

The Influence Of Financial Reporting Quality On Information Asymetries In Company Management Strategies

Nugroho Budi Wirawan^{1),a)}, Agustin Riyan Pratiwi^{2),b)}, Hanny Gresya^{3),c)}

¹⁾ Program Studi Akuntansi Akuntansi, Universitas Perwira Purbalingga, Purbalingga, Indonesia

²⁾ Program Studi Manajemen, Universitas Perwira Purbalingga, Purbalingga, Indonesia

³⁾ Program Studi Akuntansi, Universitas Perwira Purbalingga, Purbalingga, Indonesia

*nugrohobudi1307@gmail.com^{a)}, agustinriyan@unperba.ac.id^{b)}
hannygresya12@gmail.com^{c)}*

ABSTRACT

The aims of this study is to evaluate the influence of value on information asymmetry, conservativeness, and timeliness of companies from 2013 to 2016, it was publicly listed and was involved in the industrial sector. A sample of this study used a sample of interest and a sample size of 312. The methods used to analyze the data were the regression analysis previously tested with the multicollinearity test, normality test, heterogeneity and test autocorrelation test. The results that the relevance of values does not affect the information asymmetry, as evidenced by the sig value. the count is greater than 0.05 ie $0.746 > 0.05$. Then the conservatism variable does not affect information asymmetry. This is evidenced by the sig value. the count is greater than 0.05 ie $0.540 > 0.05$. Then the timeliness variable does not affect the information asymmetry, this is proved by the sig value. count smaller than 0.05 ie $0.014 < 0.05$.

Keywords: Value Relevance, Conservatism, Timeliness; Information Asymmetry

INTRODUCTION

Accounting data is a systematic presentation of just a company's statement of financial position. This same goal of financial statement informs the reader about an individual's financial state, business results, and future revenues that the majority of report users will use to make economic choices (Hasibuan, 2021a). The financial statements also demonstrate management's accountability for the use of resources entrusted to them. The quality of financial reporting is critical for all stakeholders. One of them has to do with investment efficiency (Oktavia et al., 2019). A high level of financial reporting quality can help to reduce information asymmetry in agency relationships. Better the financial lightly

loaded, the more accurately the company's information and results are calculated (Hasibuan et al., 2021).

Financial statements published by companies have information content and value relevance for the stock market (Amelia et al., 2022). The ability of earnings to explain variations in returns, with the expectation that these profits will have a greater ability to explain variations in returns that occur, is referred to as value relevance (Hasibuan, 2021b). Companies must be cautious in presenting financial statements in order to anticipate an unstable economy. Identifying commonly costs and expenses but still not quickly fully realizing potential profits or income, maybe just when they are probably, presupposes a necessary action. This precautionary measure is referred to as accounting conservatism (Jananti & Setiawan, 2018). Financial statements that follow the conservatism principle can reduce the possibility of managers manipulating financial statements and reduce deadweight loss (agency costs) (Sedán et al., 2020).

Asymmetry of information refers to an inequity in knowledge dissemination respectively administration as such communicator or suppliers and business partners as knowledge users in particular (Batra & Sinha, 2000). According to information theory, parties associated with the company do not have the same information about the company's prospects and risks (Septianto & Dul, 2020). Some parties have more information than others. Managers typically have more information than outsiders (investors), owing to information asymmetry but also investors (Jiang & Rosenbloom, 2005). Investors who believe they have less will attempt to interpret manager behavior, including capital structure determination behavior (Mustapha et al., 2011).

The field phenomenon is the lack of good financial reports and information asymmetry in corporate financial statements of industrial companies listed on the BEI. Public disclosure of the financial statements is problematic in this situation.

This study is based on research by (Pratiwi, 2021) that examined the relationship between financial reporting quality and economic consequences (information asymmetry) and found that it had both a positive and insignificant impact. The attributes of market-based financial reporting quality that were used in this study were value relevance, timeliness, and conservatism. Further investigation is required to determine the impact of the quality of financial statements utilizing value relevance, conservatism, and timeliness variables on information asymmetry due to the disparity in the outcomes of these studies.

This study differs from earlier studies in that the research year was between 2019 and 2021, and the research sample consisted of businesses operating in the manufacturing sector. This study's significance is to evaluate the impact of financial reporting (value relevance, conservatism and accuracy) on information asymmetry and to find out how the development of information asymmetry occurred in 2019 to 2021.

The above report pertains to (Pratiwi, 2021) research, which found the effect of the financial quality of financial reporting on economic consequences (adverse selection) to be negligible and positive, using the attributes of market-based financial reporting quality, namely value relevance, punctuality, and left wing politics. As a result, the goal of this research is to examine accounting procedures on adverse selection in the company's current strategic plan.

RESEARCH METHODS

This kind of research is quantitative research, which focuses on evaluating ideas by numerically quantifying research variables with the intention of evaluating hypotheses. A manufacturing business that was listed on the Indonesia Stock Exchange (IDX) between 2013 and 2016 is the subject of this study. The information used in this study is secondary information. The yearly report from the Capital Market Reference Center (IDX), which can be found at www.idx.co.id, is where the secondary data for this study was collected from external sources. Purposive sampling was used to collect samples in this study. In this study, the population consists of all of the subjects whose characteristics will be predicted (Hasibuan, 2021b). The population of this study includes those production facilities that had been classified also on Stock Exchange (IDX) around 2019 and 2021. This same street seems to have 312 institutions. Regression analysis is the method of analysis performed. Regression analysis basically involves determining how the dependent variable interacts with one or more independent variables in order to estimate or predict the population mean, population mean value, or average value of the dependent variable based on the dependent variable's known value.

RESULTS AND DISCUSSION

RESULTS

1. Descriptive Analysis

The table below shows the overall description of the variables, which includes the minimum, maximum, mean, and standard error.

Table 1. Descriptive Test Results

Descriptive Statistics								
	N	Range	Minimum	Maximum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
Relevansi Nilai	312	9.19	-.80	8.39	.0261	.05919	1.04552	1.093
Konservatisme	312	6.2313	-5.6813	5.5512	5.197111	2.2916011	3.7374912	1.397E25
Ketepatan Waktu	312	101.00	30.00	131.00	68.8013	1.65384	29.21259	853.375
Asimetri informasi	312	400.00	-200.00	200.00	15.8552	3.86320	68.23775	4656.390
Valid N (listwise)	312							

According to the table, the value relevance value is 5.9 percent. This demonstrates that the companies in this study's sample have poor share growth, as the industry average is 10% per year. The sample of firms with an average of 2.2916011 is a conservatism variable, indicating that the sample firms have a cash flow turnover of 2.2916011. The data shows that the correct industrial companies disclose their accounting information to the IDX an equivalent of 1,65384 accurately.

2. Data Normality Test

This rationality test is used to examine whether the regression model has normal or abnormal distributions. When the data distribution is close to or normal, a good regression model is used. Using the Kolmogorov-Smirnov method, determine the normality of the data in this study. Significant score criteria can be obtained using Kolmogorov - Smirnov. If the important value of the model is greater than 0.05, the data is said to be normally distributed.

Table 2. Kolmogorov Smirnov normality test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		312
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	7.18764847
Most Extreme Differences	Absolute	.146
	Positive	.146
	Negative	-.160
Kolmogorov-Smirnov Z		1.645
Asymp. Sig. (2-tailed)		.096

a. Test distribution is Normal.

The significance level in the preceding test was found to be greater than 0.05, namely $0.096 > 0.05$, indicating that such data variable is positively divided up.

3. Classical Assumption Deviation Test

a. Multicollinearity Test

This multicollinearity test analyzes whether there is a correlation between the model's predictors. The multiple regressions were said to have been satisfactory unless there is no significant relationship between independent variables. Testing for the presence or absence of symptoms in multicollinearity can be seen by paying attention to the value in the relationship matrix and the VIF (Variance Inflation Factor) value, followed by the tolerance value. If the value of the relationship matrix is less than 0.5, the illnesses of multicollinearity have been shown to be easy. But if the VIF value is less than 10 and the tolerance value is close to 1, the model in the regression does not exhibit symptoms of multicollinearity (Singgih Santoso, 2000). Table 3 displays the results of the Multicollinearity test:

Table 3. Multicollinearity Test

Model		Coefficients ^a						
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	44.812	11.033		4.062	.000		
	X1	-1.353	4.222	-.020	-.320	.749	.991	1.009
	X2	7.313E-13	.000	.040	.644	.520	.985	1.016
	X3	-.361	.146	-.153	-2.473	.014	.976	1.025

a. Dependent Variable: Y

The test results show that the VIF value in each variable is less than 10, indicating there is no general purpose.

b. Heteroscedasticity Test

The glejser method is used in the following heteroscedasticity test.

Table 4. Heteroscedasticity Test

Model		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	64.179	8.944		7.175	.000
	X1	-4.253	3.423	-.076	-1.242	.215
	X2	5.124E-13	.000	.034	.556	.578
	X3	-.263	.198	-.141	-1.327	.188

a. Dependent Variable: ABRESID

To determine the presence or absence of heteroscedasticity symptoms in a pattern arising from a model's residual value, the heteroscedasticity symptom is indicated by the regression coefficient value on all independent variables at the absolute residual value (e); if the probability value is greater than the alpha value (0.05), the model does not exhibit hetero symptoms.

If Sig,-t > an or t-count t-table, there are no symptoms of heteroscedasticity.

The probability value in the table is greater than the alpha (0.05), indicating that there are no heteroscedasticity symptoms in this research model.

4. Multiple Regression Test

The regression coefficient values obtained from SPSS regression testing can be seen in table 5, as following:

Table 5. Multiple Linear Regression

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	44.812	11.033		4.062	.000
X1	-1.353	4.222	-.020	-.320	.749
X2	7.31313	.000	.040	.644	.520
X3	-.361	.146	-.153	-2.473	.014

a. Dependent Variable: Y

Table 6 yields the multiple linear regression equation, which is as follows:

$$Y = -0,020 X1 + 0,040 X2 - 0,153 X3$$

The following is an explanation for the equation above:

- Because the value -0.020 in the value relevance variable (X1) is negative, the higher the value relevance, the greater the information asymmetry.
- Because the value of 0.040 on the conservatism variable (X2) is positive, the higher the conservatism given, the greater the information asymmetry.
- The value of -0.153 on punctuality (X3) is negative, implying that the greater the timeliness provided, the greater the information asymmetry.

5. Hypothesis testing

- The impact of value relevance on information asymmetry in corporate management strategy. Based on the regression test calculations, a significance value (P Value) of 0.749 and a regression coefficient of -0.020 are greater than 0.05
- The interaction of conservatism and information asymmetry in corporate management strategy. The regression test calculation yields a significance value (P Value) of 0.520, which is greater than 0.05, and a regression coefficient of 0.040
- The importance of timeliness and information asymmetry in corporate management strategy. The regression test calculation yields a significance value (P Value) of 0.014, which is less than 0.05, and a regression coefficient of -0.153

Discussion

H1: The Impact of Value Relevance on Information Asymmetry in Corporate Management Strategy

The regression test was used to determine the significance level of the correlation coefficient of the influence of the value relevance variable. Based on the regression test calculations, a significance value (P Value) of 0.749 and a regression coefficient of -0.020 are greater than 0.05. It is reasonable to conclude that the greater the value relevance, the greater the information asymmetry.

This is made possible by the fluctuating state of the stock value of manufacturing companies, which cannot be guessed from the relevance of a company's value.

H2: The Interaction of Conservatism and Information Asymmetry in Corporate Management Strategy

A regression test is used to determine the significance level of the correlation coefficient of the effect of the conservatism variable. The regression test calculation yields a significance value (P Value) of 0.520, which is greater than 0.05, and a regression coefficient of 0.040. It is reasonable to conclude that the greater the conservatism, the greater the information asymmetry.

It hasn't really demonstrated that higher conservatism means higher financial reporting quality, and thus higher information asymmetry carried out by the company. This is most likely because companies with high conservatism have poor cash flow and profit turnover, implying that the company has not demonstrated good financial reporting quality, increasing the possibility of adverse selection.

H3: The Importance of Timeliness and Information Asymmetry in Corporate Management Strategy

Regression testing is used to determine the significance level of the correlation coefficient of the influence of the timeliness variable. The regression test calculation yields a significance value (P Value) of 0.014, which is less than 0.05, and a regression coefficient of -0.153. It follows that the greater the timeliness, the lower the information asymmetry.

This demonstrates that the company provides financial statement information on time, but it has a negative impact on information asymmetry. Most companies have submitted annual reports to the IDX by the deadline, but information asymmetry remains low.

CONCLUSION

This research is a continuation of research conducted by Pratiwi with the results of his research are that examined the relationship between financial reporting quality and economic consequences (information asymmetry) and found that it had both a positive and insignificant impact. Based on the findings, it is possible to conclude that value relevance has no effect on the asymmetry of financial statement information. Conservatism has no effect on the asymmetry of financial statement information. The effect of timeliness on information asymmetry in financial statements is negative. This study only looks at the relationship between value relevance, conservatism, and the timeliness of information asymmetry in manufacturing companies listed on the IDX between 2019 and 2021. Because some companies fail to provide complete financial statements, researchers continue to struggle to find relevant data.

This is proposed that future research will not only investigate the relationship between value relevance, conservatism, and the timeliness of information asymmetry in manufacturing companies listed on the IDX in 2019-2021, but also in other disciplines such as services but instead medical science. To show information asymmetry, future research is anticipated to employ data from samples of all companies listed on the Indonesia Stock Exchange across a range of industries, including the food sector. The return on asset (ROA) and return on equity (ROE) ratio factors can be used in future study to include additional variables that may have an impact on information asymmetry.

REFERENCE

- Amelia, S. R., Hasibuan, R. R., Purbalingga, U. P., & Purbalingga, U. P. (2022). *Determinasi Financial Literacy Dan Penggunaan Fintech Terhadap Peningkatan Produktivitas UMKM Purbalingga Dimasa Pandemi Covid-19*. 7(1), 1–11.
- Batra, R., & Sinha, I. (2000). Consumer-Level Factors Moderating The Success. *Journal of Retailing*, 76(2), 175–191.

Penghindaran Pajak Perusahaan. *Diponegoro Journal of Accounting*, 9(4), 111–123.

Setyanugraha, S., & Hasibuan, R. R. (2020). ANTESEDEN LOYALITAS KONSUMEN DARI PEMBERIAN LAYANAN PRODUK INTERNET PT. LAXO. *Jurnal Ekonomi Manajemen*, 6(1), 21-30.

Setyanugraha, R. S., Fitriana, A., & Hasibuan, R. R. (2021). Festival Wisata Online Sebagai Bentuk Komunikasi Pemasaran Dan Peningkatan Kinerja Keuangan UMKM Di Masa Pandemi Covid-19. *AGUNA: Jurnal Ilmu Komunikasi*, 2(2), 54-62.