Jurnal Akuntansi

Vol. 13. No.1 Februari 2023 ISSN 2303-0356

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Diterbitkan Oleh :
Program Studi Akuntansi
Fakultas Ekonomi Dan Bisnis
Universitas Bengkulu

Jurnal Akuntansi

Volume 13, Nomor 1, Februari 2023

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Jurnal Akuntansi

Volume 13, Nomor 1 Februari 2023

Jurnal Akuntansi ISSN 2303-0356
Vol. 13, No.1, February 2023 Hal..1-11

ANALYSIS IMPLEMENTATION BASED ON PSAK 109 ACCOUNTING ZAKAT, INFAQ, SADAQAH IN LAZ YATIM MANDIRI PONOROGO

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ARTICLE INFO

Article history:
Received: July 12th, 2022
Revised: January 31st, 2023
Accepted: February 23rd, 2023

Keywords:
Accounting,
ZIS,
LAZ,
PSAK 109

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ABSTRACT

This study aims to analyse the implementation of accounting for zakat, infaq, and sadaqah based on PSAK 109 contained in the Amil Zakat Yatim Mandiri Ponorogo as one of the LAZs in Ponorogo. This research uses data collection methods, observation, documentation, and interviews, through a qualitative-descriptive approach. The data collection method in this study was through interviews informant of Yatim Mandiri Ponorogo to obtain information related to the analysing implementation of PSAK 109. The validity test of the data using triangulation techniques. As well as documentation to support credibility in conducting the observation process and interviews conducted by the researcher. The application of accounting treatment in the variables of presentation of financial statements in LAZ Yatim Mandiri has been carried out separately, which means following the rules of PSAK 109. However, implementing accounting treatment in the disclosure variables for the management of the ZIS fund is not following PSAK 109 because LAZ Yatim Mandiri has not yet elaborated on CaLK. This research is expected to develop LAZ Yatim Mandiri Ponorogo and other LAZs to apply accounting ZIS based on PSAK 109.

How to cite (APA Style):

Fitriyani, E. N., Wijayanti, I., & Sayidatul, N. (2023). Analysis Implementation Based On Psak 109 Accounting Zakat, Infaq, Sadaqah In Laz Yatim Mandiri Ponorogo. *Jurnal Akuntansi* , 1-12.

INTRODUCTION

Phenomena occur in the development of the Zakat, Infaq, and Sadaqah Accounting management sector. Currently, Lembaga Amil Zakat (LAZ) is not orderly in implementation procedures based on regulations and guidelines, resulting in a less effective, accountable and transparent reporting system. In a deeper context, the management of zakat, infaq, and sadaqah accounting has been regulated in PSAK 109. Zakat is not only the obligation of every Muslim who can fulfil the obligations of a servant to his God. Zakat also has an essential role in building a relationship between people to create a balance of social distribution. (Pratama, 2015) In Islam, zakat can be used to help distribute income. The existence of zakat obligations can also minimise the problem of poverty because the main target of zakat is to meet the needs of people in need. However, a good management system is needed to maximise zakat's potential. (Nisa, 2020) explains that the purpose of zakat management is to improve services for the community in paying zakat, improve the function and role of religious institutions to improve community welfare and social justice, and improve the results and efficiency of zakat. Therefore, to run and realise a good management system, an institution must get a role as the manager of the zakat, infaq, and sadaqah. Based on Law Number 23 of 2011, the government has established two institutions to manage zakat funds, namely, BAZ (Badan Amil Zakat), which is structurally within the national, provincial and district scope as well as LAZ (Lembaga Amil Zakat), which was formed on an initiative by someone, a group of people who have obtained evidence of validity from the relevant government. (Evalina Ikhsan, 2020) Explains that as sharia organisations, LAZ and BAZ require standards in financial reporting.

Based on BAZNAS Regulation No. 02 of 2014, both BAZ and LAZ are encouraged to apply PSAK (Implementation of Financial Accounting Standards) no. 109, which regulates Zakat, Infaq, and Accounting Shadaqah to balance and harmonise financial statement standards that have an impact on the principles of accountability and transparency in zakat, infaq, and fund management schemes sadaqah. (Suryani, 2020) said that implementing PSAK 109 is a way to balance the BAZNAS Rules containing adjustments to LAZ financial reporting standards. With the hope that a LAZ can present financial reporting following specified standards. PSAK is a guideline in the preparation of entities. The government has regulated and established rules that Zakat Management Organizations (OPZ) use the rules contained in PSAK 109. PSAK 109 contains regulations related to the management of zakat, infaq, and sadaqah funds (Ghassani, 2018). The application of PSAK 109 for LAZNAS and baznas is essential. BAZNAS Regulation No. 2 of 2014 Chapter II Article 13 reads, "LAZ must be willing to be audited for Sharia and finance periodically" (Savira & Suharsono, 2013). Despite the new regulations governing this, it turns out that LAZ still faces many problems in practice. Muzakki's distrust of the management of the zakat funds given, and also, there are still LAZs that have not implemented PSAK 109 are still often found. Some problems arise because LAZ cannot build the organisation's reputation through the transparency of funding and public accountability provided.

Ponorogo, one of the districts in East Java, has considerable potential for zakat receipts. It even has Amil Zakat Institutions spread across several of its territorial areas. The number of zakat receipts in Ponorogo Regency reaches 89%, which also has the potential for distribution to needy people. One of the Amil Zakat Institutions in Ponorogo is LAZ Yatim Mandiri Ponorogo. LAZ Yatim Mandiri is committed to promoting orphans' social and humanitarian dignity with ZISWAF funds (Zakat, Infaq, Shadaqah, Waqf) and other halal funds also legal from individuals, groups, companies, and institutions. It has also begun to be widely known by the community because the programs have reached all over the village. In addition, LAZ Yatim Mandiri often carries out social service activities aimed at orphans, dhuafa, educational scholarship distributors, etc. Seeing the massive potential for receiving ZIS funds collected at LAZ Yatim Mandiri Ponorogo, it is essential to have accountability and transparency in the management of ZIS funds by PSAK 109. This study will be focused on analysing the implementation of PSAK 109 in the management of zakat, infaq, and sadaqah accounting in LAZ Yatim Mandiri Ponorogo. This aligns with accountability, professionalism, and transparency in zakat management, which can impact muzzaki's trust to pay zakat.

A similar study was conducted (Ohoirenan & Fithria, 2020), which examines the application of PSAK 109 at BAZNAS Tual City using descriptive qualitative research. The study results found that the Tual City BAZNAS had not fully referred to PSAK in making financial reports. The financial reports at the Tual City BAZNAS are only limited to reporting the receipt and Distribution of ZIS funds. The comparative value found in this study when compared with previous research on the variable scale used. Previous research only examines and analyses the variables of recognition and place of zakat, infaq, and sadaqah funds.

Meanwhile, in this research, it examines comprehensively related to variables; (1) Recognition and measurement of the receipt and delivery of zakat funds, (2) Recognition and measurement of the receipt and delivery of in faq/sadaqah funds, (3) Presentation and achievement of ZIS funds (4) discussing the elaboration of CALK. The importance this research is carried out by providing recommendations related to updating ZIS accounting financial statements that can be applied by LAZ Yatim Mandiri Ponorogo in an accountable and transparent manner using the PSAK 109 instrument. So in its implementation, LAZ Yatim Mandiri Ponorogo gains public trust in the management of zakat, infaq, and sadaqah funds, which explicitly have a significant effect on the distribution of zakat itself in order to support social benefits.

THEORETICAL FRAMEWORK AND HYPOTHESES

Zakat, Infaq, and Shadaqah

Zakat comes from the word "Zaka", meaning clean/holy. Zakat is defined as the activity Allah needs by releasing some of the assets of a certain amount and charging them to the person who receives them (Sri Nurhayati, 2019). Zakat is the fourth pillar of Islam, based on the spirit of sharing and becoming an instrument of income equality and poverty alleviation. Conceptually, muzakki is the party that issues zakat. Meanwhile, mustahik is the party that is entitled to receive zakat.

Infaq comes from the word "nafaqa", which can be interpreted as something that has passed or been exhausted. Therefore, Infaq can be interpreted as giving some sustenance from Allah SWT, which is given to other parties based on sincerity to Allah SWT. Furthermore, law Number 23 of 2011 defines infaq as property issued for the public interest by a private person or group other than zakat (Nizar, 2012). Therefore, Infaq is a voluntary issue by Muslims aimed at getting the joy of Allah.

Shodaka comes from the word "sadaka" . This means right and can be understood by giving it to others (Arifin, 2011). Therefore, according to the language, sadaqah is a form of faith and devotion expressed by giving material or immaterial in the form of money, goods, energy, or other good deeds done in the hope of the pleasure of Allah Almighty.

Zakat Management Organization

Based on Law No. 23 of 2011 contains procedural mechanisms in aspects of zakat management, which consists of systemic programs in the form of planning, implementing, and coordinating the collection, distribution, and utilisation of zakat. Two government-recognised zakat management institutions are badan Amil Zakat (BAZ) and Lembaga Amil Zakat (LAZ). BAZ is an institution that regulates zakat management at the national, provincial, and city levels. Meanwhile, LAZ was founded by the community to support the collection of zakat. The existence of this zakat management organisation is expected to help increase the effectiveness and efficiency of zakat services, improve community welfare and reduce poverty.

PSAK 109

The development of sharia began to encourage the Indonesian Institute of Accountants (IAI) to compile PSAK 109, which regulates the accounting of Zakat, Infaq, and Shodaqoh. The Statement of Financial Accounting Standards (PSAK) has been agreed upon by the Indonesian Institute of Accountants as a standard guide used in the mechanism for preparing financial statements. PSAK 109 aims to regulate the recognition, reduction, presentation and disclosure of zakat and infaq/alms transactions. This PSAK109 accepts and distributes zakat, and infaq alms, which are approved by regulations or approved by regulations to recognise, measure, display, and disclose zakat, infaq, and alms transactions. There are four aspects in PSAK 109; Recognition of process determination of the fulfilment of the recording of transactions that occur in financial records.

The measurement of the proses determines the face value for recognising and including each post in the financial statements. Presentation of financial statements on all transactions that have been recorded. Disclosure of all information is presented in the form of a report.

RESEARCH METHODS

Research Design

This research was conducted at LAZ Yatim Mandiri Ponorogo, located on Jl. Letjend Suprapto No. 1C, Ponorogo District, Ponorogo Regency, East Java 63418. This study intends to analyse the implementation of Zakat, Infaq, and Sadaqah accounting to determine whether the financial statements used and run by LAZ Yatim Mandiri Ponorogo are by PSAK 109 instrument, which includes variables: recognition, measurement, disclosure, and presentation. The type of research used relies on a qualitative descriptive approach aimed at understanding the phenomena of what research subjects are experiencing, such as behaviour, perception, and motivation. Therefore, observations were made in this study over three months. Observations were made in this study over three months. Observation is a data collection technique carried out through observation, accompanied by recordings of the state or behaviour of the target object. In this study, observations were made to observe the system of recognition, measurement, presentation and disclosure of zakat and financial infaq/alms transactions carried out by LAZ Yatim Mandiri Ponorogo.

It is holistic, explaining in the form of language in a specific context and can use various scientific methods (Moleong, 2017). The methods used are descriptive as problem-solving procedures studied by describing the subject or objective state of the study. The data collection method in this study was through interviews conducted with the Head of the Branch and Finance Of LAZ Yatim Mandiri Ponorogo to obtain information related to the picture analysis of the financial statements of zakat funds in LAZ Yatim Mandiri. Observation is used to directly see the process of handling ZIS funds by LAZ Yatim Mandiri Ponorogo. As well as documentation to support credibility in conducting the observation process and interviews conducted by researchers. The documents or archives used in this study are in the form of interviews and photos supporting relevant observations.

Data Analysis Methods

This study uses qualitative descriptive analysis techniques by describing the ZIS fund financial statement system at LAZ Yatim Mandiri Ponorogo. The research report that the researcher will carry out includes the following:

a) Describes the overview of LAZ Yatim Mandiri Ponorogo
b) Describes the accounting treatment of Zakat, Infaq, and Sadaqah in the concept of recognition and measurement of ZIS funds carried out at LAZ Yatim Mandiri Ponorogo
c) Describes the accounting treatment of Zakat, Infaq, and Sadaqah in the concept of presenting financial statements on ZIS funds in LAZ Yatim Mandiri Ponorogo
d) Describes the accounting treatment of Zakat, Infaq, and Sadaqah in the concept of disclosure of ZIS funds carried out in Yatim Mandiri Ponorogo
e) Making a table to compare and describe the suitability of accounting treatment of ZIS funds carried out at LAZ Yatim Mandiri Ponorogo regarding PSAK 109
f) Concluding the suitability of accounting treatment of ZIS funds in LAZNAS Yatim Mandiri Ponorgo with PSAK 109 provided that:
    - The implementation of PSAK 109 in LAZ Yatim Mandiri Ponorogo is said to be appropriate if there are many points of treatment for appropriate ZIS funds (Aprilia, 2017)
    - The implementation of PSAK 109 in LAZ Yatim Mandiri Ponorogo is said to be inappropriate if there are many points of treatment for ZIS funds that are not appropriate (Aprilia, 2017)

Data Validity Test

This research used data credibility by using triangulation techniques. Triangulation is a data collection method that combines multiple methods and data sources obtained from observation, interviewing, and recording results. In triangulation techniques, researchers obtain data from the same sources using various data collection techniques. For example, researchers simultaneously use participant observations, in-depth interviews, and documents from the same data source (Sugiyono, 2018). Some types of triangulation that will be used include:

a) Time Triangulation
   This triangulation considers the time of data collection to be taken. The data obtained can be affected by the time of data retrieval. Observational testing, interviews, or other methods can check the data's validity at different times or conditions. If the test results are obtained from different data, then the researcher can carry out repeated tests to obtain definite and accurate data

b) Source Triangulation
This triangulation is carried out to test the validity of the data by testing the data obtained from various sources. After obtaining from different sources, the data is analysed, and conclusions are drawn.

c) Data Triangulation
This triangulation is more towards the data used to support this research, such as documents, financial statements, archives, etc.

RESULTS AND DISCUSSION

Analysis of Interview Results

- **Target of Collecting and Distributing ZIS Funds at LAZ Yatim Mandiri Ponorogo.** The ZIS funds managed by LAZ YATIM MANDIRI Ponorogo come from all community elements, which can be done through transfers, pick-up donations, and directly through the office. Furthermore, the Distribution of ZIS funds is distributed using a reference of 8 snap following Islamic sharia.
- **Presentation of Financial Statements at LAZ YATIM MANDIRI Ponorogo**
  1. **ZIS Financial Statement Management Planning in LAZ.** Financial reports in LAZ are used to link receipts and distribution reports because LAZ is a non-profit organisation that directs accountability to the community. Therefore, financial statements are needed to represent accountability and transparency in receiving and distributing ZIS funds.
  2. **Yatim Mandiri Financial Report.** Reporting to the centre, Yatim Mandiri Ponorogo uses several reports, namely balance sheet reports, capital changes, funds changes, revenue reports, and general ledger
  3. **Audit of Yatim Mandiri Financial Statements.** Implementation of financial supervision at LAZ Yatim Mandiri is carried out by an external audit located at Yatim Mandiri Pusat in Surabaya. Meanwhile, LAZ Yatim Mandiri Ponorogo is audited by an internal audit of Lembaga, namely the supervisory agency of LAZ Yatim Mandiri and is carried out once a year.
  4. **ZIS Yatim Mandiri Financial Repor**t **on PSAK 109.** The management of financial statements at Yatim Mandiri already has a computerised system and is connected to the centre. Financial planning can also be accessed through the website
- **Procedure/Mechanism for Implementing PSAK 109 in Laz Yatim Mandiri**
  1. **The concept of recognition and measurement of ZIS funds**
     - **The Process of Recognition and Measurement of ZIS Acceptance.** Calculating and measuring the receipt of ZIS funds at LAZ YATIM MANDIRI Ponorogo use a cash essential recognition system where recording is only carried out if ZIS funds have been received, as evidenced by proof of transaction.
     - **We are giving Ujrah Amil.** Pemberian ujrah amil on LAZ YATIM MANDIRI is taken from zakat funds of a maximum of 12.5% and infaq funds of 20% managed by the centre.
     - **Reduction of ZIS Funds in the form of Non-Cash Assets.** LAZ Yatim Mandiri does not have non-cash assets because the non-cash assets in the Yatim Man office in Ponorogo are referred to as facilities from the head office.
     - **Process of Recognition and Measurement of ZIS Fund Disbursement.** Recognition and measurement of ZIS funding distribution through a survey process first to determine the eligibility of prospective

candidates. The Distribution of ZIS funds is carried out through programs at LAZ YATIM MANDIRI Ponorogo every month.

- **ZIS Fund Recognition of the burden on LAZ Yatim Mandiri.** Beban issued by LAZ YATIM MANDIRI for both operations and other expenses is recognised as deductions from zakat funds. This is the same as stated in PSAK 109.
- **Management of Non-Halal Funds.** Every receipt, which the financial admin refers to as a profit-sharing fund, will be recorded in a separate journal per month or every six months. This means that it can be represented that LAZ YATIM MANDIRI, in recording nonhalal funds, has referred to PSAK 109, namely reporting nonhalal funds separately.
- **Distribution of ZIS Funds through Other Amyls.** LAZ YATIM MANDIRI has never disbursed funds through another amyl except for humanitarian aid abroad
- **Distribution of Fixed Assets.** LAZ YATIM MANDIRI more often distributes cash and non-cash according to the contract of muzakki, which is not a fixed asset.

2. **The Concept of Presentation on ZIS Fund Management.** LAZ YATIM MANDIRI Ponorogo shows that the presentation on the management of ZIS funds at LAZ YATIM MANDIRI Ponorogo follows PSAK 109 because it presents financial statements separately.
3. **The concept of disclosure on the management of ZIS funds.** The disclosure of ZIS fund management in making a CaLK report is still not thoroughly carried out by LAZ Yatim Mandiri.
4. **Overview of The Report on Financial Receipts and Disbursements of LAZ Yatim Mandiri Ponorogo.** The process of preparing financial statements on LAZ Yatim Mandiri does not use journals specifically. However, it uses a cashflow system with only two tables in the report, receipt and expenditure (Distribution).

Analysis of ZIS Accounting Standard Statement on LAZ Yatim Mandiri based on PSAK 109

Comparison between the definitions, reporting methods, management procedures, control, and disclosures applied by LAZ Yatim Mandiri with the theories contained in PSAK 109, which researchers have analysed:

The Concept of Recognition and Measurement.

The concept of recognition and measurement consists of several aspects, including the receipt of zakat funds, the receipt of infaq / sadaqah funds, the distribution of zakat funds, and the distribution of infaq / sadaqah funds. Therefore, the following will be presented as a table that represents the results of the comparison of accounting treatment at LAZ Yatim Mandiri and also conformity with PSAK 109 in the concept of recognition and measurement:

Table 1
Comparison of the Concepts of Recognition and Measurement on Zakat Fund Receipts

Information	Accounting Treatment Based PSAK 109	Accounting Treatment at Yatim Mandiri Ponorogo	Conformity Analysis
Confession and Measurement On Reception Zakat Fund	Receipt of funds zakat is recognised as an increase in zakat funds at the time of the asset	Recording of ZIS fund receipts using a cash basic recording system, where receipts are recognised	APPROPRIATE

 ISSN 2303-0356
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	cash/non-cash received	when cash is received	
	Zakat funds received are measured appropriate: - The amount received is in cash - Fair value/market price if in the form of non-cash assets	The zakat funds received by LAZ Yatim Mandiri Ponorogo are measured according to the amount received both in the form of cash and the form of non-cash	APPROPRIATE
	Amil can receive ujrah from muzakki outside of acceptance zakat funds and recognised as add-on funds	LAZ Yatim Mandiri has never seen a case of receiving ujrah outside of zakat funds	NOT YET APPROPRIATE
	The decrease in zakat funds in the form of non-cash assets is recognised as a deduction of zakat funds if it is caused by amyl negligence and is recognised as a deduction of amyl funds if it occurs due to intentional amyl	Zakat received in non-form in LAZ Yatim Mandiri Ponorogo will be recognised as a deduction for zakat funds/amyl funds if there is a decrease in value depending on the cause of occurrence	APPROPRIATE

Source: Processed data, 2022

Based on the comparison of the data presented in the financial statements of Yatim Mandiri and PSAK 109 above, it is known that in the concept of recognition and measurement of zakat fund receipts, the financial statements presented by Yatim Mandiri Ponorogo following PSAK 109, but in the points of receipt of ujrah amil, LAZ Yatim Mandiri still has not implemented the addition of amyl funds because LAZ Yatim Mandiri has never encountered a case of receiving ujrah outside of zakat funds

Table 2
Comparisons in the Concepts of Recognition and Measurement on Zakat Fund Receipts

Information	Accounting Treatment Based PSAK 109	Accounting treatment at LAZ Yatim Mandiri Ponorogo	Conformity Analysis
Recognition And the measurement of Zakat Fund Disbursement	Zakat distributed to mustahik will be recognised as a deduction of zakat funds following the amount distributed if in the form of cash and by the amount recorded in the form of non-cash asset	The recording is carried out by amyl accordingly to the amount of zakat fund disbursement, both in cash and non-cash	APPROPRIATE
	Amil is included in mustahik, zakat, which is distributed to amyl and will be recognised as an enhancer amyl funds correspond to the amount distributed. The	Presented receipt of Fund's zakat to amyl is 12.5% of the receipt of zakat funds. The amyl funds at LAZ Yatim Mandiri	APPROPRIATE

	LAZ determines the percentage in distribution for amyl following the existing provisions	are used for ZIS management purposes such as costs and also amyl salary.	
	Disbursement of funds zakat through amyl others will be recognised as deductions from zakat funds if the funds have been received by mustahik.The distribution of zakat funds through another amyl will be recognised as receivables for disbursement	LAZ Yatim Mandiri has not done channelling through another amyl independently. Instead, distribution is accommodated through the Yatim Mandiri centre located in Surabaya.	NOT YET APPROPRIATE
	Zakat funds in the form of fixed assets are recognised as the distribution of zakat entirely if there is no control amyl on assets and recognised as a gradual distribution of zakat if it is still under the control of amyl	LAZ Yatim Mandiri Ponorogo has never distributed zakat funds in the form of fixed assets. The zakat distributed by LAZ Yatim Mandiri Ponorogo is cash in the form of money and non-cash in the form of necessities	NOT YET APPROPRIATE

Source: Processed data, 2022

Based on the comparison of the data presented in the financial statements of Yatim Mandiri and PSAK 109 above, it is known that the concept of recognition and measurement of the distribution of zakat funds at LAZ Yatim Mandiri is by PSAK 109 at several points, namely recording the distribution to mustahik and also the percentage of fund distribution, meanwhile, at the point of disbursement of zakat funds through other amyl and the distribution of zakat funds in the form of fixed assets.

LAZ Yatim Mandiri has never been implemented, so it cannot be said to follow the existing PSAK 109.

Information	Accounting Treatment Based PSAK 109	Accounting Treatment at LAZ Yatim Mandiri Ponorogo	Conformity Analysis
Confession and Measurement above Infaq/Sadaqah Fund Receipt	Infaq/Sadaqah will be recognised as a fund enhancer following the contract of muzakki. In the measurement, the receipt will be measured according to the amount of receipt of money or the applicable fair value	The receipt of infaq/sadaqah funds, whether bound or not bound by amyl, will be received as an increase in infaq/sadaqah funds according to the number of money receipts or	APPROPRIATE

		the current market price	
	Receipt of infaq/sadaqah fund in non-cash assets such as current assets and non-current assets can be managed and the results of the increase in the asset value will be recognised as additional funds. If in the management of infaq/sadaqah funds, there is a decrease in the value of assets, it will be recognised as a deduction from the funds	Infaq/sadaqah funds received and managed so that there is an increase in the value will be recognised as an increase in funds and recording is carried out in a separate journal.	APPROPRIATE

Source: Processed data, 2022.

Based on the comparison of the data presented in the financial statements of Yatim Mandiri and PSAK 109 above, it is known that in the concept of recognition and measurement of the receipt of infaq / sadaqah funds, LAZ Yatim Mandiri has implemented the rules contained in PSAK 109 properly.

Information	Accounting Treatment Based PSAK 109	Accounting Treatment at LAZ Yatim Mandiri Ponorogo	Conformity Analysis
Recognition And Measurement above Distribution Infaq/Sadaqah Fund	Infaq/sadaqah disbursed is recognised as a deduction of funds according to the amount issued. Amil can receive infaq/sadaqah funds that will be recognised as amyl fund enhancers. Infaq/sadaqah funds are recognised as a deduction of funds when it has been completely channelled. Disbursement	Amil records the transaction of disbursement of infaq / sadaqah funds following the expenses made. The distribution of infaq/sadaqah funds to amyl will be recognised as an enhancer of amyl funds with a percentage of 20%	APPROPRIATE

	under the revolving Fund, the scheme will be recognised as infaq/sadaqah receivables		

Source: Processed data, 2022.

Based on the comparison of presented data in the financial statements of Yatim Mandiri and PSAK 109 above, it is known that in the concept of recognition and measurement of the distribution of infaq / sadaqah funds, LAZ Yatim Mandiri has implemented recording of transactions that have been distributed. This follows the regulation in PSAK 109 about the recognition and measurement of the distribution of infaq/sadaqah funds.

Presentation Concept

Information	Treatment Accounting following PSAK 109	Treatment Accounting at LAZ Yatim Mandiri Ponorogo	Conformity Analysis
Presentation of ZIS Funds	Reporting of ZIS funds are presented separately	Amil has already reported ZIS funds separately	APPROPRIATE

Source: Processed data, 2022.

Based on the comparison of presented data in the financial statements of Yatim Mandiri and PSAK 109 above, it is known that in the concept of presenting the ZIS Fund, LAZ Yatim Mandiri has implemented a separate recording of ZIS funds. This follows what has been regulated in PSAK 109.

Disclosure Concept

Information	Treatment Accounting following PSAK 109	Accounting Treatment at LAZ Yatim Mandiri Ponorogo	Conformity Analysis
Disclosure of top Management Dana said	CaLK contains disclosure of accounting policies on LAZ	Amil has not made a CaLK to describe the disclosure of fund management to managed ZIS funds	NOT YET APPROPRIATE

Source: Processed data, 2022.

Based on the comparison of presented data in the financial statements of Yatim Mandiri and PSAK 109 above, it is known that in the concept of disclosure, Yatim Mandiri has not implemented the creation of CaLK, which explains the financial statements that have been made. Therefore, this indicates that LAZ Yatim Mandiri Ponorogo carries out a discrepancy in the implementation based on PSAK 109.

Analysis of ZIS Accounting Standard Statement on LAZ Yatim Mandiri Ponorogo based on PSAK 109

Based on the comparison results from the table above, it can be concluded that the accounting treatment of ZIS fund management and other managed funds in LAZ Yatim Mandiri Ponorogo has not fully referred to PSAK 109 ZIS accounting. In the recognition and measurement indicators, the process of recording receipts and distribution has been carried out by LAZ Yatim Mandiri following the concept of recognition and measurement contained in PSAK 109. In the indicators of the presentation of financial statements, the recording on LAZ Yatim Mandiri has been carried out separately so that it will not be mixed with other managed funds. However, in the aspect of the disclosure, LAZ Yatim Mandiri Ponorogo has not reported in CaLK following what is stated in PSAK 109. Some of the ZIS accounting treatments that have not been following PSAK 109 because LAZ Yatim Mandiri has never made the transaction in question can be seen from the results of the table that has been described above.

CONCLUSIONS AND RECOMMENDATIONS

The conclusion about implementing accounting treatment to the variable presentation of financial statements at LAZ Yatim Mandiri Ponorogo has been carried out separately, which means following PSAK 109. However, implementing accounting treatment to the ZIS fund management disclosure variable is not based on PSAK 109 because LAZ Yatim Mandiri has not been translated into CaLK.

Based on this analysis, LAZ Yatim Mandiri Ponorogo has not comprehensively implemented PSAK 109 in its financial reports. LAZ Yatim Mandiri Ponorogo can maximise the application of PSAK 109 as a whole as a guiding instrument in the preparation and presentation of ZIS Accounting so that it impacts accountability and transparency. The next suggestion is for LAZ Yatim Mandiri Ponorogo to present CaLK in financial reports by the instruments contained in PSAK 109, which serves as a form of accountability from LAZ Yatim Mandiri Ponorogo Branch to LAZ Yatim Mandiri Center.

For further research, if you are going to examine a similar case, it is better to compare the financial reports in the central LAZ to get a comprehensive data report.

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Jurnal Akuntansi ISSN 2303-0356
Vol. 13, No.1, February 2023 Hal..12-20

THE EFFECT OF RELIGIOSITY AND LOVE OF MONEY ON ACCOUNTANT ETHICS CRISIS

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ARTICLE INFO

Article history:
Received: April 5th, 2022
Revised: July 10th, 2022
Accepted: February 23rd, 2023

Keywords:
Accountant Ethics Crisis
Love of Money
Religiosity

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ABSTRACT

The problem in this study is that there are still violations of accountant ethics committed by accountants while carrying out their duties as an accountant. As a profession that performs its functions, the accountant must comply with professional ethics and carry out duties in a certain way by professional ethics or established standards. Behaviour that violates professional ethics is not only for public accountants but also for other accountants. If the accountant has the integrity to apply ethical and ethical values in the professional conduct of his work, then unethical behaviour should not occur. This study aims to determine the influence of religiosity and love of money on the ethical crisis of accountants. This quantitative study uses raw data from questionnaires and is measured using a Likert scale. The sample used was determined by a purposive sampling method with specific criteria. Data analysis in this study used multiple linear regression and data collection techniques in the form of questionnaires. The data obtained were analyzed by f-test, t-test, normality test and multiple linear regression analysis. The results showed that religiosity and love of money influenced the ethical crisis of accountants. Partially the variable of religiosity affects the ethical crisis of accountants, and love of money also influences the ethical crisis of accountants

How to cite (APA Style):

Sibarani, B. E., & Anggreani, C. (2023). The Effect Of Religiosity And Love Of Money On Accountant Ethics Crisis. *Jurnal Akuntansi*, 12-20

INTRODUCTION

The development of the times requires humans to be more intelligent and creative in all fields. The increasing human intelligence not only causes a positive impact but also causes a negative impact. To maintain order, ethical behaviour should be applied to all professions. Nevertheless, there are still many ethical violations that can cause scandals in the profession. With the increasing number of scandals that occur in a professional field, there will be a professional, ethical crisis. The accounting profession has many ethics and rules that must be obeyed by the parties involved. Bertens (2013) concluded that ethics is a value or norm that an individual or society uses as a benchmark to regulate their behaviour.

Particular professional ethics apply to each group of professionals who work as accountants in this study. Accountants are divided into public, corporate, government, and educator accountants. The purpose of the accountant profession is to perform tasks with the highest professional standards and achieve the highest performance in the public interest. To achieve this goal, four basic needs must be met: reliability or credibility, professionalism, quality of service or service, and trust. In addition, the accountant profession also has professional ethics principles, which are the basis of professional, ethical behaviour, eight principles of professional ethics (Agoes, 2017), namely professional responsibility, public interest, integrity, objectivity, competence and professional prudence, confidentiality, professional behaviour and technical standards. If this is not fulfilled, it can cause a crisis of trust. Unethical behaviour in the field of professions, especially in the accounting profession, has become a hot topic among the general public, and cases related to financial scandals that occur in private enterprises and state institutions stem from the interference of the accountant profession are inseparable. This makes the professionalism and ethical behaviour of accountants questioned by society.

A case of bookkeeping manipulation occurred in Indonesia. Among them is the case of Garuda Indonesia. As a result, the Minister of Finance imposed sanctions on Public Accountant (PA) Kasner Sirumapea and Public Accounting Firm Tanubrata, Sutanto, Fahmi, Bambang & colleague (Member of BDO International) auditors of PT. Garuda Indonesia (Persero) Tbk and its Subsidiaries in the 2018 Financial Year. It all started with the discrepancy in the results of Garuda Indonesia's financial statements for the 2018 financial year. In the financial report, Garuda Indonesia posted a net profit of USD809.85 thousand or equivalent to IDR 11.33 billion (assuming an exchange rate of IDR 14,000 per US dollar). This figure increased sharply compared to 2017, which suffered a loss of USD216.5 million. However, this performance is surprising because the company is still losing US$ 114.08 million.

The phenomenon of professional, ethical scandals above describes that these accountants do not carry out the code of ethics that has been in force and emphasizes that professional ethics is significant for professionals in the accounting field. (Sudibyo, 2010) therefore it is necessary to know the understanding of prospective accountants on ethical issues, in this case, in the form of business ethics and professional ethics of accountants that they may face later. Some courses contain moral and ethical teachings that are very relevant to be conveyed to students as prospective accountants. The existence of ethics education must be carried out in lectures with the hope that students, as prospective accountants, have high knowledge about various scandals in the world of accounting, have characteristics that maintain moral values, and become individuals with moral integrity before they work in the future come.

Various factors cause individuals to engage in unethical behaviour. Arens et al. (2006) point out two reasons why people behave unethically: one has different moral standards than using the public, and one chooses to act selfishly. An insolvable conflict of moral values arises when a person believes that behaviour is ethical and acceptable to others when it is unacceptable. These two things cause a person to behave unethically when faced with an ethical dilemma. A moral dilemma is when a person must decide about the right actions or attitudes. Robbins et al. (2018) say that when moral standards exist collectively (society and organization) and individually (individual ethics), individuals do not always follow the ethical standards adopted by their organizations. Sometimes they violate what has been determined. This then leads to many crimes being committed in pursuit of material gain.

Many factors, including the love of money, cause a crisis in accounting ethics. Love of money measures how money-loving people influence their moral values. Sometimes the love of money blinds a person to scrambling to collect money to satisfy his emotions. This love of money will justify any means to get the money he wants, even if it is not his own. Tang's research (1992) introduced the concept of the love of money as psychological literature, which later was used to measure a person's subjective feelings about money.

Love of money measures how much a person loves money and affects his immoral deeds. The love of money has many negative impacts and is considered taboo by some people (Rahayuningsih, 2016 Azis, 2015). However, research by Luna-Arocas & Tang (2005) shows that money love helps predict and control unethical behaviour. It is based on the fact that money-loving people can predict job satisfaction and the possibility of unethical behaviour.

The study's results confirmed the statement according to Munawaroh et al. l. (2020), where this study examines the relationship between the love of money and ethical perceptions in accounting students. The results of research by Prabowo & Widanaputra (2018) explained that love of money significantly affects the ethical perceptions of accounting students. The test results showed that an accountant with a high love of money would reduce the ethical perception or moral value of the accountant. Basri (2015) argues that the more a person loves money, the lower his moral value, and vice versa. People with a high love for money will try to meet their needs in various ways. The individual does not consider the behaviour ethical or not. This opinion is supported by Tang & Chiu (2003); Elias (2010).

Other factors that influence the ethical crisis of accountants include religiosity. Religiosity is related to the philosophies or values that a person has. All religions teach norms intending to encourage their adherents to do all forms of sound and forbid all forms of evil. Strong religious beliefs are expected to prevent illegal behaviour. When a person commits such an act, it can be prevented by feeling guilty. The more a person has firm religious beliefs, the more he can control his behaviour and avoid unethical behaviour.

Grasmick et al. (1991) state that religion is believed to control individual behaviour. The more religious a person is, the more able the individual can control his behaviour by avoiding unethical attitudes. Furthermore, Grasmick et al. (1991) stated that individuals with strong religious beliefs are expected to avoid illegal behaviour. Alleyne and Persaud (2012) say religious people reflect ethical perceptions better than non-religious people. Agoes and Ardana (2009) posit that a person who has studied ethical theories and has repeatedly attended code of ethics training has not guaranteed ethical behaviour as long as his spiritual intelligence is still low. On the contrary, people with spiritual intelligence also have high ethical behaviour.

This statement is corroborated by Hidayatulloh and Sartini's (2019) findings on the variable religiosity, which suggests that religiosity does not affect a person's moral perception. The more religious a person is the higher his moral value. It is believed that religion controls the behaviour of individuals. The more religious a person is, the more he can control his behaviour by avoiding maxi at attitudes. This also applies to the ethics of tax avoidance. Intense religiosity is expected to prevent illegal behaviour through feelings of guilt. There is a contradiction based on the differences in the results of previous studies. Hence, the author is interested in doing further research to be able to prove whether the religiosity variable has an impact on accountant ethics or not has an impact.

Based on the explanation above, the author makes a research framework as follows:

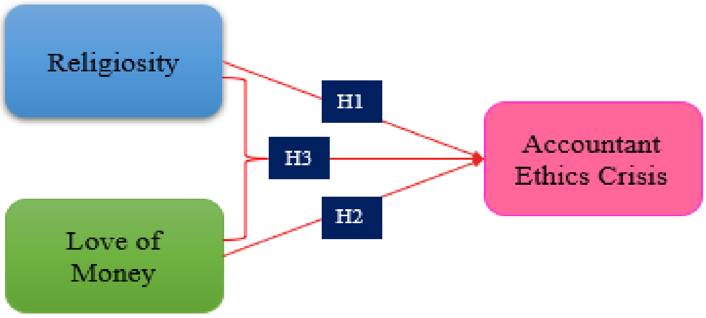

Figure 1. Research Framework

Based on the description above, the formulation of the problem in this study is whether religiosity and love of money affect the ethical crisis of accountants. Meanwhile, the purpose of this study is to determine the influence of religiosity and love of money on the ethical crisis of accountants partially and simultaneously.

RESEARCH METHOD

"Research subjects or respondents should be identified and recruited according to your research purpose and hypothesis or research questions" (Leavy, 2017). The subject of this study was a Bachelor of Accounting Study Program, faculty of economics and business, Wijaya Kusuma University Surabaya. The objects in this study are 1) the influence of religiosity on the accountant's ethical crisis, 2) the influence of the love of money on the accountant's ethics crisis, and 3) the influence of religiosity and love of money on the accountant's ethical crisis. This research will be carried out using two methods: the classical assumption test and the hypothesis test. This research is expected to examine the influence of religiosity and love of money on the ethical crisis of accountants. In this study, the primary data is obtained from respondents through questionnaires. The data collection technique in this study used a questionnaire. In this study, a questionnaire was made using the Likert scale.

RESULTS AND DISCUSSION

Research Results

Validity refers to the degree of accuracy and precision with which the measuring instrument (the questionnaire) performs its measurement function. The validity test in this study was carried out with Pearson and product-moment correlation techniques. That is, the score of each item is related to the total score. Based on the study results, the significance value of each variable of religiosity and love of money is less than 0.05. This means that the indicators of religiosity and love of money in this research variable are declared valid and suitable for use as data collectors.

For the reliability of the data, from the results of testing using SPSS, the results showed that all variables had Cronbach alpha > 0.70, so it can be said that all the concepts of measuring variables used in this study are reliable or reliable.

Table 1
Reliability Test

Variable	*Cronbach's Alpha*	Information
Religiosity	0.717	Reliable
Love Of Money	0.765	Reliable
Accountant Ethics Crisis	0.846	Reliable

Data Analysis

Normality Test

From testing using SPSS, the results show that it can be known that the Asymptotic Significance is 0.15, so it can be said that the data is distributed normally. Here are the test results for the normality test:

Table 2
Normality Test

One-Sample Kolmogorov-Smirnov Test	
	Unstandardized Residual
N	110
Asymp. Sig. (2-tailed)	.015[c]

a. Test distribution is Normal.
b. Calculated from data.

F Test

From testing using SPSS, the results show that it can be said that overall free variables have a simultaneous effect on the ethical crisis of accountants. This can be seen from the significant level of F, which is 0.000 < 0.05. The conclusion is that H_a is accepted, and H_0 is rejected. Here are the test results for the F test:

Table 3
F Test

Model		F	Sig.
1	Regression	10.608	.000[b]

T Test

Based on the results of the t-test, it can be explained that the significance level of the Love Of Money variable has a level smaller than 0.05 (0.016 < 0.05). This shows that the love of money variable affects the ethical crisis of accountants. Then the religiosity variable has a level smaller than 0.05 (0.000 < 0.05). This suggests that religiosity variables significantly affect the accountant ethics crisis.

Table 4
T Test

Model	*Unstandardized Coefficients*		t	Sig.
	B	*Std. Error*		
1 (*Constant*)	15.310	7.125	3.278	0.000
Religiosity	2.271	2.148	3.715	0.000
Love of Money	1.159	1.354	2.579	0.016

Multiple Linear Regression Analysis

Based on the value of the constant and regression coefficient in the t-test table above, the multiple linear regression equation is known as follows:

$$Y = 15.310 + 2.271\ X_1 + 1.159\ X_2 + e$$

The numbers in such multiple linear regression equations can be interpreted as follows, 1). The N constant (α) is 15.310, which means that the variables of religiosity and love of money are considered constant, then the value of the accountant's ethical crisis is 15.310, 2). The value of the regression coefficient of the religiosity variable (β1) is 2.271, which means that any increase in the value of religiosity by one will increase the value of accounting students' perceptions of the accountant ethics crisis by 2.271, 3). The value of the regression coefficient of the love of money (β2) variable is 1.159, which means that every increase in the value of love of money by one will increase the value of the accountant's ethical crisis by 1.159.

Discussion

Effect of Religiosity On The Accountants' Ethical Crisis

Based on the results of hypothesis testing, the religiosity variable has a significant degree smaller than 0.05 (0.000 < 0.05). This shows that the variable of religiosity has a significant effect on the ethical crisis of accountants.

This study's results align with research (Munawaroh et al., 2020), which states that religiosity affects the ethical perceptions of accounting students. This means that the higher the level of religiosity, the more it increases the ethical perception of accounting students. Students with high religiosity certainly also have firm beliefs regarding their religion. Religiosity encourages individual students always to do good and not harm others. It is because of guilt and fear of sinning if it violates religious orders.

The results of this study are also in line with Fauzan's (2015) research which states that religiosity positively influences ethical behaviour. However, the results of this study are not in line with Basri's research (2015), suggesting that religiosity does not affect tax evasion. Furthermore, the research of Permatasari and Anis (2018) also showed that religiosity does not impact accountant ethics. Based on empirical investigation, Mensah dan Gbettor (2018) found a correlation between religiosity and fraud. Singh etc. (2018) say the above religiosity can be further explored to address the predictability of moral sensitivity and, thus, the core problem of accounting fraud. Religious beliefs influence attitudes and a general understanding of how to perform daily tasks, work methods, poverty and leisure time. “We argue that greater religiosity mitigates the prospective elements of harmful deed and wrongful intent associated with lawsuits” (Choi 2006; Chalmers, Naiker, and Navassi 2012; Ettredge, Huang, and Zhang 2016). The growing literature base shows that religiosity and spirituality significantly impact people's lives. This includes how people live, behave and work. Religiosity can significantly impact employee behaviour and performance, providing a frame of reference to guide decision-making (Abdullah and Said, 2017).

Effect of Love of Money On The Accountant's Ethical Crisis

Based on the results of hypothesis testing, the love of money variable has a significant degree smaller than 0.05 (0.016 < 0.05). This shows that the love of money variable affects the ethical crisis of accountants.

The results of this study are not in line with the research of Hidayatulloh and Satini (2019), which have a signification value (0.949 > 0.05) and Gunawan and Sukirman (2018) a signification value of (0.201 > 0.05) which shows that "love of money" does not affect the ethical perception of accounting students. The level of student love for money has no effect on accounting students' ethical perception, which may be due to subjective norms. The subjective norm here is people's perception of social pressures in doing or not performing the behaviour. A person's behaviour depends on intentions, and those intentions behave depending on the attitudes of subjective norms. Therefore students will reconsider social pressures or subjective norms when they act unethically. The results of this study do not support the results of previous studies, which stated that the purpose of college is to achieve success and have much money (Tang, 2016) because money is a measure of a person's welfare (Singhapakdi et al., 2013) but students can still maintain ethics. Therefore, the level of student love for money does not affect the ethical perception of accounting students.

Love of money behaviour measures how much individuals love money, affecting their moral values (Tang, 1992). The concept of loving money estimates one's subjective feelings about money. Furthermore (Tang et al., 2008) say that the love of money is a person's behaviour, desire and desire for money. A person's love for money varies from person to person. Tang and Liu (2012) stated that a high preference for money was associated with high levels of unethical behavioural intentions in individuals with low aspirations but was associated with low immoral intentions in individuals with high aspirations. People with a high love of money intend to act immorally. Singhapakdi et al. (2013) revealed that managers with a higher love of money tend to be less ethical in their intentions. Esa and Zahari (2015) show that there is a significant relationship between the love of money and job satisfaction, job turnover and overall quality of life.

A person with a high love of money will give the impetus to violate the ethics of the accounting profession in the work process. This is because the love of money will stimulate the mind to perform conflicting actions to get more money than he earned legally so that the high love of money will be able to reduce the independence of one's performance and, on the contrary.

CONCLUSIONS AND RECOMMENDATIONS

Based on the results of the hypothesis test and the discussion of the research results, it was concluded that religiosity affects the accountant's ethics crisis, and love of money affects the accountant's ethics crisis. Therefore, religiosity and love of money simultaneously affect the accountant's ethical crisis. This research certainly has limitations, one of which is that the research variable only consists of two independent variables. Furthermore, the indicators used in the study to compile statements on the questionnaire still cannot provide a good picture. In addition, the study described in the discussion section still needs to be added in-depth and in detail. Then also this study used respondents, namely students, and this study only used subjects in one scope.

Based on the research results and the limitations of the research above, the author put forward several suggestions, namely, bagi prospective accountants and accountants; an accountant must be more assertive about the current ethical crisis, and the accountant must uphold his professional ethics as an accountant. So, if the accountant does not maintain ethics of the accountant, then in the future, there will be more and more ethical violations. The accountant should not think about money or material things but should think about working in the best and most professional way without any deviations interfering with professional performance. In addition, for subsequent researchers, it is expected that by providing a more comprehensive range of new developments, such as increasing the number of samples and research variables and adding indicators in research, other objects can also be used, and different data analyses can be used. This research is expected to be developed in the future. In addition, it is expected to be able to use respondents from accountants so that the research results are more accurate.

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Jurnal Akuntansi ISSN 2303-0356
Vol. 13, No.1, February 2023 Hal.21-41

DETERMINANTS OF VOLUNTARY DISCLOSURE: EMPIRICAL ANALYSIS OF PUBLICLY LISTED ENTITIES IN INDONESIA

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ARTICLE INFO

Article history:
Received: September 20th,2022
Revised: February 3rd,2023
Accepted: February 23rd, 2023

Keywords:
Voluntary Disclosure Quality; Corporate Governance Mechanisms; Ownership Structure; Audit Committee Effectiveness; Audit Quality

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ABSTRACT

This experimental research explored the association between corporate governance mechanisms and the quality of voluntary corporate disclosure. Corporate governance structures encompass the ownership structure, the effectiveness of the audit committee, and the quality of external auditors. The technique used for research is a quantitative methodology. The main emphasis of the study is the annual reports of public companies listed on the Indonesia Stock Exchange (IDX) between 2017 and 2021. In addition, the primary website of the stock market, www.idx.co.id, and issuer websites are reviewed for secondary data. The method of data analysis employed is panel regression analysis. Eight hundred seventeen firms from all sectors of the Indonesia Stock Exchange comprise the sample population generated by stratified sampling. The findings of this study indicate that the audit committee size and the company's age impact the voluntary disclosure of Indonesian issuers.

On the other hand, it has been established that the structure of foreign Ownership in Indonesia degrades the quality of voluntary disclosure. Also, research reveals that the audit quality of external auditors cannot consistently influence the company's information sharing. Therefore, this report provides an overview of the quality of voluntary disclosures by issuers in Indonesia. In addition, this study includes information on the drivers of voluntary disclosure that must be improved to increase stakeholders' competitiveness and trust.

How to cite (APA Style):

Supriyanto, & Resnika. (2023). Determinants Of Voluntary Disclosure: Empirical Analysis Of Public Listed Entities In Indonesia. *Jurnal Akuntansi*, 21-42.

INTRODUCTION

According to Financial Services Authority Circular Letter No. 16/SEOJK.04/2021, financial information for publicly traded companies should be available following generally accepted accounting principles and applicable policies. Management should guarantee that the financial statements are presented fairly and free of mistakes that might be material (ACCA, 2017). The trustworthiness of financial statements is a crucial factor in increasing shareholder confidence (Barth et al., 2017; Lev, 2018). Furthermore, financial data can shed light on management's efficacy and efficiency in allocating company resources and provide a summary of the company's financial outlook. (Conceptual Framework for Financial Reporting, 2018). Investors' diminishing faith in the accuracy of financial information stems from fraud by Enron in 2001, Lehman Brothers in 2008, Worldcom in 2002, and other corporations (Modugu & Eboigbe, 2017).

Shi et al. (2017) suggested that agency theory may be used to show the link between management or corporate executives and shareholders. The notion of agency theory is a proposition that defines a relationship or contract between one or more, referred to as the principal with the agent. The owner, as the principal, gives part of the authorization or authority to carry out the work or service for him. Parker et al. (2018) argue that the difference in interests between management and company owners can increase the risk of information gaps. Company management can abuse the authority given to them for personal gain. In addition, agents' nature of opportunism can harm the owner's interests by manipulating the information disclosure source (Zogning, 2017).

Several publicly listed companies in Indonesia were involved in fraudulent financial statement cases, such as PT KAI (PT Kereta Api Indonesia), P.T. Kimia Farma Tbk., P.T. Garuda Indonesia Tbk., PT Asuransi Jiwasraya, PT Indofarma Tbk., PT Hanson International, and others (CNBC Indonesia, 2021). The fraudulent act violated the regulations of the Financial Services Authority Number 31/POJK.04/2015 relating to the obligation to disclose and submit material information.

The Financial Services Authority acts as a facilitator and regulator of the capital market in ensuring that public companies carry out their information disclosure obligations (OJK, 2020).

Corporate disclosure is not restricted to meeting the qualitative requirements and mandated disclosures (Elfeky, 2017; Vitolla et al., 2019). Enache and Hussainey (2019) state that higher transparent and adequate disclosure of the information is very beneficial, allowing users of financial statements to make allocation choices from many perspectives. Voluntary disclosure reflects information disclosure in sharing information such as product research and development, market share forecasts, financial forecasts, and other information not generally disclosed to the public. Mandatory disclosures are insufficient for shareholders or stakeholders to comprehend the Firm's predicament (Charumathi & Ramesh, 2020). Therefore, the interest in providing additional voluntary information can increase the company's competitiveness and ensure transparency for each stakeholder (Scaltrito, 2016).

Neifar and Jarboui (2017) emphasize that public corporations must disclose more information voluntarily to explain the dangers, circumstances of industry rivalry, and technical advancements they confront. In addition, shareholders must evaluate the efficacy of the company's management approach in addressing every risk it faces. Finally, Awadallah (2017) expressed that public companies need to pay attention to non-financial indicators in information disclosure, which can affect the company's financial performance in the current and upcoming fiscal years.

Several researchers in Indonesia have also conducted recent studies about corporate disclosures. Research by Krismiaji and Surifah (2020) covered the implication of corporate governance and IFRS compliance level on the quality of financial disclosure. Hariyani et al. (2022) explored the influence of financial conditions, financial independence, and political conditions on financial disclosure quality. Another study by Verawaty et al. (2020) aimed to investigate the correlation between industry type, company size, profitability, and other drivers with the level of environmental disclosure. Studies by Pernamasari (2018) and Krismiaji and Grediani (2019) also examined the effects of corporate governance mechanisms on voluntary disclosures. These studies have showcased that various drivers, most notably corporate governance mechanisms, can affect the level of disclosures.

According to El-Diftar et al. (2017), various internal and external factors can drive the degree of voluntarily disclosed information. The characteristics of governance structures such as audit committees, directors, and ownership structures can encourage institutions to disclose comprehensive information voluntarily. Institutional investors have played a crucial role in promoting corporate information disclosure as a vital corporate governance tool. The company's share ownership factor can support the supervision of governance and management activities in carrying out business practices per applicable regulations.

Khlif and Samaha (2016) emphasize that by fostering honest and responsible disclosure of monetary and non-monetary information, the level of company ownership structure can eliminate agency conflicts between management and shareholders. Shareholding structure groups such as government, institutional, foreign, and directors ownership can show different preferences and motivations for company performance, growth, stability, risk, etc. The contribution of ownership structure to voluntary disclosure is also substantiated by Masum et al. (2020). The evidence indicates that different types of shareholder groups can encourage corporations to disclose strategic information under their respective economic incentive needs.

This research seeks to explore the efficacy of corporate governance measures in the form of audit committees and the competence of external auditors in promoting the degree of voluntary disclosure among Indonesian public firms. The individual's background often assesses the efficiency and effectiveness of the audit committee, the number of sessions conducted, the committee's commitment, and its independence, all of which can contribute to the quality of transparency of corporate financial information (Setiany et al., 2017). In addition, Ahmadi and Bouri (2019) researched that audit quality can encourage corporate compliance in disclosing information openly.

The audit committee acts as a supervisor and intermediary for the company's management and external auditors in reporting and disclosing company information. The audit committee also considers management's potential to override internal control and oversees management's fraud risk assessment process. Meanwhile, the external auditor is an independent and competent party in carrying out audit activities to prepare the organization's financial statements and the efficacy of its internal controls (Arens et al., 2017; KPMG, 2017).

In particular, concerning the audit committee's effectiveness, Kolsi (2017) explains that audit quality can influence voluntary disclosure. Audit quality is essential in disclosing information voluntarily as a form of company transparency. In addition, high audit quality can contribute to reducing the information gap between stakeholders (Hammami & Zadeh, 2020). According to the Financial Reporting Council (FRC), audit quality indicators can be ascertained by the capability of external auditors to perform sufficient audit processes. Audit quality indicators include public accounting firm size, auditor tenure, audit fees, and more (FRC, 2020).

Harris and Williams (2020) state that different sizes of public accounting firms, such as the Big Four and Non-Big Four, can explain differences in audit quality when viewed from the company's resources. Differences in the size of CPA firms can lead to significant differences in staff workload, experience, expertise, audit period, et cetera. In addition, (Gaver & Utke, 2019) argues that the Tenure of the external auditor can also measure audit quality. The increase in audit quality can occur along with the audit period in a corporation. According to Ghafran & O’Sullivan (2017), audit fees are essential in measuring and assessing the quality of external auditors. Audit fees are variable and adjust to risk, effort, and other factors. The level of audit demand and the size of the public accounting firm also influences high audit fees.

Based on the background mentioned above, more research is necessary to address the research gap concerning the influence of ownership structure, audit committee effectiveness, and audit quality on voluntary disclosure for businesses publicly listed in Indonesia between 2017 and 2021. Previous studies have analyzed the effect of corporate governance on voluntary disclosure. However, in research, only a few studies included the essential corporate governance mechanisms, such as ownership structure, audit committee characteristics, and audit quality. Therefore, the core emphasis of the study was to determine the impact of independent drivers, such as audit committee financial expertise, audit committee experience, audit committee size, audit committee independence, frequency of audit committee meetings, public accounting firm size, auditor tenure, and audit fees, on the degree of voluntary disclosure. This study also contributes to increasing the research on voluntary disclosure in Indonesia, where the studies were primarily conducted in other developing countries.

Hypothesis Development

Voluntary Disclosure Quality

Disclosure of firm information is not restricted to meeting the qualitative requirements and mandated disclosures. Enache and Hussainey (2019) state that transparent and adequate disclosure of information is very beneficial, allowing users of financial statements to make allocation choices from many perspectives. Voluntary disclosure reflects information disclosure in sharing information such as product research and development, market share forecasts, financial forecasts, and other information not generally disclosed to the public.

El-Diftar et al. (2017) defend that voluntary disclosure of monetary and non-mandatory facts can reflect publicly traded corporations' openness. The rate of voluntary transparency in the integrated report may be validated based on the extent to which strategic information, prospective and retrospective financial information, the function of corporate governance, and information regarding social responsibility are discussed. According to Ahmadi and Bouri (2019), voluntary disclosure includes information on employee remuneration, long-term strategies, short-term strategies, assumptions in making financial estimates, and research and development. Alfraih and

Almutawa (2017) explain that voluntary disclosure can explain the company's strategy, targets, and conditions in maintaining its business continuity.

Ownership Structure, Audit Committee Effectiveness, Audit Quality, and VDQ

According to Khlif et al. (2017), a government ownership structure has contributed significantly to the voluntary increase of corporate information openness. Institutions receiving state assistance must comply with all capital market requirements and boost information disclosure to the public. In addition, as a shareholder, the government urges corporations to publish non-financial information, such as social and environmental data, to improve general impressions. Kolsi (2017) explains that government-owned institutions give information willingly, unlike privately held institutions.

Research by Mgammal (2017) also demonstrates a positive and robust correlation between shares ownership by the state and voluntary disclosure. In Saudi Arabia, government-owned organizations have a greater level of voluntary disclosure than private institutions, which supports the findings of this study. Voluntary disclosure is made to mitigate the risk of agency costs and others. Ali et al. (2021) argue that the government has a strong influence in increasing the transparency of companies in order to fulfil public trust.

H_1: Government ownership significantly and positively influences voluntary disclosure.

Institutional Ownership significance is vital in overseeing the voluntary disclosure policies of public companies. First, institutional investors can increase the demand for corporate information disclosure if shareholder protection is weak in underdeveloped capital markets (Khlif et al., 2017). Second, institutional shareholders are often attentive to a company's compliance with mandated and voluntary disclosure requirements. Third, these institutions have a significant positive contribution to encouraging the level of transparency of public companies (El-Diftar et al., 2017). Studies confirm this view by Jankensgård (2018), demonstrating that voluntary disclosure has a substantial positive correlation.

Tran et al. (2021) explained that institutional shareholders have high expectations of public companies' information disclosure levels. This strong influence is based on the needs of shareholders in assessing and reviewing funding decisions. Ali et al. (2021) argue that institutional ownership substantially influences organizational decisions to disclose information voluntarily. Institutional shareholders are more focused on long-term incentives and prolonged company performance. Transparent reporting can demonstrate the company's credibility from the perspective of institutional shareholders.

H_2: Institutional ownership significantly and positively influences voluntary disclosure.

The connection between ownership structure by foreigners and voluntary disclosure also demonstrates the disparity between the findings of earlier scholars. The research of Saini and Singhania (2019) exhibits a statistically significant negative correlation between the ownership structure by foreign firms and voluntary disclosure. These results are based on the tendency of foreign investors to focus more on profit generation rather than voluntary disclosure initiatives. Tsang et al. (2019) argue that a decrease in the level of voluntary disclosure occurs when international investors are from nations with minimal securities legislation and information disclosure. Research from Uwuigbe et al. (2017) also shows a decrease in the degree of integrated disclosure that occurs in line with the increase in foreign share ownership. Singal and Putra (2019) explain that voluntary disclosure tends to increase if foreign shareholders from developed countries pay attention to social responsibility and concern for other social issues. Contrasting results can occur if investors come from countries with different regulatory complexities.

Widyastari and Sari (2018) explain that a substantial negative correlation between foreign ownership and transparency is caused by share ownership which domestic shareholders dominate. This anomaly can occur due to differences in expectations and attention to aspects of social issues by foreign and domestic investors. Other researchers, such as Wahyuningsih and Meiranto (2022), have also obtained negative results, which show the inability of foreign ownership structures to encourage voluntary increased disclosure of company information.

H_3: Foreign ownership significantly and negatively influences voluntary disclosure.

The structure of ownership of directors (managerial ownership) by directors and other executive officers is an indication that might impact the institution's voluntary disclosure policy. Research by Khlif et al. (2017) show that shareholders in the form of directors can have negative and substantial consequences on the level of revelation of relevant information. As a result, the board of directors can support this argument by Sarhan and Ntim (2019). They explain that firms with low share ownership of directors are likelier to carry out voluntary disclosure policies. In addition, Qa'dan and Suwaidan (2019) support this argument because the shareholders of the board of directors can quickly obtain internal information without the need to publish certain corporate information voluntarily.

H_4: Director ownership significantly and negatively influences voluntary disclosure.

Research conducted by Agyei-Mensah (2018) exemplifies that public firms with audit committee members with a skillset in accounting and finance may significantly improve their disclosure practices. This result is also compatible with the findings of Salehi and Shirazi (2016), which reveal that the audit committee's efficiency may influence and contribute to the disclosure of corporate information. Alzeban (2020) argues that the financial knowledge of audit committee members is a suitable proxy for gauging the audit committee's performance. As a driver of corporate governance, the audit committee can affect the process and outcomes of reporting and disclosure of company information. Research from Kusnadi et al. (2016) indicates that audit committee members' accounting and financial knowledge may promote the quality of company reporting with proper oversight.

H_5: Audit committee financial expertise significantly and positively influences voluntary disclosure.

Agyei-Mensah (2018) explains that publicly listed firms with experienced audit committee members in the same position can increase company information disclosure open. The audit committee's experience in this field contributes to increasing information disclosure by public companies. The experience of audit committee members in other public companies can also influence the policy of carrying out obligations more effectively. Alzeban's (2020) research demonstrates that including skilled audit committee members can promote voluntary disclosure, boosting investor trust.

Salehi and Shirazi (2016) clearly link audit committee experience and public companies' integrated reporting. The experience of audit committee members contributes to the company's ability to increase voluntary disclosure and compete with other public corporations. Furthermore, Zgarni et al. (2016) explained that the audit committee's experience and background can encourage voluntary disclosure in mitigating the risk of fraud.

H_6: Audit committee experience significantly influences voluntary disclosure.

Bananuka et al. (2019) indicate that the effectiveness of an audit committee may be determined by its financial competence, proper committee size, and accounting or finance experience. In addition, the audit committee must include more than two independent members capable of performing their tasks. The audit committee's responsibility is to guarantee that the corporation engages in transparent reporting and information sharing. Musallam (2018) claims that the variety of the audit committee can assist diverse committee members' backgrounds in their supervisory tasks regarding corporate information reporting. This study demonstrates a substantial positive correlation between the total of committee members and general businesses' disclosure of voluntary information. Furthermore, Mohammadi et al. (2021) discovered a remarkable positive correlation between the total audit committee members, improved reporting quality, and the disclosure of additional non-financial information.

H_7: Audit committee size significantly and positively influences voluntary disclosure.

The evaluation of the audit committee's efficacy includes considering the committee's independence. Based on research from Talpur et al. (2018), an independent audit committee plays a crucially positive function in disclosing firm information to the general public. Following agency theory, Salem et al. (2019) also obtained the same results, showing that an independent audit committee is essential in influencing information disclosure. Additionally, research with statistically significant beneficial outcomes on the dependent variable was undertaken by Agyei-Mensah (2018), Alzeban (2020), Ashfaq and Zhang (2019), Hasan et al. (2020), Masmoudi (2021), Purnomo and Bernawati (2020), Raimo et al. (2020), Salehi and Shirazi (2016), Setiany et al. (2017), and Zgarni et al. (2016).

H_8: Audit committee independence significantly and positively influences voluntary disclosure.

Typically, the actions of the audit committee are assessed by the number of meetings held to oversee and manage the reporting and disclosure of the company's information. A significantly positive relationship exists between the frequency of audit committee sessions and the extent of business disclosure of information that might improve audit quality (Masmoudi, 2021). Research from Appuhami and Tashakor (2017) noted that the frequency of audit committee meetings could alter the information disclosure levels of public corporations. A regularly meeting audit committee can uncover any inconsistencies in the reporting and disseminating of business information. Haji and Anifowose (2016) also show that the frequency of committee sessions substantially impacts the effectiveness of corporations' disclosure efforts.

H_9: Audit committee meeting frequency significantly and positively influences voluntary disclosure.

The size of a public accounting firm can be viewed from the income level of audit and assurance services. The four auditor offices with an enormous scale usually referred to as the Big Four, are always associated with a reputation for quality and guaranteed audit quality. The asymmetry of corporate information between stakeholders and management can be achieved better with a quality audit by a public accounting firm (Ahmadi & Bouri, 2019). Research from Elfeky (2017) concludes that the size of a public accounting firm as a proxy for audit quality has a significant positive correlation with company information disclosure. Scaltrito (2016) also states that company management is usually more willing to disclose adequate information per engagement agreements with external auditors from Big Four accounting firms.

H_{10}: Audit firm size significantly and positively influences voluntary disclosure.

A study by Zgarni et al. (2016) demonstrates that auditor tenure favours information disclosure considerably. A rise in audit quality might correspond with the auditor's Tenure auditing the Firm's financial statements. Setiany et al. (2017) also examine that auditor tenure positively affects the quality level of disclosure of public company information. Alhjaj et al. (2018) explain that the signing partner's Tenure considerably benefits voluntary disclosure. External auditors can encourage companies to disclose non-financial indicators such as risks and mitigation actions and extend their Tenure. Legoria et al. (2018) also explain that the auditor can provide responses and recommendations regarding necessary disclosures along with his Tenure.

H_{11}: Auditor tenure significantly and positively influences voluntary disclosure.

The audit fee is vital and substantially impacts the audit quality and financial reporting. It is necessary to offset unreasonable audit costs not to impede the disclosure of firm information (Shakhatreh et al., 2020). Alzeban (2020) also indicates that the greater the audit costs, the greater the exposure to business information. Companies that spend substantial expenditures on audit services willingly provide business information (Legoria et al., 2018). A study analysis by Liu et al. (2018) exhibits that audit fees can encourage company disclosure in voluntarily disclosing information to predict company earnings (earnings forecast). Ji et al. (2018) also established a good correlation between audit fees and the disclosure of firm information. The disclosure of non-financial indicators, such as the company's internal control deficiencies, may be impacted by higher audit fees.

H_{12}: Audit fee is significantly and positively associated with voluntary disclosure.

RESEARCH METHODS

This study examines the annual publications of public firms in Indonesia from the fiscal year 2017 to 2021. The annual report of a publicly traded firm may be obtained at www.idx.co.id, the official website of the Indonesia Stock Exchange (IDX). There are 810 corporations whose shares are quoted on the Indonesia Stock Exchange as of September 2022. Moreover, 511 public companies were publicly listed on the Indonesia Stock Exchange before 2017. Consequently, 172 issuers meet the study's criteria, as determined by the purposive sampling method. The outcomes of the sample selection and the study's conclusions are displayed in the table below.

Table 1
Population and Sample

Description	Total
Companies listed on IDX before 2017	511 companies
Companies that do not fulfil the research criteria (do not publish annual reports regularly, inadequate information on research variables, websites inaccessible)	-339 companies
Number of samples	172 companies
Years of observation	Five years
Number of observations	860 data
Number of outliers	-43 data
Total final observations	817 data

The dependent variable of this study is the Voluntary Disclosure Quality (VDQ). The level of voluntary disclosure is measured by comparing the number of voluntary information items disclosed by the company with the maximum number of items in the index. This study uses a checklist of 56 initial criteria from El-Diftar et al. (2017) in measuring independent variables by adjusting to regulations according to the Decree of the Head of the Capital Market Supervisory Agency (BAPEPAM) Number: KEP-431/BL/2012. Measurement of the voluntary disclosure index using a checklist was also carried out by Scaltrito (2016), Alfraih and Almutawa (2017), Rouf (2017), Ahmadi and Bouri (2019), and other researchers.

The 56 criteria from the checklist encompass general, strategic, and forward-looking financial and non-financial items, as well as corporate governance and social responsibility information. The criteria classified as mandatory in the presentation of the annual report are 26 from the checklist, which includes required information, mainly about corporate objectives, strategy, financial history, management discussion, ratios, company profiles, etc. The total of the checklist after excluding the mandatory criteria is 30 criteria. Each criterion disclosed by the company is given a value of 1 (one) if it is within the scope of voluntary disclosure and a value of 0 if not per the criteria analysis.

Table 2
Measurement of Variables

Types of Variables	Variables	Formula	Source
Dependent	Voluntary Disclosure Quality (VDQ)	VDQ = number of items disclosed/maximum number of items in index x 100%	El-Diftar et al. (2017)
Independent	Government Ownership (GOVOWN)	GOVOWN = number of shares owned by the government/number of outstanding shares	El-Diftar et al. (2017)
	Institutional Ownership (INSTOWN)	INSTOWN = number of shares owned by institutional investors/number of outstanding shares	(El-Diftar et al., 2017)
	Foreign Ownership (FOREIGNOWN)	FOREIGNOWN = number of shares owned by foreign investors/number of outstanding shares	(El-Diftar et al., 2017)
	Director Ownership (DIRECTOROWN)	DIRECTOROWN = number of shares owned by directors/number of outstanding shares	(El-Diftar et al., 2017)
	Audit Committee Financial Expertise (ACFEXP)	ACFEXP= number of A.C. members with financial expertise/number of A.C. Members	(Agyei-Mensah, 2018)
	Audit Committee Experience (ACEXP)	ACEXP = 1 if experienced as audit committee before, 0 if experienced	(Agyei-Mensah, 2018)

	Audit Committee Size (ACSIZE)	ACSIZE = number of A.C. members	(Agyei-Mensah, 2018)
	Audit Committee Independence (ACIND)	ACIND = number of A.C. members	(Agyei-Mensah, 2018)
	Audit Committee Meeting Frequency (ACMEET)	ACMEET = number of annual audit committee meetings	(Agyei-Mensah, 2018)
	Audit Firm Size (BIG4)	BIG4 = 1 if Big 4 audit firms, 0 if non-Big four audit firms	(Agyei-Mensah, 2018)
	Auditor Tenure (TENURE)	TENURE = Tenure of signing audit partner	(Agyei-Mensah, 2018)
	Audit Fee (AUDFEE)	AUDFEE = natural logarithm of audit fee	(Agyei-Mensah, 2018)
Control	Board Size (B.S.)	B.S. = number of directors on the board	(Rouf, 2017)
	Firm Size (SIZE)	SIZE = natural logarithm of total assets	(Kolsi, 2017)
	Profitability (ROA)	ROA = net income/total assets	(Raimo et al., 2020)
	Leverage (LEV)	LEV = total liabilities/total assets	(Alfraih & Almutawa, 2017)
	Firm Age (AGE)	AGE = number of years since listing on the stock exchange	(Shan, 2019)

The independent variables tested for their impact on the dependent variable are ownership structures by government, institution, foreign investors, board directors, audit committee financial expertise, audit committee experience, audit committee size, independent audit committee, audit committee meeting frequency, size of the public accounting firm, auditor tenure, and audit fees. Controlled variables for influence include the number on the board of directors, the size of the Firm, the company's solvency, profitability, and age.

This study used a form of data analysis known as panel regression analysis. Using the cross-sectional and time series data, panel regression analyzes the association between dependent and independent variables. A descriptive statistical analysis, t-test, outlier test, Hausman and Chow model selection test, and coefficient of determination test were used to analyze the data (R^2). The descriptive and outlier tests were generated with SPSS, while other tests were analyzed using the EViews. The equation for panel regression is obtained as follows:

$$VDQ = \alpha + \beta_1 GOVOWN + \beta_2 INSTOWN + \beta_3 FOREIGNOWN + \beta_4 DIRECTOROWN + \beta_5 ACFEXP + \beta_6 ACEXP + \beta_7 ACSIZE + \beta_8 ACIND + \beta_9 ACMEET + \beta_{10} BIG4 + \beta_{11} TENURE + \beta_{12} AUDFEE + \beta_{13} BS + \beta_{14} SIZE + \beta_{15} ROA + \beta_{16} LEV + \beta_{17} AGE + e$$

Description:

α = Constant
VDQ = Voluntary Disclosure Quality
GOVOWN = Government Ownership

INSTOWN = Institutional Ownership
FOREIGNOWN = Foreign ownership
DIRECTOROWN = Director Ownership
ACFEXP = A.C. Financial Expertise
ACEXP = A.C. Experience
ACSIZE = AC Size
ACIND = A.C. Independence
ACMEET = A.C. Meeting Frequency
BIG4 = Audit Firm Size
TENURE = Auditor Tenure
AUDFEE = Audit Fee
BS = Board Size
Size = Firm Size
ROA = Profitability
LEV = Leverage
AGE = Firm Age
e = *error*

RESULTS AND DISCUSSION

The overall amount of processed study data was 860, and the number of outliers was 43, resulting in a final sample size of 817. This section presents a descriptive statistical analysis of the research data:

Table 3
Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
VDQ	817	0,400000	1,000000	0,747287	0,134142
GOVOWN	817	0,000000	0,900252	0,094692	0,230481
IN TOWN	817	0,000261	1,000000	0,826366	0,203822
FOREIGNOWN	817	0,000000	0,998488	0,308876	0,311097
DIRECTOR ON	817	0,000000	0,942132	0,050118	0,145321
ACFEXP	817	0,250000	1,000000	0,795846	0,215320
ACSIZE	817	2,000000	8,000000	3,313341	0,781044
ACID	817	0,000000	0,800000	0,606757	0,119961
ACMEET	817	0,000000	73,000000	8,823011	8,109572
TENURE	817	1,000000	3,000000	1,694002	0,768163
AUDFEE	817	17,660325	24,980154	20,823477	1,162465
BS	817	2,000000	14,000000	5,544676	2,320682

SIZE	817	24,565457	35,084358	29,867008	1,788648
ROA	817	-0,582526	0,920997	0,031914	0,106328
LEV	817	0,048031	2,010873	0,560185	0,267776
AGE	817	1,000000	40,000000	17,429621	9,687659

Source: Secondary Data Processed, 2022

According to the descriptive statistical test's findings in Table 3, the lowest level of voluntary disclosure is forty per cent. Comparatively, the most remarkable rate of voluntary disclosure is one hundred per cent. In 2018-2019, PT Pelayaran Nelly Dwi Putri Tbk had the lowest amount of voluntary disclosure, followed by PT Paninvest Tbk in 2018 and PT Mitra Energi Persada Tbk in 2021. In contrast, P.T. Wijaya Karya Beton Tbk had the most significant degree of voluntary disclosure in 2017 and 2018, P.T. Bank Negara Indonesia (Persero) Tbk in 2019, and P.T. Bank CIMB Niaga Tbk in 2021.

The average voluntary disclosure rate for Indonesian public firms is 74.73 per cent. This finding indicates that public firms in Indonesia tend to publish integrated information in their annual reports in addition to the required information. Therefore, increased voluntary disclosure by publicly traded firms in Indonesia implies good corporate transparency and information sharing. However, the standard deviation is 0.134142, which indicates that the values vary from the mean by 17.95 per cent.

Government ownership shows the lowest percentage of share ownership at 0.00% and the highest at 90.02%. The average share ownership by the government in a public company is 9.47%. The standard deviation is 0.230481, which is 243.4% of the mean. Institutional ownership shows the lowest percentage, 0.026%, and the highest ownership, 100%. Institutional ownership has an average of 82.64% of the total sample data. The standard deviation is 0.203822, which is 24.66% of the mean.

The lowest percentage of foreign stockholders was 0.00 per cent, while the largest was 99.85 per cent. The average percentage of foreign ownership in public enterprises is 30,89 per cent. The standard deviation is 0.311097% of the mean or 100.72 per cent. The ownership structure of the board of directors has the lowest share ownership fraction at 0% and the greatest at 94.21 per cent. The standard deviation is 0.145321, which represents 289.96% of the mean.

Regarding the audit committee's financial knowledge, the proportion of members with the lowest financial or accounting experience is 25 per cent, the maximum is 100 per cent, and the average is 79.58 per cent. These statistics suggest that all publicly traded businesses in Indonesia have adopted the Financial Services Authority (OJK) requirements for an audit committee consisting of at least one person with financial competence among all committee members. In addition, the average financial expertise of audit committee members in Indonesia exceeds 50 per cent, showing that most committee members have financial knowledge and competence. The standard deviation is 0.215320, showing minimal data variance, 27.06 per cent of the mean.

There must be three members on the audit committee, including one independent commissioner and two professional members from outside the issuer. According to the chart, the audit committee can have a minimum of two members and a maximum of eight. Consequently, public businesses in Indonesia have an average audit committee size of 3.31 members, demonstrating compliance with the appropriate audit committee requirements. The data's standard deviation is 0.781, corresponding to a departure of 23.59 per cent from the mean.

The independent audit committee measures the proportion of members outside the issuer who are not independent commissioners. For instance, if a corporation has a three-member audit committee with at least one independent commissioner, the other two must be external specialists. Therefore, the corporation must fill 33.33 per cent of the audit committee with the lowest proportion of independent professional members.

According to the statistics shown above, the lowest fraction of independent audit committees is 0%, indicating that there exist audit committees that lack independent professional members other than independent commissioners. The proportion of independent audit committees has a maximum value of 80%, indicating the company's audit committee consists of 4 professional members from 5 audit committee members, including independent commissioners. The average proportion of independent audit committees is 60.68%. The standard deviation is 0.121609, which is 20.04% of the mean.

The audit committee must hold a minimum of four meetings per year. The encounters with the lowest frequency are zero yearly, while the number with the most significant frequency is 73. Due to simultaneous meetings with external auditors, internal auditors, directors, and other stakeholders, corporations might convene audit committee meetings often. In a typical year, 8.82 meetings are held by publicly traded businesses. The standard deviation of the data is 8.1096 or 91.94 per cent of the mean, indicating a significant degree of variance.

According to applicable regulations, the auditor's most extended term of office is three years for accountants who sign an audit agreement with the company. Based on the table, the term of office with the shortest period is one year, and the most prolonged period is three years. The average Tenure of auditors is 1.69 years. Therefore, the auditor's term of office for a public company in Indonesia has complied with applicable regulations by not passing the term of office for three consecutive years. The standard deviation is 0.768, which is 45.44% of the mean.

Audit fees are determined by the natural logarithm of the total audit fees incurred by the organization during the current accounting period. The lowest audit fee result is 17.66, while the highest audit fee result is 24.98. The average cost of an audit is $20.82. The standard deviation is 1.162465, or 5.58 percentage points from the mean. The board of directors must include at least two members and a maximum of 14 members. The average number of board directors of public firms in Indonesia is 5.54. The standard deviation is 2.321, which represents 41.89% of the mean.

The natural logarithm of total assets is the formula that measures company size in Indonesia. The minimum company size is 24.5654, while the maximum is 35.084358. Therefore, the average size of public companies in Indonesia is 29.87%. The standard deviation is 1.788648, which is 5.99% of the mean.

As measured by ROA (Return on Assets), profitability has a minimum value of -0.582526. The highest profitability is 0.920997 or 92.1%. The average profitability of public companies in Indonesia is 0.031914 or 3.19%. The standard deviation is 0.106328. The debt-to-assets ratio determines a company's solvency (Debt to Assets). The lowest solvency ratio is 4.8%, and the highest is 201.087%. The average solvency of publicly listed companies in Indonesia is 56.02%. The standard deviation is 0.267775. The company age with the shortest stock exchange listing period is one year, and the longest is 40 years. The average age of the company is 17.43 years.

Table 4
Dummy Variable Descriptive Statistics

Variable	Category	Frequency	Percentage
ACEXP	1 = Experienced	457	55,9%
	0 = Not experienced	360	44,1%
BIG4	1 = Big Four	400	49%
	0 = Non-Big Four	417	51%

Sumber: Secondary Data Processed, 2022

The results of statistical tests with nominal or dummy show that the majority of the audit committee includes at least one person with experience in audit committee roles at other firms, which is 457 data or equivalent to 55.9%. On the other hand, 44.1% of the total data, or 360 data, shows that the audit committee does not consist of members with experience in the same position.

The number of publicly listed companies in Indonesia audited by public accounting firms included in the Big Four is 400, equivalent to 49% of the total data. On the other hand, the number of companies audited by other public accounting firms is 417, equivalent to 51% of the total data. Based on these outcomes, it is clear that the number of companies audited by the Non-Big Four is more than Big Four.

Table 5
Samples Classified By IDX Industrial Sectors

No.	Sectors	Frequency	Percentage
1.	Basic Materials	112	13,71%
2.	Cyclical	53	6,49%
3.	Energy	108	13,22%
4.	Financials	188	23,01%
5.	Healthcare	35	4,28%
6.	Industrials	47	5,75%
7.	Infrastructures	73	8,94%
8.	Non-Cyclicals	93	11,38%
9.	Properties	70	8,57%
10.	Technology	15	1,84%
11.	Transportation	23	2,82%
Total samples		**817**	**100%**

Source: Secondary Data Processed, 2022

Based on the IDX industrial sector classification, accessible at https://www.idx.co.id/, Table 5 displays the number of samples examined for this study. Eleven primary industrial sectors include basic materials, cyclical, energy, financials, healthcare, industrials, infrastructures, non-cyclical properties, technology, and transportation. Based on the data presented in the table above, it is evident that the financials sector contributes the most significant proportion of the sample, 23.01%. On the contrary, the technological sector contributes the smallest proportion of samples, as much as 1,84%.

Table 6
Chow and Hausman Panel Regression Test

Variable	Result	Conclusion
Chow test (chi-square cross-section)	0.0000	Fixed Effect Model (FEM)
Hausman test (random cross-section)	0.0000	Fixed Effect Model (FEM)
Lagrange Test (breusch pagan both)	There is no need to test the Lagrange multiplier	

Source: Secondary Data Processed, 2022

The Chow test assessed which model between PLS and FEM was superior and most suitable. If the probability is less than 0.05, FEM is the superior model. Alternatively, the optimal model is PLS if the probability is more significant than 0.05. Based on table 5's test results, the probability is 0.000; hence the FEM model is the best according to the Chow test (Fixed Effects Model).

The Hausman test is necessary for selecting the optimal model between FEM (Fixed Effects Model) and REM (Random Effects Model). If the probability value is less than 0.05, FEM is the optimal model. If the probability value is more than 0.05, REM is the best model. The probability value is known to be 0.0061 based on table 5 findings of the Hausman test; hence the best model is FEM.

Table 7. Panel Regression Test Results

Variable	Regression Coefficient	t-Statistics	Probability	Conclusion
C	0.023423	0.086410	0.9312	
GOVOWN	0.070629	1.475741	0.1405	Not significant
IN TOWN	0.032801	1.356145	0.1755	Not significant
FOREIGNOWN	-0.0785910	-3.352343	0.0008	Significant negative
DIRECTOR ON	0.048674	1.271429	0.2040	Not significant
ACFEXP	-0.018339	-1.167889	0.2433	Not significant
ACEXP	-0.002215	-0.302639	0.7623	Not significant
ACSIZE	0.008190	1.996080	0.0464	Significant positive
ACID	0.020901	0.805542	0.4208	Not significant
ACMEET	-0.000556	-1.142517	0.2537	Not significant
BIG4	-0.005686	-0.511023	0.6095	Not significant
TENURE	-0.000177	-0.079519	0.9366	Not significant
AUDFEE	0.002552	0.393966	0.6937	Not significant
BS	0.001897	0.831796	0.4058	Not significant
SIZE	0.016551	1.892878	0.0588	Not significant
ROA	-0.008217	-0.314088	0.7536	Not significant
LEVERAGE	-0.007184	-0.400024	0.6893	Not significant
AGE	0.008160	6.396988	0.0000	Significant positive
R-squared	0.914433	Mean dependent var	0.747287	
Adjusted R-Squared	0.888640	S.D. dependent var	0.134142	
S.E. of regression	0.044764	Akaike info criterion	-3.174402	
Sum squared resid	1.256392	Schwarz criterion	-2.080067	
Log-likelihood	1486.743	Hannan-Quinn criteria	-2.754426	
F-statistic	35.45292	Durbin-Watson stat	1.834262	
Prob (F-statistic)	0.000000			

Source: Secondary Data Processed, 2022

The F-statistic test result indicates that the probability value is 0.000000. The independent variable influences the dependent variable concurrently if the probability value is less than 0.05. If the probability value is more than 0.05, it is evident that the independent variable does not influence the dependent variable simultaneously. According to table 7, the coefficient of determination test's independent variable in the research model can explain 88.86% of the dependent variable. 11.14 per cent of the dependent variable may be explained by independent variables not included in the study model, according to these findings.

Considering the given test findings, the regression equation for each variable is as follows:

VDQ = 0.023423 + 0.070629GOVOWN + 0.032801INSTOWN – 0.078591FOREIGNOWN + 0.048674DIRECTOROWN – 0.018339ACFEXP - 0.002215ACEXP + 0.008190ACSIZE + 0.008190ACSIZE + 0.0204TENURE + 0.002552AUDFEE + 0.001897BS + 0.016551SIZE – 0.008217ROA – 0.007184LEV + 0.008160AGE + e

As one of the variables reflecting ownership structure, the chance of government ownership is 0.1405. Based on these findings, hypothesis 1 is refuted, as government ownership has no substantial effect on voluntary disclosure. Similarly, institutional ownership cannot demonstrate substantial effects on the degree of voluntary disclosure; hence, hypothesis 2 is rejected. This outcome has a probability greater than 0.05, which is 0.1755.

Foreign ownership becomes the only ownership structure variable proven to influence the dependent variable negatively. The likelihood is less than 0.05, or 0.0008, with a coefficient of -0.078591; hence hypothesis 3 is accepted. The ownership status of directors has little influence on the extent of voluntary corporate disclosure. The probability number 0.2040 is more than 0.05. Hence Hypothesis 4 is rejected.

The likelihood value for the independent variable of the audit committee's financial competence is 0.2433. Hence it can be stated that the financial expertise of the audit committee does not influence voluntary disclosure. Based on these findings, hypothesis 5 cannot be supported. In addition, the audit committee experience likelihood of 0.7623 demonstrates that there is no substantial correlation between audit committee experience and voluntary disclosure. Therefore, hypothesis 6 cannot be supported.

The probability value of 0.0464 indicates that the independent variable of audit committee size has a considerable positive influence on voluntary disclosure. Consequently, hypothesis 7 is supported. In contrast, the independent variable in the form of an independent audit committee demonstrates a probability of 0.4208, therefore refuting hypothesis 8. This output explains that voluntary disclosure has no meaningful link.

The frequency of audit committee sessions indicates a likelihood greater than 0.05 or 0.2537. Based on these findings, hypothesis 9 is rejected as there is no correlation between the number of audit committee meetings per year and the degree of voluntary disclosure. In addition, the size of the public accounting company, which consisted of Big Four and non-Big Four audit firms, had no impact on voluntary disclosure because the likelihood number was more than 0.05, i.e., 0.6095 with a coefficient of -0.005686. Consequently, hypothesis 10 is refuted.

The term of the auditor (signing partner) responsible for auditing operations throughout the relevant period has no real consequences on the rate of non-mandatory disclosure. Because the likelihood is 0.9366, these statistics show that hypothesis 11 cannot be supported. Furthermore, the likelihood of audit fees, represented by the natural logarithm of the total charges incurred by the audit company for audit services during the current period, is 0.6937. Based on these findings, it is possible to infer those audit fees have no significant impact on voluntary disclosure; hence, hypothesis 12 is rejected.

According to the findings of the t-test, the Firm's age is the control variable that can demonstrate a positive correlation with voluntary disclosure. The Firm's age indicates a likelihood of 0.0000, less than 0.05. The importance of the other control variables, including board size, business size, profitability, and leverage, cannot be demonstrated with a probability greater than 0.05.

This study shows that government ownership is not an ownership structure factor that can encourage the quality of voluntary disclosure in public companies. Similar results were also found by academics such as Habbash et al. (2016), Sepasi et al. (2016), Alnabsha et al. (2018), Shan (2019), Amosh and Mansor (2020), and Tran et al. (2021). Amish and Mansor (2020) explain that these results show that the government does not pressure companies to disclose information voluntarily if mandatory disclosures are met. In addition, companies are less motivated to increase information disclosure due to the lack of need for external funding other than the government.

Several other studies also prove the absence of a significant element of institutional ownership in research. The study by Bani-Khalid et al. (2017), Alnabsha et al. (2018), Amosh and Mansor (2020), and Masum et al. (2020) shows that institutional ownership is not able to influence the tendency of companies to disclose voluntarily. Institutional shareholders generally have different and inconsistent preferences and expectations regarding the disclosure of company information. Therefore, the proportion of institutional shareholders cannot consistently influence the increase in voluntary disclosure in Indonesia.

Foreign ownership is the only structural factor affecting voluntary disclosure significantly and negatively. Research with similar results was also obtained by Uwuigbe et al. (2017), Saini dan Singhania (2019), Singal dan Putra (2019), and Tsang et al. (2019). According to Tsang et al. (2019), the low rate of voluntary disclosure could be attributed to diverse shareholder backgrounds. The researcher explains that shareholders who come from countries with low information disclosure and securities regulations can reduce the level of voluntary disclosure.

Several other studies by Bani-Khalid et al. (2017), Alnabsha et al. (2018), Amosh and Mansor (2020), Masum et al. (2020), and Tran et al. (2021) also conclude that the ownership of the board of directors has no significant effect on voluntary disclosure. According to Amosh & Mansor (2020), the insignificant relationship was caused by the directors not effectively paying attention to the review and improvement of voluntary disclosures. In addition, directors generally only focus on fulfilling mandatory information disclosures.

The results demonstrated that the audit committee's experience in accounting and finance did not impact voluntary disclosure. Nonetheless, also observed were negligible findings by previous researchers such as Alfraih and Almutawa (2017), Dias et al. (2017), Katmon and Farooque (2017), Raimo et al. (2020), and Setiany et al. (2017). In addition, Haji and Anifowose (2016) argue that there is no association between the audit committee's financial expertise and voluntary disclosure because the audit committee also requires members from diverse backgrounds and knowledge other than accounting and finance.

Insignificant results from the audit committee's experience with voluntary disclosure were also found by researchers such as Alfraih and Almutawa (2017), Dias et al. (2017), Raimo et al. (2020), and Setiany et al. (2017). However, this means that the audit committee's effectiveness cannot be measured by the experience and educational background of the audit committee because it cannot influence the level of voluntary and integrated reporting.

Research shows that the size of the audit committee is the sole factor in the effectiveness of the audit committee that can encourage the quality of voluntary disclosure in the company. Similar results were also found by Appuhami and Tashakor (2017), Agyei-Mensah (2018), Musallam (2018), Ashfaq and Zhang (2019), Bananuka et al. (2019), Lawati et al. (2021), and Mohammadi et al. (2021). These pieces of evidence prove the significant and positive effect of the size of the audit committee. Therefore, the size of the audit committee of various backgrounds can ensure that the company adequately implements a voluntary disclosure policy.

An audit committee with a proportion of independent professional members did not prove significant in ensuring the quality of voluntary disclosure. Insignificant results were also obtained by other researchers such as Alfraih and Almutawa (2017), Bananuka et al. (2019), Dias et al. (2017), Ernawati and Aryani (2019), and Krismiaji and Grediani (2019). Dias et al. (2017) argue in their research that the presence of the audit committee does not play a significant role in the level of company information disclosure. There is no correlation between an independent audit committee and an increase or decrease in the disclosure of business information.

Audit committee meetings do not enhance the voluntary disclosure level of public corporations. Findings with similar results were also found by Dias et al. (2017), Ernawati and Aryani (2019), and Krismiaji and Grediani (2019). Bananuka et al. (2019) explained that this happened because the audit committee meeting was only a formality where committee members generally approved the financial statements without further recommendations. Furthermore, at the audit committee meeting, the committee ensures that the financial statements have been correctly produced and that the audit process can function smoothly. In addition, it is not the obligation of the audit committee to encourage voluntary disclosure of material other than required disclosures.

Regarding the degree of voluntary disclosure, the size of the Big Four and non-Big Four accounting firms proved inconsequential. However, insignificant results were also obtained by Maskati and Hamdan (2017), Rep et al. (2019), and Saraswati et al. (2020). The main reason is that stakeholders or information users do not discriminate between audit services provided by Big Four public accounting firms or non-Big Four. Therefore, the ability of public accounting firms is relative to encouraging the board of directors' decisions to make voluntary disclosures.

The auditor's Tenure cannot be used as a determinant of voluntary disclosure because of its inability to influence the company's voluntary disclosure. However, insignificant results on the effect of auditor tenure on the level of corporate information disclosure were also obtained by several other researchers, such as Agyei-Mensah (2018) and Salehi et al. (2017). The size of the Big Four and non-Big Four accounting firms has little impact on the degree of voluntary disclosure.

Like other audit quality factors, audit fees cannot encourage public companies to disclose information voluntarily. Nevertheless, insignificant results were also obtained and other researchers, such as Salehi et al. (2017), Agyei-Mensah (2018), and Reid et al. (2019). High audit fees reflect audit risk associated with non-financial indicators that are the auditor's responsibility in motivating the disclosure of company information. However, hefty audit costs do not ensure an increase in the quality of voluntary disclosure (Salehi et al., 2017).

Nevertheless, this study illustrates that the quantity of voluntary disclosure may increase with a company's age, as measured from the day it was initially listed on the public market. In addition, the size of the board of directors, the size of the Firm, profitability, and solvency were found not to influence the quantity of voluntary disclosure made by public businesses. Consequently, neither the company's solvency nor profitability may inspire voluntary disclosures.

CONCLUSIONS AND RECOMMENDATIONS

This study aimed to identify the determinants that can encourage the quality of voluntary disclosure, such as ownership structure, audit committee effectiveness, and audit quality. Variables representing ownership structure are government ownership, institutional Ownership, Foreign Ownership, and board of directors' ownership. The financial expertise of the audit committee, the audit committee's experience, the audit committee, the size of the audit committee, the independent audit committee, and the frequency of audit committee meetings measure the audit committee's effectiveness. The variables that explain audit quality are the size of the public accounting firm, the auditor's Tenure, and audit fees. In addition, this research model also includes control variables such as the size of the board of directors, firm size, profitability, solvency, and firm age.

The research test results show that foreign ownership significantly affects the quality of voluntary disclosure (H_3 is proven). Based on these results, it can be concluded that issuers consisting of foreign shareholders tend to reduce voluntary information transparency. The main factor of this phenomenon is generally associated with the country of origin and the diverse backgrounds of foreign investors. Foreign investors can adjust perceptions and expectations of the company's level of voluntary disclosure with the information disclosure regulations of issuers in their home country.

Independent variables such as the size of the audit committee are also proven to affect the level of voluntary disclosure (H_7 is proven). The audit committee has a role that includes oversight of compliance and disclosure of company information. Audit committee members generally consist of independent professional members with various specialization expertise. The diverse backgrounds of audit committee members can encourage companies to make extensive voluntary disclosures. The broad attributes of voluntary disclosure can include the completeness of various aspects, including social responsibility, strategic information, and other non-financial information.

Other variables in the research were proved not to be the drivers of the extent of voluntary disclosure in Indonesia. For example, the ownership structure, such as government, institutional, and director ownership, does not significantly affect voluntary disclosure. In addition, the audit committee experience, independence, audit Firm size, auditor tenure, and audit fee are not associated with voluntary information disclosure. Hence, the hypotheses are rejected except the H_3 and H_7, in which significance was proven.

Of all the control variables in the study, company age is the only variable that can encourage voluntary disclosure. Other control variables, such as the size of the board of directors, firm size, profitability, and solvency, are not proven to be significant in influencing the quality of voluntary disclosure of public companies. Based on these results, it can be concluded that the company's age, since being listed on the stock exchange, can determine its tendency to disclose information voluntarily. On the other hand, the company's performance as measured by profitability and solvency, company size, and the size of the board of directors are not determinant that affects the tendency of voluntary disclosure.

Based on the study's results, awareness of voluntary disclosure must be increased to increase the company's competitiveness and transparency. Companies must develop a complex industry and capital market to ensure information disclosure. Investors' interest in information needs has also shifted from mandatory to voluntary disclosure. In addition, voluntary disclosure can explain prospective and retrospective financial and non-financial information. Based on these facts, issuers need to facilitate effective corporate governance mechanisms such as shareholders, audit committees, and external auditors in publishing an integrated, comprehensive annual report.

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Jurnal Akuntansi ISSN 2303-0356
Vol. 13, No.1, February 2023 Hal.42-50

CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE, GREEN INNOVATION AND CORPORATE PROFITABILITY

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ARTICLE INFO

Article history:
Received: September 20th,2022
Revised: February 3rd,2023
Accepted: February 23rd, 2023

Keywords:
CSR
Green innovation
ROA
ROE
EPS

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ABSTRACT

This study examines the effect of corporate social responsibility disclosure and the application of green innovation on corporate profitability. The population of this study is all companies engaged in energy and mining listed on the Indonesia Stock Exchange in 2018-2021. The sample in this study was energy and mining companies that provided annual and sustainability reports consecutively during the research period. The analysis tool used in this study is E-views version 12. The results of this study show that CSR disclosure does not positively affect profitability proxied using ROA, ROE, and EPS. In contrast, green innovation positively influences the company's ROE. It does not positively affect the company's ROA and EPS, which means that the disclosure of green innovation What the company does can attract investors to invest and invest in the company.

How to cite (APA Style):
Marietza, F., & Ilhami, G. (2023). Corporate Social Responsibility Disclosure, Green Innovation And Corporate Profitability. *Jurnal Akuntansi*, 42-50.

INTRODUCTION

In essence, the company wants to profit from using its resources. Of course, companies that use natural resources as the primary raw material in their operating activities will continuously utilize these natural resources in the future. In the long run, this overuse will damage the environment and the surrounding ecosystem (Rita Susanti & Budiasih, 2019). Along with the development of the times, the company's goals have slowly shifted. From what was initially conventional to modern, where the company began to pay attention to social welfare and the surrounding environment, in addition to the profit that the company could generate. Research on the effect of corporate social responsibility (CSR) on profitability has been done before, such as the research of Ekatah et al. (2011); Son (2015); Nnenna & Carol (2016), and Lee & Jung (2016). The study showed that good CSR disclosure could improve a company's ROA, ROE, & EPS. on the other hand Babalola (2012) and Folajin et al. (2014) say about the effect of CSR on the profitability of companies. The results showed a decrease in the ROA & ROE of the companies cited during the period under review.

In addition to CSR, green innovation is currently one factor highlighted by investors regarding a company. Investors consider that companies that implement green innovations can generate high profitability. Because using green innovations can not only solve environmental problems in the production and consumption processes but also increase market competitiveness through increasing production sustainability (Chan et al., 2016). Green innovation is defined as how a company reduces the negative impact of its activities on the natural environment, designed to reduce energy use and pollution, waste recycling, and sustainable resource utilization (Chen et al., 2006). Previous research on green innovation, Such as the research that has conducted by Chen et al. (2006); Li et al. (2017); Zhang et al. (2019); Handayani et al. (2017), Huang & Li (2017); and Caracuel et al. (2013). they say that green product innovation can increase a company's competitive advantage and financial performance.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Stakeholder Theory

According to Freeman (1984), Stakeholder theory is a group of people or individuals who influence achieving company goals. CSR disclosure is a signal given by management to all stakeholders, including potential investors, regarding the company's prospects in the future. It shows the added value that the company has for its concern for the economic, social, and environmental impacts arising from the company's activities.

Disclosure of financial, social, and environmental information is carried out to meet stakeholders' information needs and get support from stakeholders for the sake of the elegance of a company's life. The better the CSR disclosure carried out by the company, the more stakeholders will support the company for all its activities aimed at improving performance and achieving the profit expected by the company (Lindawati & Puspita, 2015).

Legitimacy Theory

Dowling & Pfeffer (1975) state that organizations seek to establish harmony between the social values associated with or implied by their activities and acceptable norms of behavior in the more extensive social system. The company's sustainability depends on the relationship between the company and the community in which the company operates.

The higher the level of disclosure made by the company, the higher the company's reputation in the eyes of the public. The company hopes that by making CSR disclosures, the company will gain social legitimacy and will maximize the size of its finances for an extended period. In addition, CSR disclosure is expected to improve the company's image and increase sales, which, in the end, certainly positively affects the company's profitability (Agustina, 2013).

Definition of Profitability

Profit defines as the efficiency and effectiveness of organizational units in utilizing the resources owned by the company. The company's ability to generate profits and company prospects in the future is often referred to as profitability. The high profitability value indicates that the company has a high level of profit and efficiency (Andreas et al., 2015).

According to Adyani & Sampurno (2011), The profitability ratio is considered the most effective way to measure a company's business performance, as it is a way to compare different investment options depending on the level of risk. The higher the investment risk, the higher the expected profitability.

Various Profitability Ratios

Return On Asset (ROA)

ROA is a measurement carried out to determine the profit obtained by using or utilizing assets owned by the entity (Wibisono & Panggabean, 2019). Return on Asset (ROA) is a measurement indicator to see the ability of an entity to make a profit from the assets owned by the company. The higher the ratio, the better the company, and the asset can spin faster in making a profit.

Return On Equity (ROE)

According to Ikhwal (2016), Return on Equity (ROE) is the top of a company's net income compared to its net assets (capital or equity). Return On Equity (ROE) can also be defined as a measurement to determine the amount of profit obtained through shareholders' investment activities in the company (Wibisono & Panggabean, 2019). This ratio measures how much profit is generated compared to the paid-up capital by its shareholders. If the return on equity is high, the higher the net profit is generated from each rupiah of funds embedded in the equity, and vice versa (Sanjaya, 2015).

Earnings Per Share (EPS)

Earnings Per Share (EPS) compares the profit after tax earned by the issuer and the number of shares outstanding. According to Putra (2015), EPS is an indicator of a company's success because the higher the EPS, the more excellent the opportunity for investors to profit from each share. An increase in the earnings per share ratio indicates higher earnings per share, assuming the number of shares outstanding remains constant. As the company's profit grows, the likelihood of dividends increasing, or reinvestment (retained earnings) is expected to lead to more excellent performance in the future.

Definition of Corporate Social Responsibility

Kotler (2005) defines CSR as a company's commitment to improving the well-being of society through discretionary business practices and the contribution of corporate resources. A vital element of this definition is a discretionary word that does not refer to a business activity carried out due to specific legal regulations because it contains moral and ethical reasons.

Then Herman (2018) defines CSR as an activity carried out by a company to contribute the results of its business to the company and the community in general. CSR is a concept of corporate activities contributing to sustainable economic development. The company not only focuses on economic aspects but also must consider the impact on the social and environmental of the company's operational activities (Wibisono & Panggabean, 2019).

Green Innovation

Green innovation is a way for companies to reduce the negative impact of their activities on the natural environment. Green innovation consists of green product innovation and process innovation designed to reduce energy use and pollution, waste recycling, and sustainable resource utilization, according to (Chen et al., 2006).

Green innovation plays a crucial role in moving the industry towards sustainable production and the evolution of sustainable manufacturing initiatives facilitated by green innovation. Companies can enhance their environmental strength by complying with international environmental conventions and implementing new scientific and technological breakthroughs to strengthen green innovation (Chen, 2008).

Hypothesis Development

Disclosure of corporate social responsibility is carried out to meet information needs by parties interested in the company. In line with stakeholder theory, the company has obligations not only to the owner of the company but also to its stakeholders (Wibisono & Panggabean, 2019).

In addition, corporate social responsibility can be used as a promotional forum by the company to display the positive sides of the company to attract public and investor attention through activities that benefit the public. A good image and a good cycle will also be formed between the company and stakeholders, which will impact the company's performance and cause the company's profitability to move in a better direction. The research conducted by (Zhu, 2011), (Putra, 2015), (Babalola 2012), and (Lee & Jung, 2016).The summed up the hypothesis as follows:

H1a: Corporate social responsibility disclosure has a positive effect on corporate ROA
H1b: Corporate social responsibility disclosure has a positive effect on corporate ROE.
H1c: Corporate social responsibility disclosures have a positive effect on corporate EPS.

Green Innovation carried out by the company provides an understanding that the company cares about the social environment and knows that non-renewable natural resources must be managed wisely. The better the innovation carried out by the company, the more the public will fully support the company for all its activities, which aim to improve performance and achieve the profit expected by the company (Lindawati & Puspita, 2015). The company's green innovation is not only able to improve the company's internal products and processes but can also reduce the company's operational costs. Therefore, the higher the intensity of green innovation in a company, the greater the positive influence on the company's profitability.

The following research by Handayani et al. (2017), Zhou et al. (2019); Caracuel & Mandojana (2013); Miroshnychenko et al. (2017), and Przychodzen (2015). From the explanation above, then the hypothesis made is:

H2a: Green Innovation has a positive effect on a company's ROA
H2b: Green innovation positively affects a company's ROE
H2c: Green innovation has a positive effect on the company's EPS

RESEARCH METHOD

This study uses a quantitative approach. This study used the E-views 12 application to carry out the data processing process. The form of the equation for testing hypotheses in this study is as follows:

$\mathbf{ROA} = \boldsymbol{\beta_0} + \beta_1 \mathbf{CSR} + \boldsymbol{\beta_2} \mathbf{D\,IH} + \mathbf{e}$ (equation I)
$\mathbf{ROE} = \beta_0 + \beta_1 \mathbf{CSR} + \boldsymbol{\beta_2} \mathbf{DIH} + \mathbf{e}$ (equation II)
$\mathbf{EPS} = \beta_0 + \beta_1 \mathbf{CSR} + \boldsymbol{\beta_2} \mathbf{DIH} + \mathbf{e}$ (equation III)

Information:

ROA	=	Return on Asset
ROE	=	Return on Equity
EPS	=	Earnings Per Share
b_0- b_2	=	Estimated coefficient
CSR	=	Corporate social responsibility
DIH	=	Dummy Green Innovation
e	=	Error term

Dependent variables

The formula used to measure profitability (Rhyne & Brigham, 1979) is as follows:

$$\mathbf{ROA} = \frac{\textbf{Net Income}}{\textbf{Total Assets}} \qquad \mathbf{EPS} = \frac{\textbf{Total earnings}}{\textbf{Number of Shares}}$$

$$\mathbf{ROE} = \frac{\textbf{Net Income}}{\textbf{Total Equity}}$$

Independent Variables

1) Corporate Social Responsibility.

$$\mathbf{CSRIj} = \frac{\sum Xyi}{ni}$$

Information:
CSRIj = corporate CSR index j
Xyi = number of disclosed items
ni = number of disclosure items for the company (91 items based on GRI-G4)

2) Green innovation.

$$\mathbf{Ih} = \frac{\sum Xyi}{ni}$$

Information:
IH = Green innovation company
Xyi = number of disclosed items
ni = number of disclosure items for the company (8 items based on the explanation of Chen et al., 2006 & Chen, 2008).

RESULT AND DISCUSSION
Descriptive Analysis

Table 1
Descriptive Statistical Results

Variable	Minimum	Maximum	Average	Standard Deviation
Roa	-0.300	0.285	0.051	0.093
ROE	-0.500	0.396	0.082	0.169
EPS	-0.020	0.434	0.044	0.104
Them	0.250	0.750	0.544	0.161
CSRI	0.077	0.692	0.419	0.188

Partial Significance Test (T-test)

Table 2
T-test results of equation 1

Variable	Coefficient	T-Statistics	Prob.
LOGCSR	-0.032	-0.542	0.592
Them	0.143	0.781	0.442

Table 3
T-test results of equation 2

Variable	Coefficient	T-Statistics	Prob.
CSR	-0.369	-4.053	0.000
Them	0.219	3.180	0.004

Table 4
T-test results of equation 3

Variable	Coefficient	T-Statistics	Prob.
CSR	-0.150	-0.732	0.471
Them	0.222	0.223	0.329

Discussion
CSR and Company Profitability

The results of this study prove that corporate social responsibility (CSR) disclosure does not have a positive effect on the profitability of companies proxied using the company's Return on Asset (ROA), Return On Equity (ROE), and Earning Per Share (EPS). So, the results of this study do not support the previous hypotheses, namely H1a, H1b, and H1c.

Because companies engaged in the mining sector have a higher role in environmental responsibility because they directly intersect and use natural resources in their operational activities, the disclosure of broad and diverse corporate responsibilities will undoubtedly cost much money. This sizeable operating cost will decrease the company's profit before tax, thus impacting the company's return on assets (ROA).

Generally, companies do CSR intending to display the positive side of the company and to improve the image of the company. With this good company image later, the company's profit should increase. However, companies often tend only to want to show the positive side, so this affects the consideration of investors and potential investors in making investment decisions, which ultimately triggers a decrease in the company's profit followed by no significant improvement in the company's financial performance (Dwijayanti, 2012). it is what causes the CSR disclosures made by the company not to have a significant impact on the company's Return On Asset (ROA), Return On Equity (ROE), and Earning Per Share (EPS).

The results of this study are in line with the results of research conducted by Yaparto (2013), which states that disclosure of corporate social responsibility does not affect the company's Return On Asset (ROA), Return On Equity (ROE), and Earning Per Share (EPS). However, the results of this study are not to the results of a study conducted by Wulandari (2020), which stated that the CSR disclosures made by the company had a significant impact on the company's Return On Asset (ROA), Return On Equity (ROE), and Earning Per Share (EPS).

Green Innovation and Company Profitability

The results of this study support the previous hypothesis (H2b) that green innovation has a positive effect on company profitability as measured by Return on Equity (ROE) in companies. It shows that the higher the intensity of the application of green innovations carried out by the company, the more impact will have an impact on increasing the return on equity (ROE).

The application of green innovations carried out by the company is undoubtedly an advantage for the company when compared to its competitors. The company that implements green innovations has concerns about environmental sustainability and operations. The results of this study certainly support the theory of legitimacy, where disclosures aim to improve the company's image and increase sales which, in the end, certainly has a positive effect on increasing the company's profitability (Agustina, 2013). The company hopes that with the care it gives to the environment, it will gain social recognition and maximize the size of its finances for an extended period.

According to Caracuel et al. (2013), green innovation is one of the most appropriate steps to achieve development benefits. Because good green innovation allows companies to eliminate production processes that are considered harmful to the environment, the companies can develop new products more efficiently. Green innovation does have a positive impact on the environment and on the company in the long term. Green innovation aims to increase productivity more effectively and efficiently.(Dewi & Rahmianingsih, 2020). In addition, green innovation is a program for the promotion and advertising of the company to the public, which can attract investors and potential investors. The public will give their trust and loyalty to the company as a form of support for its concern for environmental issues. Thus, the company has good prospects for sustainability of the company in the future, which allows investors to be willing to invest in the company so that it will directly affect the company's Return on Equity (ROE).

However, the results of this study do not support the H2a and H2c hypotheses because they do not show a positive influence between green innovation disclosures on the profitability of companies proxied using Return on Asset (ROA) and Earning Per Share (EPS).

Companies that want to implement green innovation must certainly consider many things, not only in terms of their impact on the environment but also need to pay attention to the effectiveness and efficiency of using costs from the use of innovations that the company may receive later. To implement environmentally friendly innovations, companies will generally use advanced technology that requires much money, for example, vibriosis truck technology, a vibration-producing vehicle specially designed for seismic reflection without damaging the soil structure and vegetation above it. Alternatively, like the E-Mining Report System technology (real-time reporting related to coal and overburden) used by PT. Acid Hill. The company's operating activities' transition to environmentally friendly innovations requires many costs, ranging from using technology to the costs required by the company's human resources to adapt to the technology. These costs will undoubtedly affect the amount of net profit owned by the company, which can directly affect the company's Return on Asset (ROA) and Earning Per Share (EPS) levels.

The results of this study are in line with the results of research conducted by Miroshnychenko et al. (2017) and Przychodzen (2015), where the results of the study show that companies that implement green innovation on average, have a higher Return On Equity (ROE) compared to established companies. The results of this study are contrary to the results of a study conducted by Busch & Hoffmann (2011), where the results show that the application of green innovation negatively affects financial performance as measured using the company's Return On Equity (ROE).

 ISSN 2303-0356
Hal.42-50

CONCLUSION AND RECOMENDATION

The test results of corporate social responsibility (CSR) disclosures do not affect the profitability of companies proxied by Return on Asset (ROA), Return on Equity (ROE), & Earning Per Share (EPS). The results of the green innovation disclosure prove that the disclosure of the intensity of using green innovation influences the profitability of companies (ROE). However, it does not affect the company's Return on Asset (ROA) and Earning Per Share (EPS).

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Jurnal Akuntansi
Vol. 13, No.1, February 2023

ISSN 2303-0356
Hal.51-57

IS IT TRANSPARENT AND ACCOUNTABLE, OR STEAL THE PUBLIC ATTENTION?

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ARTICLE INFO

Article history:
Received: February 1st,2022
Revised: February 3rd,2023
Accepted: February 23rd, 2023

Keywords:
Transparency;
ISAK No. 35;
School Financial Statements;
BOS Fund

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ABSTRACT

This study aims to determine how the implementation of transparency is carried out by schools related to financial reporting and BOS funds to third parties and to analyse how the accounting system is applied to school financial reporting. BOS Funds is compared to the provisions by Statement of Financial Accounting Standards (ISAK) 35 and technical guidelines related to BOS Funds imposed by the Ministry of Education, Culture, Research, and Technology. In this study, researchers analysed by compiling data. Interpret and analyse the data to produce research conclusions. This type of research is descriptive qualitative research through centralised interviews with informants to obtain accurate and relevant data. The results of this study show that the reporting of the school BOS Fund has been carried out, but the financial statements made by the school are still not following ISAK 35

How to cite (APA Style):
Nicholas, C., Hanida, I., Lawrensia, C., Ginting , R., & Puspitasari , A. (2023). Is It Transparent And Accountable Or Steal The Public Attention ? *Jurnal Akuntansi*, 51-57.

INTRODUCTION

The problem of trust in financial reporting often occurs in various organisations and agencies, especially private educational institutions. A trust problem is a condition where a person finds it difficult to trust others. This can be caused by several factors: fear of being betrayed by colleagues, easy to doubt someone in work being done, especially in compiling financial reports, etc. For example, the phenomenon of financial reporting presented by auditors often experiences trust problems caused by very little transparency (openness), especially to external parties.

Transparency means openness. Transparency means that funds managed directly by schools must be transparent so that all interested parties can see, analyse and know the receipts and disbursements of funds made by these educational institutions. The more open schools are in financial reporting, BOS funds, RAPBS and other reports, the more activities such as embezzlement and embezzlement will never occur because all internal parties closely monitor school finances.

In the transparency policy of educational institutions' financial reports, schools should be open to external parties regarding all finances and their reporting. However, in practice, only accounting forms (LPJ) are recorded and reflected according to the activities carried out in schools, and receipts for receiving operational assistance (BOS), both from the state, are recorded on forms provided in the form of grants or cash funds. Therefore, the transparency of educational institutions' financial reporting is still relatively low, and it is a big question why educational institutions only provide information about reporting letters of responsibility and receipts to external parties, even though more information is still needed about school finances so that all interested parties can analyse the school's financial condition.

In practice, only internal parties such as school principals, teachers and employees (workers) who have worked for a long time in related educational institutions are given information about school finances. Generally, the third party with access to school financial information is the government. The government only receives reports on the allocation of funds in the form of APBS (School Revenue and Expenditure Budget) to assist in formulating appropriate budget policies for the next period by the conditions of the relevant educational institutions. Apart from the government, other third parties also need school financial information, namely; creditors, par ents of students, and school and community-related goods. Financial information third parties need includes balance sheet reports, surplus/deficit reports and cash flow reports.

Transparency to outsiders is essential because third parties can assess the auditor's financial reports and the school's credibility adequately. The use of third-party transparency in educational institutions is so that schools avoid various kinds of fraud in preparing and managing financial reports. In addition, transparent and responsible management of school finances will increase the trust of parents and the community in schools because all financial reports and the use of BOS funds are communicated openly, and internal parties who audit financial reports are also fully responsible for their duties so that a third party's interest in educational institutions will grow. Not only does the interest of third parties grow, but the performance of an educational institution will also increase if it knows that the community well knows its school.

In principle, private educational institutions are equivalent to public educational institutions with the same mandate, based on the principles of openness (transparency), responsibility (accountability), efficiency and effectiveness (PP No. 8 of 2008). The difference is that private schools operate independently and seek more funds to maximise quality education services. However, private institutions' transparency level is still relatively low. For example, students and parents should also be able to receive financial reporting to know where their school fees are being allocated. However, in practice, no further information was given to the parties concerned regarding the funds obtained for any activities.

This study uses a qualitative approach. The qualitative approach focuses on the research subject, is descriptive through centralised interviews with stakeholders (exploring the subject in detail), and digs deeper into information from informants about BOS financial reporting and budgeting. This survey measures the extent to which private institutions are transparent in managing their finances to maintain the functions and roles of public sector institutions in building trust with external parties (third parties).

RESEARCH METHODS

Research Design

According to Emzir (2016), the research design describes a basis that brings the researcher to produce answers to research problems given to informers or what is commonly called informants. In the research conducted this time, researchers used qualitative methods with a case study. Furthermore, Bogdan and Taylor (2012 believed that qualitative research is one of the research mechanisms that can create descriptive data in the form of speech and writings and attitudes of people who are used as informants in research. In this type of qualitative research, it is hoped that it can create an in-depth explanation of speech, writing, and attitudes that can be learned from specific individuals, groups, communities, or organisations in a particular context setting where an assessment is carried out using a comprehensive, complete, and holistic point of view.

Reasons for Choosing the Object of Study

This research was conducted in the hope of finding out how transparency is carried out by Dasanusa High School in managing BOS financial statements and funds. The informant chosen by the researcher in this study was the BOS treasurer from Dasanusa High School. The informant is a party who directly intervenes in the management of financial statements.

Data Type and Data Source

1. This research is presented with qualitative data types.
   The data in this study are presented with qualitative data types. Qualitative data is a type of data that takes the form of words, sentences, or images. This data has no numbers or ratios.

ISSN 2303-0356
Hal.51-57

2. Data primer
   According to Hasan (2002), primary data is data obtained or collected directly from the field by researchers or people who need information. Primary data was obtained from informant sources, namely people who directly participated in the financial management of Dasanusa High School. Primary data is presented in more detail to be considered more accurate than secondary data.

Data Collection Methods

Bungin (2005) stated that the method of searching/collecting data in the study was carried out in the following way:

1. *In-Depth Interview*. *An in-depth interview* means an in-depth interview technique. This in-depth interview can be conducted with one or more people directly related to the management of the financial statements of Dasanusa High School. *Depth interviews* are closely related to qualitative research. Using this method, researchers can obtain in-depth data through informant involvement in the topic at issue.
2. Document Study. A document is a source of information obtained directly by the researcher from the object of study. According to Sugiyono (2015: 329), a document is a description of information that has occurred (passed); the document will complement the *method of in-depth interviews* and audio-visual material. Recording data from related documents, such as the presentation of financial statements of BOS funds, carried out the documentation study. This research uses documentation as a complement to information to assist researchers in solving the problems that have been focused on.
3. Audio Visual Material. The audio-visual data in this study was obtained from voice recordings that researchers recorded using *cell phones* at the time of the interview.
   a) Explain the traces of physical facts obtained from informants interviewed by researchers.
   b) Collect voice recordings from interviews with informants to obtain relevant and accurate results.
   c) I was checking the photos and voice recordings taken in collecting interview data with the party concerned during the interview, namely Mrs Yuliana, the treasurer of the BOS of Dasanusa High School.

Technical Data Analysis

Data analysis is a series of systematic processes of collecting and managing interview results to obtain information and allow researchers to publish the results of their research to the broader community. Sugiyono (2018 : 134) stated that data analysis techniques are procedures used to find and organise data sequentially obtained from the interview process and notes in the field. The technical data analysis applied in this study is as follows:

1. Data reduction
   From the data obtained during the interview, it is necessary to carry out careful and detailed recording. The data obtained from the interview activities are still "raw data" or unmanaged. Therefore, data must be immediately analysed using data reduction. This data reduction simplifies data by determining and concentrating data at the main point of the problem regarding transparency and effectiveness in managing financial statements. In addition, the reduced data will accurately illustrate the problem under study.
2. Data presentation
   After the reduction stage is completed, the next stage to do is the presentation of data. Data presentation is an action carried out by researchers, either individuals or groups, to perfect the procedure for making quantitative/qualitative research results that have been carried out. The data presentation stage is carried out so that the data from the re duction stage results

can be well structured and arranged into relationship guides to help readers study research data. In the presentation of data can be presented in the form of tables, relationships between categories, narrative descriptions, flowcharts or flowcharts and others.

3. Drawing conclusions
The final step of qualitative data analysis activities is drawing conclusions and verification. Drawing conclusions or verification is a procedure for illuminating the meaning obtained from the results of research presented with a concise and easy-to-understand description and is carried out by repeatedly reviewing the accuracy of the conclusion of the discussion results, especially those related to the linkage and consistency with the title and purpose of the study. The initial conclusions may change if supporting instructions are provided during the data accumulation process. However, if the initial conclusion is refuted with true and fixed facts, the conclusion at the beginning is believable or credible.

RESULTS AND DISCUSSION

Steps towards Transparent Distribution of BOS Funds in Private Schools

Today, any fraud or misappropriation of funds in non-profit organisations can occur without the public's knowledge. In addition, since the pandemic some time ago, there have been many fundraisers and distributions to non-profit organisations that unwittingly provide opportunities for irresponsible individuals to commit fraud. All kinds of tactics and plans are carried out by irresponsible actors in order to gain an advantage unusually. However, that has become increasingly sophisticated in the digital era, and knowledge is getting wider, making humans brighter in analysing performance and demanding openness from existing non-profit organisations.

As a non-profit organisation that wants to create trust in the public, schools certainly have ways to realise their credibility through transparency. Likewise, Dasanusa High School has its style regarding openness about school finances, especially in allocating BOS funds.

Dasanusa High School highly regards awareness of the importance of openness because it is known that transparency bridges the relationship between the organisation and external and internal parties. Based on the results of the interviews that have been conducted, here are some of the stages that schools have put in place as a form of transparency of funds:

1. *Planning* and *decision-making step*
The preparation of a plan regarding the expenditure and allocation of school funds will be prepared and considered in advance by the treasurer, committee and team of school accountants. After that, a joint meeting will be held. The speaker said: *"The form of transparency is, before preparing the budget, there must be a teacher council meeting, and there is explained the amount of BOS funds obtained by the school and what the allocation of funds is for, as well as the allocation of funds from the foundation."* Therefore, from the citation, it can be concluded that each school fund budget is calculated and considered in the teacher council meeting in detail but ensured to be on target.
2. *Recording* step
This stage includes accounting activities around recording, account classification, and records of economic events or transactions in schools. It includes the school's accountability report, daily recorded cash flow statement, and other financial statements. Schools use computer media with the Excel application to carry out these recordings so that recording can be done more flexibly according to school conditions.
3. *Publication step*
This stage is the most exciting part of the interview results because it shows how transparent the school is in presenting its financial statements. Uniquely, the publication of school finances is displayed in the school's wall magazine (wall magazine) so that it can be seen and read directly by the public, especially students and parents. Reports displayed in the school include the BOS School Budget Work Plan (RKAS), Letter of Re sponsibility

(SPJ), Cash Helper Book, and Recapitulation of Goods/Asset Purchases. The reports are presented in full with dating, nominal, and columns of the type of goods. This form of transparency has been applied by Dasanusa High School for the past few years, making it a routine that is carried out regularly. The transparency also shows that school cash expenditures are entirely used for school purposes.

Systematics of Applying School BOS Funds

The School Operational Assistance Program, or BOS for short, is a program developed by the government in terms of helping schools in Indonesia to be more optimal, both in terms of facilities, facilities, and infrastructure, as well as multimedia which hopefully can support teaching and learning activities in schools. BOS funds by schools are generally used to improve the quality and quality of school management. For this reason, schools must ensure that every expenditure that uses BOS funds must be effective and efficient.

According to the Ministry of Education, there are two types of School Operational Assistance (BOS): Regular BOS and Performance BOS. Since a few years ago, Dasanusa High School has had the opportunity to receive Regular BOS funds, where the funds obtained can be used to implement learning and extracurricular activities, maintain facilities and infrastructure, provide multimedia tools, develop libraries and manpower, and so on. The source asserted:

"The biggest thing to spend is for office stationery purposes, then extracurricular (including competitions), learning media, and the rest such as book capital and so on."

So, the allocation of BOS funds at Dasanusa High School is around shopping for office stationery (ATK), books, assets, park maintenance, utility bills, etc. However, to disburse the BOS funds, schools need to carry out several requirements, such as reporting and describing the details of the necessary budget funds to the government.

The process of making all types of financial statements, including BOS fund reports (such as RKAS BOS, SPJ, Cash Helper Book, along with Recapitulation of Goods/Asset Purchases), is made and compiled accountably by the treasurer team of Danusa High School consisting of 2 people who have divided their duties. Not only that, but the principal of Danusa High School is also a decision-maker on any approval of school cash expenditures.

In making the report, the school admitted that it had followed every systematic procedure for reporting RKAS and RAB BOS funds from the Ministry of Education and Culture, whose information could be accessed easily via the web. Here are some points to note in the BOS fund reporting process:

1. Determination of Funds to be Received

   The amount of BOS funds that will be disbursed to schools using calculations determined by the minister that has been adjusted to the number of students, school level, and also the regional area of the school concerned, namely the amount of unit cost of BOS funds according to each region multiplied by the number of students. For Dasanusa High School, the calculation is Rp1,600,000*the number of students at Dasanusa High School. Thus, the more students, the more funds will be received will also be significant. Therefore, schools need to keep the current data on the number of new students.

2. Budget Reporting to the Government

   Please note that BOS RKAS reporting is essential in obtaining BOS funds. The BOS RKAS describes in detail all school expenditure plans that have been considered.

   "Schools are required to report the BOS budget through the kemdikbud.id website so that the funds can be disbursed at that stage. The report includes BKU, Cash Assistants, Taxes, Capital, Assets, and SPJ stamped on mutual sustainability."

   The citation proves that report attachments need to be uploaded to the kemdikbud.id page, and a reporting date limit has been set online. This is important to do so that later the funds can be disbursed.

3. Disbursement of Funds
   The amount of BOS funds received by schools will be disbursed in 4 phases (first quarter, second quarter, third quarter, and fourth quarter). After the funds have been transferred to the school account, the school can immediately use the funds for school purposes. Furthermore, the BOS funds that have been disbursed should be used following the RAB that has been prepared previously. However, if there is a change in the RAB after the disbursement of funds, it must be proposed for renewal at the Education Office of the school concerned. Not only that, the disbursed funds cannot be directly taken at once but are taken according to the treasurer's and principal's more urgent needs.

Public Response to the Transparency System

In realising school openness through submitting BOS reports in wall magazine, the public is the main target to be able to see and also study directly about the reports posted in the magazine. At Dasanusa High School, parties who can reach information about BOS funds include the government, school committees, foundations, and the public (students and parents).

All forms of school transparency through the publication of BOS fund reports in wall magazine have been implemented as much as possible. However, in the end, the public will assess the openness to reduce *trust issues*. In addition, the public can judge whether the form of transparency that schools have carried out is practical and valuable.

To find out how the public responded, a short interview was conducted with one of the students at Dasanusa High School regarding the publication of the BOS fund report in wall magazine. As a result, respondents admitted that the transparency of Dasanusa High School has been very open to the public. This is based on the source's statement that:

"With the reports in the *school, we as students can find out information about the allocation of BOS fund data in detail, including parents*."

The statement showed that the interviewees felt that school openness was informative enough.

However, behind that, of course, every program that has been implemented has not been entirely perfect, meaning that there are still things that schools, regarding the reporting of BOS funds, do not effectively do. The reason is that the announcement of the BOS fund report through wall magazine in written form did not receive full attention from the public. Because as is well known, announcements through wall magazines receive less attention from students and parents than verbal announcements in person. "*We hope the school can provide reports on BOS funds in other media, such as through announcements or the school's website*." Therefore, following the statement of the source that it is suitable for schools to be able to convey information about the allocation of BOS Funds not only through writing but also through oral and digital announcements through the school website.

Oral announcements can be made during a plenary meeting at the school with the school committee. In the meeting, the school can show the RKAS the treasurer and principal designed for all parents. This is considered quite effective because all the details of spending and financing can be directly explained and presented to the public so that it can be proposed if there is a better response. The plan can be improved for the better.

Furthermore, through digital publications. As is known, many high schools already have a personal website, including Dasanusa High School, which anyone can access easily. Therefore, to increase public awareness of school transparency, schools should be able to submit BOS allocation funds on the school's website. However, to minimise the information leakage to the public who do not need information related to the school's BOS funding report, schools should be able to limit the accounts that can access the information. For example, schools can create custom e-mails for individual students, so to open files related to BOS fund reports, they must use Paul's verified e-mail account.

CONCLUSIONS AND RECOMMENDATION

Conclusions

From the research that has been done, the researchers found new findings, namely that not all private schools report school financial reports and BOS funds. Management of financial reports at Dasanusa High School as a form of transparency is carried out in the following stages: the planning and decision-making stages, the recording stage, and the publication stage. During the planning and decision-making stages, the parties involved in managing the financial statements will prepare an expenditure plan and also the allocation of school funds to be prepared. After that, a joint meeting will be held to discuss the allocation of funds. The second stage is the recording stage. This stage includes accounting activities around recording, classifying accounts, and recording economic events or transactions at school.

Furthermore, the last is the publication stage. This stage is carried out by publishing school finances on the wall magazine so the community can see and read it directly, especially students and parents. Based on the results of the discussion that has been described, Dasanusa High School's financial management report is in the transparent category; this can be seen from the holding of joint meetings involving the treasurer, teacher, and principal as the person in charge. In addition, information regarding data on the allocation of BOS funds was also conveyed in detail through wall magazines to all third parties, including students and parents. However, the guarantee of information on BOS funds through wall magazines was considered less effective. This was because the announcement of the BOS fund report did not receive the public's full attention, especially the students who went there. From a theoretical point of view, with this research, the researchers hope to contribute ideas in applying the principles of transparency in the management of finance and BOS funds so that in the future, they can be managed better and transparently to the public.

Recommendation

As many people already know, the feasibility of research certainly has limitations. Like other research, this research also has limitations. Where the approach used in this research uses case studies, it is recommended that further research use a phenomenological approach to interpret and explain experiences experienced by a person in this life, including experiences when interacting with other people and the surrounding environment. For future research, it is advisable to use other approaches, such as case studies or ethnography, to compare one study.

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Jurnal Akuntansi ISSN 2303-0356
Vol. 13, No.1, February 2023 Hal.58-68

THE EFFECT OF OWNERSHIP CONCENTRATION AND LEVERAGE AGAINST EARNINGS MANAGEMENT WITH FIRM SIZE AS A MODERATING VARIABLE

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ARTICLE INFO

Article history:
Received: April 18th,2022
Revised: May 30th,2022
Accepted: February 23rd, 2023

Keywords:
Ownership Concentration
Leverage
Earnings Management
Firm Size

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ABSTRACT

This research aims to assign the respective effects of ownership concentration and leverage on earnings management with firm size as the moderating variable. There are 12 data on State-Owned Companies Listed on the Indonesia Stock Exchange from 2017 to 2020 that were used as research data samples, so 48 samples were obtained using purposive sampling. This study uses data analysis techniques using Eviews—12 Student Lite program. The partial test results (t-test) show that ownership concentration and leverage affect earnings management. The output of the MRA test proves that firm size can moderate the relationship midst leverage and earnings management. However, this research does not prove that firm size can moderate the respective intercourse between ownership concentration in earnings management.

How to cite (APA Style):
Septiana, E., Fitrios, R., & Supriono. (2023). The Effect Of Ownership Concentration And Leverage Against Earnings Management With Firm Size As A Moderating Variable. *Jurnal Akuntansi* , 58-68.

INTRODUCTION

Investors use one public, which is critical in evaluating the performance of companies that have gone public by looking at the company's financial statements. In the statements of Financial Accounting Standards Number 1 of 2009, financial statements are an established presentation derived from the assertion of financial position and overall economic performance of an entity that exerts provide the effects of control's duty for the usage of the resources entrusted to it. Many parties use financial reports prepared by management, including owners and business managers, regulatory agencies such as stock exchanges and securities, and creditors and investors (Kramer & Johnson, 2009). In the presentation of financial statements, there is information related to company profits that the wearer of financial statements can use to serve conclusions about the performance of a company, and this can be done by looking at profit growth over several periods (Ghozali & Chairi, 2014)

Management can use information about company profits for personal gain by affecting income reporting (Kieso et al., 2017). Users of information in financial statements encourage management to engage in earnings management, have better, traditionally less transparent financial statements, and reduce reliability. Management can choose to use specific accounting policies in managing earnings in a company according to what it wants, known as earnings management (Alexander & Hengky, 2017). Earnings management occurs when managers provide different understandings or manipulate the content of financial statements and economic performance to several stakeholders to predispose contractual outcomes that hinge on the accounting number policy that managers will report (Ronen & Yaari, 2008). Furthermore, (Healy & Wahlen, 1999) found that earnings management happens for a spread of reasons: influencing the stock market, increasing management compensation, lowering the chance of mortgage breaches, and keeping off intervention from government rules.

Consistent with (Watts & Zimmerman, 1990) in The Theory of Positive Accounting, three driving factors are related to the emergence of earnings management practices: Bonus Plans, Debt-Equity, and the Political Cost Hypothesis. The company general ly showed four aspects or patterns of earnings management (Sulistyanto, 2018): taking a bath, income maximisation, income minimisation, and income smoothing. This condition can be seen in the case of earnings management in a State-Owned Company Listed, namely PT Garuda Indonesia Tbk (GIAA), with an income smoothing pattern. In this case, Garuda Indonesia recorded a net profit of US$ 809.85 thousand (exchange rate of Rp. 14,000) in 2018 after previously making losses. The situation occurs because of the recognition of revenue, which is receivable. The existence of revenue recognition on transactions from the Cooperation Agreement for the Provision of In-flight Connectivity Services is deemed not under the Statement of Financial Accounting Standards (PSAK) Number. 23. In addition, the case of earnings management also occurred at PT Bank Bukopin Tbk (BBKP) with the income maximisation pattern. PT Bank Bukopin Tbk revised its financial statements for 2015, 2016, and 2017. The adjusted net profit of Bank Bukopin for 2016 became Rp183.56 billion from the previous Rp1.08 trillion. The most significant decline was in the income of fees and commissions, which was credit card revenues from last Rp1.06 trillion to Rp317.88 billion. Many factors influence earnings management, but it has to be examined; the authors chose Ownership Concentration and Leverage. The concentration of ownership quantifies the presence of large shareholders in the company (Anelia & Prasetyo, 2020).

Previous studies have shown inconsistent and mixed results, even showing that the results have no effect. (Amalia & Didik, 2017) Research shows no significant effect between ownership concentration and earnings management, while (Wirayana & Sudana, 2018) and (Grimaldi & Muserra, 2017) show an influence between ownership concentration on earnings management. This also happened in previous studies examining leverage's effect on earnings management. (Fandriani, 2019) Furthermore, (Nalarreason et al., 2019) show an effect of leverage on earnings management, but it differs from the (Satiman 2019) study, which shows that leverage does not affect earnings management. Because there are still inconsistencies in the results of previous studies, the researcher wants to re-examine the effect of ownership concentration and leverage on earnings management by adding a moderating variable, namely firm size in state-owned companies listed on the Indonesia Stock Exchange from 2017 to 2020.

THEORETICAL FRAMEWORK AND HYPOTHESES

Agency theory denotes the availability of a relationship between shareholders and managers. Earnings management emerges from agency problems due to misaligning interests among shareholders (principals) and company management (agents). Earnings management can be hooked up to agency theory because it can make or worsen agency costs (Davidson et al., 2004). The concentration of ownership can have a negative impact because dominant shareholders can abuse their position to control minority shareholders and impose their personal preferences even though they are contrary to minority shareholders (Madyan et al., 2019). On the other hand, a significant percentage of share ownership gives shareholders access to vital information to counterbalance the informational advantages of managers so that earnings management practices may be subtracted (Amalia & Didik, 2017). (Wirayana & Sudana, 2018) Furthermore, (Grimaldi & Muserra, 2017) prove that possession awareness has an advantageous effect on earnings management where high share possession affords advantages for interested parties such as majority shareholders and capital marketplace players. Based on this description, the authors formulate the first hypothesis as follows:

H1: Concentration of ownership affect earnings management

Leverage is the usage of belonging assets funds by way of organisations with fixed charges intending to grow the capability income of shareholders. (Sartono, 2008). The greater the company's debt, the greater the risk the company faces, so this condition encourages management to practice income smoothing (Tampubolon, 2005). Therefore, the more the debt ratio owned by the business enterprise, the greater the tendency of managers to take earnings management actions explained by the debt-equity hypothesis (Ita, 2020). Research (Fandriani, 2019) and (Nalarreason et al., 2019) prove t hat leverage has an absolute effect on earnings management, where increasing leverage provides an impetus for managers to manipulate earnings. This explanation shows that an excessive level of leverage will motivate managers to carry out earnings management to increase company profits. Based on this description, the authors formulate the second hypothesis as follows:

H2: Leverage affects earnings management

The size of a firm also affects earnings management. Company size is a term for the company whose measured expenses are reported or rated in total sales, total assets, total earnings, taxes, etc. Larger companies are more encouraged to do income smoothing than smaller companies because they incur more significant political costs (Moses, 1987). The bigger the company, the more likely the company is to choose to account for methods that reduce profits (Watts & Zimmerman, 1990). Studies (Cahyani & Hendra, 2020) and (Mawardi, 2019) prove that firm size has a decisive impact on earnings management. These outcomes conclude that the larger the scale of the organisation, the extra opportunities for managers to execute earnings management. The company's scale is a critical aspect associated with the concentration of ownership because the more significant the corporation, the greater the information investors have approximately investments to be made (Michelson et al., 1995). Research conducted by (Hendi & Erika, 2022) proves that firm size can moderate the relationship between the influence of institutional and managerial ownership on earnings management. Where the level of assets contained in a company, the lower the possibility of a company practising earnings management. Based on this description, the authors formulate the third hypothesis as follows:

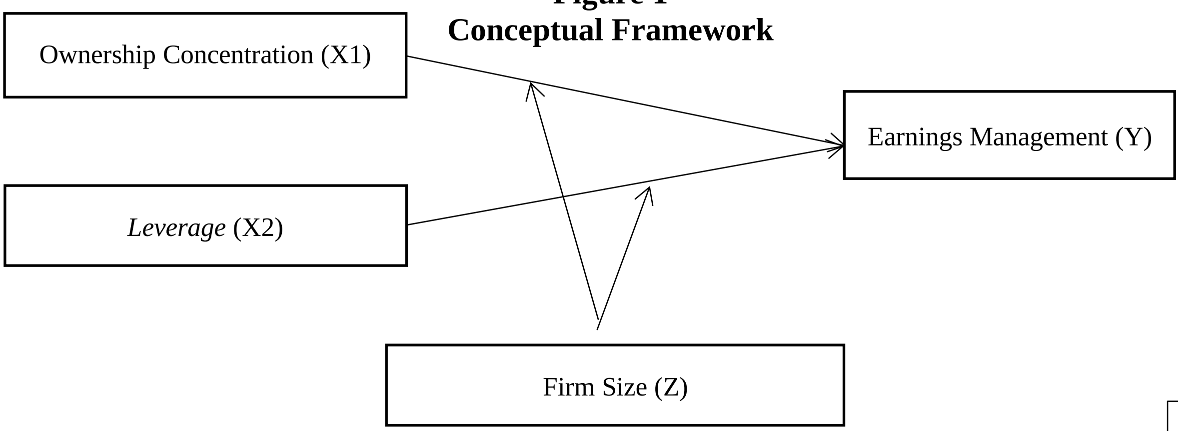
H3: Firm size can moderate the effect of ownership concentration on earnings management

Leverage is linked to earnings management practices; when an organisation has an excessive leverage ratio, the corporation tends to exercise earnings management because there is a threat that the organisation will now not be capable of meeting its responsibilities via paying off its money owed on time, as explained via the debt-equity hypothesis (Ita, 2020). On the other hand, larger companies reflect more significant total assets, which will overwhelm or weaken the relationship between leverage and earnings management. Studies by (Rosena et al., 2016) prove that company size can moderate the relationship-between leverage and earnings management. When the size of the enterprise gets more significant, an inclination of a company to perform earnings management to preserve the attention of buyers and creditors of organisation funds increases. Based on this description, the authors formulate the fourth hypothesis as follows:

H4: Firm size can moderate the effect of leverage on earnings management

Based on the description of the hypothesis, the conceptual framework is as follows:

Figure 1
Conceptual Framework



RESEARCH METHODS

This research uses quantitative data using secondary data, which refers to information obtained from sources in the form of company financial statements, textbooks, journal research, and online media as material for theoretical research, as well as research concepts and results earlier to build a research model. This study uses a data collection method-panel data, a compound of cross-sectional data with time series. This study, time-series data used for four years, from 2017 to 2020. This study uses cross-section data from public State-Owned Companies Listed on the Indonesian Stock Exchange with a total sample of 12 companies. In this research, data were collected by downloading the annual financial statements of State-Owned Companies Listed on the Indonesia Stock Exchange, accessed from the Indonesia Stock Exchange (www.IDX.co.id) and the official yard of each company.

Population and Sample

State-Owned Companies Listed on the Indonesia Stock Exchange during 2017-2020 are population data in this research. Consist of 20 companies listed on the IDX. This research uses a purposive sampling technique to write off incomplete data samples and avoid companies that do not have specific data. The purposive sampling technique uses several criteria used in this study:

1. State-Owned Company Listed on the Indonesia Stock Exchange in 2017-2020
2. The company was not delisted during the research period, excluding companies relisting or IPO 2017-2020.
3. Companies that consistently issue financial statements clear and complete.
4. The company presents financial statements in Rupiah currency.
5. All data needed in the research are available in the financial statements.

Table 1
Stages of Sample Selection With Criteria

Criteria	Number of Companies
The state-owned company was listed on the Indonesia Stock Exchange (IDX) during 2017-2020.	20
Companies that do not present the data needed during the study.	(5)
Companies that do not gift financial statements in Rupiah	(3)
Number of Samples	**12**
Observation Year	**4**
Total Research Sample for Research Period 2017-2020	**48**

Operational Definition of Research Variables

A study variable is a symptom, nature, or grade of an item or activity, specific particular a specific variant that the researcher has decided to look at, and then conclusions are drawn. The operational definitions and metering variables used in this study are as follows:

Table 2
Operational Definition of Research Variables

Research Variable	Operational Definition	Measurement	Scale
Ownership Concentration (X1)	The concentration of ownership is when a small number of individuals or organisations own most shares. As a result, this group has a very dominant number of shares compared to different shareholders.	Own = the most significant percentage of share ownership/percentage of total outstanding shares	Ratio
Leverage (X2)	Leverage determines how much an organisation's assets are funded using debt.	*Debt to Equity Ratio* = total debt/total equity	Ratio
Earnings Management (Y)	earnings management is the intervention of the statistics contained within the monetary statements.	$DA_{it} = \left(\frac{TAit}{Ait-1}\right) - NDA_{it}$	Ratio
Firm Size (Z)	The size of a firm is the number of assets owned by a company in a given period.	Size = *LN*(Total Assets)	Ratio

RESULTS AND DISCUSSION

Descriptive Statistics

Table 3
Descriptive Statistical Analysis Results

	Mean	Median	Maximum	Minimum	Std. Deviation
Earnings Management	-0.200476	-0.272188	0.659244	-0.645790	0.312334
Ownership Concentration	0.637980	0.600000	0.981363	0.510004	0.128027
Leverage	4.027869	3.300687	16.07858	0.482726	3.199903

Source: Output Eviews. 12, 2021.

According to the output E-views in the table above, the data descriptions for each research variable are:

1. The average earnings management of State-Owned for the 2017 to 2020 period is -0.200476, while the median value is -0.272188. The maximum value of 0.659244 occurred at PT Bank Negara Indonesia Tbk (BBNI) in 2017, and the minimum value was -0.645790, which occurred at PT Telekomunikasi Indonesia Tbk (TLKM) in 2017. At the same time, the standard deviation value is 0.312334.
2. The average concentration of ownership of State-Owned companies from 2017 to 2020 is 0.637980, while the median value is 0.600000. The maximum value of 0.981363 occurred at PT Bank Negara Indonesia Tbk (BBNI) in 2017, and the minimum value was 0.510004, which happened in PT Adhi Karya Tbk (ADHI) from 2017 to 2020. While the std. The deviation value is 0.128027.

3. The average leverage of State-Owned companies for the 2017 to 2020 period is 4,027869, while the median value is 3.300687. The maximum value of 16.07858 occurred at PT Bank Tabungan Negara Tbk (BBTN) in 2020, and the minimum value of 0.482726 occurred at PT Jasa Marga Tbk (JSMR) in 2020. In comparison, the standard deviation value was 3.199903.

Based on the table values, the distribution of these values is even because it is indicated by an average value more significant than the standard deviation value.

Classic Assumption Test Results

The estimation model used is the Random Effect Model, so there is no need to test the classical assumptions because this model is a generalised least square (GLS) estimation model. The estimation method known as GLS (generalised least squares) takes the information into account explicitly and is, therefore, capable of producing a BLUE estimator (Gujarati, 2003).

Coefficient of Determination Results

Table 4
Coefficient of Determinant Results

R-squared	0.348872	Mean dependent var	-0.026164
Adjusted R-squared	0.319933	S.D. dependent var	0.060722
S.E. of regression	0.050075	Sum squared resid	0.112839
F-statistic	12.05544	Durbin-Watson stat	1.527335
Prob(F-statistic)	0.000064		

Source: Output Eviews.12, 2021

Table 4 shows an Adjusted R2 value of 0.319933. Therefore, it is concluded that variables of ownership concentration can explain earnings management, and leverage of 31.9%, with the remaining 68.1% being elucidated by other variables not observed in this study.

Multiple Regression Analysis Results

Table 5
Multiple Regression Analysis Results

Variable	Coefficient	Std. Error	T-Statistic	Prob.
C	-1.213776	0.220112	-5.514347	0.0000
Ownership Concentration	1.460057	0.328931	4.438792	0.0001
Leverage	0.020311	0.007956	2.553116	0.0141

Source: Output Eviews.12, 2021

$Y = \alpha + \beta 1x1 + \beta 2x2 + e$
$Y = (1.213776) + 1.460057 + 0.020311 + e$

Hypothesis Testing Results

It is known that the t-table value is at a significant level of 5% = 0.05, the value with the number of samples (n) = 48, the sum of independent variables (k) = 2

t-tabel = n-k-1 : α/2
= 48-2-1 : 0.05/2
= 45: 0.025
= 2.01410 (on t-tabel)

Description
n: Number of samples
k: Number of independent
1: Constant

Table 6
T-test Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.213776	0.220112	-5.514347	0.0000
OWNERSHIP_CONCENTRATION	1.460057	0.328931	4.438792	0.0001
LEVERAGE	0.020311	0.007956	2.553116	0.0141

Source: Output Eviews.12, 2021

On the t-table results, the following hypothesis can be generated:

1. The significance value of the X1 variable is 0.0001 < 0.05 with a t-count of 4.438792 > t-table 2.01410. Thus, it can be taken a decision that: H1 is accepted.
2. The significance value of the X2 variable is 0.0141 < 0.05 with a t-count of 2.553116 > t-table 2.01410. Thus, it can be taken the decision that: H2 is accepted.

Moderated Regression Analysis (MRA) Test Results

Table 7. MRA Test of Concentration of Ownership Variable of Random Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.738269	1.524704	-0.484205	0.6306
OWNERSHIP_CONCENTRATION	1.852358	2.509450	0.738153	0.4643
FIRM_SIZE	-0.007166	0.067433	-0.106269	0.9159
M1	-0.029468	0.113438	-0.259776	0.7962

Source: Output Eviews.12, 2021

Table 8. MRA Test of Leverage Variable of Random Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.181099	0.472402	2.500199	0.0162
LEVERAGE	-0.084985	0.041109	-2.067328	0.0446
FIRM_SIZE	-0.058140	0.018666	-3.114683	0.0032
M2	0.004381	0.001778	2.463512	0.0177

Source: Output Eviews.12, 2021

From testing the moderation test in the table, the following hypotheses can be generated:

1. The significance value of the variable is 0.7962 > 0.05. With a t-count value of -0.259776. Thus, it can be concluded that: H4 is rejected.
2. The significance value of the variable is 0.0177 > 0.05. With a t-count value of 2.463512. Thus, it can be concluded that: H5 is accepted.

Hypothesis Testing 1

Based on data analysis and hypothesis testing performed in this study, it can be seen that ownership concentration affects earnings management in State-Owned Companies Listed on the Indonesia Stock Exchange from 2017 to 2020. The results of the statistical test show that the t-count is 4.438792 > t-table 2.01410. This resulted in the decision to accept the first hypothesis, which means that the concentration of ownership affects earnings management which has a significant level of 0.0001 below the value of 0.05. Therefore, the results of this research conclude that the more concentrated shares dominate the shareholding of a company, the greater the potential for earnings management practices to occur.

The significant results in the testing of this study show the failure of sizeable share ownership as a supervisory mechanism. The concentration of ownership affects earnings management by incorporating people into the company's management ranks to carry out profit engineering that benefits the majority shareholders and management but harms minority shareholders. The proceeds of this research are consistent with the study conducted by (Wirayana & Sudana, 2018) and (Grimaldi & Muserra, 2017) in terms of the content of high share; ownership can have an influence that can be allocated to the composing of generating financial statements in command to be able to take advantage of stakeholders such as majority shareholders and equity capital market participants in general.

Hypothesis Testing 2

Based on records evaluation and hypothesis checking completed in this examination, it can be visible that leverage impacts earnings management in nation-Owned agencies listed at the Indonesia stock change for the 2017-2020 duration. The results of statistical tests obtained a t-count value of 2.553116 > t-table 2.01410. This resulted in the decision to accept the second hypothesis, which means that leverage affects earnings management with a significant level of 0.0141 below the value of 0.05.

This condition means that the sum of debt the company owes is one of the grounds for executing earnings management. Therefore, the proceeds of this examination are in keeping with those expressed by way of (Watts & Zimmerman, 1990), which is explained by the debt-equity hypothesis, where the more significant the debt ratio owned by a company, the greater the tendency of managers to take earnings management actions by choosing specific accounting procedures so that there will be changes in reported earnings. Furthermore, this result is consistent with a study by (Fandriani, 2019) and (Nalarreason et al., 2019) in which a high level of financial leverage will motivate managers to exercise earnings management to increase company profits to avoid defaulting on debt as the company is at risk of default; namely, it cannot fulfil its obligations to repay the debt on time.

Hypothesis Testing 3

Based on information analysis and hypotheses testing accomplished in this study, it changed into found that firm size could not moderate the connection between ownership concentration and earnings management in State-Owned groups indexed at the Indonesian Stock Exchange for the 2017-2020 period. The results of the MRA test in table 7 obtained a t-count value of -0.259776. This resulted in a decision to reject the third hypothesis, which means that the company’s size is not able to cannot moderate the relationship between the influence of ownership concentration on earnings management, which has a significant level of 0.7962 above a value of 0.05. The proceeds are not in line with research described by (Hendi & Erika, 2022), which proves that firm size can moderate the intercourse between institutional ownership and managerial ownership on earnings management. Moreover, suppose a high level of assets is contained in a company. In that case, there is a lower possibility of the company practising earnings management because large companies have strict supervision. These results explain that increasing firm size cannot strengthen or weaken the intercourse between ownership concentration and earnings management.

Hypothesis Testing 4

Based on hypothesis testing that has been carried out in this study, it was found that firm size was able to moderate the intercourse among leverage and earnings management in State-Owned Companies Listed on the Indonesian Stock Exchange for the 2017-2020 period. The results of the MRA test in table 8 obtained a t-count value of 2.463512. This resulted in the decision to accept the fifth hypothesis, which means that firm size can moderate the intercourse between leverage and earning s management which has a significant level of 0.0177 below the value of 0.05. In other words, firm size strengthens the relationship of leverage to earnings management. The high level of leverage motivates violating the debt contract agreement, which will result in very high costs and result in the company’s bankruptcy as described in Positive Accounting Theory, namely the debt-equity hypothesis.

Suppose a large or small company faces a high natural logarithm of total assets. It will cause the company's management to practice earnings management because they do not want to harm the company and make the company value not good in the eyes of buyers for a long time. The yield of this research support research described by (Rosena et al., 2016) and (Hendi & Erika, 2022), which prove that firm size moderates the effect of leverage on earnings management. This result suggests that firm size affects the intercourse between leverage and earnings management. Furthermore, the outcome of this research suggests that the larger the organisation’s size, the higher the predisposition of the company to carry out earnings management.

CONCLUSIONS AND RECOMMENDATION

The consequences of research that has been achieved via the stages of records series, data processing, and records evaluation regarding the overall analysis, this observation examines the concentration of ownership, and leverage, on earnings management with firm size as a moderating variable. The results of evaluating the research model and hypothesis testing using the Eviews.12 Student Lite program, it was concluded that ownership concentration and leverage affect earnings management. However, Firm size cannot moderate the impact of ownership concentration on earnings management. On the other hand, firm size can moderate the effect of leverage on earnings management.

This study nevertheless has limitations for use as consideration for similar studies so that you can get excellent consequences for further research. First, within the limits of scientific development, R2 in this study shows a value that is less than the maximum, so many variables and other factors can affect the dependent variable. Second, the sample of this research is limited to State-Owned Companies Listed on the Indonesia Stock Exchange for the period 2017 – 2020, not representing companies in other sectors. Third, within the limitations of problem-solving, the lack of success in the concentration of ownership and company size as a management discipline mechanism in improving supervision prevents asymmetry information does not occur in the company. The company's lack of success in maintaining the average leverage ratio to remain below one so that the company will carry out earnings management practices to pay off its debt obligations.

Suggestions for the development of science are expected to maximise R2 in further research, so additional researchers are advised to add other factors, research companies in different fields or sectors in measuring factors that affect earnings management and increase the time of the research period to get accurate research results. Inconsistent results make earnings management still needs to be re-examined. For problem-solving, so that the financial reports produced are of high quality and avoid earnings management in a negative direction, the concentratio n of ownership can be a management discipline mechanism to increase performance supervision to balance the information held by managers to avoid information asymmetry. So that the leverage ratio in the company looks small, managers can increase the value of assets, reduce the amount of debt or increase income according to the rules recommended by the Statement of Financial Accounting Standards.

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Jurnal Akuntansi ISSN 2303-0356
Vol. 13, No.1, February 2023 Hal.69-82

ANALYSIS OF EFFECTIVE TAX RATE BASED ON IDX INDUSTRY CLASSIFICATION (IDX-IC) FOR COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE FOR 2019-2021

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ARTICLE INFO

Article history:
Received: February 16th,2023
Revised: February 20th,2023
Accepted: February 23rd, 2023

Keywords:
COVID-19 pandemic
Effective tax rate
Group company
IDX-IC

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ABSTRACT

The point of this inquiry about is to analyze related to the effective tax rate of companies for each classification sector based on the IDX-IC, to analyze the effect of the COVID-19 pandemic on corporate profits and tax burden, and to determine whether the factors used in this research influence the effective tax rate of companies. A purposive sampling technique was used to determine the research sample, which consisted of companies listed on the Indonesia Stock Exchange classified based on the IDX-IC. The research approach used a quantitative methods approach. The research found that the average effective tax rate of the sample companies in 2019-2021, respectively 26,87%, 24,51%, and 23,83%, with transportation and logistics sector having the highest effective tax rate than other sectors. The COVID-19 pandemic has had varying impacts depending on the type of industry. Only the healthcare and infrastructure sector performed better than others during the COVID-19 pandemic. Apart from the COVID-19 pandemic variable, group company variables are also used in researching the factors that affect the effective tax rate. The research results show that the COVID-19 pandemic variable positively affects the effective tax rate. Meanwhile, group company variables harm the effective tax rate. The influence of subsidiary company losses on consolidated profits causes the ratio of the effective tax rate to be smaller than the effective tax rate if it comes from the parent company.

How to cite (APA Style):
Marantika, A., Martani, D. (2023). Analysis of Effective Tax Rate Based on IDX Industry Classification (IDX-IC) for Companies Listed on The Indonesia Stock Exchange for 2019-2021. *Jurnal Akuntansi, 69-82*

INTRODUCTION

Tax revenue is the most critical component of the State Revenue and Expenditure Budget (APBN) (Ningrum, E. M. et al., 2019). As stated in the 2022 Revised State Budget, tax revenue is the state's largest source, amounting to IDR 1,784.2 trillion of the total target state revenue of IDR 2,266 trillion (Kemenkeu, 2022). Based on the planned APBN revenues from the taxation sector, the tax revenue target that the Directorate General of Taxest must earn is IDR 1,485 trillion. Of this target, 24.56% is the target that must be collected from corporate taxpayers and permanent establishments (BUT).

Global economic conditions fluctuate over time. 2020 was a challenging year for most companies worldwide, including Indonesia. The rise of Corona Virus Disease 2019 (COVID-19), which has infected the whole world, is a hard blow to the country economy, including Indonesia. In unusual conditions like this, many companies experience a decline in revenue. At the same time, operational expenses are still fixed by the company, which automatically reduces revenue due to operating expenses. As a result of a decrease in corporate income, it will also impact reducing state tax revenues. It is proven that in 2020 tax revenues only reached IDR 1,070 trillion, a decrease of 19.7% compared to 2019, which reached Rp 1,332 trillion (Kemenkeu, 2022).

To mitigate the economic impact and anticipate the large number of companies that have laid off their employees, the government issued a financial sector policy to reduce the pandemic's effect. Shortly after the COVID-19 pandemic occurred, the Minister of Finance issued Regulation No. 23 of 2020 about Tax Incentives for Taxpayers Affected by the COVID-19 Pandemic. This incentive is given as government action to increase industrial productivity. It revives the economy, which has significantly declined due to the COVID-19 pandemic. Incentives offered to involve income tax article No. 21, which the government bears, payment of exempted import tax article No.

22, instalments of income tax article No. 25 reduced by 30%, ease of value-added tax refunds and reduced corporate tax rates.

The existence of incentives provided by the government will also affect the effective tax rate for each company. By knowing the ratio of the effective tax rate of each company, stakeholders can make decisions that should be taken. If the company takes tax management measures, then the effective tax rate ratio will have an anomaly compared to similar companies in the industry. This anomaly can be seen if similar companies have substantial differences in their industrial sector.

In previous research, the factors that influence the effective tax rates or cause the variation among the ratio of the practical and corporate income tax rates are analyzed using certain variables. According to Noor et al. (2022), which was carried out on the Malaysia Stock Exchange (KLSE) on listed companies using independent variables, with company size, inventory intensity ratio, profitability, capital intensity ratio, and leverage. This research found that profitability, leverage, and capital intensity ratio negatively affected the effective tax rate. In contrast, company size and inventory intensity ratio positively impact the effective tax rate. According to Wulandari et al. (2021), corporate planning is good if it has an effective tax rate more minor than the corporate income tax rate.

To calculate the effective tax rate, the researchers used a sample from the Indonesian Stock Exchange based on Jakarta Stock Industrial Classification (JASICA). However, the Classification of companies on the Indonesia Stock Exchange has now been grouped based on the IDX Industrial Classification (IDX-IC), which has replaced the JASICA. Implementing the latest Classification follows common practices on stock exchanges worldwide, accommodates the latest developments in economic sectors, and enables a more accurate risk assessment for policymakers.

Unlike several previous studies, this research will use the IDX-IC Classification. IDX-IC is considered more useful for investors in conducting top-down analysis. Investors can narrow the scope of analysis based on the new sector classification. Conversely, the new Classification can make it easier for investors to do peer pairing of company performance in one industry. Meanwhile, the benefit for listed companies is that they can compare their performance with other increasingly homogeneous companies. In addition, this Classification can also improve opportunities for investment managers to create new products, such as sector-based mutual funds and exchange-traded funds. Ultimately, this can also broaden the investor base in the Indonesian capital market.

Unlike previous studies that used the financial aspect to ascertain the effect on the effective tax rate, this research attempted to relate the influence of non-financial aspects of the COVID-19 pandemic and group company factors. Apart from the COVID-19 pandemic, there is a factor that has rarely been studied concerning the effective tax rate. For the group companies factor, there had a problem if several companies had different results in achieving these shared goals. This difference can be interpreted if the subsidiary company suffers a loss while the parent company gains in its business activities or vice versa. So the losses or profits experienced by subsidiaries have implications for consolidated income.

Issues related to effective tax rates are attractive, will continue to develop and are worthy of researching deeply. This research would conclusions can be drawn from these factors. On the other hand, decision-making for all stakeholders is expected to be accommodated using the IDX-IC Classification. Furthermore, IDX-IC classification already follows the standard practices used on stock exchanges worldwide, accommodates the latest developments in economic sectors, and enables a more accurate risk assessment for policymakers. Finally, this research aims to analyze the comparison companies' average effective tax rates based on the IDX-IC industry classification on the Indonesia Stock Exchange.

Literature Review

Agency Theory

In agency theory, it describes contradictory economic actors, such as management as an agent and shareholders as principals. Agency theory is a theory that results from conflicts of interest that occur among agents and principals (Sumarno, 2017). Management plays a direct role in the company's running. At the same time, shareholders are observers of the company, while shareholders always want the principal's interests fulfilled. Still, in the field, management can act following their interests because agents have their interests beyond the interests of shareholders (Brian, 2014). This conflict occurs because the agent does not act to maximize the principal's welfare but tends to benefit the agent's interests at the expense of the agent's interests (Winanto & Widayat, 2013). During the COVID-19 pandemic, agents are not too selfish in managing their profits. During a pandemic, agents use COVID-19 incentives from the government as incentives for agents if agents are successfully maintaining the business continuity of the company during a pandemic.

Tax Management

Tax management is one of the efforts that can be made to reduce the tax burden. According to Pohan (2013), one of the efforts that companies can make is to reduce the tax burden within limits that do not violate the rules because tax is one of the profit deduction factors. This tax burden efficiency effort is carried out in various ways so that the tax imposition gets a lower rate. Jonathan & Tandean's (2016) arrangement of financial transactions in a manner in such a way that aims to reduce the amount of tax that must be paid regularly under tax laws.

Tax Incentives during the COVID-19 Pandemic

Tax incentives are facilities provided to investors to a certain extent, region, or country for an activity. For example, while the COVID-19 pandemic occurred, the Minister of Finance issued law No. 23 of 2020 about Tax Incentives for Taxpayers Affected by the COVID-19 Pandemic. This incentive is given as a government action for reduced industrial productivity and to revive the economy, which has significantly declined due to the COVID-19 pandemic. The incentives offered to involve income tax article No. 21, which the government bears, payment of exempted import tax article No. 22, instalments of income tax article No. 25 reduced by 30%, ease of value-added tax refunds and a reduction in the corporate tax rate from previously 25% to 22%. The decline in corporate income tax rates is presented in the following table:

Table 1. Change in Corporate Income Tax Rates in Indonesia

Criteria	Tax Law No. 36, 2008	Act No 7, 2021
Corporate and BUT Taxpayers	Tax rates are 28% and 25% starting in 2010	Tax rates were 22% starting in 2020
Corporate taxpayers in the form of public companies, at least 40% of the total number of shares traded on the stock exchange	The tax rate with specific criteria is 5% lower than corporate taxpayers who are not in the form of a public company (20%)	The tax rate with specific criteria is 3% lower than corporate taxpayers who are not in the form of a public company (17%)

IDX-IC (Industrial Classification)

Industry classification is a grouping of companies based on certain similarities. Industry classification is examined through data research related to capital, regulation, innovation, market capitalization, the main types of products produced, and so on. The main products made by the company and market capitalization can be used as a basis for determining the Classification of an industry (Sembiring, 2012). The industry classification used on the Indonesian stock exchange now uses the IDX Industrial Classification (IDX-IC). IDX-IC has replaced the old Jakarta Stock Industrial Classification (JASICA), which has lasted for 25 years. IDX-IC emphasizes market capitalization by determining the Classification using each company's largest source of income. The IDX-IC has four more detailed classification levels involving 12 sectors, 35 sub-sectors, 69 industries, and 130 sub-industries.

Effective Tax Rate

Richardson and Lani's (2013) definition of the effective tax rate is the ratio of the actual tax burden that the company pays divided by the commercial income before tax. Management usually uses the ratio of the effective tax rate to assess the effect of changes in tax policy on company tax costs. Effective tax rates by stakeholders can be used in making policies by examining how much corporate tax is remitted to the state treasury. As well as, with this effective tax rate, company management can see how much tax is deposited by the company to the state treasury.

Effective tax rates aim to determine the percentage change in the corporate tax burden on the commercial profit earned. Through these objectives, it can be concluded that the effective tax rate measures the company's tax performance. In research related to effective tax rates, the use of GAAP ETR means Generally Accepted Accounting Principles. Effective Tax Rate is often used as a tool for measuring the ratio of effective tax rates. Richardson and Lanis (2013) state that the GAAP ETR is the most frequently used representation in the previous research. Using the GAAP ETR is more accessible than other methods of calculating the effective tax rate because the critical data is available directly in the company's income statement.

Factors Affecting Effective Tax Rates in Prior Research

Some of the variables used by previous research in analyzing the relationship between effective tax rates and independent variables include leverage, capital intensity ratio, managerial ownership, profitability, inventory intensity ratio, and company size, which are widely used in previous studies. So to this research, leverage, managerial ownership, capital intensity ratio, inventory intensity ratio, profitability, and company size variables will be used as control variables in this research. In addition, this research developed independent variables rarely used in previous research, namely those related to the COVID-19 pandemic and group companies. So, this research will be new and different from other studies.

COVID-19 Pandemic

At the end of 2019, the world faced a new threat with the virus outbreak, nearly a new type of coronavirus known as Corona Virus Disease 2019 (COVID-19), which began to spread worldwide in early 2020. During the COVID-19 pandemic, the economic climate conditions were increasingly not conducive to the government's demand to issue various policies. However, the emergence of an outbreak of COVID-19 caused by a coronavirus is not a phenomenon that has occurred for the first time around the world. The proof in 2002 that SARS-CoV caused SARS and MERS disease in 2012 was caused by MERS-CoV (Temsah et al., 2020). According to Ciotti et al. (2020), SARS-CoV, SARS-CoV2, and MERS-CoV cause severe pneumonia with 9.6%, 2.9%, and 36% mortality rates, respectively.

There were differences in economic conditions throughout the COVID-19 pandemic and before the COVID-19 pandemic. The decline in profits generated by the company affected the payment of taxes to the state treasury. The COVID-19 pandemic has reduced the company's sales, and it has to pay fixed costs. With reduced sales, the profits created by the firm will also decrease. So that the corporate tax burden will be lower, the low corporate tax burden will affect firms' effective tax rates during the pandemic. During the COVID-19 pandemic, agents are not too selfish in managing their profits. During the pandemic, agents use COVID-19 incentives from the government as incentives for agents if agents are successfully maintaining the company's business continuity during a pandemic.

Group Company

Act No. 40, 2007, about Limited Liability Companies, no longer regulates the definition of group companies. The definition of a group company itself is regulated as stated in Act No. 1, 1995 about Limited Liability Companies (Limited Liability Company Old Law). The previous Limited

Liability Company Law stated that the companies' combined financial statements were merged into one group. Meanwhile, the latest Limited Liability Company Law only focuses on the company's legal basis. One of the objectives of forming a group company is to reduce the burden by transferring it to a subsidiary company. (Kamaludin et al. 2017). There is a problem if several companies in one group have different results in achieving common goals. This difference can be interpreted if the subsidiary company suffers a loss. In contrast, the parent company earns profits in its business activities, so the consolidated profit will decrease from the subsidiary's losses or increase from the subsidiary's profit. So that the parent company's profit is not yet reflected in the consolidated profit if many subsidiary companies actively contribute to the consolidated profit.

Group companies and the effective tax rate have a very close relationship. This is because the practical tax rate ratio value for group companies can be affected by profits or losses from subsidiary companies. So, it is believed that subsidiary companies which are part of group companies, will affect the consolidated effective tax rate ratio.

HYPOTHESIS AND RESEARCH FRAMEWORK

1. COVID-19 Pandemic Against Effective Tax Rates

The COVID-19 pandemic is a factor causing reduced company revenue when companies must still incur fixed costs. With reduced sales, there will be less tax burden remitted to the state or federal, so the ratio of the effective tax rate will also decrease. In 2020, the government will also provide incentives for the reduced productivity of business actors to revive the taxpayer economy, which has dropped highly due to the COVID-19 pandemic. There were differences in economic conditions throughout the COVID-19 pandemic and earlier the COVID-19 pandemic. The decline in profits generated by the company affects tax payments.

According to Rombe (2017), the existence of tax incentives in the form of reduced corporate income tax rates allows companies to earnings management. Therefore, the government has implemented relaxation in the form of incentives in the field of taxation, one of which is by reducing the corporate income tax rate starting in 2020. The government's provision of tax incentives is intended so that companies can endure the COVID-19 pandemic. Then the hypothesis wished-for is as follows:

H1: The COVID-19 pandemic positively affects the effective tax rate.

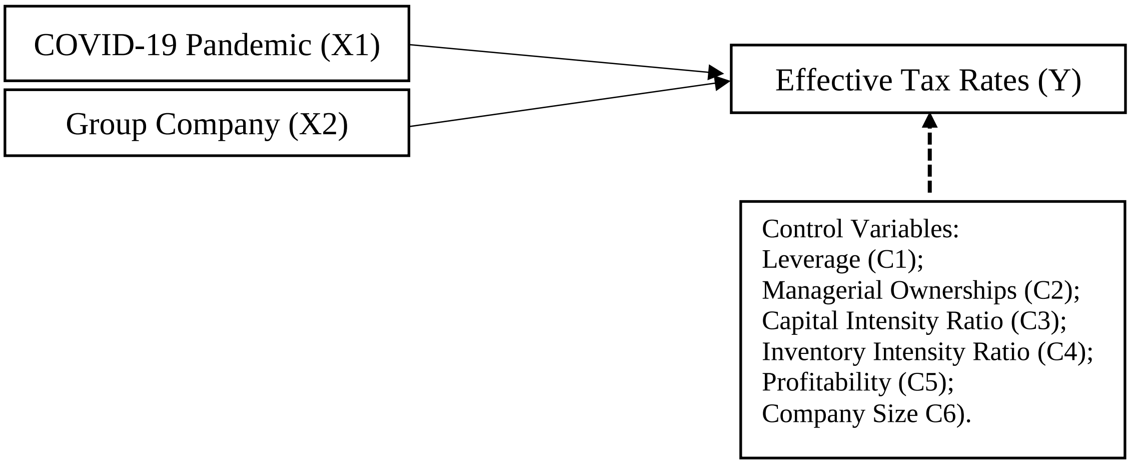
2. Group Companies Against Effective Tax Rates

A group company is a group of companies combined into one container under a parent company's auspices. Group companies generally have the same vision and mission as parent-subsidiary companies, resulting in common goals supporting each other in business. The purpose of forming a group company is to reduce the burden on the parent company through better supervision.

According to Beuselink and Deloof (2014), groups and non-group companies registered at Euronext Brussels, Belgium, conducted tests on tax management. The results of this study provide that group companies are more likely to do tax evasion than non-group companies. Group companies and the effective tax rate have a very close relationship. This is because the value of the effective tax rate ratio for group companies can be affected by the profit or loss of a subsidiary compared to the profit or loss that only comes from the parent company. Then the hypothesis wished-for is as follows:

H2: Group companies negatively affect the effective tax rate.

Figure 1
Research Framework



RESEARCH METHODS

Types and Research Samples

The first type of research is related to calculating the effective tax rate for each industrial sector based on IDX-IC using qualitative and quantitative approaches. Meanwhile, analyzing the factors affecting effective tax rates using a quantitative approach. Using a quantitative approach in this research will display comprehensive research data by collecting, analyzing, and presenting the data and the results of the research interpretation. In contrast, the qualitative approach is analyzed to dig deeper into the causes and effects of the research results. These variables can be assessed with instruments so that the numerical data obtained can be analyzed using statistical methods.

The population in this research are all companies listed on the Indonesia Stock Exchange from 2019 to 2021. Therefore, the total population of companies registered as of 31 December 2021 was 766 companies. This population will describe the effective tax rates for each company and will be the average for each industry classification based on IDX-IC. In this research, the sample selection method used purposive sampling, namely selecting samples according to specific criteria (Sugiyono, 2017).

This research uses a sample of companies listed on the Indonesia Stock Exchange for 2019 to 2021. The industrial sector grouping used in this research is based on the industry classification established by the Indonesia Stock Exchange, IDX-IC, which has now replaced the old group, namely the JASICA classification, which has lasted for 25 years. The IDX-IC has four more detailed classification levels, consisting of 12 sectors, 35 sub-sectors, 69 industries and 130 sub-industries.

Data Testing Techniques

The results of calculating the effective tax rates for each company will be explained through the outcomes of descriptive statistics. The Generally Accepted Accounting Principles Effective Tax Rate (GAAP ETR) approach would determine the effective tax rate. If the calculation results have been collected, the effective tax rates will be grouped based on the IDX-IC industry classification so that the value of the effective tax rates can be obtained in each industry classification. Based on Ambarukmi (2017), GAAP ETR is the total tax expenses divided by pretax income. Therefore, the formula for calculating the effective tax rate can be done by comparing the company's total tax expenses with pretax income. So the formula used is as follows:

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$$\text{GAAP ETR} = \frac{\text{Total Tax Expense}}{\text{Pretax Income}}$$

Variable Operational Description

a. COVID-19 pandemic

This research will explain whether the COVID-19 pandemic influences the effective tax rate. The measurement is agreed upon by comparing the company's pre-pandemic profit before the pandemic compared to the pandemic period. The decline in income before tax that is greater than 50% reflects that the COVID-19 pandemic significantly influences the company's income. In this research, the COVID-19 pandemic was measured using a dummy variable with a value of 1 (one) if it influenced a dec in the pretax income of more than or equal to 50% and a value of 0 (zero) if the decline in pretax income was less than 50%. So the formula used is as follows:

Decline in company profits > 50% = 1
Decline in company profits =< 50% = 0

b. Group Company

If calculating the effective tax rates by the consolidated profit in the consolidated financial statements reported on the Indonesian Stock Exchange, it often does not imitate the effective tax rate ratio of the parent company itself. This is because, in the consolidated financial statements, there will be profits from the subsidiary that may be greater than the profits of the parent company or losses from the subsidiary that is greater than the earnings of the parent company, so it is necessary to calculate only the profits of the parent company so that the effective tax rate reflects the real ratio. Therefore, in calculating the ratio of group companies, the proxy for consolidated profits is used, so the formula used is as follows:

$$\text{Subsidiary Profit Ratio} = \frac{\text{Consolidated income} - \text{income for parent company}}{\text{Consolidated income}}$$

c. Leverage

According to Ambarukmi (2017), leverage is the use of funds with the aim that the company must cover fixed costs, meaning that payment of fixed costs is obligatory. This amount is measured by dividing the total debt by the percentage of capital (equity). Therefore, the use of debt to equity ratio (DER) to calculate a company's ability to meet its liabilities will be used in this research. According to Saragih (2018), DER is a ratio that can show how much a company uses debt, explains the size of the portion of short-term and long-term financing sources in company assets, and can demonstrate the ability to capitalize internally to fulfil all its liabilities. The following is a formula used to calculate leverage using DER is as follows:

$$\text{DER} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

d. Managerial ownership

The ratio of managerial ownership that actively participates in decision-making is measured by the percentage of stock owned by managers at the end of the year expressed as a percentage. Managerial ownership is the compensation companies pay to workers. Statistically, the worth of managerial ownership is the percentage of company stock owned by commissioners and directors. Shares held by management are expected to act on the wishes of the principals because managers are motivated to improve their performance. Therefore the size of the shares owned by the company's management shows the similarity of interests among managers and shareholders. In this research, managerial ownership is assessed using a dummy variable, which is 1 (one) if it has a managerial ownership proportion of more than or equal to 5%, and 0 (zero) if it has a managerial ownership proportion of less than 5% (Chen, S. et al., 2010). According to Riduwan and Sari (2013), the measurement of managerial ownership is as follows:

$$\text{Managerial Ownership} = \frac{\text{Number of shares owned by management}}{\text{Total shares}}$$

e. Capital intensity ratio

The capital intensity ratio explains how intensively the company invests their resources in fixed assets. Fixed assets owned allow the company to manage taxes due to the depreciation of fixed assets. This policy will enable companies with high fixed asset ratios to have less tax burden than companies with small fixed assets (Ambarukmi, 2017). The formula used to calculate the capital intensity ratio is as follows:

$$\text{Capital Intensity Ratio} = \frac{\text{Total Fixed Assets}}{\text{Total Assets}}$$

f. Inventory Intensity Ratio

The inventory intensity ratio shows the company's efficiency and effectiveness in managing investment in inventory which is presented in the number of times the inventory is used for a certain period. This ratio describes the relationship between the number of goods sold and the inventory in the company's warehouse. Therefore, this can be used to measure company efficiency (Ambarukmi, 2017). The formula used is as follows:

$$\text{Inventory Intensity Ratio} = \frac{\text{Total Inventories}}{\text{Total Assets}}$$

g. Profitability

The profitability ratio is the ratio used by a firm to determine the level of effectiveness of the company with an indicator of the value of the resulting profit associated with sales or investment, for example, return on assets (ROA). As for this research, the ROA proxy was taken as an indicator of the level of company profitability because this ratio is the most widely used proxy in similar research. The profit and total assets used are the data listed in the

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company's statement of financial position and income statement (Ambarukmi, 2017). The formula used is as follows:

$$ROA = \frac{\text{Income Before Tax}}{\text{Total Assets}}$$

h. Company size
Company size is a classification of company types calculated from the total value of company assets. This research used a proxy for the total assets presented in the company's financial statements. Calculating the overall value of company assets uses the natural logarithm value of all current and non-current assets in the sample company's statement of financial position. The formula used is as follows:

$$\text{Company size} = \text{Ln Total Assets}$$

This research will first determine the estimated model selected in the regression. After knowing the method used in the research on data panel regression, the classical assumption test was carried out. Based on Gujarati et al. (2015), the conventional assumption test is intended to ensure that the research is correct and that the data used is theoretically unbiased and consistent with estimating the regression coefficient. Data must not contain elements of multicollinearity, heteroscedasticity, outliers, or normally distributed data. Then the equation for testing, the model in general in this research is as follows:

$$ETR_{it} = \alpha + \beta_1 COV_{it} + \beta_2 GRP_{it} + \beta_3 LEV_{it} + \beta_4 MAN_{it} + \beta_5 CAP_{it} + \beta_6 INV_{it} + \beta_7 PRO_{it} + \beta_8 SIZ_{it} + \varepsilon_{it}$$

ETR_{it} = Effective Tax Rate
α = Constant
β_1-β_8 = Coeficient 1-8
COV_{it} = COVID-19 Pandemic
GRP_{it} = Group Company
LEV_{it} = Leverage
MAN_{it} = Managerial Ownerships
CAP_{it} = Capital Intensity Ratio
INV_{it} = Inventory Intensity Ratio
PRO_{it} = Profitability
SIZ_{it} = Company Size
ε_{it} = Error

RESULTS AND DISCUSSION

Overview and Research Object

The research objects used are firms listed on the Indonesia Stock Exchange from 2019 to 2021. The sample companies were selected from 12 (twelve) industry classifications based on the IDX-IC. In addition, this research uses annual data as secondary data from the financial statements of sample companies obtained from the Indonesian Stock Exchange database.

Table 1
Sample Research

No.	Sample Selection Criteria	Number of Companies
1	Total Number of Companies Listed on the Indonesia Stock Exchange	766
2	Companies listed on the Indonesia Stock Exchange after January 1st 2019	(151)
3	Companies that have a negative profit balance	(82)
4	Companies whose income is subject to final tax	(218)
5	Its financial reporting company does not use the financial year ending 31 December	(3)
6	Companies that do not publish complete financial statements for 2019-2021	(50)
7	Companies that do not issue audited financial statements for 2019-2021	(1)
	Number of Companies Observed	**261**

Research Result

After doing research, it is known that some companies have an effective tax rate that is too small. The effective tax rate is too large beyond the average effective tax rate of the industrial Classification. Therefore, eliminating data that deviates or outliers is done so that outliers are not included in the study sample. So that the total number of companies used as research samples from previously 261 samples became 230 sample companies, and N became 690 data for three years (2019-2021) and 460 data for two years (2020-2021).

Table 2
Ratio Effective Tax Rate After Adjustment (in %)

Classification	2019				2020			2021		
	N	Mean	Min	Max	Mean	Min	Max	Mean	Min	Max
Energy	39	23,19	11,2	42,1	24.04	12,4	77.5	24.86	12,7	58,4
Basic Materials	162	29,28	14,4	65,3	23.60	14,6	69.8	25,26	14,9	54,2
Industrial	84	25,87	12,9	59,3	25,74	12.0	61,1	21.60	12,2	41.5
Consumer Non-Cyclical	144	27,34	13,3	63,1	25,81	15,9	60.0	23,10	16,9	51,1
Consumer Cyclical	123	25,56	10.5	49,1	20,40	11,3	64,3	23,24	10,9	50,8
Infrastructure	36	26,61	12.5	55,7	27,10	16.0	40,6	20.53	12,3	35,7
Healthcare	48	27,78	18,3	58.5	29,31	20,7	72,1	24,52	12,3	37,8
Technology	30	18.84	9,5	33,1	18.60	13,7	28.0	17,29	10,6	38,6
Transportation&Logistic	24	37,60	12,1	62,3	32,66	15,8	52,1	30,87	15,7	57.5
Sample Average	**690**	**26,87**	**9,5**	**65,3**	**24.51**	**11,3**	**77.5**	**23,83**	**10,6**	**58,4**
Corporate Tax Rate		**25%**			**22%**			**22%**		

Table 3
Statistical Description of Research Variable

Variable	Means	Median	Max	Min	Std. Dev	Obs.
Effective tax rates	0.252521	0.223795	0.787232	0.000261	0.448604	460
COVID-19 pandemic	0.263043	0	1	0	0.440765	460
Group company	0.010546	0	0.995174	-1.227362	0.127012	460
Leverage	0.241248	0.080521	2.643537	0	0.402358	460
Managerial ownership	0.152174	0	1	0	0.359580	460
Capital intensity ratio	0.367595	0.352505	0.946068	0	0.225602	460
Inventory intensity ratio	0.145405	0.119757	0.572838	0	0.129111	460
Profitability	0.081557	0.058941	0.536446	0.000042	0.081189	460
Company size	28.66499	28.63235	33.53723	24.57000	1.777697	460

Table 3 shows the analysis results descriptive with the mean, median, minimum, maximum, and standard deviation of each variable derived from the 460 observational data used in this research. The effective tax rates are the dependent variable, while the COVID-19 pandemic and group companies are the independent variables. While leverage, managerial ownership, capital intensity ratio, inventory intensity ratio, profitability, and firm size are control variables.

$$\mathbf{ETR_{it}} = 0.2525 + 0.0545COV_{it} - 0.1676GRP_{it} + 0.0114LEV_{it} - 0.0018MAN_{it} - 0.0310CAP_{it} + 0.0422INV_{it} - 0.3455PRO_{it} - 0.0006SIZ_{it}$$

Table 5
Regression Result

Independent Variable: A effective tax rate
Model: Fixed Effects
Sample: 230 companies (Period 2020-2021)
Total Observations: 460

Variable	*Ho*	*Coef.*	*Std. Error*	*t-Statistics*	*Prob.*
Constant(C)		0.2525	0.1176	2.1466	0.0324
COVID-19 (COV) pandemic	+	0.0545	0.0162	3.3489	0.0009
Group company (GRP)	-	-0.1676	0.0528	-3.1720	0.0016
Leverage (LEV)	+	0.0114	0.0183	0.6298	0.5350
Managerial ownership (MAN)	-	-0.0018	0.0187	-0.1009	0.9196
Capital intensity ratio (CAP)	+	-0.0310	0.0332	-0.9339	0.3508
Inventory intensity ratio (INV)	+	0.0422	0.0553	0.7633	0.4456
Profitability (PRO)	+	-0.3455	0.0877	-3.9367	0.0001
Company size (SIZ)	+	0.0006	0.0040	0.1592	0.8735
R-Squared (R2)		**Prob (F-statistics)**			
0.2130		0.0000			
α		**0.05** or 5%			

Table 5 shows the result from the regression model used as a whole can see the effect of all variables on the effective tax rate. The regression model is accepted if the Prob (F-Statistic) is less than a significance value of 5% (0.05). In this research model, the Prob value shows 0.0000, less than a 5% significance level. Therefore, the value of R2 in this research is 0.2130, which means that there are 21.30% factors of all variables that affect the dependent variable of the effective tax rate.

Discussion

From the results of the first test, to know the effective tax rates ratio in each industrial Classification, it can be explained that the average effective tax rate for sample companies in 2019-2021 is 26.87%, 24.51% and 23.83%, respectively. The COVID-19 pandemic variable statistically significantly affects the effective tax rate. The p-value of 0.0009 or 0.09% means the relationship between the COVID-19 pandemic and the effective tax rate is solid. The industrial sector with the highest effective tax rate for the transportation & logistics sector, with an effective tax rate ratio of 37.60%. The high ratio of effective tax rates in the transportation & logistics sector was due to increased shipments of goods due to increased demand for shipments of goods or cargo due to a shift in consumer preferences that prefer shopping online rather than visiting shopping centres.

The COVID-19 pandemic statistics significantly influenced the effective tax rate. This can be seen from the p-value of 0.0009 or 0.09%, which means the relationship between the COVID-19 pandemic and the effective tax rate is solid. So that the COVID-19 pandemic has made this a factor causing reduced sales of companies that are still compulsory to pay the company's fixed costs. The impact of COVID-19 pandemic has affected almost all companies. The study's results also prove that the COVID-19 pandemic positively affects the value of the effective tax rate. So based on the results of testing the H1 hypothesis, the COVID-19 pandemic positively affects the accepted effective tax rate.

The research result shows that the group company variable statistically has a significant adverse effect on the effective tax rate. This situation can be seen from the negative coefficient value. As for the results of the study, it is also known that the p-value is 0.0016 or 0.16%, which means that the relationship among group companies that are portioned using the profits or losses of subsidiaries with the effective tax rate is very strongly related. So based on the results of testing for the H2 hypothesis, group companies negatively affect the effective tax rates accepted.

Based on the empirical results of the research model testing conducted, from all the variables used, only the COVID-19 pandemic (COV), group company (GRP), and profitability (PRO) variables have probability values indicating a significant influence on the effective tax rates. At the same time, the variables leverage (LEV), capital intensity ratio (CAP), managerial ownership (MAN), company size (SIZ), and inventory intensity ratio (INV) do not significantly affect the effective tax rate of the sample companies.

CONCLUSIONS, IMPLICATIONS, LIMITATIONS AND SUGGESTION

Based on the result and discussion of the data above, research on the sample from the firms from 2019 to 2021 to determine the effective tax rates ratio based on the IDX-IC industry classification. The sample's average effective tax rate ratio from 2019 to 2021 is 26.87%, 24.51% and 23.83%, respectively. In 2019 the transportation & logistics sector had the highest effective tax rate ratio of 37.60%. In 2020 and 2021, the industrial sectors with the highest effective tax rate are the transportation & logistics and healthcare sectors.

Based on statistical tests carried out on a sample of companies in the 2020-2021 period, it is known that the COVID-19 pandemic and group companies together significantly affect the effective tax rate variable. The COVID-19 pandemic variable statistically significantly affects the effective tax rate. So, the first hypothesis that the COVID-19 pandemic positively affects the effective tax rate is accepted. On the other hand, the group company variable statistically significantly negatively affects the effective tax rate. So, the second hypothesis that group companies negatively affect the effective tax rate is accepted.

The results show that the COVID-19 pandemic and group companies significantly influence effective tax rates. Therefore, effective tax rates do not only project the ratio of the effective tax rates in each industry classification. This research implies that the government, as the authority and regulator, can implement policies related to maximizing income tax from companies and as a consideration in providing tax incentives to specific industrial sectors. In addition, there needs to be synergy with related agencies so that the policies taken do not distort the economy. This is because the effective tax rate for companies in Indonesia is still relatively high, influenced by management to minimize taxes to be paid, so management gets incentives for success in reducing the amount of taxes to be paid to the state.

Tax incentives that are managed effectively and efficiently help accelerate economic recovery and the sustainability of the budget going forward, especially after the economic slowdown. In addition, this research is expected to be used as reference material for further research related to effective tax rates so that this research can be perfect and produce more up-to-date information for future research.

The limitations of this research only take a limited sample of firms listed within 3 (three) years, from 2019 to 2021, so it is less comprehensive than if it took more than 3 (three) years. In addition, this research has not considered the weighted percentage of the same representation in each industry classification. Finally, the research variables only use the COVID-19 pandemic and group companies and only focus on the impact caused by the COVID-19 pandemic from 2020 to 2021.

Suggestions expected for further research are regression testing can be carried out with a long-time span for collecting financial report data, two years before and after the COVID-19 pandemic, from 2017 to 2022. For further research, the percentage of representation in each industry classification can also be weighted. For example, each industry must be represented 35% of the total in each Classification used as the research sample. It is intended that the test results are not unequal if further analysis is carried out. For further research, other variables can be used, such as market capitalization, company growth, and different tax incentives or facilities for each business sector.

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