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CORPORATE REPORTING SUPPLY CHAINS (CRSC) AND BUSINESS INFORMATION TRANSPARENCY

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ABSTRACT

This study aims to test whether the components of corporate reporting supply chains (CRSC) support the increased of information business transparency. This study examined the role of three parties in the CRSC to improve the transparency of corporate information, such as the owners, auditors, and management. Research sampel was selected by purposive method. Total study sample was 189 companies that consist of 92 companies for mandatory disclosure and 97 companies for voluntary disclosure. These results indicate that foreign institution owners are more interested in the voluntary disclosure, and the public owners interested in mandatory and voluntary disclosure. Management plays an important role to decrease the disobedience mandatory disclosure. Institutional owners plays an important role in the increase in mandatory and voluntary disclosure. Foreign instution owners more interested in voluntary disclosure. The results of this study has shown auditor or an accounting firm is not the only party responsible for improving the quality and transparency of business information. Transparency of information is the joint responsible of all parties involved in the corporate reporting supply chains (CRSC).

Keywords: corporate reporting supply chain, corporate governance, public trust, transparency**.**

JEL classification: G34, O16, M14

INTRODUCTION

Most of the stakeholder's are beyond the company and make economic decisions using financial statements resulting from the reporting system. Reliable financial reporting can increase public's trust. Public's trust will increase the capital flows into the company. To ensure that the information provided by companies are reliable, *corporate reporting supply chain* (CRSC) should be evaluated. CRSC is all the components involved in the financial reporting system, namely company executives, board of directors of the independent auditors, financial analysts, standard setter, and the user, such as investors and creditors. Transparency must be balanced with the company's commitment to increase accountability and integrity of the parties involved in the *corporate reporting supply chains* (CRSC).

Most of public agree that public accountants and public accounting firms (*firms*) more responsible for the quality and transparency of business information. In fact transparency quality of a company's information is a series of corporate gavernance of all parties involved in the CRSC. Not all components of the CRSC will be examined in this study. This study is aimed at investigating whether auditor's reputation, good management, and ownership characteristics (public, institutions, and foreign institutions) affect the transparency of company's business information.

MATERIALS AND METHODS

Most of the companies listed on the Indonesia Stock Exchange audited by local firm that affiliated with Big4 firm (KAPAF). KAPAF generally consist of the large accounting firm in Indonesia. The quality of KAPAF should be similar to firm that affiliated to it. KAPAF will also face a *collateral effect*, meaning that it may lose a few clients when it failed to report the deviation in its financial statements. Big4 firm is seen as a firm with highly reputable big name (Krishnamurthy *et al*., 2006). Reputation will be an important factor when there is a potential agency problems and high information asymmetry (Hakim and Omri, 2009). Big accounting firm in general have large clients as well. KAP with relatively large quantities of audit client's will have a higher loss when it did not report the detected deviation from the client's financial statements (Krishnamurthy *et al*., 2006).

Large accounting firm tends to give an accurate signal about the bussiness bankruptcy in its audit opinion. The audited earnings report by the large firm generate higher perceived by investors in capital markets. The Big8 firm's financial statements generate a higher *earnings response coefficient* (ERC) than the NonBig8 firm. Highly reputable firm is a firm that has capable in high-quality audit (Barbadillo *et al*., 2009), as well as maintaining a good reputation when there is a regulation or no regulation. Auditors take costly actions to protect their litigation reputation (McCracken, 2003). However, the research in Indonesia showed different results. The ERC are no different when it audited by big or small public accounting firms (Riyatno, 2004). KAPAF is one of business information disclosure keeper. Results of studies have shown that audit effectiveness is the one function of firm's characteristics. The clients of industry specialist auditors have lower discretionary accrual (DAC) and higher ERC than clients of nonspecialist auditors (Balsam *et al.*, 2003). This finding is consistent with clients of industry specialists having higher earnings quality than clients of nonspecialists. The study result showed that there was a positive relationship between firm's reputation with *earnings response coefficient* (ERC). If the auditor's reputation is positively related to financial reporting quality, reputable auditor should be encourage the creation of transparency of information. KAPAF is more responsible to the mandatory disclosure because it is set by the accounting standards and by the regulations. However, it can not encourage a voluntary disclosure because the disclosure of voluntary information is dependent on the interests of management. Based on the above description can be arranged alternative hypothesis as follows:

H1. : a. Firms affiliated with Big4 firm had a negative effect on the level of mandatory disclosure disobedience.

b. The level of voluntary disclosure will increase when the financial statements audited by firm that affiliated with Big4 firm.

Ownership characteristics is effected on the level of disclosure of business proprietary's information. There are two important factors that promote good corporate governance, namely the proportion of independent board members and institutional ownership (Ajinkya *et al.*, 2005). These two things are related to the management's propensity to publish the information predictions.

Ownership structure is one of the important characteristics of *corporate governance* (Dong dan Zhang, 2008). Centralized ownership is a characteristic of companies that listed on the Indonesia Stock Exchange (IDX) (Khomsiyah, 2005). These situation is beneficial to the majority owner. This problem can be minimized by increasing stock ownership by the public. However, dispersed shareholding (public) can strengthen the position of manager as the dominant party in the company (Khomsiyah, 2005).

A centralized corporate ownership have negative effect on voluntary disclosure (Lakhal, 2005). This is because the centralized owner less open and the possibility of expropriation to the noncontrol owners. Hapsoro's Research (2005) showed that the proportion of management ownership, the proportion of domestic institutional ownership, the proportion of foreign institutional ownership have a significant effect on the level of transparency financial statements. Therefore, alternative hypotheses that can be developed from the above description as follows:

H2.1 : a. The more dispersed corporate ownership (public) the lower the level of mandatory disclosure disobedience.

b. The more dispersed corporate ownership (public) the higher the level of voluntary dis-

closure.

Institutional ownership encourages management to produce high performance. When the ownership of the company dispersed, the dominance of managers will increase. Domination of manager in the company can be reduced through the ownership by the institution. Institutional owners have a wider knowledge and its encourage management to provide more and reliable information. Ownership by institutions can increase the voluntary earning's information disclosure, especially foreign institutions in France (Lakhal, 2005). The alternative hypothesis that can be developed from the above description as follows:

H2.2 : a. The higher company ownership by the institution the lower the disobedience of mandatory disclosure.

b. The higher company ownership by the institution the higher voluntary disclosure.

H2.3 : a. The higher company ownership by a foreign institution the lower the level of mandatory disclosure disobedience.

b. The higher company ownership by a foreign institution the higher the level of voluntary disclosure.

Information transparency is a matter of management goodwill to convey important information to the investors and other stakeholders. This study found that the top executives uses an unique and significant economically effect in the company's voluntary disclosure (Bamber *et al.*, 2010). A good management should have increase the transparency of information. Management tends to reveal the higher information when in high performance.

The proponent of voluntary disclosure support concept that managers have incentives to disclose additional information to differentiate their firms from other unsuccessful and inefficiently run firms (Dhaliwal *et al*., 2011; Graham *et al*., 2005). Disclosure of Report of Management's Responsibility (RMR) reflect the success of business management and reflect a positive signal to investors and other parties that have a contractual relationship with the firm. A corporate's executive that produce profits has a higher propensity to publishing RMR as a signal of successed and business management's effectiveness reputation. Good management will maintain their reputation in capital markets with voluntarily disclose profits information (Lakhal, 2005). Good management can be perceived through its performance. Good management will be more transparent to its stakeholders about its performance. Management's performance can be measured by the size of the return on assets (ROA). Based on an above explanation, hypothesis can be arranged as follows:

H3 : a. The higher the ROA the lower the level of mandatory disclosure disobedience.

b. The higher the ROA the higher the level of voluntary disclosure.

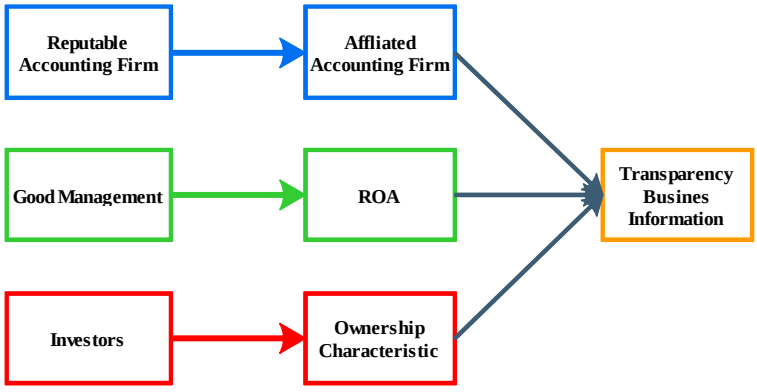

Figure 1
Research Model

This research model was developed based on the Dipiazza and Eccles's in 2002 thoughts regarding the CRSC elements that can support enhancement of transparency of financial reporting. However, not all elements will be tested in this study, only the elements of accounting firm, management, and ownership will be included in this research model (Figure 1).

There are two dependent variabel used in this study, the mandatory disclosure (called UNGKAP_W) and voluntary disclosure (called UNGKAP_SR). The UNGKAP_W level was measured with the undisclosure information according to Bapepam-LK and Indonesia Statement of Financial Accounting Standards (SFAS) regulations. Development of a list of mandatory information disclosure required under the terms of the Capital Market Act, No. 8 of 1995 (DPR-RI 1995), Consciousness Letter of Bapepam Chairman, No. 2/PM/2002 (Ketua Bapepem-LK 2002) about disclosure to the manufacturing industry, and Indonesia SFAS (IAI, 2009).

Voluntary disclosure is determined by identifying voluntarily information in the annual reports. The items of voluntary information were developed based on the concept of *value-based reporting (value reporting)*, a list of information voluntarily developed by Price WaterhouseCoopers, and a results of previous studies. The voluntarily information disclosure rate is the ratio of the amount of volunteered information on the score number of information voluntarily's expected.

There are three independent variables to be tested in this study, namely the reputation (abbreviated REPU), management (MAN), and ownership characteristics (abbreviated MILIK). REPU is a dummi variable, given the value 1 if the firm is affiliated with the Big4 firm and 0 if it is not affiliated with Big4 firm. MAN variables measured by *Return on Assets* (ROA). MILIK variables measured by the three measures, namely the percentage of public ownership (MLKPUB), institutional ownership (MLKINST), and foreign institutional ownership (MLKINSTASING).

Control variables consists of company size (abbreviated UKUR), the age variable (called UMUR), a variable *leverage* (abbreviated LEV), and variable operating cash flow (abbreviated AKO). UKUR variable is measured by total assets. The UMUR variable is the period time since listed on the IDX. The LEV variable is the ratio of total debts to total assets. The AKO variable is an amount of cash flow operating activities.
There are 10 hypotheses to be tested in this study. Each hypothesis will be tested using two models, namely a partially test model (test model 1 - 6) and simultan tes model (test model 7- 8). Research hypothesis will be tested using test model as follows.

UNGKAP_W $= \delta_0 + \delta_1 REPU + \delta_2 UMUR + \delta_3 UKUR + \delta_4 AKO + \delta_5 LEV + \varepsilon$ ..... (Model 1)

UNGKAP_SR $= \delta_0 + \delta_1 REPU + \delta_2 UMUR + \delta_3 UKUR + \delta_4 AKO + \delta_5 LEV + \varepsilon$ ..... (Model 2)

UNGKAP_W $= \delta_0 + \delta_{1-3} MILIK + \delta_4 UMUR + \delta_5 UKUR + \delta_6 AKO + \delta_7 LEV + \varepsilon$..... (Model 3)

UNGKAP_SR $= \delta_0 + \delta_{1-3} MILIK + \delta_4 UMUR + \delta_5 UKUR + \delta_6 AKO + \delta_7 LEV + \varepsilon$..... (Model 4)

UNGKAP_W $= \delta_0 + \delta_1 MAN + \delta_2 UMUR + \delta_3 UKUR + \delta_4 AKO + \delta_5 LEV + \varepsilon$..... (Model 5)

UNGKAP_SR $= \delta_0 + \delta_1 MAN + \delta_2 UMUR + \delta_3 UKUR + \delta_4 AKO + \delta_5 LEV + \varepsilon$…….…… (Model 6)

UNGKAP_W $= \delta_0 + \delta_1 REPU + \delta_{2-4} MILIK + \delta_5 MAN + \delta_6 UMUR + \delta_7 UKUR + \delta_8 AKO + \delta_9 LEV + \varepsilon$ .....(Model 7)

UNGKAP_SR $= \delta_0 + \delta_1 REPU + \delta_{2-4} MILIK + \delta_5 MAN + \delta_6 UMUR + \delta_7 UKUR + \delta_8 AKO + \delta_9 LEV + \varepsilon$ ..... (Model 8)

UNGKAP_SR = voluntary disclosure; UNGKAP_W= mandatory disclosure disobedience; REPU = affiliated firm; MAN = managemen; UMUR = time listed on the IDX; AKO = operating cash flow; LEV = leverage; å = error; MILIK = ownership, measured by the three ownership measures, the percentage of public ownership (MLKPUB), institutional ownership (MLKINST), and foreign institutional ownership (MLKINSTASING).

Tabel 1 is the summary of hyphoteses and testing model of this research.

Tabel 1
Summary Hyphotesis and Testing Model

No.	Hyphotesis	Test Model
1.	Hyphotesis 1. a Firms affiliated with Big4 firm had a negative effect on the level of mandatory disclosure disobedience	Model Empiris 1
2.	Hyphotesis 1. b The level of voluntary disclosure will increase when the financial statements audited by firm that affiliated with Big4 firm	Model Empiris 2
3.	Hyphotesis 2.1.a The more dispersed corporate ownership (public) the lower the level of mandatory disclosure disobedience.	Model Empiris 3
4.	Hyphotesis 2.1.b The more dispersed corporate ownership (public) the higher the level of voluntary disclosure	Model Empiris 4
5.	Hyphotesis 2.2.a The higher company ownership by the institution the lower the disobedience of mandatory disclosure	Model Empiris 3
6.	Hyphotesis 2.2.b The higher company ownership by the institution the higher voluntary disclosure	Model Empiris 4
7.	Hyphotesis 2.3.a The higher company ownership by a foreign institution the lower the level of mandatory disclosure disobedience	Model Empiris 3
8.	Hyphotesis 2.3.b The higher company ownership by a foreign institution the higher the level of voluntary disclosure	Model Empiris 4
9.	Hyphotesis 3. a The higher the ROA the lower the level of mandatory disclosure disobedience	Model Empiris 5
10.	Hyphotesis 3. b The higher the ROA the higher the level of voluntary disclosure	Model Empiris 6
11.	Hyphotesis 1a, 2.1.a, 2.2.a, 2.3.a, and 3.a (simultaneously test)	Model Empiris 7
12.	Hyphotesis 1b, 2.1.b, 2.2.b, 2.3.b, and 3.b (simultaneously test)	Model Empiris 8

RESULT AND DISCUSSION

The data used in this study is the company's annual report data obtained from IDX. The sample years election from 2003 to 2005 based on the Bapepam-LK Chairman Consciousness Letters No. 02/PM/2002, about the disclosure of financial statements by the emiten or public company for 13 industries. Industry was selected as a sample is manufacturing industries. The samples

Table 2
Sample Description: Mandatory Disclosure

	Mean	Median	Maximum	Minimum	Std. Dev.
ASTOT	2.15E+09	5.55E+08	3.91E+10	42145204	5.67E+09
UTTOT	1.13E+09	2.52E+08	1.94E+10	11725000	2.91E+09
MODTOT	1.01E+09	2.72E+08	1.97E+10	-1.21E+09	2.85E+09
JUAL	2.64E+09	6.95E+08	4.43E+10	42773000	6.80E+09
LABA	2.19E+08	25109525	5.41E+09	-1.48E+08	7.85E+08
AKO	1.94E+08	36038287	3.18E+09	-2.45E+08	5.29E+08
ROA	4.190576	5.59	28.55	-139.22	17.87555
UNGKAP_W	15.36957	11.50	73.00	1	12.42535

ASTOT: total asset; UTTOT: total liability; MODTOT: total shareholder equity, JUAL: sales revenue; LABA: net income; AKO: operating cash flow; ROA: return on asset; UNGKAP_W: disobedience of mandatory disclosure.

were determined using the purposive method. The research data is from annual report of listed companies on IDX. In the end, the company samples with mandatory information disclosure were collected as many as 92 companies and voluntary disclosure as many as 97 companies. Here is a description of corporate mandatory disclosure data (Table 2) and voluntary disclosure (Table 3).

Hypothesis testing studies will be conducted by *Generalized Method of Moment* (GMM). Here is the hypothesis testing 1a to 3b by partially. The results of testing hypothesis 1a shows that hypothesis 1a and 1b are not supported. Therefore, it can be concluded that the big names of public accounting firm can not affect or reduce the level of mandatory information disclosure disobedience and and it does not affect the level of voluntary information disclosure (Table 4).

Table 3
Sample Description: Voluntary Disclosure

	Mean	Median	Maximum	Minimum	Std. Dev.
ASTOT	2.14E+09	5.71E+08	3.91E+10	42145204	5.54E+09
UTTOT	1.14E+09	2.82E+08	1.94E+10	11725000	2.84E+09
MODTOT	1.01E+09	2.74E+08	1.97E+10	-1.21E+09	2.78E+09
JUAL	2.57E+09	7.11E+08	4.43E+10	26678000	6.63E+09
LABA	2.43E+08	36280019	5.41E+09	1296738	8.12E+08
AKO	1.91E+08	38992358	3.18E+09	-2.45E+08	5.16E+08
ROA	3.761856	5.52	28.55	-139.21	17.92593
UNGKAP_SR	33.12371	30.00	63.00	13.00	9.863926

ASTOT: total asset; UTTOT: total liability; MODTOT: total shareholder equity, JUAL: sales revenue; LABA: net income; AKO: operating cash flow; ROA: return on aset; UNGKAP_SR: voluntary disclosure.

The result of testing hypothesis 2.1a (Tabel 4) and 2.1b (Tabel 5) shows that the coefficient of public ownership (MLKPUB) is statistically insignificant. Thus, it can be concluded that public ownership does not reduce the level of mandatory information disclosure disobedience, but it does not increase the level of voluntary disclosure.

The results of testing the hypothesis 2.2a shows that the coefficient of institutional ownership (MLKINST) are negative and statistically significant (Tabel 4). The result of testing hypothesis 2.2b shows that the coefficient of institutional ownership (MLKINST) is negative and statistically insignificant (Tabel 5). Thus, it can be concluded that the higher institutional ownership can decrease the level of mandatory information disclosure disobedience, but it does not affect the level of voluntary disclosure.

The result of testing hypothesis 2.3a shows that the coefficient of foreign institutions (MLKINSTASING) is not statistically significant (Tabel 4). The results of testing hypothesis 2.3b shows that the coefficient of foreign institutions (MLKINSTASING) is positive and statistically significant (Table 5). Thus, it can be concluded that the higher ownership by foreign institutions do not reduce the level of mandatory information disclosure disobedience, but it can increase the voluntary information disclosure.

The results of testing the hypothesis 3a shows that the coefficients of MAN variables are negative and statistically significant (Table 6). The results of testing the hypothesis 3.b shows that the MAN variable coefficients are negative and statistically not significant (Table 6). Thus, it can be concluded that the

Table 4

The Result of Test Independent Variable to UNGKAP_W/UNGKAP_SR (*Dependent Variable*)

$$UNGKAP\_W = \delta_0 + \delta_1 REPU + \delta_2 UMUR + \delta_3 UKUR + \delta_4 AKO + \delta_5 LEV + \varepsilon \quad \text{(Model 1)}$$

$$UNGKAP\_SR = \delta_0 + \delta_1 REPU + \delta_2 UMUR + \delta_3 UKUR + \delta_4 AKO + \delta_5 LEV + \varepsilon \quad \text{(Model 2)}$$

$$UNGKAP\_W = \delta_0 + \delta_{1\text{-}3} MILIK + \delta_4 UMUR + \delta_5 UKUR + \delta_6 AKO + \delta_7 LEV + \varepsilon \quad \text{(Model 3)}$$

Variabel	Model 1	Model 2	Model 3a	Model 3b	Model 3c	Model 3d
C	21.379	-28.138	13.266	25.415	13.041	37.703
	(1,522)	(-2.473)**	(1.017)	(1.692)*	(1.007)	(2,591)**
REPU	1,711	0.445	-	-	-	-
	(0,831)	(0.221)				
MLKPUB	-	-	0.015	-	-	-0.270
			(0.197)			(-1,858)*
MLKINST	-	-	-	-0.094	-	-0.244
				(-2.008)**		(-2,904)***
MLKINSTSING	-	-	-	-	-0.286	0.174
					(-0.144)	(0,087)
MAN	-	-	-	-	-	-
UMUR	0,0828	6.216	0.133	0.086	0.139	0.069
	(0,464)	(3.393)***	(0.772)	(0.511)	(0.805)	(0,402)
UKUR	-1,064	-4.068	-0.391	-0.558	-0.310	-0.197
	(-0.613)	(-2.902)***	(-0.238)	(-0.312)	(-0.193)	(-0,116)
LEV	0.291	0.844	-0.060	-0.073	-0.109	-0.177
	(0.203)	(1.323)	(-0.043)	(-0.049)	(-0.079)	(-0,124)
AKO	0.366	-0.079	0.430	0.382	0.435	0.392
	(3,124)***	(-0.475)	(4.099)***	(3.736)***	(4.185)***	(4,011)***
DW	1,371	1,259	1,300	1,331	1.298	1.387
J-statistik	0,0357	0,0263	0,069	0,072	0.067	0.042

*The level of significance Test: *10 persen; ** 5 persen, dan *** 1 persen*

Table 5
The Result of Test Independent Variable to UNGKAP_SR (*Dependen Variable*)
UNGKAP_SR = δ_0 + δ_{1-3}MILIK+δ_4UMUR+δ_5UKUR+δ_6AKO+ ä$_7$ LEV + ε.....(Model 4)

Variabel	Model 4a	Model 4b	Model 4c	Model 4d
C	-28.035	-24.568	-33.234	-44.879
	(-2.569)**	*(-1.913)	(-3,278)***	-3,823)***
REPU	-	-	-	-
MLKPUB	0.114	-	-	*0.363*
	(1.569)			*(2,843)***
MLKINST	-	-0.095	-	*0.182*
		(-1.487)		*(2,005)***
MLKINSTSING	-	-	5.256	*5.988*
			(3,131)***	*(3,921)***
MAN	-	-	-	-
UKUR	6.167	7.838	6.239	*5.359*
	(3.222)***	(4.405)***	(3,729)***	*(2,948)***
LEVER	-4.126	-5.506	-4.082	*-3.722*
	(-2.758)***	(-4.031)***	(-3,128)***	*(-2,696)***
AKO	0.823	0.749	1.026	*1.009*
	(1.299)	(1.141)	(1,654)	*(1,709)**
UMUR	-0.083	-0.039	-0.186	-0.165
	(-0.501)	(-0.239)	(-1,134)	(-0.994)
DW	1,317	1,341	1,296	1,384
J-statistic	0,0297	0,064	0,029	0,034

*The level of significance Test: *10 persen; ** 5 persen, dan *** 1 persen*

Table 6
The Result of Test Independent Variable to UNGKAP_W/UNGKAP_SR (*Dependen Variable*)

UNGKAP_W = δ_0 + δ_1MAN+δ_2UMUR+δ_3UKUR+δ_4AKO+ä$_5$LEV + ε.....(Model 5)
UNGKAP_SR = δ_0 + δ_1MAN+δ_2UMUR+δä$_3$UKUR+δ_4AKO+ä$_5$LEV + ε.....(Model 6)
UNGKAP_W = δ_0 + δ_1REPU+δ_{2-4}MILIK+δ_5MAN+δ_6UMUR+ δ_7UKUR + δ_8AKO+ δ_9LEV + ε .....(Model 7)
UNGKAP_SR = δ_0 + δ_1REPU+δ_{2-4}MILIK+δ_5MAN+δ_6UMUR+ δ_7UKUR + δ_8AKO+ δ_9LEV + ε .....(Model 8)

Variabel	Model 5	Model 6	Model 7	Model 8
C	12.515	-30.931	37.146	-47.824
	(0.957)	(-2.623)**	(2,442)**	(-3.780)***
REPU	-	-	2.122	-0.059
			(1,013)	(-0,029)
MLKPUB	-	-	-0.276	0.369
			(-1,913)*	(2,829)***
MLKINST	-	-	-0.239	0.189
			(-2,791)***	(2,029)**

Table 6 (Lanjutan)

Variabel	Model 5	Model 6	Model 7	Model 8
MLKINSTSING	-	-	-0.447	5.951
			(-0,199)	(3,846)***
MAN	-0.170	-0.052	-0.146	-0.052
	(-4,322)***	(-1.229)	(-3,705)***	(-1,167)
UKUR	0.055	6.636	0.006	5.602
	(0,319)	(3.716)***	(0,036)	(2,914)***
LEVER	0.521	-4.363	0.283	-3.898
	(0,338)	(-3.132)***	(0,167)	(-2,694)***
AKO	-0.767	0.871	-0.629	1.059
	(-0,594)	(1.385)	(-0,461)	(1,825)*
UMUR	0.351	-0.069	0.411	-0.148
	(3,272)***	(-0.411)	(4,412)***	(-0,396)
DW	1,549	1,283	1,645	1,406
J-statistic	0,020	0,021	0,007	0,0298

*The level of significance Test: *10 persen; ** 5 persen, dan *** 1 persen*

good management can reduce the level of mandatory information disclosure disobedience, but it can not affect the level of voluntary disclosure.

UMUR, UKUR and LEV variables had no significant effect on the disobedience of mandatory disclosure variable (UNGKAP_W). Operating cash flow (OCF) variable has positive and statistically significant at the disobedience of mandatory disclosure. The higher OCF will increase the disobedience of mandatory disclosure. Test results show that UKUR and LEV variable are positive and statistically significant in UNGKAP_SR variable. Time period (UMUR) and AKO (OCF) variables not statistically significant. Thus, voluntary disclosure is more often done by large companies and not longer listed on the IDX. In addition, voluntary disclosure is less attractive to companies with high debt financing policy.

If the testing is done jointly (H1a-H3b), there are only three independent variables that have a significant effect on UNGKAP_W variable, which is MAN, MLKPUB, and MLKINST variables. The longer listed company (UMUR) have oisitif and significant effect on UNGKAP_W. However, the MLKPUB variables have less significant effect on disobedience of mandatory disclosure (Table 6, the Model 7). The good management factors can reduce the disobedience of mandatory disclosure. AKO variable has negative effect but statistically insignificant at the disobedience of mandatory disclosure. Thus, top mangement, public ownership, the institution, and longer listed company can encourage the management to fulfill the obligations of mandatory information disclosure.

Ownership characteristic has a significant effect on voluntary disclosure. MLKPUB, MLKINST, and INSTASING variables have a significant effect on UNGKAP_SR variable (Table 6, Model 8). MAN and REPU variables have no significant effect on the SKOR_SR variable. Voluntary disclosure is more often done by companies that are the large company, higher AKO, and not long listed on the Stock Exchange. Companies that have high debt are trying not to convey these conditions in the annual financial statements. Auditor reputation (REPU) which is a variable for affiliated Big4 firm has no significant effect on the voluntary disclosure. This condition is due to the fact that auditor is concerned with the audit of the number of financial reports and mandatory information in financial statements (Tabel 6, Model 8).

When ownership characteristic variables are test simulataneously, MLKPUB and MLKINST variables have a significant effect on UNGKAP_W (Table 4, model 3d). AKO variables have positive and signifi-

cant effect on the SKOR_W variable. Mandatory disclosure disobedience is more often done by companies that are higher AKO. MLKPUB, MLKINST, and INSTASING variables have a significant effect on UNGKAP_SR variable (Table 5, model 4d). MAN and REPU variables have no significant effect on the SKOR_SR variable. Voluntary disclosure is more often done by companies that are large, not long listed on the Stock Exchange, and higher operating cash flow. Companies that have high debt are trying not to convey these conditions in the annual financial statements.

CONCLUSION, LIMITATION, AND SUGGESTION

Conclusions

There are several conclusions to be drawn from this study. First, foreign ownership has a positive effect in increasing the voluntary information disclosure. This is because foreign institutional owners have a significant financial interest to the business entity that is the target of its investment. In addition, owners of foreign institutional are important investors to encourage the management to provide important information voluntarily. Public ownership has a relatively small effect on the reduction in mandatory disclosure of disobedience, but effected in increasing voluntary disclosure. Ownership institutions can affect the reduction of mandatory disclosure of disobedience and increasing a voluntary information disclosure. Second, good management is management that gives attention to the information transparency to various parties who have business interests in the company. Transparency's mean trust, because the information conveyed is reliable information and have high accuracy. These results indicate that good management has the ability to reduce the disobedience of mandatory disclosure, but does not increase voluntary disclosure. Third, KAP which is affiliated with KAP Big4 should have increased voluntary disclosure and reduced the disobedience of mandatory information disclosure. These results indicate that KAPAF do not see a voluntary disclosure neither mandatory disclosure as an important aspect. Although, one of the important things that set forth in standard is the disclosure of information. This study confirm that the KAP big names is not necessarily play an important role in increasement amount and quality of mandatory information disclosure. KAPAF is the only KAP's local marketing strategies in Indonesia.

Limitation and Suggestion

Limitation of this study was the limited sample size. Therefore, further research can be done by extending the study sample. Subsequent research can also be done by examining the influence of other elements on the CRSC disobedience mandatory disclosure and voluntary disclosure.

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