International Journal Of Core Engineering & Management
Volume-4, Issue-8, November-2017, ISSN No: 2348-9510

CONSERVATISME ACCOUNTING, REAL EARNINGS MANAGEMENT AND INFORMATION ASYMMETRY ON SHARE RETURN
(CASE STUDY ON MANUFACTURING COMPANIES LISTED BEI 2013-2015)

Sugiyanto
Prodi Akuntansi S1, Fakultas Ekonomi, Universitas Pamulang, Banten
giant_card@yahoo.com

Fitri Dwi Febrianti
Fakultas Ekonomi dan Bisnis Universitas Islam Negri Syarif Hidayatullah Jakarta
fitridwifebrianti@yahoo.co.id

Abstract

This study aims to analyze the influence of accounting conservatism, real earnings management, and information asymmetry on stock returns. This study uses the sample of all manufacturing companies listed on the Indonesia Stock Exchange during the period 2013 to 2015. The total number of companies used as sample research is 47 companies with observations for 3 years. Pursuant to purposive sampling method, total of research sample is 141 financial report and annual report. The results of this study indicate: (1) Conservatism with accrual-based conservatism proxy has a significant negative effect on stock return with a significance value of 0.032 <0.050. (2) real earnings management with the proxy of discretionary cash flow has no effect on stock return with a significance value of 0.050. (3) information asymmetry with proxy of bid-ask spread has no effect on stock return with significance value of 0.453> 0.05.
Keywords: Conservatism, Real Earnings Management, Information Asymmetry, Stock Return.

I. INTRODUCTION

Company performance is a picture of the results or achievements that are influenced by operational activities in an effort to utilize the resources owned company during a certain period of time. In this study, the company's performance measure used is stock returns. Basic consideration of the selection of stock return sizes that shareholders have the motivation to invest in the hope of obtaining a return (return) in accordance with the embedded capital Often the occurrence of several cases of accounting scandals that occur in the country, cases of violations by some accountants, and lack of understanding in the capital market. The phenomenon in this study is due to decreased public opinion, trust and public assessment of the company's performance. Especially companies that are in the capital market. In addition, the lack of satisfaction of public opinion to investors, issuers, securities, and also analysts. Information on company performance can be influenced by factors such as Kazemi's conservatism, (2011), and Gunner's real earnings management (2010). This is because management can choose and change accounting policies, accounting estimates, and error corrections to improve the relevance and reliability of the entity's financial statements. Comparability of financial statements over time, and comparability of the entity's financial statements with other entity's financial statements.

Based on existing practices, often the user's attention to financial statements is only directed to earnings information, regardless of how and where the earnings are generated. Management as the manager of the company has the obligation to provide information about the condition of the company to shareholders, but in this case the information submitted sometimes not in accordance with the actual company conditions,

II. REVIEW OF LITERATURE AND HYPOTHESES DEVELOPMENT

Company Value Theory

Duran (1952) introduced the company value theory associated with the theory of financial structure. The company value theory views the firm as a set of contracts between many parties, where the company's financial structure has a considerable influence on firm value. This study uses the theory of corporate value with the consideration that (1) conservatism is a prudent concept to keep the profit and assets not expressed too high and the burden and debt is stated not too low so that the financial statements presented have high quality financial information and will further affect company value, (2) real earnings management, and information asymmetry also affect company value.

Information Asymmetry Theory

Akerlof (1970) introduced the theory of information asymmetry through "The market for lemons". Akerlof connects quality and uncertainty and develops information asymmetry ideas or ideas by providing examples of used car markets. The reason of this research is using information asymmetry theory because information asymmetry will affect (1) stock price that occurs in bursa influenced by information factor and (2) existence of government policy affecting business environment.

Signal Theory

Ross (1977) associates the theory of signal with the problem of asymmetry information between management and investors, regarding the structure of the firm's capital is determined by the incentive signal of the firm's management. Management with information advantage has an incentive to signal personal information through its debt-rate options. The reason this research uses signal theory is that every corporate action made by the company gives meaning to outsiders. The meaning given by the information is known as a signal. Can be a positive signal or a negative signal, followed by a market reaction. If the signal is positive, the market reacts so as to increase the stock price which further affects the company's performance. Furthermore, the increase in stock value reflects the improvement of company performance, in this case stock returns, return on equity and earnings per share will increase. Variables that affect the signal is the quality of information provided by the company Manurung, (2012).

Agency Theory

The agency theory was introduced by Jansen and Meckling (1976). The idea of this theory is the separation of ownership and control of the firm. The agency theory states that there is an agency relationship as a contract between management as an agent with the owner as the company principal. The working relationship between the party giving the authority (principal) that is the shareholder with the party who receives the authority (agent) that is management, in the form of a cooperation contract called "Nexus Of Contract".
This research uses agency theory with the consideration that (1) seen from funding source, external funding of company comes from debt and stock, and (2) seen from organizational theory there are three strongly related parties in company, that is agent as pengelolah, invenstor as the lender and the owner as a capital or fund-raiser to the company. The issue that arises in relation to the agent is the problem between the agent and the investor and the agent with the owner. In this case the management who manage the company as an agent play a role in determining the company's performance.

Conservatism
Traditionally, accounting conservatism is defined as "anticipate no profit, but anticipate all losses". Bliss, (1924) in Watt, (2003: 208). Anticipating no profit means not recognizing profits before there is valid verification of claims to revenue generating profits. This means conservatism is in the extreme form of not recognizing profits, but acknowledging any losses even though they have not been realized. So profits will only be recognized upon realization and until there is a legitimate claim to such profits.

Real Earnings Management
Ewert and Wagenhofer (2005) define real earnings management as a change of time or the structure of a real business transaction to change profits, where real transaction changes deviate from optimal activity plans and impose real costs for the firm.
According to Roychowdhury (2006), earnings management through real activity is a deviation from the normal operating activities of a company that is motivated by management's desire to provide a false understanding to stakeholders that certain financial reporting objectives have been achieved through the company's normal operating activity. According to Gunny (2010), real earnings management is an action performed by management to change the time or structure of transactions of operations, investments and / or financing in an attempt to influence the output of the accounting system.
Based on the above definitions, it can be concluded that real earnings management is a deliberate management action by changing the time or structuring transactions operations, investments, or financing with the aim to declare profit is not real.

Information Asymmetry
Information asymmetry is a condition where one party has better information than the other. In a corporate context, managers have better information about the company's condition than investors who are not involved in management. Information asymmetry will raise an adverse selection problem because investors do not know for sure which companies are good and which are bad.

Stock returns

International Journal Of Core Engineering & Management
Volume-4, Issue-8, November-2017, ISSN No: 2348-9510

Company performance is a whole and comprehensive picture of the results or achievements that are influenced by the operational activities in exploiting resources owned by the company during a certain period of time. In other words, the company's performance is the level of achievement of results in order to realize the company's goals. Measuring company performance is important in the relationship between the company and its stakeholders.
Return of shares is a return of shares and the results of the broker or company to investors who have invested in the company due to a matter. In the world of the stock market, an investor who invests by buying a stock must be confident with all the risks and uncertainties that will be obtained in the future. Because, the game stock market a bit much to rely on luck, although there are ways that technical techniques can be used by investors to get the best results.

III. METHOD AND RESEARCH DATA

In this penlitian use analysis model of Dechow, P.M., Skinner, D.J. (2000), for the accrual and profit management model. The population used in this study is a listed manufacturing sector company and publish its annual report on Indonesia Stock Exchange (IDX) period 2013-2015. While sampling in this research use nonprobability sampling method with purposive sampling technique.
In this research the data is collected by means of documentary collection, ie the use of data derived from existing documents. This is done by tracking and recording the necessary information on secondary data in the form of financial statements and annual reports of sample companies. Other supporting data were obtained by using literature study from scientific journals and literature containing the discussion related to this research. Data obtained from www.idx.co.id in the form of annual reports (annual report), and corporate financial statements. Stock return data, and bid-ask spreads for Indonesia are obtained from http://finance.yahoo.com. The composite share price index data for Indonesia is obtained from website.www.idx.go.id.

IV. RESULTS AND DISCUSSION

Descriptive Statistics Analysis Test

Descriptive analysis is a method in which all data related to the study are collected and grouped for analysis and interpretation objectively by comparing the minimum, maximum and average values of the sample.

Table 2

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
KON	132	-,98300	,64530	-,1478826	,24736481
REM	132	-,37930	,63820	,0800780	,12693781
IA	132	-,52630	2,00000	,0820258	,31287747
RETURN	132	-,00890	,00750	-,0007402	,00252378
Valid N (listwise)	132				

Source: proceed by author.

International Journal Of Core Engineering & Management
Volume-4, Issue-8, November-2017, ISSN No: 2348-9510

Hasil Uji Hipotesis

Pengujian hipotesis dalam penelitian ini dilakukan dengan menggunakan model analisis regresi berganda. Menurut Ghozali (2015) regresi berganda digunakan untuk menguji pengaruh lebih dari satu variabel bebas terhadap satu variabel terikat. Dalam penelitian ini pengujian hipotesis dilakukan dengan melakukan uji signifikasi parameter individual (uji statistik t).

Individual Parameter Significance Test (Test Statistic t)

Partial test or t test is used to show how far the influence of one independent variable individually in explaining the variation of the dependent variable tested at the 0.05 significance level. The t test results are shown in Table 3.

Table 3
Statistical Test Results t
Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-,001	,000		-4,554	,000
	KON	-,002	,001	-,185	-2,167	,032
	REM	,003	,002	,169	1,977	,050
	IA	,001	,001	,064	,753	,453

a. Dependent Variable: RETURN
Source: proceed by author

V. CONCLUDE

Based on the results of testing and pe, discussion as has been presented in the previous section, it can be deduced based on the test results with SPSS 22 known that accounting conservatism variable (X1) has a negative effect on stock return so H1 accepted. Variable real earnings management (X2) does not affect the stock return so that H2 is rejected. Variable information asymmetry (X3) has no effect on stock return so H3 is rejected.

REFERENCE

[1]. Akerlof, G. "The Market for Lemons: Quality Uncertainty and the Market Mechanism."The Quarterly Journal of Economics, 1970.
[2]. Ball, R., Kothari, S.P and Robin, A. "The Effect of International Institutional Factors on Properties of Accounting Earnings." Journal of Accounting and Economics, Vol.29, 2000.
[3]. Beaver, W.H., Landsman, W.R. and Owens, E.L "Asymmetry in Earnings Timeliness and Persistence: a Simultaneous Equations Approach." Review of Accounting Studies Vol.17, 2012.
[4]. Bliss, J.H. (1924), Management Through Accounts. New York: The Ronald Press Co.

International Journal Of Core Engineering & Management
Volume-4, Issue-8, November-2017, ISSN No: 2348-9510

[5]. Callahan, C.M., Lee, C.M., Yohn, T.L. (1997), Accounting information and bid ask spreads. Accounting Horizons, 11(4), 50-60.
[6]. Copeland, T.E., Weston, J.F., Shastri, K. (2005), Financial Theory and Corporate Policy. 4th ed. Boston: Pearson Addison Wesley.
[7]. Dechow, P.M., Kothari, S., Watts, R.L. (1998), The relation between earnings and cash flows. Journal of Accounting and Economics, 25(2), 133-168.
[8]. Dechow, P.M., Skinner, D.J. (2000), Management: Reconciling the views of accounting academics, practitioners, and regulators. Accounting Horizons, 14, 232-250.
[9]. Ghozali, I. "Teori Akuntansi", Semaranag: Badan Penerbit Universitas Diponogero, 2015.

[10]. Gunny, K.A. (2010), The relation between earnings management using real activities manipulation and future performance: Evidence from meeting earnings benchmarks. Contemporary Accounting Research, 27(3), 855-888.
[11]. Ikatan Akuntan Indonesia. (2012), Standar Akuntansi Keuangan No. 25: Kebijakan Akuntansi, Perubahan Estimasi Akuntansi, Dan Kesalahan. Jakarta.
[12]. Kazemi, H., Hemmati, H., Faridvand, R. (2011), Investigating the relationship between. World Applied Sciences Journal, 12(9), 1385-1396.
[13]. Kim, O., Verrecchia, R.E. (1994), Market liquidity and volume around earnings announcements. Journal of Accounting and Economics, 14, 41-67.
[14]. Kothari, S., Mizik, N., Roychowdhury, S. (2016), Managing for the moment: The role of real activity versus accruals earnings management in SEO valuation. The Accounting Review, 91(2), 559-586.
[15]. Li, H. (2014), Top executives' ability and earnings quality: Evidence from the Chinese capital markets. International Journal of Financial Research, 5(4), 79-86.
[16]. Lyimo, G.D. (2014), Assessing the measures of quality of earnings evidence from India. European Journal of Accounting Auditing and Finance Research, 2(6), 17-28.
[17]. Myers, S.C. (1977), Determinants of corporate borrowing. Journal of Financial Economics, 5, 147-175.
[18]. Richardson, V.J. (2000), Information asymmetry and earnings management: Some evidence. Review of Quantitative Finance and Accounting, 15(4), 325-347.
[19]. Ross, S., Westereld, R., Jafe, J. (2013), Corporate Finance. 10th ed. New York: The McGraw-Hill Companies, Inc.
[20]. Roychowdhury, S. (2006), Earnings management through real activities manipulation. Journal of Accounting and Economics, 42, 335-370.
[21]. Sloan, R.G. (1996), Do stock prices fully reflect information in accruals and cash flows about future earnings? The Accounting Review, 71(3), 289-315.
[22]. Subramanyam, K. (1996), The pricing of discretionary accruals. Journal of Accounting and Economics, 22(1-3), 249-281.
[23]. Wang, J.L. (2013), Accounting conservatism and information asymmetry: Evidence from Taiwan. International Business Research, 6(7), 32-43.
[24]. Watts, R.L. (2003), Conservatism in accounting part I: Explanations and implications. Accounting Horizons, 17(3), 207-221.