JURNAL RUMPUN ILMU EKONOMI

Vol. 1, No. 1 (Des, 2023)
Page 01-11
DOI : https://doi.org/10.5281/zenodo.888888

The Effect Of Firm Size and Liquidity on Good Corporate Governance (Cambria, 15, Bold)

Febi Handayani (Calibri,12, Bold)
Universitas xxx, Pekanbaru, Indonesia (Perguruan Tinggi, Kota, Negara, Calibri, 10)
*Email : febihandayani@gmail.com (Koresponden, Calibri, 10)

Monariza Rustam (Calibri,12, Bold)
Universitas xxx, Pekanbaru, Indonesia (Perguruan Tinggi, Kota, Negara, Calibri, 10)
Email : monarizarustam@gmail.com (Calibri, 10)

ARTICLE INFO :

Keywords :

Financial Reporting Quality;
Company Size;
Financial Leverage;
Liquidity;
Corporate Governance Practice
(Calibri, 10, Italic)

Article History :

Received :2023-09-08
Revised : 2023-10-28
Accepted :2023-12-28
Online :2023-12-31

ABSTRACT

This research seeks to investigate the impact of company size, financial leverage, liquidity, and corporate governance practices on the quality of financial reporting within the framework of value relevance. The study focuses on publicly-listed state-owned enterprises (BUMN) during the period spanning from 2017 to 2019. The research sample comprises 20 BUMN companies, selected using a purposive sampling method and totaling 60 observations based on specific criteria. This study adopts a quantitative descriptive research approach, utilizing secondary data for analysis. Panel data regression analysis serves as the primary analytical tool. The findings of this study reveal that firm size, financial leverage, liquidity, and corporate governance significantly influence the quality of financial reports in the value relevance context. The coefficient of determination test demonstrates an adjusted value of 77.5%, indicating that these variables collectively account for 77.5% of the variation in financial report quality in the value relevance approach. The remaining 22.5% is attributed to unexamined variables. (English, Calibri, 10, Italic)

INTRODUCTION (Calibri, 12, Bold)

(English or Indonesia, Calibri, 10) On the contrary, the presentation of financial information comes with several inherent limitations, including its historical nature, generality, susceptibility to erroneous estimations, conservative nature, and the fact that it doesn't consistently align with real-world conditions. Accounting was established with a specific purpose: to provide essential services to customers and users of financial information required in the decision-making process (Harahap, 2011). The outcome of various accounting activities is the creation of financial reports. These reports serve as a medium to convey information to parties interested in a company's financial affairs (Hakim, 2012).(Zotero/Mendeley)

Within the framework of financial reporting concepts, the primary aim of financial statements is to furnish financial information about reporting entities that proves valuable for current and prospective investors, creditors extending loans, and other stakeholders when making decisions concerning resource allocation to the entity (Karyanti et al., 2019). Therefore, it's imperative to provide comprehensive, lucid, and

Corresponding Author : Febi Handayani

JRIE JURNAL RUMPUN ILMU EKONOMI
Vol. 1, No. 1 (Des, 2023)
Page 01-11
DOI : https://doi.org/10.5281/zenodo.888888

precise financial information regarding the company's financial health, ensuring the company's ongoing operations. Financial reports also serve as a tool employed by management to demonstrate corporate responsibility in the utilization of resources entrusted to the company (IAI, 2018). This is because the information contained in these reports can be utilized as a means to gauge the company's performance.

LITERATURE RESEARCH (Bold, Calibri, 12)

A. Agency Theory (Bold, Calibri, 10)

(English or Indonesia, Calibri, 10) The agency theory describes the relationship between management as agents and shareholders as principals. The agent-principal relationship occurs when the principal employs someone else as an agent to provide a service and delegates authority in decision-making to the agent (Cabrera et al., 2023).

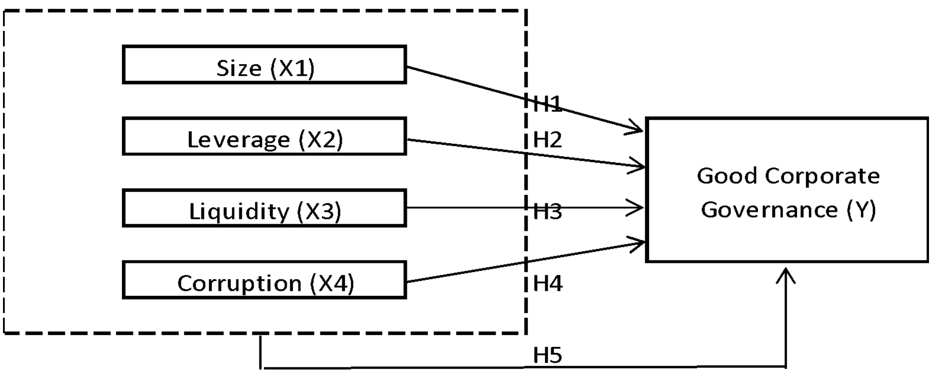
In practice, the agency theory can give rise to conflicts of interest between the agent and the principal. The assumption that each party tends to be motivated by their self-interest arises because of the separation of ownership between the principal (shareholders) and the agent (management) in company management (Novianti, 2012). Additionally, agents and principals have distinct objectives in their contractual working relationship. According to Fitriana and Febrianto (2019), conflicts of interest can lead agents to exhibit behavior that is not in line with their responsibilities (dysfunctional behavior). One manifestation of such dysfunctional behavior is the manipulation or modification of financial reports to make them appear favorable to the principal, even if these reports do not accurately depict the true state of the company

B. Reporting Quality (In the Value Relevance Approach)

According to the International Financial Accounting Standards Board (IASB), financial information can be more useful (of higher quality) when it possesses qualitative characteristics, which are categorized into fundamental characteristics and enhancing characteristics in financial reporting information (Kieso, 2017:55). Fundamental characteristics consist of relevance and faithful representation, while enhancing characteristics include comparability, verifiability, timeliness, and understandability.

C. Conceptual Framework

Gambar 1. Conceptual Framework



Source : Research Data (2020)

METHOD (Calibri, 12, Bold)

A. Population and Sampling Method

The research was conducted using a population consisting of companies listed on the Indonesia Stock Exchange between 2017 and 2019. The sampling approach employed in this study involved the deliberate selection of samples based on specific criteria. These criteria included:

Corresponding Author : Febi Handayani

JURNAL RUMPUN ILMU EKONOMI
Vol. 1, No. 1 (Des, 2023)
Page 01-11
DOI : https://doi.org/10.5281/zenodo.888888

1. State-owned companies (BUMN) that maintained continuous listings on the Indonesia Stock Exchange (IDX) throughout the period from 2017 to 2019;
2. State-owned companies that did not publish annual financial reports consecutively during the 2017-2019 timeframe on the IDX;
3. State-owned companies (BUMN) that utilized the US Dollar as their currency during the study period.
   Applying these criteria resulted in the selection of 20 companies as the research sample

B. Research Variables And Measurement

The research methodology employed in this study is quantitative in nature. Quantitative data, by definition, consist of numerical values. The objective of quantitative research methods is to investigate the connections between two or more variables under examination. In terms of the level of explanation, this research falls into the category of associative research, which seeks to understand the relationships between multiple variables (Sugiyono, 2012). This approach is concerned with identifying causal relationships, specifically examining how independent variables influence the dependent variable. The measurement of each research variable is outlined as follows:

Table 1. Measurement of Variables

Numb	Variables		Measurement	Scale
1	Good Corporate Governance	Y	Board of Commissioners	Ratio
2	Firm Size	X1	Ln Fixed Asset	Ratio
3	Financial Leverage	X2	Debt Ratio	Ratio
4	Liquidity	X2	Current Ratio	Ratio
3	Corruption	X4	Board of Commissioners	Ratio

Source : Research Data, 2020

For testing in this research, used:

1. Descriptive Statistical Test

Descriptive statistics offer an overview or portrayal of a subject based on various criteria, including measures such as the mean (average), standard deviation, variance, maximum, minimum, sum, range, kurtosis, and skewness (Sugiyono, 2012).

2. Classic Assumption Test

a. Data Normality Test

According to Ghozali (2018), the initial step in any multivariate analysis, particularly when aiming for inference, is to conduct a normality test. When data exhibit normality, it implies that the residuals will also follow a normal and independent distribution. In this research, the Kolmogorov-Smirnov test was employed to assess the normality of the data. The criterion for assessment was that if each variable yielded a K-S-Z value with $P > 0.05$, it could be inferred that the data pertaining to the variables under investigation exhibited a normal distribution.

b. Multicollinearity Test

The purpose of conducting a multicollinearity test is to determine whether there exists a correlation among the independent variables in the regression model. An ideal regression model should be devoid of multicollinearity. To ascertain the presence or absence of multicollinearity, an analysis of the intercorrelation between independent variables is performed. If such intercorrelation among the independent variables is observed, indicated by a VIF (Variance Inflation Factor) value exceeding 10, it suggests the existence of multicollinearity within the regression model. Conversely, if the VIF value is less than 10, it indicates the absence of multicollinearity among the independent variables in the regression model (Ghozali, 2018).

c. Autocorrelation Test

Corresponding Author : Febi Handayani

JURNAL RUMPUN ILMU EKONOMI

Vol. 1, No. 1 (Des, 2023)
Page 01-11
DOI : https://doi.org/10.5281/zenodo.888888

To identify autocorrelation, the Durbin-Watson test (DW test) is employed, with the requirement that the regression model includes an intercept (constant) and lacks lag variables among the independent variables.

d. Heteroscedasticity Test

The heteroscedasticity test is conducted to examine whether there is a disparity in variance among residual observations within the multiple regression model under examination. The Glejser test is the method employed in this study to determine the presence or absence of heteroscedasticity. An ideal regression model exhibits homoscedasticity, where variances are uniform across observations. This study employed the Glejser test to assess the presence or absence of heteroscedasticity. In the Glejser test, if an independent variable significantly affects the dependent variable, it may indicate the presence of heteroscedasticity (Ghozali, 2018).

3. Hypothesis Test

In statistical analysis, there are two main types of data: time series data and cross-section data. Panel data, as described by Ghozali (2017: 267), represents a combination of both time series and cross-section data. Panel data is commonly known by various names, such as pooled data (resulting from the pooling of time series and cross-sectional data), micro panel data, longitudinal data, event history analysis, and cohort analysis. These terms all imply the examination of units across different time periods. The pooled data regression model is defined by the following equation:

$$Y_{i,t} = \beta + \beta_1 \text{ UP}_{it} + \beta_2 \text{ LEV}_{it} + \beta_3 \text{ LKD}_{it} + \beta_4 \text{ GCG}_{it} + \mu_{it}$$

RESULTS AND DISCUSSION

1. Descriptive Statistical Test

Table1. Descriptive Statistical Test

	N	Minimum	Maximum	Mean	Std. Deviation
Firm Size	60	27,96	34,89	31,5380	1,78537
Financial Leverage	60	,29	,87	,6392	,16938
Liquidity	60	,28	2,53	1,3297	,43422
GCG	60	2,00	11,00	6,0000	1,74667
Quality of FR	60	,75	45344,03	2972,1232	7921,34961
Valid N (lis twise)	60				

Source: Research Data, 2020

Based on the provided data, there are a total of 60 observations in the dataset. Among these 60 observations, the firm size variable ranges from a minimum of 27.96 to a maximum of 34.89, with an average value of 31.54 and a standard deviation of 1.79. The financial leverage variable ranges from a minimum of 0.29 to a maximum of 0.87, with an average value of 0.64 and a standard deviation of 0.17. For liquidity, the lowest value is 0.28, while the highest is 2.53, with an average of 1.33 and a standard deviation of 0.43. Regarding the Good Corporate Governance (GCG) variable, the smallest value is 2.00, and the largest is 11.00, with an average of 6.00 and a standard deviation of 1.75. Lastly, the Quality of Financial Reports (Quality of FR) ranges from a minimum of 0.75 to a maximum of 45344.03, with an average value of 2972.12 and a standard deviation of 7921.35.

2. Classic Assumption Test

a. Data Normality Test

The table provides results indicating that the significance value of the Kolmogorov-Smirnov test for all the research variables exceeds 0.05. This suggests that the data for the variables under investigation follows a normal distribution, making it suitable for subsequent data analysis and processing.

Corresponding Author : Febi Handayani

JRIE
JURNAL RUMPUN ILMU EKONOMI

Vol. 1, No. 1 (Des, 2023)
Page 01-11
DOI : https://doi.org/10.5281/zenodo.888888

b. Multicollinearity Test

Upon examination of the tolerance values in the provided table, it is evident that none of the variables have a tolerance value less than 0.10, and there are no VIF (Variance Inflation Factor) values exceeding 10. Therefore, it can be inferred that there is no presence of multicollinearity among the independent variables in the regression model for all the study variables.

c. Autocorrelation Test

As the DW (Durbin-Watson) value falls within the range greater than the upper limit (du) but less than 4 – du, it can be inferred that there is an absence of autocorrelation among the research variables.

d. Heteroscedasticity Test

CONCLUSION (Bold, Calibri, 12)

(English or Indonesia, Calibri, 10) The agency theory describes the relationship between management as agents and shareholders as principals. The agent-principal relationship occurs when the principal employs someone else as an agent to provide a service and delegates authority in decision-making to the agent (Cabrera et al., 2023).

BIBLIOGRAPHY

(APA Style, Mendeley/Zotero, Calibri, 10, Minimal 15 bibliography)

Chasanah dan Endang. 2017. “Pengaruh Laba Per Lembar Saham, Nilai Buku Per Saham, dan Transaksi Abnormal Pihak Berelasi Terhadap Relevansi Nilai dengan Mekanisme Tata Kelola Perusahaan Sebagai Variabel Moderasi”. Journal of Accounting, Vol. 6 No. 3.

Djamil, N. (2018). Pemeriksaan Akuntan Publik. Rajawali Pers, ISBN.978-602-425-756-9

Fitriana & Febrianto, 2019.“Pengaruh Ukuran Perusahaan dan Asimetri Informasi Terhadap Kualitas Laporan Keuangan Dalam Pendekatan Relevansi Nilai”.Jurnal Ekonomi dan Bisnis.

Ghozali, Imam. 2018. “Ekonometrika Teori, Konsep dan Aplikasi Dengan Program IBM SPSS 24 Edisi 3”. Semarang: Badan Penerbit-Universitas Diponegoro.

Goenawan, Bhakti, Syamsu. 2012. “Pengaruh Kualitas Laporan Keuangan Dalam Hubungannya Dengan Pengukuran Kinerja”. Jurnal Akuntansi dan keuangan.Vol. 3, No.1.Maret 2012. Hal 1-20.

Harahap, Sofyan Syahri. 2015 “Teori Akuntansi” Jakarta: Raja Grafindo Persada. Hermawati & Yasmeen, 2015.“Pengaruh Good Coorporate GovernanceTerhadap

Ikatan Akuntan Indonesia (IAI). 2018. Pernyataan Standar Akuntansi Keuangan (PSAK) No 1: Penyajian Laporan Keuangan. Jakarta: IAI.

Kieso, Weygant, dan Warfield. (2017). “Akuntansi menengah (intermediate accounting) Edisi IFRS”. Jakarta: Salemba Empat.

Khythreotis, Alexios. (2014). “Measurement of Financial Reporting Quality Bassed On IFRS Conceptual Framework’s Fundamental Qualitative Characteristics”. European Journal of Accounting, Finance & Business.Vol. 2.Issue.3. October 2014. ISSN: 2344-102X.

Kompas.com (2020).Kronologi Lengkap Kasus Jiwasraya Versi BPK.(https://amp.kompas.com/money/read/2020/01/09/063000926/simak-ini-kronologi-lengkap-kasus-jiwasraya-versi-bpk). Diakses pada: 10/09/2020.

Kualitas Pelaporan Keuangan Perusahaan Manufaktur”.Jurnal Ekonomi Bisnis.Vol. 20. 1.

Manossoh, Hendrik. (2016). “Good Corporate Governance Untuk Meningkatkan Kualitas Laporan Keuangan”. Jakarta Selatan: PT. Norlive Kharisma Indonesia.

Novianti, Rizki. 2012. “Kajian Kualitas Laba Pada Perusahaan Manufaktur Yang Terdaftar di BEI”. Jurnal Akuntansi. ISSN 2252-6765.

Pagalung, Gagaring. 2012. “The Determinant Factors Of Earnings Quality and Economic Consequences”.Jurnal Ekonomi dan Keuangan.Vol. 16.No. 1.Maret 2012.ISSN 1411-0393.

Corresponding Author : Febi Handayani

JURNAL RUMPUN ILMU EKONOMI
Vol. 1, No. 1 (Des, 2023)
Page 01-11
DOI : https://doi.org/10.5281/zenodo.888888

Pawestri, Septi & Sari Ratna. 2014. "Pengaruh Leverage Operasi, Leverage Keuangan dan Leverage Total Terhadap Risiko Sistematis Saham Pada Perusahaan Manufaktur yang Terdaftar di BEI Periode Sebelum dan Sesudah Konvergensi IFRS". Jurnal Nominal. Vol. 3.No. 1.

Prena, Gine Das. 2012. Pengaruh Keberadaan Komisaris Independen pada Kecepatan Penyerahan Laporan Keuangan Perusahaan yang Terdaftar Di Bursa Efek Indonesia. Jurnal Riset Akuntansi Universitas Pendidikan Nasional Denpasar.

Purba, Candrasatyani & Ngurah. 2018. "Kualitas Pelaporan Keuangan, Asimetri Informasi dan Efisiensi Investasi Pada Perusahaan Pertambangan".Vol. 13.No.1. Januari 2018. ISSN: 2303-1018.

Puspitasari, Desiani Melisa, N dkk (2019). Pengaruh Likuiditas dan Struktur Modal Terhadap Profitabilitas. (Suatu Studi Pada PT XL Axiata Tbk yang terdaftar di Bursa Efek Indonesia Periode 2007-2017). Business Management and entrepreneurship journal. Vol. 1 No. 3

Ridha, Ainul, dkk. (2019) Pengaruh Profitabilitas Dan Likuiditas Terhadap Harga Saham Pada Perusahaan Perbankan Yang Terdaftar Di BEI Periode 2015- 2017. SIMEN Akuntansi dan Manajemen) STIES. ISSN: 2598-3008. Vol. 10 Issue:1

Risdawaty & Subowo. 2015. "Pengaruh Struktur Modal, Ukuran Perusahaan, Asimetri Informasi dan Profitabilitas Terhadap Kualitas Laba". Jurnal Dinamika Akuntansi Vol. 7.No.2. September 2015. ISSN: 2085-4277.

Rohmah, Amaliah Nur. 2017. "Pengaruh Ukuran Perusahaan, Umur Perusahaan, Leverage Keuangan dan Good Coorporate Governance Terhadap Kualitas Laporan Keuangan (Studi pada Perusahaan Manufaktur yang Terdaftar di BEI Tahun 2013-2015)".

Saptutyningsih & Setyaningrum. 2020. "Penelitian Kuantitatif Metode dan Alat Analisis". Yogyakarta: Gosyen Publishing. ISBN: 978-602-5411-62-5

Shan, Y. G. (2014). Value Relevance, Earning Management and Corporate Governance in China. University of Adelaide, 2-38.

Soedjatmiko, 2013. "Determinan Kualitas Pelaporan Keuangan Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia". Jurnal Ekonomi dan Bisnis, Vol. 6 No. 2.

Sugiyono. (2012). Statistik untuk Penelitian. Bandung: CV Alfabeta

Susanti, 2017. "Pengaruh Leverage, Likuiditas, Ukuran Perusahaan, dan Kualitas Audit Terhadap Kualitas Informasi Laporan Keuangan". Jurnal Akuntansi Dewantara, Vol. 1 No.1.

Corresponding Author : Febi Handayani