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ANALYSIS OF THE FACTORS INFLUENCING THE EXTENSIVE VOLUNTARY DISCLOSURE TO THE ANNUAL REPORT

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Abstract

Management could deliver information to outside companies through, financial reporting one of the main one being through the annual report. The annual report presented by the company can be presented means of communication about the condition of financial or other information which is voluntary external to the company. The quality of information reflected in the broad disclosure to the annual report. Voluntary disclosure is disclosure beyond required by regulations and is a free choice of the management to information accounting and other information is relevant to decision making. This study attempts to influence the ratio of research liquidity, leverage, profitability, size company, reputation public accountant office and company age to the annual report in voluntary partial and simultaneous. The sample collection method in this research using purposive sampling and testing tools being used is linear regression analysis using spss 25.0. The sample used in this study was 115 companies in the span of 1 year. This research result indicates that leverage and size of the company significant impact on extensive voluntary disclosure, while liquidity, profitability reputation the company public accountant and age did not affect broad voluntary disclosure to the annual report and simultaneous the independent variable influence the dependent variable.

Keywords: Voluntary Disclosure, Liquidity, Leverage, Profitability, Company Age, Reputation, Company Public Accountant, Company Size, Financial Statements

INTRODUCTION

The quality of information reflected in the broad disclosure to the annual report. An adequate disclosure is crucial for the company, as by adequate disclosure company can compete in the securities trading in the stock market. Voluntary disclosure is disclosure beyond required by regulations and is a free choice of the management to information accounting and other information is relevant to decision making by the users of annual report (Meek, *et al*, 1995, dalam Kiswara, 2009).

Based on the Central Statistics Agency (2018), the growth of large and medium manufacturing industries in 2017 rose by 4.74% from 2016. The increase is caused by the increase in the production of the food industry as much as 9,93 %. And an industry that had reduced its production was the other industries fell to 4,51 %. The production growth of large and medium manufacturing industries in the fourth quarter of 2017 increased by 5,15 % respectively to the fourth quarter of 2016. The increase is due by the increasing 15,28 % of food industry production. While industry that experiencing the production decline the largest was industry the addition of any chemicals and goods from the addition of any chemicals industry which decreased by 12,02 %. On the other side, reason researchers choose the industrial sector manufacturing listed on the Indonesia stock exchange (BEI), as the industry is manufacturing of the bases of the economy in Indonesia and become the economic growth target by the government. Manufacturing industries go through an industry resources and produce and sell to the public in the form of goods so. Of a process occurs in the company manufacturing is of course often overlap with the firm outer. The manufacturing happened making more the spotlight by the public, allowing the company reveal information broader and easy to find for the benefit of users financial reports.

Based on the discussion was the purpose of this research is to examine the influence of the ratio of, liquidity , profitability leverage, the age of the company, the reputation of an accounting firm public and the size of the company against broad voluntary disclosure in the annual report on a partial and simultaneous.

LITERATURE REVIEW

Financial reporting cover presentation of information management also want to express aside from good statement because financial information must expressed to meet the act of, government regulation or habit of because management feels that the information useful for the one outside and want to voluntary (Suwardjono, 2017). The disclosure of voluntary provide us with information accounting and other information which is considered relevant to decision making are done by users the annual report (Muhammad, 2009dalam Nugraheni, 2009). The

information revealed to powerful and less confusing the wearer of the financial report in helping economic decision making (Hardiningsih, 2008).

The condition of a level high liquidity shows how strong financial condition of the company, and as managers in measuring the performance in managing. corporate finance. With this condition, the company more inclined to do a much more extensive disclosure of information to the broad, interested parties for wanting to show that the company in credible conditions (Fitriani, 2001 dalam Krishna, 2013).

According to mujiyono (2010), the company that owns the proportion of debt in higher capital structure will have keagenan costs higher. The higher leverage company transfer the higher the prosperity of a creditor to the shareholders and managers. Therefore, the company had leverage high have an obligation to meet the needs of a long-term information.

A company that produces the profit will do broader. This was due to the company management want to assure that firms in position competition strong and shows that the company performance is fine. Besides, management the company is also want to know that investors and creditor company is in a position strong and operations of the firm competition on efficient (Sudarmadjidan Sularto, 2007).

According to Nugraheni (2009), big companies usually having the likely cost of competitive disadvantage lower in the voluntary disclosure of than small companies. Big companies generally have the number of assets large, a great sale, skill a good employee, information systems that sophisticated, a type of product many, structure keemilikan a complete and other. Hence, big companies need level disclosure a great to companies small.

The public accountant role as the insurer integrity accounting figures produced by the accounting technology audited used in contract. The public accountant can serve as a means of credibility to improve disclosure done by management, (Subroto 2014).

According to Yularto and Chariri (2003), and age showing firm that firms can still endure or exist, compete, business opportunities and used in a economy.

RESEARCH METHODOLOGY

The dependent variable in this research is a voluntary disclosure measured used items voluntary disclosure was revealed in the company annual report. While the independent variables used are Liquidity, Leverage, Profitability, Company Size, Reputation of the Public Accounting Firm and Age of the Company. Secondary data in the form of annual report several manufacturing companies who accessed in the Indonesia stock exchange with the number of samples used amounting to 115 manufacturing companies. The technique of the analysis used

is linear regression analysis by the use of a test and the worship of idols SPSS 25.0. The hypotheses that will be tested are:

H_1 : The ratio of liquidity company has significant positive effect on voluntary and broad disclosure annual report.

H_2 : The ratio of leverage company has significant positive effect on voluntary and broad disclosure annual report.

H_3 : The ratio of profitability company has significant positive effect on voluntary and broad disclosure annual report.

H_4 : The size of the company has significant positive effect on voluntary and broad disclosure to the annual report.

H_5: The reputation of the public accountant has significant positive effect on broad voluntary disclosure to the annual report.

H_6 : The age of the company has significant positive effect on broad voluntary disclosure in the annual report.

H_7 : The ratio of liquidity, leverage, profitability, size company, reputation public accountant office and age company simultaneous have a positive impact on broad voluntary to the annual report.

FINDINGS AND DISCUSSION

Descriptive Statistics

Descriptive statistics in this research aims to understand the condition of the data used for each variable.

Table 1 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
LKD	115	,02	12,67	1,5305	1,70438
LVR	115	-1,38	,88	,0556	,21570
Profit	115	-9,89	6,01	,7068	1,33006
Size	115	25,18	33,32	28,2659	1,56966
RKAP	115	,00	1,00	,3391	,47549
Age	115	,00	36,00	18,0261	10,19327
PS	115	,49	1,00	,8292	,09179
Valid N (listwise)	115				

Average value of liquidity 1,5305 amounting to a minimum and maximum value 12,67, 0,02 this shows the average company good liquidity. The average value of the leverage 0,0556 is as high as amounting to a minimum of as much as (1,38) and maximum of 0,88. As a whole the average the company has an indicated value the ratio which the less than 1, that means that the average company equity in the sample have a positive and is expected to meet all their obligations at maturity. The average value of profitability studied is 0.7068 with a minimum value of (9.89) and a maximum value of 6.01. Some companies have value probability negative or suffered losses, so that the rata-rata resulting be negative. The average score the size of the company calculated by the logarithm of total assets that shows the an average of 28,2659, minimum value of 25,18 and value of maximum of 33,32. The average score reputation office of public accountant 0,3391 shows a minimum 0,00 and a maximum 1,00. The average value of the reputation of the public accountant 0,3391 or 33,91 % meaning manufacturing companies surveyed in 2017, 33,91% shows only of the sample 115 companies using the public accountant as is the big 4 audited financial statements. The average age showing firm 18,0261 value of a minimum of 0,00 and the maximum of 36,00. The average value of 18 shows that almost percent of manufacturing companies who have long listed on the stock exchange.

Normality Test

Test normality using statistical tests non parametric Kolmogorov-Smirnov (K-S) can be seen in table below.

Table 2 Normality Test

		Unstandardized Predicted Value
N		115
Normal Parameters[a,b]	Mean	,8292174
	Std. Deviation	,04836787
Most Extreme Differences	Absolute	,076
	Positive	,076
	Negative	-,050
Test Statistic		,076
Asymp. Sig. (2-tailed)		,098[c]

The results of the testing statistical tests kolmogorov-smirnov reflects the significantly by 0,98 > 0,05 significant value these shows the greater than 0,05, that means that data distributed normally.

Autocorrelation Test

Autocorrelation is situation where happened the correlation between residual at an observation with the observation other on the model regression .Model regression good requires the absence of Autocorrelation.

Table 3 Autocorrelation Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,527[a]	,278	,238	,08015	2,129

Of the data processing by : SPSS 25.0

Based on the table above with the amount of N = 115, K = 6, the dL value is 1.5878 and dU is 1.8068 and the 4-dU value is 2.1932 and 4-dL is 2.4122 with the durbin watson value of 2.129, then can be concluded dU < d < 4-dU (1.5878 < 2.129 < 2.1932) so that the decisions that can be taken based on these criteria are not autocorrelation.

Multicollinearity Test

The multicollinearity test aims to test whether the regression model found a correlation between the independent variables. A good regression model is a regression model that does not have a correlation between independent variables.

Table 4 Multicollinearity Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-,035	,167		-,208	,835		
	LKD	,005	,005	,099	1,176	,242	,942	1,061
	LVR	,088	,041	,206	2,126	,036	,714	1,400
	Profit	,009	,007	,129	1,332	,186	,717	1,394
	Size	,031	,006	,522	5,092	,000	,636	1,571
	RKAP	-,013	,021	-,069	-,640	,523	,581	1,721
	Age	-,001	,001	-,085	-,964	,337	,866	1,155

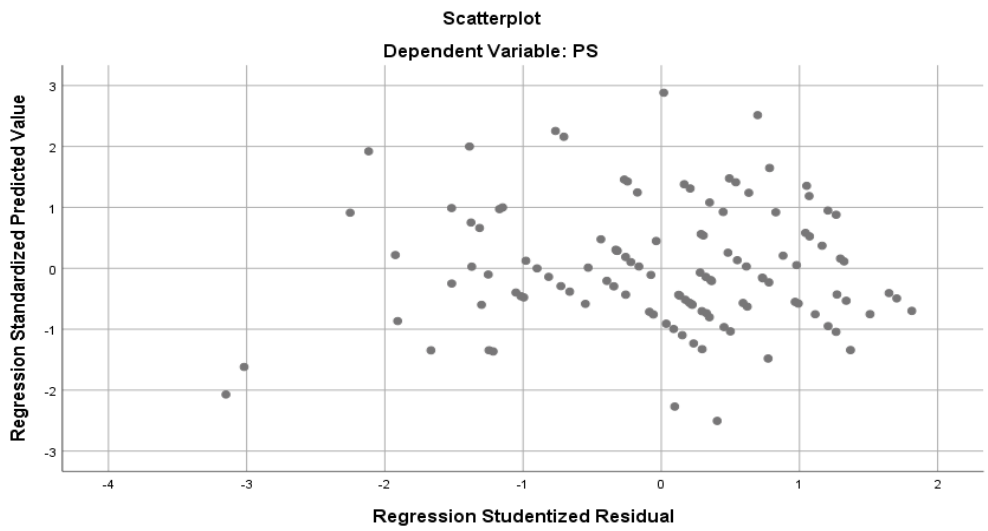
a. Dependent Variable: PS

Based on the table above shows that there is no independent variable that has a tolerance value of less than 0.10. A regression model is also declared free of multicollinearity if it has a VIF value below 10. From the results of the above tests it can be seen that no independent variable used in the study has a VIF value below 10, which means that there is no multicollinearity in the regression model.

Heteroskedasticity Test

Heteroscedasticity test aims to see whether in a regression model there is an inequality of variance from the residual one observation to another observation. A good regression model is free from heteroscedasticity.

Figure 1 Heteroskedasticity Test



Based on pictures on it can be seen that points spread at random and spread on under the good and he 0 on an axis, thus it can be concluded in research regression model does not have heteroskedastisitas symptoms.

The Coefficient of Determination Test

The coefficient of determination test is used to measure how far the model's ability to explain the variant of the dependent variable. In this study to determine the magnitude of the determination coefficient seen from the adjusted R-square value to evaluate the regression model.

Table 5 Coefficient Determination

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,527[a]	,278	,238	,08015

a. Predictors: (Constant), Age, LKD, LVR, Size, Profit, RKAP

b. Dependent Variable: PS

Based on the table above it can be seen that the adjusted R-square value is 0.238 or 23.8%. This means that 23.8% of the dependent variable can be explained by the independent variable. While the remaining 76.2% is explained by other variables outside the research model.

Multiple Regression Analysis

The function of multiple regression analysis is done to find out how the dependent variable can be predicted through independent variables, both partially and simultaneously. The results of multiple linear regression testing can be seen in table 4 with the following equation:

$$PS = -0{,}035 + 0{,}005 + 0{,}088 + 0{,}009 + 0{,}031 - 0.013 - 0{,}001 + €$$

Partial Significance Test

The t statistic test is used to find out how far the influence of the independent variable is individually (partial). The author's interpretation of this study will be explained further based on table 4.

1. **Effect of Liquidity on Voluntary Disclosures in the Annual Report.**

In hypothesis 1 test, the significance value of the statistical test for the liquidity variable is 0.242 > 0.05, so it is concluded that the liquidity variable does not affect voluntary disclosure in the annual report. Financially sound companies do not disclose information more than companies with poor financial conditions and lack of attention from stakeholders on financial information, so they do not take into account the quality of company liquidity, consequently not much influence on voluntary disclosure information.

2. **Effect of Leverage on Voluntary Disclosures in the Annual Report.**

In the hypothesis 2 test, the significance value of the statistical test for the leverage variable is 0.036 < 0.05 so that the leverage variable influences voluntary disclosure in the annual report.

The higher the level of leverage shows that the higher the level of dependence of the company on external parties and the higher the debt that must be paid by the company, which will have an impact in disclosing more voluntary disclosure information. The additional information is needed to eliminate the creditor's doubts about the inability of the company to pay off all its obligations and investors to keep their rights fulfilled and maintain investor confidence to keep investing in the company.

3. **Effect of Profitability on Voluntary Disclosures in the Annual Report**.

In the hypothesis 3 test, the significance value of the statistical test for the profitability variable is 0.186 > 0.05, so it is concluded that the profitability variable does not affect voluntary disclosure in the annual report. Companies that have a low profitability ratio value will not necessarily have a low disclosure index, which is due to the fact that voluntary disclosure by the company does not emphasize the profits earned.

4. **Effect of Company Size on Voluntary Disclosures in the Annual Report.**

In the hypothesis 4 test, the significance value of the statistical test for the variable size of the company is 0,000 < 0,05, so it is concluded that the variable size of the company influences voluntary disclosure in the annual report. This proves that the larger the size of the company, the greater the disclosure given by the company, the information is disclosed to oversee management performance so that the greater disclosure made by the company will maintain the continuity of the company's business.

5. **The Reputation Effect of the Public Accounting Firm on Voluntary Disclosures in the Annual Report.**

In the hypothesis 5 test, the significance value of the statistical test for the reputation variable of the public accounting firm is 0.523 > 0.05, so it is concluded that the reputation variable of the public accounting firm does not affect voluntary disclosure in the annual report. This shows that companies with reputable KAPs belonging to the Big Four do not show a broader disclosure greater than companies with KAP that do not have reputation, this is due to lack of response from stakeholders to the results of audited data by KAP. For external parties also only see that the company has good financial conditions by getting a reasonable audit opinion.

6. **Effect of Company Age on Voluntary Disclosures in the Annual Report.**

In the hypothesis 6 test, the significance value of the statistical test for the company age variable is 0.337 > 0.05, so it is concluded that the age variable of the company does not affect

voluntary disclosure in the annual report. This shows that companies that have older age may better understand what information should be disclosed in the annual report, so the company will only disclose information that will have a positive influence on the company. So companies that have a longer operating age will disclose information that they think will be highlighted by investors in the hope that investors will be interested in buying company shares.

Simultaneous Significance Test

The F test shows that all the independent variables in the regression model have a simultaneous influence on the dependent variable. The results of the simultaneous significance test (F statistic) can be seen in the table below:

Table 6 Simultaneous Significance Test

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,267	6	,044	6,920	,000[b]
	Residual	,694	108	,006		
	Total	,960	114			

Based on table 6 through ANOVA test or F-test it can be seen that the significance value is 0,000, the result is less than 0.05 (0,000 < 0,05). Test probability values smaller than 0.05 indicate that the regression model can be used together to predict the level of voluntary disclosure in the annual report. This proves that the independent variables namely liquidity, profitability, leverage, firm size, reputation of the public accounting firm and the age of the company have a positive effect on the voluntary disclosure index. So it can be concluded that in this study $H_7$was accepted.

CONCLUSIONS

This study aims to analyze the factors that influence the extent of voluntary disclosure in the annual report. Based on the results of partial hypothesis testing, it is known that only leverage variables and firm size have a significant effect on voluntary disclosures in annual reports, and the variables of liquidity, profitability, reputation of public accounting firms and company age have no significant effect on voluntary disclosure in the company's annual report. And based on simultaneous hypothesis testing the results show that the independent variables together have a significant effect on the dependent variable.

FURTHER STUDIES

Research on voluntary disclosures in annual reports in future studies is expected to consider the following suggestions:

1. For further research it is expected to use a different company as a comparison and use a research period of more than 1 year so that research is more accurate.
2. Further research is expected to add other variables that have not been used in this study such as corporate governance variables, company base, proportion of share ownership by the public and other variables which in support of knowing voluntary disclosures in annual reports.

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