

THE EFFECT OF AUDIT COMMITTEE CHARACTERISTICS, HUMAN CAPITAL PERFORMANCE, AND AUDIT QUALITY ON HUMAN CAPITAL DISCLOSURE

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ABSTRACT

This study seeks to analyze the influence of audit committee characteristics, human capital performance, and audit quality on human capital disclosure and audit committee size in the financial services sector during the COVID-19 pandemic from 2020 to 2021. This article analyzes Human Capital Disclosure via the lens of auditing. This study utilizes multiple linear regression methods with STATA software version 16. This study suggests that the financial acumen of audit committees and the quality of audits significantly affect human capital disclosure. The human capital performance variable negatively affects human capital performance. However, the dimensions of audit committee size and meeting frequency do not affect human capital performance. The study's findings reveal that investors evaluate a company's standing beyond simple financial measurements, including profit and loss.

Keywords: *Audit Committee Characteristic, Audit Quality, Human Capital Disclosure, Human Capital Performance*

1. INTRODUCTION

Human capital is component intellectual capital Which play a role in creating innovation (Tang & Kunci, 2022; Winarto, 2020). Human capital is a component intellectual capital most important (Lim & Mali, 2022). Information about human capital show that the company own focus on development human Resources. Superior human resources will create innovation and encourage increased power. competitiveness (Kusumastuti, 2021; Lim & Mali, 2022). In Indonesia, the disclosure of intellectual capital remains voluntary (Tatang et al., 2022). The guidelines that serve as a reference for identification and methods measurement of intellectual capital has not been developed to date (Puspitarini & Panjaitan, 2018). Company Which No choose For disclose capital intellectual potential cause information asymmetry problem (Widiatmoko et al., 2020).

Human capital disclosure can be driven by the company's intellectual capital performance. Theory signal give indication that company will try show signal in the form of disclosure positive to for stakeholders interest in report company. Based on this theory, companies that have superior human capital performance have a tendency to provide human capital disclosure voluntarily rather than companies that have poor human capital performance (Chouaibi & Chouaibi, 2020). The disclosure enhances the company's reputation, hence fostering confidence among stakeholders. (Mawardi et al., 2022).

Companies also need to have encouragement from parties who oversee the reporting process. companies to support the implementation of human capital disclosure. The internal stakeholders of the firm, particularly the audit committee, play a crucial role in analyzing and ensuring that company reports are presented in conformity with prevailing conditions

(Christiana et al., 2021). The audit of the provision formulation committee has been conducted in accordance with Regulation OJK No. 55/POJK.04/2015. The audit committee shall consist of a minimum of three members, convene at least four times annually, and include at least one person with skill and understanding in accountancy.

Another factor supporting human capital disclosure is the quality of the public accounting firm, measured from the category of Big Four and non-Big Four KAP. KAPs that fall into the Big Four category tend to push their clients to give disclosure which is more wide in report finance company. HOOD Big Four own quality audit tall so that can minimize information asymmetry with the aim of maintaining audit quality from the perspective of the auditors, stakeholders. Companies audited by the Big Four KAPs tend to do human capital disclosure.

The COVID-19 pandemic has affected multiple industrial sectors in Indonesia, particularly the financial services sector. The financial services sector plays a crucial role in Indonesia's economic growth, particularly in response to the COVID-19 pandemic. Research by Winarto et al. (2022) demonstrated that economic growth is bolstered by sufficient human resources. The COVID-19 epidemic has accelerated innovation in human resources within the financial services sector, focusing on digital consumer services to adapt to evolving transaction patterns in society (Bank Indonesia, 2022).

The study aims to evaluate the influence of audit committee size, the frequency of audit committee meetings, and the financial knowledge of the audit committee, human capital performance, and audit quality on human capital disclosure within the financial services sector for the period 2020-2021. Theoretical study of benefits is a form of research. This can be good for enhancing awareness and understanding of human capital disclosure, particularly in Indonesia. This research serves as a reference for parties doing studies on human capital disclosure. Practical study benefits can be advantageous for the financial services sector, stakeholders, and regulators. Utilize company size as a control variable in the study. The size of the company is represented by its total assets

Theory Signal

Signal theory (Spence, 1973) states that information about the company's condition needs to be provided to for stakeholders interest. Company give information about action What just Which Already done management For fulfil not quite enough answer to *stakeholders* through reports such as financial reports, annual reports, and *sustainability reports*. Decisions management to form a view stakeholders to company. Information can various forms, both information that can be observed directly and information that must be studied moreover formerly For understand its meaning. Information Which published must contains power and influence on *stakeholders' assessments*. Extensive disclosure enrich *stakeholders' knowledge* of the company so that trust arises in it prospects company (Ediana & Suryandari, 2021).

Human Capital Disclosure

Human capital disclosure is form communication company to for stakeholders interests regarding the condition and development of human resources (Widiatmoko et al., 2020). Company can give information HR through report annual company. *Human capital disclosure* help *stakeholders* s in taking decision, However Companies often find it difficult to disclose human capital because there is no reference for expressing it and its value cannot be measured in monetary units (Chandra, 2021). The limitations of traditional accounting systems mean that companies cannot reflect mark Actually Which owned company so that fact mark plus And company's advantages cannot be fully revealed (Tejedo-Romero & Araujo,

2022). *Human capital disclosure* is assessed based on 24 disclosure components according to Tejedo- Romero & Araujo, (2022). The components that are expressed are rated 1, while the components that are No expressed rated 0.

Audit Committee Characteristics

Committee audit is committee Which formed board commissioner with focus do supervision and ensuring transparency and disclosure have been carried out by management company (Pontoh et al., 2021). The primary attribute of the audit committee is its independence, enabling it to operate fairly and impartially towards management and other stakeholders to uphold the integrity of the supervisory evaluation outcomes. Guidelines on the audit committee there is in Regulation Authority Service Finance Number 55/POJK.04.2015 about Formation and Implementation Guidelines for the Audit Committee. In this study, the characteristics committee audit refer to on a number of component rule Which published OJK the. The characteristics of the audit committee concerning human capital disclosure encompass the total number of audit committee members, the frequency of audit committee meetings throughout a year, and the count of audit committee members. an auditor has knowledge in the fields of accounting and finance.

Research conducted by (Kusumawardani et al., 2022) shows that there is decline in the quality of financial reports during the COVID-19 pandemic. Activity restrictions due to COVID-19 cause constraint communication And interaction in delivery information in management company. Pressure economy moment pandemic COVID-19 worrying encourage disclosures that are not in accordance with the company's current conditions. The audit committee As a supervisor, it is hoped that you can overcome problems that arise amidst changes. environmental conditions. The audit committee can encourage human capital disclosure when The company's financial condition is declining as a signal to stakeholders that the company is implementing a strategy to remain sustainable and competitive. The number of audit committees adequate reporting should be able to overcome reporting problems and maintain the quality of reports. in time pandemic. A number of study previous show that audit committee size has an effect on *human capital disclosure* (Hizriyani et al., 2022; Mawardi et al., 2022; Susilowati & Oktarina, 2021).

H₁: Audit committee size influential positive towards human capital disclosure

OJK Regulation No. 55/POJK.04/2015 on the Guidelines for the Establishment and Implementation of Work The Audit Committee observes additional factors related to the frequency of meetings. The audit committee mandated a minimum of four meetings annually, with attendance exceeding half of the members at each meeting. Audit committee meetings are conducted to oversee financial reporting, annual reports, internal controls, and corporate governance (Pontoh et al., 2021). The meeting culminated in the audit committee's appraisal and analysis of the company's status. There is an opportunity for repair until the conclusion of the specified term. Consequently, an increased frequency of meetings is anticipated to enhance the quality of reports. organization with transparency Which is broader, encompassing voluntary disclosure (Salsabila & Syafruddin, 2020). Multiple prior research indicate that the frequency of audit committee meetings influences human capital disclosure (Altawalbeh, 2020; Izzah et al., 2020; et al., 2022).

H₂: Audit committee meeting frequency has an effect positive against human capital disclosure.

The audit committee is responsible for aiding the board of commissioners in its oversight duties. Qualifications and Competence The committee responsible for audit oversight aims to enhance quality supervision, generate thorough evaluations, and is anticipated to facilitate increased information dissemination. expansive. OJK Regulation No. 55/POJK.04/2015 mandates that at least one member of the audit committee possess an educational background in accountancy and finance. The significance of accounting and finance skills for the audit committee is paramount (Owen & Radianto, 2022). Members of the audit committee possessing accounting and financial expertise have a superior comprehension of company reporting quality and promote extensive transparency (Rifai & Siregar, 2021). Comprehensive information disclosure may indicate favorable developments that affect stakeholder decision-making. An audit committee possessing knowledge in accounting and finance helps mitigate information asymmetry. The greater the financial knowledge of the audit committee, the more it will enhance human capital disclosure. Previous studies indicate that the financial knowledge of audit committees significantly impacts human capital disclosure (Astuti et al., 2020; Hizriyani et al., 2022).

H₃: *Audit committee financial expertise* has a positive effect on *human capital disclosure*.
Human Capital Performance

Human Capital Performance is assessed by value added human capital (VAHU), utilizing the value-added intellectual capital (VAIC) methodology (Pulic, 1998). Value-added human capital refers to the capability of human resources. The company's human resources generate innovation and added value (Pontoh et al., 2021; Septiana, 2022). Signaling theory explains how firms signal their success or failure. failure management to stakeholders. Company try give signal positive in a report published with the aim of getting a positive response from stakeholders (Rivandi & Septiano, 2021). Signaling theory indicates that companies with *human capital performance* Which tall will push disclosure superiority source Power man Which owned (Izzah et al., 2020). Management will increase human capital performance so that the performance will be revealed in *human capital disclosure* and can become signals for investors to help make financial decisions.

The study conducted by Chouaibi & Chouaibi (2020) demonstrates that intellectual capital performance significantly influences intellectual capital disclosure. Intellectual capital performance is represented by VAIC (Value Added Intellectual Capital). Value-added intellectual capital serves as the foundation for corporate disclosures. VAIC significantly reflects the performance of intellectual capital, which prompts companies to disclose such information. The COVID-19 pandemic has altered activity patterns through the utilization of technology. Financial services firms are seemingly addressing current issues by emphasizing the caliber of human resources that facilitate business innovation (Wiratmini, 2020). For instance, PT Bank Central Asia Tbk maximizes technological utilization within the organization and outside. Delivered matter Linda Chandrawati serves as the leader of the BCA subdivision (Saleh, 2020). BCA engages in upskilling, reskilling, and redeployment via training and development in information technology during the epidemic. Coronavirus Disease 2019. Annual report 2021 discloses innovation Bachelor of Computer Applications For ease, transactions in 2018 were expressed in a sophisticated manner due to innovation. Consequently, the company's initiatives to enhance the quality of human resources during the COVID-19 period may augment human capital disclosure as a signal of excellence. Grounded in This argument asserts that enhanced human capital performance correlates positively with an increase in human capital disclosure.

H₄: Human capital performance has a positive effect on human capital disclosure. **Audit Quality**

Audit is inspection report finance company along with proof And notes its supporters independently with the aim of providing a fairness opinion (Ardianingsih, 2021). Stakeholders make decisions based on audited financial reports. and is believed to be of fair value by external auditors. Audit quality can be measured through the type of Big Four KAP and HOOD non-Big Four. HOOD Which classified as Big Four that is PwC (PricewaterhouseCoopers), Deloitte, EY (Ernst & Young) and KPMG (Klynveld Peat Marwick Goerdeler). The audit report becomes a reference for stakeholders in making decisions. Report audit show whether report finance Which published company served with reasonable. Good audit quality is important for *stakeholders* with the company's expectations has do disclosure finance And non-financial Which more complex And wide (Utami & Agustin, 2020). In this study, audit quality is represented by the KAP category. Big Four and HOOD Non-Big Four. HOOD Big Four believed own quality audit Which morebetter than non-Big Four KAPs (Pontoh et al., 2021). KAP with good quality can give motivation And suggestion for company For do disclosure capital intellectual (Nicko et al., 2022). Broader disclosure is a good signal for companies And can minimize information asymmetry (Gunawan, 2021). The explanation above shows that the Big Four KAPs have had attention and focus on human capital disclosure. Thus, companies audited by the Big Four KAPs potentially reveal human capital disclosure during the COVID-19 pandemic. Some study previous show that audit quality influential to human capital disclosure (Nick et et al., 2022; Sariningsih & Mr. Saputro, 2020; Utami & Agustin, 2020). Based on this explanation, then can be drawn a hypothesis as following:

H₅: Audit quality influential positive to human capital disclosure.

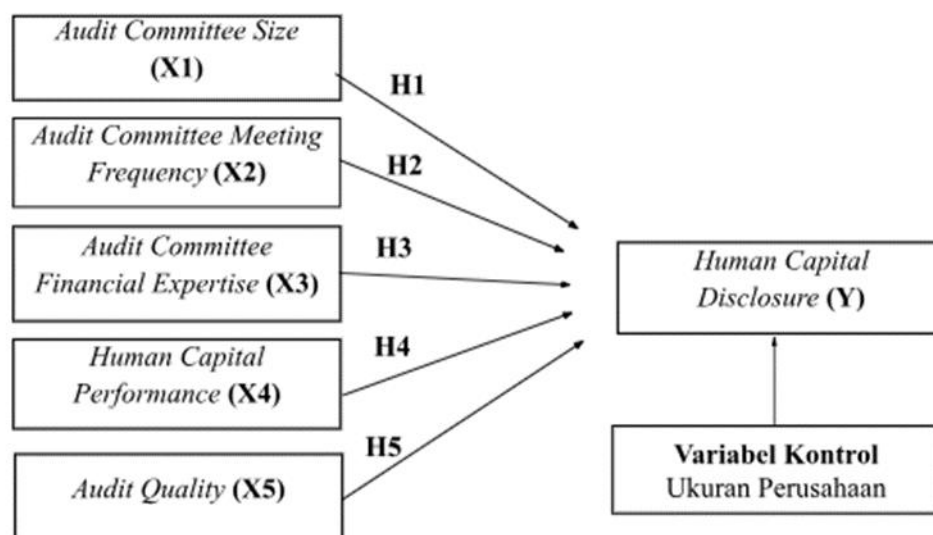


Figure 1. Framework research

2. RESEARCH METHOD

This type of research is quantitative research. The population in this study is companies. financial services sector listed on the Indonesia Stock Exchange. Population of financial services sector companies finance in Indonesia amount to 106 company. Amount data Which become population is 212 data. Technique collection data in study This use collection data archive(documentation). Instrument data archive (documentation) is technique collection data use various type document Supporter or source secondary, like report financial and annual reports. This study uses secondary data obtained from financial reports and annual reports of financial services sector companies in Indonesia in the year 2020-2021.

Definition operational and indicators measurement variable as following:

Table 1. Definition Operational and Indicators Variables

NoVariables	Definition Conceptual	Indicator	Source
1 Audit Committee Size (ACS)	Audit Committee Size is amount member committee audit in company.	ACS = Amount member committee audit/3	(Mawardi et al., 2022)
2 Audit Committee Meeting (ACM)	Audit Committee Meeting Frequency is the number of meetings or gatherings Which done by committee audit company.	ACM = Number of meetings committee audit/4	(Mawardi et al., 2022)
3 Audit Committee Financial Expertise (ACF)	The financial expertise of the audit committee refers to the number of members within the committee that possess proficiency in accounting and finance.	ACF = Amount member the audit committee that have accounting skills and finance/amount member committee audit	(Mawardi et al., 2022)
4 Human Capital Performance (VALUE)	Human Capital Performance is component intellectual capital in the form of knowledge, experience, And process or development employee company Which measured from value added human capital .	VAHU = Value added/Human Capital	(Pulic, 1998)
5 Audit Quality (AT)	Audit quality show company audited by HOOD Big Four or No.	Using variables dummy , company Which audited HOOD Big Four given the numbers 1 and 0 for companies that audited by HOOD non Big Four.	(Kusumah & Augustine, 2022)
6 Company Size (SIZE)	Size Company is scale big or small company Which measured with total asset.	SIZE = Ln(Total Asset)	(Anaima & Dear Mr. Trisnarningsih, 2021)
7 Human Capital Disclosure (HCDi)	Human Capital Disclosure is amount disclosure capital man which was disclosed by the company that counted based on index HCDi.	$HCD = \frac{\sum di}{M} \times 100\%$	(Tejedo- Romero & Araujo, 2022)

3. RESULTS AND DISCUSSIONS

Normality Assessment. This study use the skewness and kurtosis approach for the normalcy test. accompanied by The outcomes of the test data are as follows:

Table 2. Results Test Normality

Information	Prob>Chi2
res	0.1754

According to Table 2, the Prob value > chi2 exceeds 0.05, indicating that the data is normally distributed. Data that is regularly distributed indicates that it has satisfied the assumption of normality and can proceed to the next classical assumption test.

Multicollinearity Test. Multicollinearity test using VIF (Variance Inflation Factor) value. Results The multicollinearity test is as follows:

Table 3. Results Test Multicollinearity

Variables	VIF
<i>Audit Committee Size</i>	1.50
<i>Audit Committee Meeting Frequency</i>	1.59
<i>Audit Committee Financial Expertise</i>	1.05
<i>Human Capital Performance</i>	1.05
<i>Audit Quality</i>	1.24
Size Company	1.84

According to Table 3, the VIF values for the independent variables: audit committee size, audit committee meeting frequency, audit committee financial expertise, human capital performance, and audit quality are all ≤ 10 . Mark the Variance Inflation Factor (VIF) for the variable "control size company" if it is less than or equal to 10. There is no interaction among the variables in the research based on the decision-making criteria. Multicollinearity (there is a lack of significant correlation among the independent variables).

Heteroscedasticity Test. Test Heteroscedasticity in this study uses the Breusch- Pagan/Cook-Weisberg. Test results Heteroscedasticity is as follows:

Table 4. Results Test Multicollinearity

H0:	Constant Variance
<i>Variables</i>	<i>Fitted values of HCD</i>
Chi2(1)	2.76
Prob > chi2	0.0964

The heteroscedasticity test evaluates the disparity of residual variances in the regression model under investigation. Heteroscedasticity is present when Prob > chi2 is below 0.05. Table 4 indicates The Prob > chi2 value exceeds 0.05, indicating that the data is devoid of heteroscedasticity and suitable for research.

Multiple Linear Regression Analysis Test. Multiple linear regression analysis shows the equation regression in research. Results linear regression test multiple as follows:

Table 5. Results Test Multicollinearity

VAR	Coef
Constants	0.016
<i>Audit Committee Size</i>	0.070
<i>Audit Committee Meeting Frequency</i>	0.005
<i>Audit Committee Financial Expertise</i>	0.119
<i>Human Capital Performance</i>	-0.002
<i>Audit Quality</i>	0.096
Size Company	0.027

Based on table 5 can seen that equality regression in study This is asfollowing:

$$Y = 0.016 + 0.070ACS + 0.005ACM + 0.119ACF - 0.002VAHU + 0.096AT + 0.027SIZE$$

Results Test Hypothesis

Test F. Test F or (Goodness of Fit) aiming For get model study Which in accordance or fit. The following is a table of F test results.

Table 6. Results Test F

Information	Coefficient
F count	11.78
Significance	0.0000

According to table 6, the F-test result of 11.78 exceeds the F-value. The table measures 2.19. The computed significance value is 0.0000, which is significantly lower than the threshold of 0.05. This indicates that the regression model meets the fit criteria. Additionally, it may execute the subsequent phase of testing.

Test t. Test t aiming For know influence variable independent to variable dependent. The results of the t-test of this study are as follows:

Table 7. Results Test t

VAR	Coef	t count	t table	Information
<i>Audit Committee Size</i>	0.070	1.45	1.98	H ₁ : Rejected
<i>Audit Committee Meeting Frequency</i>	0.005	0.50	1.98	H ₂ : Rejected
<i>Audit Committee Financial Expertise</i>	0.119	2.05	1.98	H ₃ : Accepted Positive
<i>Human CapitalPerformance</i>	-0.002	-2.53	1.98	H ₄ : Accepted Negative
<i>Audit Quality</i>	0.096	3.03	1.98	H ₅ : Accepted Positive
<i>Size Company</i>	0.027	2.97	1.98	

Coefficient of Determination Assessment. The Coefficient of Determination Test is performed to assess the extent to which independent variables can elucidate dependent variables. The outcomes of the coefficient of determination test are as follows:

Table 8. Results Test Coefficient Determination

Information	Adjusted R -Squared
<i>Human Capital Disclosure</i>	0.3768

According to Table 8, the adjusted R-squared value is 0.3768, equivalent to 37.68%. The independent variables, including audit committee size, meeting frequency, finance expertise, human capital performance, and audit quality, account for 37.68% of the variance in the dependent variable of human capital disclosure. The remaining 62.32% is accounted for by variables not examined in this study.

Influence Audit Committee Size against Human Capital Disclosure

The analysis indicates that the size of the audit committee does not influence human capital disclosure. The first hypothesis in this investigation is dismissed. Companies must establish an audit committee that considers both quality and quantity. The audit committee must possess the capability to conduct monitoring efficiently. Members of the audit committee, despite their excessive numbers, lack an awareness of human capital disclosure, which hinders their ability to promote more extensive disclosures by corporations (Tizmi et al., 2022). The committee's audit does not influence human capital disclosure. The substantial quantity of audit committee members facilitates the exchange of ideas. Nevertheless, the audit committee for 2020-2021 is concentrating on disclosures pertaining to the company's status in light of COVID-19. The assessment of COVID-19 disclosures is a difficult procedure, resulting in the audit committee neglecting other disclosures, such as those related to human capital. Research conducted by Alshabibi et al. (2021) demonstrates that the size of the audit committee positively influences the disclosure of adverse information related to COVID-19.

Influence Audit Committee Meeting Frequency to Human Capital Disclosure

The analysis indicates that the number of audit committee meetings does not influence human capital disclosure. The second hypothesis of this study was dismissed. The audit committee is largely responsible for discussing the company's obligations under the regulations at the meeting, relevant (Wirianata et al., 2021). This complies with Financial Services Authority Regulation No. 55/POJK.04/2015 on the Establishment and Implementation Guidelines for the Audit Committee. Revise part 4 concerning the task, as the response is insufficient, and address authority. Documented that the committee audit was assigned to evaluate the company's adherence to regulations. In Indonesia, human capital disclosure remains voluntary, hence it is not obligatory to be addressed in committee sessions. examination (Tatang et al., 2022). Consequently, an increased frequency of meetings cannot ensure voluntary disclosure akin to human capital disclosure.

During the COVID-19 pandemic, meeting themes will primarily address crucial concerns pertaining to the pandemic. Coronavirus Disease 2019. Subject matter presented in the study Which was completed (Delicious, 2022) during the committee audit stage meeting in the midst of the epidemic. To discuss COVID-19 related information pertinent to stakeholders. The audit committee's principal emphasis during the 2020-2021 period was the pandemic. Study results This aligns with prior research indicating that the number of audit committee meetings does not influence human capital disclosure (Febrian et al., 2022; Kiswanto, 2020; Wirianata et al., 2021).

Influence Audit Committee Financial Expertise in Human Capital Disclosure

The analysis of processed data indicates that the financial knowledge of the audit committee has a significant favorable impact on human capital disclosure. The third hypothesis in this investigation is affirmed. The favorable effect This arises from the audit of the knowledge committee. Which is sufficient for effectively analyzing information to stakeholders (Tulung et al., 2018). Expertise of the audit committee This study evaluated participants based on their educational background, certifications, and work experience. Which is enumerated in the yearly report (Trautman, 2013). Audit of the Committee Individuals possessing understanding of finance and accounting can more readily comprehend and analyze firm reports, hence facilitating enhanced disclosure of information, including human capital disclosure. During the COVID-19 pandemic, financial services firms saw disruptions due to economic uncertainty, resulting in different adverse communications to stakeholders.

Theory of signaling posits that a corporation must provide information to stakeholders to facilitate decision-making. In this context, accounting and finance knowledge supports the audit committee's role in performing report audits and offering recommendations for enhanced disclosure of non-financial information. The findings of this study align with other research indicating that the expertise of the financial audit committee positively influences human capital disclosure (Astuti et al., 2020; Hizriyani et al., 2022; Rifai & Siregar, 2021).

Influence Human Capital Performance to Human Capital Disclosure

Data processing results indicate that human capital performance negatively influences human capital disclosure. The fourth hypothesis in the investigation was rejected. The performance of Human Capital in this study is represented using the value added human capital formula (VAHU) as developed by Pulic (1998). VAHU illustrates the magnitude of employee contributions to monies disbursed by the corporation for employee need. Employee contributions are assessed based on the net income generated by the company during the operational period. The employee load in the calculation is regarded as value creation and is

therefore not classified as a company expense. During the COVID-19 period, numerous enterprises in the financial services sector encountered a fall in revenue (CNBC Indonesia, 2021). In banking, the public tends to prioritize saving over spending in anticipation of a pandemic, resulting in a drop in credit banking activity. Additionally, revenue from flower loans has diminished. Many firms are enhancing cost efficiency by eliminating non-essential tasks, such as minimizing staff training expenses (Ardhienus, 2021; Sitanggang, 2020). The reduction in VAHU within the financial services sector during 2020-2021 led to an increase in human capital disclosure. Theory signals that a corporation must provide information to stakeholders for decision-making purposes. Information can manifest in numerous forms, including immediate observation and data that requires prior study. To comprehend the significance (Mildawati, 2021). During the pandemic, the financial services segment of VAHU experienced a significant decline in revenue, prompting the company to emphasize its positive aspects. A beneficial aspect for stakeholders is the existence of a human resource management strategy. The company will notify management and HR through voluntary human capital disclosure. The objective is to convey that the organization can endure despite economic and future uncertainties, attributed to great HR management. The findings of this study align with other research indicating that human capital performance negatively influences human capital disclosure (Williams, 2001).

Influence Audit Quality to Human Capital Disclosure

Based on the results of data processing, audit quality has a positive effect on *human resources capital disclosure*. Hypothesis fifth in study This accepted. Auditor with quality superior can review and report misstatements so that information asymmetry can be reduced (Gunawan, 2021). Audit quality proxied by the Big Four KAP has a reputation which is good so that it encourages companies to disclose complete information. financial and non-financial in company reports to maintain the good name of KAP (Nicko et al., 2022). Therefore, companies audited by the Big Four KAP have motivation Which more tall in do disclosure voluntary like *human capital disclosure* (Pontoh et al., 2021). Complete reports can be accepted as a signal for *stakeholders* to make decisions. *Stakeholders* will have more confidence in companies audited by a reputable KAP with the expectation that the company has do financial and non-financial disclosures that more complex and extensive.

In general special on year 2020, human capital disclosure on report company under the spotlight of the United States Securities and Exchange Commission (SEC). Due to this, Big Four accounting firms such as EY and PWC have quickly become aware of the importance of human capital. disclosure. The results of this study in line with the results of previous research which stated that audit quality has an influence positive to human capital disclosure (Nick et et al., 2022; Sariningsih & Mr. Saputro, 2020; Utami & Agustin, 2020).

4. CONCLUSIONS AND SUGGESTIONS

Data processing results indicate that audit quality positively influences human capital disclosure. Fifth hypothesis in the investigation This has been accepted. Auditors of better quality can examine and report misstatements to mitigate information asymmetry (Gunawan, 2021). Audit quality represented by the Big Four KAP possesses a commendable reputation that incentivizes enterprises to provide comprehensive information. Incorporating financial and non-financial information in corporate reports to uphold the reputation of KAP (Nicko et al., 2022). Consequently, organizations audited by the Big Four KAP possess a heightened motivation for voluntary disclosures, such as human capital disclosure (Pontoh et al., 2021). Comprehensive reports may serve as an indicator for stakeholders to make decisions.

Stakeholders will possess greater confidence in corporations audited by a reputable KAP, anticipating that the company will provide more intricate and comprehensive financial and non-financial disclosures. In 2020, human capital disclosure in corporate reports was a focal point for the United States Securities and Exchange Commission (SEC). Consequently, prominent accounting firms like EY and PWC have rapidly recognized the significance of human resource disclosure. The findings of this study align with other research indicating that audit quality positively influences human capital disclosure (Nick et al., 2022; Sariningsih & Mr. Saputro, 2020; Utami & Agustin, 2020).

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