit quality moderates the effect of dividend policy on firm value.

H4: Audit quality moderates the effect of an independent board of commissioners on firm value.

METHODS

This study uses the 2018–2022 period to examine the moderating relationship between audit quality and the influence of dividend policy and independent board of commissioners on firm value. The study population consists of companies included in the LQ45 Index. Purposive sampling was used, resulting in the exclusion of 22 of the 45 listed companies due to inconsistent inclusion in the LQ45 Index during the study period, and four other companies that did not distribute dividends during 2018–2022. This resulted in a final sample of 19 companies, with a total of 95 observations. This study used secondary data obtained from company financial reports, official company websites, and the Indonesia Stock Exchange website.

The first independent variable is dividend policy. According to Sekaran & Bougie (2016), an independent variable is a variable that influences the dependent variable, either positively or negatively. Therefore, changes in the independent variable will lead to changes in the dependent variable. Dividend policy can be measured through dividend yield, dividend payout ratio, and dividend per share ratio. However, this study uses the dividend payout ratio as the measurement indicator, as used by Diab et al. (2024), Oktari & Dianawati (2023), and Sihono (2024). Van Horne & Wachowicz (2008) explain that the dividend payout ratio is obtained by dividing annual cash dividends by annual earnings, or by dividing dividends per share by earnings per share. This ratio indicates the percentage of a company's profits distributed to shareholders in cash.

The second independent variable is the independent board of commissioners. This measurement is performed by comparing the number of independent board members to the total number of board members and then converting it into a percentage to obtain the proportion of independent board members. This measurement refers to research by Jenwittayaroje & Jiraporn (2019), M. & Sasidharan (2020), and Souther (2021).

The dependent variable in this study is firm value. Sekaran & Bougie (2016) state that the dependent variable is the primary variable to be understood, explained, and predicted through research. Firm value is generally measured using the Tobin's Q ratio, market-to-book value, or price-to-book value. This study uses the Tobin's Q ratio because, according to M. & Sasidharan (2020), it is easier to use to assess a company's market power. Tobin's Q is calculated by comparing the market value of equity plus the book value of liabilities with the company's total assets, as used by Bakri (2021), Dang et al. (2021), Diab et al. (2024), and Oktari & Dianawati (2023). Ningrum (2021) explains that Tobin's Q focuses on the company's current value compared to its replacement cost, making it considered superior to the market value to book value ratio. A Tobin's Q value greater than 1 indicates a company's successful asset management, less than 1 indicates asset management failure, and a value equal to 1 indicates a stable condition (Dzahabiyya et al., 2020).

This study also uses audit quality as a moderating variable. Sekaran & Bougie (2016) explain that moderating variables are factors that influence the relationship between independent and dependent variables, while Baron & Kenny (1986) state that moderating variables are used to understand changes in more complex relationships by determining the direction or intensity of the relationship between variables. Audit quality measurement uses a dummy variable, namely a value of 1 for companies audited by Public Accounting Firms affiliated with the Big Four and a value of 0 for companies not affiliated with the Big Four, as used by Butar & Stefy (2023), Rahmini & Panggabean (2019), Sihono (2024), and Wijaya (2020). DeFond & Zhang (2014) state that auditors from Big Four affiliated public accounting firms are chosen because they have a more rigorous audit process, standardized methodology, better resources, experienced auditors, and a higher reputation.

Furthermore, the study included industry type as a control variable. Nielsen & Raswant (2018) explain that control variables are used to reduce the influence of other variables that could influence the relationship between the independent and dependent variables, thus ensuring more accurate and reliable research results. Industry type is measured by assigning a value of 1 to financial sector companies and a value of 0 to non-financial companies, in accordance with Gwenda & Juniarti (2013).

Data analysis was conducted using panel data regression. Basuki (2021) states that panel data regression has the advantage of providing a larger amount of data and addressing the issue of omitted variables through a combination of time series and cross-sector data. The research equation model used is:

$$FV = \alpha + \beta_1 DPR_{it} + \beta_2 IBC_{it} + \beta_3 TI + \beta_4 AQDPR_{it} + \beta_5 AQIBC_{it} + \epsilon_{it}$$

In this model, FV represents firm value, DPR represents Dividend Payout Ratio, IBC represents Independence Board of Commissioners, TI represents industry type, and AQ represents audit quality. Panel data regression analysis was conducted using several approaches, namely the common effects model using the Ordinary Least Squares (OLS) method, the fixed effects model, and the random effects model. The best model was selected using the Chow test, the Hausman test, and the Lagrange Multiplier test using statistical data processing software.

RESULTS AND DISCUSSION

Table 2. Descriptive Statistical Test

Variable	Obs	Mean	Std. dev.	Min	Max
FV	95	2,245	2,961	0,716	18,199
DPR	95	0.543	0,381	0,022	2,822

IBC	95	0,447	0,138	0,25	0,833
AQ	95	0,947	0,224	0	1
TI	95	0,210	0,409	0	1

Source: processed data

Descriptive statistical tests were conducted before analyzing panel data regression. Descriptive statistical tests consisted of interpreting five aspects of the four variables analyzed. First, obs describes the sample size for each variable, meaning that the firm value (FV), dividend policy (DPR), independent board of commissioners (IBC), and audit quality (AQ) variables each had a sample size of 95 companies during the 2018-2022 period. Second, mean describes the average value of each variable, meaning the firm value variable had an average value of 2.245, the dividend policy variable had an average value of 0.543, the independent board of commissioners variable had an average value of 0.447, and the audit quality variable had an average value of 0.947. Third, std. dev is the standard deviation, which describes the extent of variation in the data; the higher the standard deviation, the greater the variation. Fourth, min and max describe the lowest and highest values in the analyzed data. For the firm value variable, the lowest Tobin's Q ratio was 0.716, recorded by PT Indah Kiat Pulp & Paper Tbk, while the highest Tobin's Q ratio was 18.199, recorded by PT Unilever Indonesia Tbk.

Table 3. Panel Data Regression Test for Model Selection

Variable	<i>Common effect model</i>		<i>Fixed effect model</i>		<i>Random effect model</i>	
	t-ratio	p-value	t-ratio	p-value	t-ratio	p-value
DPR	0,20	0,844	0,15	0,878	0,18	0,859
IBC	2,18	0,032	0,02	0,983	0,58	0,560
DPR_AQ	-0,19	0,848	-0,16	0,876	-0,17	0,861
IBC_AQ	1,33	0,185	-0,09	0,928	1,32	0,189
Constant	-7,69	0,000	2,14	0,035	-1,03	0,304

Source: processed data

Table 4. Model Determination Test Results

Test Types	Research Result		Description
	p value	Suitable model	
Chow Test	0,0000	<i>fixed effect model</i>	Testing common effects and fixed effects
Hausman Test	0,0000	<i>fixed effect model</i>	Testing fixed effects and random effects
Lagrange Multiplier Test	0,0000	<i>random effect model</i>	Testing common effects and random effects

Source: processed data

The panel data regression test results in Table 4, using common effect, fixed effect, and random effect models, were used to determine the appropriate model. The results of the Chow test, Hausman test, and Lagrange Multiplier test indicate that the appropriate model is the fixed effect model, as shown in Table 5.

Table 5. Classical Assumption Test

Test Types	Test Result	Conclusion
Heteroscedasticity Test	p value 0,0000 < 0,05	Heteroscedasticity occurs

Multicollinearity Test	nilai VIF 1,29 < 10	Multicollinearity does not occur
Autocorrelation Test	p value 0,0000 < 0,05	Autocorrelation occurs

Source: processed data results

The classical assumption test conducted indicated heteroscedasticity and autocorrelation in the data, requiring improvements to the heteroscedasticity and autocorrelation test models. According to Savitri et al. (2021), if the autocorrelation and heteroscedasticity assumptions are simultaneously violated, the panel corrected standard error (PCSE) estimation method can be used. The classical assumption test for autocorrelation and heteroscedasticity using PCSE is shown in Table 6.

Table 6. Panel Data Regression Analysis Test with the Corrected Standard Error (PCSE) Model

Variable	Coefficient	Panel Corrected Std. Error	z value	p value
DPR	15,820	24,256	0,65	0,514
IBC	7,560	3,524	2,15	0,032
DPR*AQ	-15,555	24,263	-0,64	0,521
IBC*AQ	7,932	3,328	2,38	0,017
TI	-4,174	0,738	-5,65	0,000
Constant	-3,763	1,314	-2,86	0,004

Source: processed data

Based on the results of the panel data regression analysis using the PCSE model, the applied model equation is:

$$FV = (-3,763) + 15,820 \text{ DPR}_{it} + 7,560 \text{ IBC}_{it} + (-4,174) \text{ TI} + (-15,555) \text{ AQ} * \text{DPR}_{it} + 7,932 \text{ AQ} * \text{IBC}_{it} + \mathcal{E}_{it}$$

The p-value of 0.514 for dividend policy (DPR), which is greater than 0.05, illustrates that dividend policy does not have a significant influence on firm value. Thus, hypothesis H1 is rejected. The independent board of commissioners (IBC) has a p-value of 0.032 < 0.05 indicating that the independent board of commissioners influences firm value. The independent board of commissioners has a coefficient value of 7.560, this means the board of commissioners has a positive influence, thus indicating that the independent board of commissioners has a significant and positive influence on firm value, thus H2 is accepted. The effect of dividend policy on firm value moderated by audit quality (DPR*AQ) has a p-value of 0.521 > 0.05 indicating that the effect of dividend policy is not moderated by audit quality, so H3 is rejected. The impact of an independent board of commissioners on firm value, as determined by audit quality (IBC*AQ), has a p-value of 0.017 < 0.05, indicating that audit quality moderates the influence of an independent board of commissioners on firm value. The coefficient value is 7.932, indicating that audit quality positively moderates the influence of an independent board of commissioners on firm value. Therefore, H4 is accepted. Hypothesis testing in this study yields the following results:

Table 7. Hypothesis Test Results

Variables	Coefficient	p-value	Conclusion	Hypothesis
Dividend policy (DPR)	15,820	0,514	Dividend policy does not affect firm value	H1 rejected
Independent board of commissioners (IBC)	7,560	0,032	An independent board of commissioners has a significant and positive effect on firm value	H2 accepted
Audit quality * dividend policy (DPR*AQ)	-15,555	0,521	Audit quality does not moderate the effect of dividend policy on firm value	H3 rejected
Audit quality * independent board of commissioners (IBC*AQ)	7,932	0,017	Audit quality positively moderates the effect of an independent board of commissioners on firm value	H4 accepted

Source: processed data

DISCUSSION

This study examines the moderating effect of audit quality on the impact of dividend policy and an independent board of commissioners on firm value. According to Purnamasari & Fauziah (2022), dividend policy plays a significant role in interpreting firm value because it relates to the choice to allocate profits as cash dividends or retain them to generate profits in future periods. Dividend policy is necessary to increase the payout percentage to mitigate agency problems and costs, and can provide certainty to shareholders and reduce equity agency costs (Safitri & Lidyah, 2022).

Research findings indicate that dividend policy does not affect firm value. An increase in dividend policy does not always result in increased firm value, as a firm's value is largely determined by its capacity to generate profits from its assets or its investment philosophy (Sasmita et al., 2023). The dividend payout ratio is not a positive signal for investors or the market due to other, more influential factors, thus hampering dividend policy's ability to influence firm value. A high dividend payout ratio results in insufficient internal funds for investment, which leads to increased future profits and hinders the company's ability to invest. Uncertain future investment returns can influence investors to sell shares, resulting in a decline in company value (Safitri & Lidyah, 2022). While this research disagrees with signaling theory, which asserts that dividends are a positive indicator for shareholders, the findings are consistent with Miller and Modigliani's theory, which states that company value is determined not by dividend size, but rather by net profit before tax and company risk (Purnamasari & Fauziah, 2022). Research by Lestari & Sitorus (2017), Safitri & Lidyah (2022), Purnamasari & Fauziah (2022), Sasmita et al. (2023), and Aisyah et al. (2024) yields evidence consistent with these findings.

An independent board of commissioners enhances the board's objectivity and functionality, increasing its effectiveness and protecting the interests of all stakeholders, especially minority shareholders (M. & Sasidharan, 2020). Companies that conduct intensive research and development will benefit from having a larger number of independent board members, as corporate-level knowledge is crucial (Souther, 2021). An independent board of commissioners oversees the company's internal activities. A sufficient number of independent commissioners is necessary to ensure the oversight process is effective and in line with existing regulations. Board members from external entities play a role in designing the company's long-term strategy and

regularly assessing its implementation, thus significantly benefiting the company (Sasmita et al., 2023)

The study's findings indicate that independent boards of commissioners have a significant, positive influence on firm value. Independent boards of commissioners, by their function, are appointed to monitor managers and can minimize problems for controlling and minority shareholders (M. & Sasidharan, 2020). The role of independent boards of commissioners differs during times of stress compared to normal times (Jenwittayaroje & Jiraporn, 2019). This study's findings align with agency theory, suggesting that independent boards of commissioners provide effective monitoring to minimize agency problems and optimize firm performance and value. Other studies supporting this finding include those by Jenwittayaroje & Jiraporn (2019), Souther (2021), and M. & Sasidharan (2020).

Audit quality is a moderating factor capable of modifying the correlation between dividend policy and firm value, as it can reduce financing costs, managerial self-interest, and increase the credibility of financial reports and information. Due to their diverse client base and the use of highly qualified staff for audits, Big Four-affiliated accounting firms are associated with high-quality audits. Therefore, it is expected that reduced information asymmetry will result from high-quality audits and greater transparency. The level of information asymmetry indicated by lower audit quality may be reflected in lower dividends paid to shareholders (Bakri, 2021). While increasing the credibility of signals sent through dividend policy, good audit quality cannot yet assist investors in making better investment decisions and, therefore, cannot increase overall company value. Audit quality indicates that financial statements fairly represent a company's economic events, as the auditor's professional expertise can increase confidence in financial reporting and practices, thus influencing company financial decisions, including decisions regarding dividend payments (Diab et al., 2024).

According to research findings, the effect of dividend policy on company value is not influenced by audit quality. Financial statements audited by Big Four and non-Big Four audits are not yet fully operational, thus not influencing market response. Investors pay less attention to accounting firm quality than to the audit opinion (Butar & Stefy, 2023). This finding contradicts signaling theory, which relies on audit quality to predict firm value. This theory posits that the relationship between dividends and firm value can be influenced by audit quality (Bakri, 2021). This study's findings align with those of Butar & Stefy (2023) and Diab et al. (2024).

Independent board members are individuals unaffiliated with shareholders, directors, or the board of commissioners, and have never held a director position in a related entity (Laksana & Handayani, 2022). They are considered the appropriate supervisors and bodies to oversee company performance, thus being deemed capable of providing effective oversight of both owners and management, thus being a key determinant in this regard (Hasnati, 2014).

This research finding indicates that the relationship between business value and independent board members is positively moderated by audit quality. This suggests that a high percentage of independent board members can enhance the effectiveness of the auditor's oversight role and financial reporting, resulting in more reliable financial reports and the implementation of sound corporate governance. Agency theory states that auditors can help resolve agency problems and balance stakeholder interests. The results of this investigation support this theory. Research by Sasmita et al. (2023) also showed similar results in Tebet.

CONCLUSION

This study examines the moderating effect of audit quality on the influence of dividend policy and independent board of commissioners on the value of companies indexed in the LQ45. The results of this study indicate that dividend policy does not affect the value of the company, but the independent board of commissioners has a significant and positive effect on the value of the company. Then, audit quality does not moderate the effect of dividend policy on the value of the company, but audit quality positively moderates the effect of the independent board of

commissioners on the value of the company. The findings of this study offer a deeper understanding of the aspects that impact the value of the company in the context of companies indexed in the LQ45. Investors and other stakeholders are expected to be facilitated by these findings in compiling optimal investment decisions and increasing the effectiveness of the independent board of commissioners in corporate governance also emphasizes the importance of good audit quality in increasing transparency and investor confidence.

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