The Determinants and Outcomes of Forward-Looking Disclosure
Evidence from Companies listed in Indonesia

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Written by:

Dilla Zhafarina

NIM. 12030113120055

Faculty of Economics and Business

Diponegoro University

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THESIS APPROVAL

Author Name   : Dilla Zhafarina

Student Number   : 12030113120055

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Thesis Supervisor   : Puji Harto, S.E., M.Si., Akt., Ph.D.

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Supervisor,

(Puji Harto, S.E., M.Si., Akt., Ph.D)

NIP. 197505272000121001

SUBMISSION

Author Name   : Dilla Zhafarina

Student Number   : 12030113120055

Faculty/Department   : Economics and Business / Accounting

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The Reviewers Board:

1. Puji Harto, S.E., M.Si., Akt., Ph.D   (   )

2. Totok Dewayanto, S.E., M.Si., Akt   (   )

3. Dr. Rr. Sri Handayani, S.E., M.Si., Akt.   (   )

Declaration of Originality

I, Dilla Zhafarina, hereby declare that this thesis is real and accurate to be my own work, especially written for partial requirement to complete Undergraduate Program of Accounting, and has not been presented in any other occasion before. I bear full responsibility for my undergraduate thesis.

Semarang, September 4th, 2017

Dilla Zhafarina

NIM. 12030113120055

MOTTO AND DEDICATION

وَوَجَدَكَ ضَالًا فَهَدَىٰى

"He found you lost and guided you (Ad-duha 93:7)"

Don't depend too much on anyone in this world. Because even your own shadow leaves you when you are in the darkness"

(Ibn Taymiyyah)

I dedicate this thesis for:

My beloved Mom, my beloved Dad

My dearest sisters and all my family

They are one and only reason why I go this far

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Dilla Zhafarina

NIM. 12030113120055

ABSTRACT

The aim of the study was to examine the determinants and outcomes of forward-looking disclosure. The determinants of forward-looking disclosure were solvability, profitability, liquidity, firm size, and sector type. Meanwhile, the outcomes were firm performance and market performance. The population of this research was all companies listed in Indonesia Stock Exchange and published their annual report in the year of 2012-2015. The total samples were 119 companies selected using purposive sampling. The data in this study was analyzed using Multiple regression analysis with SPSS 22. The result of this study demonstrated that profitability, firm size, and sector type positively affected on forward-looking disclosure. Meanwhile, leverage and liquidity negatively affected on forward-looking disclosure. However, there were no influence between forward-looking disclosure to firm performance. The limitation in this study is only focused on financial aspect of the companies. There are non-financial aspects can be used as proxies of firm characteristics and the outcomes of forward-looking disclosure.

Keywords: forward-looking disclosure, firm's characteristics, firm performance

ABSTRAK

Penelitian ini bertujuan untuk menganalisis determinan dan outcome dari pengungkapan forward-looking. *Determinan dari pengungkapan* forward-looking *adalah karakteristik perusahaan, yaitu solvabilitas, profitabilitas, likuiditas, ukuran perusahaan, dan tipe sektor. Sedangkan untuk mengukur* outcome *adalah kinerja perusahaan dan pasar. Populasi penelitian ini adalah semua perusahaan yang terdaftar di Bursa Efek Indonesia dan menerbitkan laporan tahunan pada tahun 2012-2015. Total sampel yang digunakan sebanyak119 perusahaan yang dipilih dengan menggunakan purposive sampling. Penelitian ini dianalisis dengan menggunakan analisis regresi berganda dengan SPSS 22. Hasil penelitian ini, untuk determinan, menunjukkan bahwa profitabilitas, ukuran perusahaan, dan tipe sector berpengaruh positif pada pengungkpapan* forward-looking. *Namun, tidak ditemukan adanya pengaruh antara pengungkapan* forward-looking *terhadap kinerja perusahaan. Keterbatasan penelitian ini adalah penelitian ini hanya focus pada aspek keuangan perusahaan. Terdapat aspek non-keuangan yang dapat digunakan sebagai alat ukur karakteristik perusahaan dan outcome dari pengungkapan* forward-looking.

Kata kunci: pengungkapan forward-looking*, karakteristik perusahaan, kinerja perusahaan*

Table of Contents

LIST OF TABLES

LIST OF FIGURES

LIST OF APPENDIX

CHAPTER I

INTRODUCTION

This chapter explains about why this research conducted. The chapter will start with the background, followed by problem statement, research objective, research benefit and outline of the research.

1.1. Background

An annual report is one of the mandatory sources of information that should be provided by the company. This is stipulated in *Peraturan Otoritas Jasa Keuangan Nomor 29/ POJK.04/ 2016 Bab III angka 1* stated that "The listed public company is obligated to report the annual report to Bapepam or Financial Institution maximum four months after the reporting period ends". The regulation supports one of the 8 corporate governance principles in which the 6th is reporting with integrity.

The 6th Principle states that "The board should present a fair, balanced and understandable assessment of the organisation's financial, environmental, social and governance position, performance and outlook in its annual report and on its website". This statement inplied that an annual report is use by a company to present its accountability and transparency; therefore, the annual report is a vital element in developing communication between the company and its users.

According to Weygand *et al,* (2010), an annual report is published for internal and external users. The internal users are individuals inside the company who plan, organize, and run the business. Those include marketing managers,

production managers, supervisors, finance directors, and company officers. The other one, the external users, are individuals and organizations outside the company that need financial information about the company. There are three most common external users; creditors, investors, and government. Thus, the annual report provides company's financial condition and other information that will be communicated to shareholders, creditors, potential shareholders, and other parties.

Furthermore, the disclosed information relates also to sources that can be used by companies besides annual reports. Al-Najjar and Abed (2014) reported that a number of sources are might be used as an intermediary to share value-relevant information between the company and investors such as conference calls, direct communications with analysis, interim reports, and press releases.

Hussainey (2004) classifies the information published in the annual report into two categories: "backward-looking information" and "forward-looking information". Backward-looking information is a historical financial reporting of the company to measure management performance during the reporting period. Backward-looking information knows as financial statements of the company. Meanwhile, the forward-looking information is a disclosed information presented an overview of condition, business, and future prospects of the company provided by the management of the company for shareholders, investors, potential investors, and potential creditors (Alkhatib, 2014). In its implementation, the forms of the information can be described as qualitative, quantitative, financial, or non-financial information (Aljifri and Hussainey, 2007).

The forward-looking disclosure can be classified into two categories: mandatory disclosure and voluntary disclosure. The mandatory disclosure assigns companies to disclose both good and bad news; the higher the compliance, the higher the amount of both proprietaries and non-proprietaries information provided by the companies (Tsalavoutas and Dionysiou, 2014). Meanwhile, the voluntary disclosure allows companies to choose information to be disclosed in their financial statement (Healy and Palepu, 2001).

There are several motives for the company to disclose the forward-looking information as the disclosure mostly can reduce asymmetric information between two parties, shareholders and companies, to be well informed before making decisions (Alkhatib, 2012; Uyar and Kilic, 2012). Meanwhile, Beretta and Bozzolon (2004) suggest the inclusion of forward-looking information and sketch the risks profile of the company for information reporting framework to enrich the annual report. In contrast to the motives and advantages of providing forward-looking information in the annual reports, previous researchers have provided some arguments against the presence of them. First, Aljifri and Hussainey (2007) (cited from Kasznik, 1999) stated that, related to the future, there is uncertainty that might be hard to be accurately predicted, and this inaccurate might lead the companies to lawsuit. Second, the forward-looking information provided by the companies might give useful information to competitors that affect the competitive position of the company's products in the markets (Haley and Palepu, 2001).

Before making a decision, investors tend to use a lot of resources to assess companies' performance, among which the annual report as one of the most readily

available sources to be taken into account. The annual report provides all information about the firm performances, both financial and non-financial information. In the context of forward-looking information, the annual report contains prospects, the nature of the business, resources, risks and relationships, forecasted performance of the company, management's objectives and strategies, and other available financial or non-financial information (Menicucci, 2013). The level of this information would be important in estimating the extent to which the company's financial position, liquidity and performance may change in the future.

In particular, the previous researchers mostly focus on the level of disclosure of the forward-looking information with firm-specific characteristics. Research conducted by Aljifri and Hussainey (2007) regarding the determinants of the level of the disclosure forward-looking found that profitability and debt ratio variables have significant effect on the disclosure level. However, a research conducted by Elisa Menicucci (2013) stated that profitability has no significant relationship with the level of disclosure of the forward-looking information; while, the firm size and leverage are proved to have no significant relationship to the level of the disclosure of the forward-looking information.

A study by Uyar and Kilic (2012), about whether or not the voluntary disclosure level in listed Turkish companies are value-relevant in the capital market, found that profitability and firm size significantly positive affected firm value. The positive influence of firm size also found in study about voluntary disclosure quality (Scaltrito, 2016). Furthermore, Scaltrito (2016) explained that This significant influence happens because of the cost of information-retrieval will decrease by a

bigger company and potential benefits that follow. Conversely, research conducted by Aljifri and Hussainey (2007) and Smith *et al,* (2007) found that firm size is identified to have an insignificant relationship to the level of disclosure. In summary, the results indicate that the association between firm size and the disclosure of forward-looking information have interactive effect.

Leverage is one of financial firm characteristics that mostly used in the prior studies. Based in China, Lan *et al* (2013) examined the determinants and features of voluntary disclosure and found that leverage significantly positive affected voluntary disclosure. The case in Bahrain that examined determinants of corporate social and environmental disclosure also found a positive association between financial leverage and disclosure (Juhmani, 2013). However, Agyei-Mensah (2017) failed to find positive and significant relationship between leverage and disclosure of forward-looking information.

Liquidity is a company's ability to covered its short term liability. In association with forward-looking information disclosure, some studies found insignificant relationship among it (Lan *et al.,* 2013; Alsaeed, 2006; Barako *et al.,* 2006). Marshall and Weetman (2007) and Elshandidy et al. (2011) found that companies with high liquidity ratios tend to transmit positive signals to users with provide more risk information. Wallace et al. (1994) found a negative relationship between liquidity and disclosure in both listed and unlisted Spanish companies.

Sector type also has been considered as one of firm characteristics regarding the disclosure of forward-looking information. Research conducted by Aljifri and

Hussainey (2007) regarding the determinants of the level of the disclosure forward-looking found that sector type, is identified to have an insignificant relationship to the level of disclosure. Similarly, Alsaeed *et al.,* (2006) found insignificant correlation among sector type and the level of disclosure. However, a positive association among industrial sector and forward-looking disclosure in listed Jordanian companies has been found by Al-Khatib (2014).

Numerous research examined empirically the benefits of forward-looking information associated with company's future performance. The specific type of information to be examined is the proxy of firm performances: ROA as an internal firm performance. The investigation of Nelson (2005) related to the link among firm performance, CEO characteristics, and changing in corporate governance practices based on a large sample of US firms concluded that shareholders are more likely to approve an increase in the power of the board of directors as of better performing firms.

Research about the practices of forward-looking information with the company's characteristics as the proxy has been done by researchers in both developed and developing countries. However, limited number of research in the forward-looking information that focusing on both company's characteristics and its performance and also limited number of research that examined whether about the influence of firm characteristics on disclosure of forward-looking information or about the impact of forward-looking information on company's performances in developing countries are available.

This study is conducted in Indonesia, a developing country in western region of Asia, which has an open economy and expected to have a growth and bright prospects. Government's reform agenda to make headway on their infrastructure program should help boost private investment and business environment. This growth tends to make a big competition among companies to get investor's intention. This intention can be fulfilled by getting the overview of company's business in forward-looking disclosure.

A very limited number of studies have examined the impact of firm characteristics on the disclosure of the forward-looking information in the developing countries and no study yet has analyzed this research topic in Indonesia. Therefore, this paper extends the previous researches by analyzing the determinants and the outcome of the forward-looking information disclosure; although, the previous study has yet to analyze the relationship between the level of the forward-looking information and its outcomes. This study will be conducted in Indonesia, a developing country situated in the southeast region of Asia.

1.2. Problem Statement

Prior researches about forward-looking information in the annual report associated with the characteristics of the company have been conducted in both developed and developing countries. However, limited research in the forward-looking information focusing on both company's characteristics and their performance is available.

Forward-looking information disclosure mostly can reduce asymmetry of information between two parties, shareholders and companies (Alkhatib, 2012; Uyar and Kilic, 2012). Therefore, the companies which provide more forward-looking information can assist interested users or parties making, better informed before they make decisions. Based on the description and the introduction that have been discussed previously, this study seeks to answer the following questions:

1. Does leverage have positive impact on forward-looking information disclosure?

2. Does liquidity have positive impact on forward-looking information disclosure?

3. Does profitability have positive impact on forward-looking information disclosure?

4. Does firm size have positive impact on forward-looking information disclosure?

5. Does sector type have positive impact on forward-looking information disclosure?

6. Does forward-looking information disclosure have negative impact on firm performance?

1.3. Research Objective and Benefit

The purpose and contribution of this study are as follows:

1.3.1. Research Objective

This research aims to:

1. Analyze the empirical evidence of impact of leverage as determinant factors on forward-looking information disclosure.

2. Analyze the empirical evidence of impact of liquidity as determinant factors on forward-looking information disclosure.

3. Analyze the empirical evidence of impact of profitability as determinant factors on forward-looking information disclosure.

4. Analyze the empirical evidence of impact of firm size as determinant factors on forward-looking information disclosure.

5. Analyze the empirical evidence of impact of sector type as determinant factors on forward-looking information disclosure.

6. Analyze the empirical evidence of impact of forward-looking information disclosure on firm performance.

1.3.2. Research Benefit

The expected benefit from this study are as follows:

1. This study is expected to contribute to the literature of the theories related to the subject of this study; so that, the reader will understand what the meaning of the Determinants and Outcome of Forward-Looking Disclosure: Evidence from Indonesian Stock Exchange is.

2. Practical Contribution

    a. For Investor

    This study is expected to be used as consideration in making the right investment decisions for investors.

b. For Company Management

This research is expected to contribute to the company to be more attentive to the information given and can make the consideration of the company to implement and/or improve the forward-looking disclosure thoroughly.

c. For Further Researcher

This research is expected to add insight and knowledge to be used as an additional reference for similar studies and further research.

1.4. Outline of the Research

This research refers to some prior studies on the topic of forward-looking disclosure which is based on predetermined systematic writing, which will facilitate the discussion in writing. This study is divided into five chapters consisting of:

Chapter I: Introduction

This chapter explains the reasons of the researcher choosing forward-looking disclosure as the topic of the research, problem statement that will be discussed in next chapter, purpose of and benefit from this research and the systematic of the research that be contained in this research.

Chapter II: Literature Review

This chapter reviews the relevance of the theories that will be used in variables and explanation of the concept used in this research. Furthermore, this chapter

describes some previous studies, framework, and hypothesis that will be tested in this research.

Chapter III: Research Method

This chapter describes the definition of variables, population, sample, research sources, collecting data method, and analysis used in this research.

Chapter IV: Result and Discussion

This chapter contains the description of the object used in this research, data analysis, and interpretation of the statistical results from the research hypothesis tested.

Chapter V: Conclusion

This chapter contains the final conclusions and limitations of the research conducted, and also the suggestion that might be considered for similar studies in the future.

CHAPTER II

LITERATURE REVIEW

This chapter of this study mainly presents theories; as the background of the research. Previous studies regarding of the research topics will also be explained afterwards. Finally, this chapter presents the framework of research and some hypotheses development for this study.

2.1. Theoretical Background

2.1.1. Agency Theory

Agency theory discussed about a relationship in a form of legally binding agreement between company's owner (principal) and company's manager (agent), whereby the agent is bound to provide their services to the principal (Jensen & Meckling, 1976). This theory emphasizes the importance of delegation of authority from principal to agent, in which the owner (principal) gives a rights to the manager (agent) to take care of everything and make decisions related to business continuity for the company. To that end, agents have more power and control of the company, so that the agent is required to remain transparent in their management activities. Therefore, the annual report is one of accountability others to know how their performance to the company.

When the agents execute the company, sometimes there are conflicts of interest between the principal and agent of the company. The problem due to asymmetry of information, namely the imbalance of information because the agents

are considered to have more information than the principal. The asymmetry of information raises two issues (Hanifah & Purwanto, 2013):

a. Moral hazard : when the agent doesn't implement the things that have been agreed in the employment contract

b. Adverse selection : the situation where the principal doesn't know whether a decision taken by the agent actually based on information that has been obtained, or whether there was an omission in the task.

There are a different interests between owner (principal) and manager (agent) of the company. Owner intends to boost the company's profit, while the managers have an interest in improving their performance in order to obtain a satisfactory achievement or reward from the owner of the company. It is necessary a supervision over the performance of managers in order to avoid fraud or violation. According to Eisenhardt (1989), besides discussing about conflict of interests, agency theory also talking about the difficult for the principal to verified the performance of agent whether the agent is actually doing or not and holding different things about risk each other.

Agency theory has developed along two lines in the economic information (cited from Eisenhardt, 1989) are the theory of positivist agency and principal-agent research. The theory of positivist agency is concentrated to recognize the situation when the principal and agent have a conflict of interests, showing the limit of managers behave to reach their interest and also explain governance method that how solve the agency problem. Meanwhile, principal-agent research is determining

the suitable contract that can be applied between principal and agent including risk aversion, uncertainty avoidance, and performance measurement.

2.1.2. Disclosure Theory

Disclosure theory explained about information asymmetry but in different way with agency and signaling theory. Truthfully, managements have private information that may can't be informed to external parties. Akerlof's (1970) in 'market for lemons' study suggested that companies have a strong incentive to offset the adverse effects of information asymmetry on market efficiency. Then, managements have reveal their private information to reduce the adverse effect. Beyer et al. (2010) identify the six conditions underpinning managements disclose that information:

a. Disclosures are costless,

b. Investors know that managers have private information,

c. All investors interpret disclosures in the same way and managers know what this interpretation is,

d. Managers want to maximize share price,

e. Managers can credibly disclose,

f. Managers cannot commit ex ante to a specific disclosure policy.

The general conclusion drawn from the various disclosure theories is that managers disclose information when the benefits of doing so exceed the costs (Heitzman et al. 2010).

Disclosure can be classified into two categories, according to the time and the kind of publishing:

a. Types of disclosure according to the time

According to the time, disclosure have two different dimensions, backward-looking disclosure and forward-looking disclosure. Backward-looking disclosure is information that refer to historical financial result and its related disclosures of the company (Alfijri and Hussainey, 2007). Another one, forward-looking disclosure is information that represent to future forecast and current plans in order to enable investors and other users to assessed future financial and non-financial performance of the company (Alfijri and Hussainey, 2007).

b. According to the form of publishing

There are two form of publishing variants which they can disclose financial or non-financial information towards their stakeholder, mandatory and voluntary disclosure. According to Adina and Ion (2008), mandatory disclosure refers to those aspects and information which must be published by companies as a consequence of the existence of some legal or statutory stipulations, capital markets, stock-exchanges commissions or accounting authorities' regulations. Next, Adina and Ion explained voluntary disclosure comes to complete the mandatory reporting process that often seems to be inadequate for satisfying user's needs.

2.1.3. Determinant of Forward-Looking Information

Extant research has examined various features and effect of forward-looking information. The level of forward-looking disclosures in annual report has been examined by Aljifri and Hussainey (2007), Mathuva (2012), Alkhatib (2014), Al-najjar and Abed (2014). Alkhatib (2014) examine the sector type related to level of forward-looking disclosure but Aljifri and Hussainey (2007) argues the sector type has no related to level of forward-looking disclosure. Other studies have examined stock return volatility to forward-looking information stock return volatility (Francisco Bravo, 2016; Bartov, *et al.*, 2004; Elzahar and Hussainey, 2012). Studies examining the association between disclosures and firm characteristics have produce mixed result (Mathuva, 2012). A variety of firm characteristics have been found to influence the disclosure of forward-looking information even they have varied results. These factors include profitability, company size, liquidity, leverage and sector in which companies operates (Hussainey, 2007; Francisco Bravo, 2016; Mathuva, 2012; Alkhatib, 2014; Menicucci, 2013; Kent and Ung, 2003).

2.1.4.1. Leverage

Regarding the disclosure of forward-looking information in annual reports, Mathuva (2012) argue that firms with higher debt tend to have more forward-looking disclosure. The positive association could be explained by the fact that, more highly leveraged firms incur more monitoring cost, and to reduce these costs they need to satisfy the need of creditors by disclosing more information. on the contrary, Raffournier (1995), Elzahar and Hussainey (2012) find gearing (financial leverage) have an insignificant relationship with narrative risk disclosures in

interim reports. Thus, the association between leverage and forward-looking disclosures is not clear yet.

2.1.4.2. Profitability

In prior studies, there is a positive association between company's profitability and level of corporate disclosure. An explanation for such a positive association is come from Aljifri and Hussainey (2007) that for the samples reveal that profitability have significant effects on the disclosure level. Alkhatib (2014) argue that the profitability seems to be the most effective variable, profitable companies tend to be disclose more forward-looking information. surprisingly, other studies find no such relationship between profitability and disclosure level (Wallace and Naser, 1995)

2.1.4.3. Liquidity

Liquidity risk management strategies have been found to be related to company's disclosure (Mathuva, 2012). As signaling theories said, companies with high liquidity tend to disclose more information. Although prior research on the association between liquidity and forward-looking disclosure is limited, the results are mixed. Elzahar and Hussainey found insignificant relationship between liquidity and disclosure level. Mangena and Pike (2005) also found the relationship between disclosure levels in interim reports and liquidity is no statistically significant. In other hand, Marshall and Weetman (2007) found that high-liquidity firms provide more risk information to send positive signals to investors. In this case, it is difficult to anticipate the direction of onfluence of liquidity on forward-looking disclosure (Mathuva, 2012).

2.1.4.4. Company Size

company size was used as important variable in prior studies about determinant of forward-looking disclosure, but the result is still mixed. Company size in industrial sector has significant relationship with disclosure of forward-looking information (Alkhatib, 2014; Mathuva, 2012; Hossain *et al.,* 1995; Lang and Lundholm, 1993). In prior studies, insignificant relationship between company size and level of disclosure is rare. This indicates that larger companies tend to disclose more information. Elzahar and Hussainey (2012) said that According to agency theory, larger firms need to disclose more information to different user groups which lead to a decline in agency costs and to reduce information asymmetries (cited from Watts and Zimmerman, 1983; Inchausti, 1997)

2.1.4.5. Sector Type

Sector type as a determinant of company's forward-looking disclosure has been considered as major determinant in prior studies. Mixed statistical result were achieved, Cooke (1989) suggested significant relationship between sector type and companies disclosure. But insignificant relationship also found in number of studies (Wallace *et al*., 1994; Aljifri and Hussainey, 2007).

2.1.4.   Outcome of Forward-Looking Disclosure

In this research, researcher used three outcomes that explained bellows:

2.1.5.1. Firm Performance

Most countries are introducing laws and regulations to continue the process of upgrading their information disclosure and corporate governance standards and companies are voluntary having their corporate governance and transparency and

information disclosure practices rated, to indicate their quality and to strengthen their current practices (Chi, 2009). The laws and regulations are issued by various bodies with a greater or lesser degree of state participation (Rose, 2016), most of regulation deals with issues such as transparency. Nelson (2005) investigated the link between firm performance, CEO characteristics, and change in corporate governance practices based on a large sample of US firms and found that shareholders are more likely to approve an increase in the power of the board of directors of better performing firms. Contrary, Chi (2016) found that overall firm performance is positively associated with the quality of corporate disclosure practice.

2.2. Prior Research

The determinants and outcome of forward-Looking disclosure has been previously investigated by some researchers. Aljifri and Hussainey (2007) examined the determinants of forward-looking information in annual reports of Uni Arab Emirates companies. The finding shows there's significant effects between profitability and debt ratio variables with the disclosure level. Moreover, Aljifri and Hussainey (2007) found that sector type, size, and auditor size are have insignificant relationship and this result are surprisingly because the banking sector, for example, are more regulated than other sector and expected to be significant with the level of disclosure than other sectors. Aljifri and Hussainey (2007) also cited the prior studies who found insignificant differences in disclosing financial disclosure among sectors with sector type, size, debt equity, and profitability. By this result, Aljifri and Hussainey (2007) conclude the factors that affect the level of forward-looking

disclosure could be different from those that affect the level of disclosing accounting information.

Research conduct by Menicucci (2013) that investigated the effect of three firm characteristics on forward-looking information in the management commentary of Italian listed companies, showed that profitability is the only determinant of forward-looking disclosure and the other variables, firm size and leverage, have an insignificant correlation. Menicucci (2013) examined this effect on 40 companies and found contribution of profitability significantly related to specific type of forward-looking information published in management commentaries. However, forward-looking information about Objectives and Strategies found to be significantly negative influences and positively on forward-looking information about Result and Prospects.

Furthermore, Mathuva (2012) explored the determinants of forward-looking disclosures in interim reports for non-financial firms on developing countries. Using three years' observation, this study found firm with higher debt, better performance, higher capital investment and with more concentration of foreign investment are significantly positive with forward-looking disclosure. Conversely, Mathuva (2012) found cross listed firms are negatively associated with forward-looking disclosure.

Table 2.1

Summary of Previous Researches

No	Researcher(s)	Research Objective	Variables	Result
1	Aljifri and Hussainey (2007)	Examine the determinants of forward-looking information in annual reports of Uni Arab Emirates companies	Independents: Firm's Characteristics Dependent: Level of forward-looking disclosure	Profitability and debt equity found to be significant with the level of forward-looking disclosure than others independent variables.
2	Menicucci (2013)	Examine the effect of three firm characteristics on forward-looking information in the management commentary of Italian listed companies	Independents: Firm's Characteristic Dependent: Disclosure of forward-looking information	Only profitability found to be significant with types of forward-looking information published in Management Commentaries
3	Mathuva (2012)	Examine the determinants of forward-looking disclosures in interim reports for non-financial firms on developing countries	Independents: Firm's Characteristics Dependent: Forward-looking disclosure	From all firm's characteristic, liquidity and sector type were found insignificant determinants of forward-looking disclosure.
4	Alkhatib (2013)	Examine the determinants of forward-looking information disclosure in company annual report of listed Jordanian companies on the Jordanian stock exchange	Independents: Company characteristics Dependent: Forward-looking information disclosure	The study provides mix results both industrial and service sectors. Profitability found to be most effective variable, while the auditor type and the total assets found to a significant impact only in industrial sector.
5	Qu *et al*. (2015)	Examine Corporate governance and	Independents:	Firms with effective corporate

		quality of forward-looking information in Chinese stock market	Corporate governance Dependent: Forward-looking information disclosure	governance mechanisms are more likely to disclose more information

2.3. Theoretical Framework

Based on the facts provided, theoretical studies, and prior researches, this study aims to examines the determinants of forward-looking disclosure in Indonesian stock exchange. This study also trying to find the outcomes of forward-looking disclosure. Thus, the research framework of this study is presented on figure 2.1.

figure 2.1

The Research Framework

Determinants

Solvability
Profitability
Liquidity
Firm Size
Sector Type

Forward Looking Disclosure

Outcome:
Companies Performances:
- Financial Performance (ROA_{t+1})
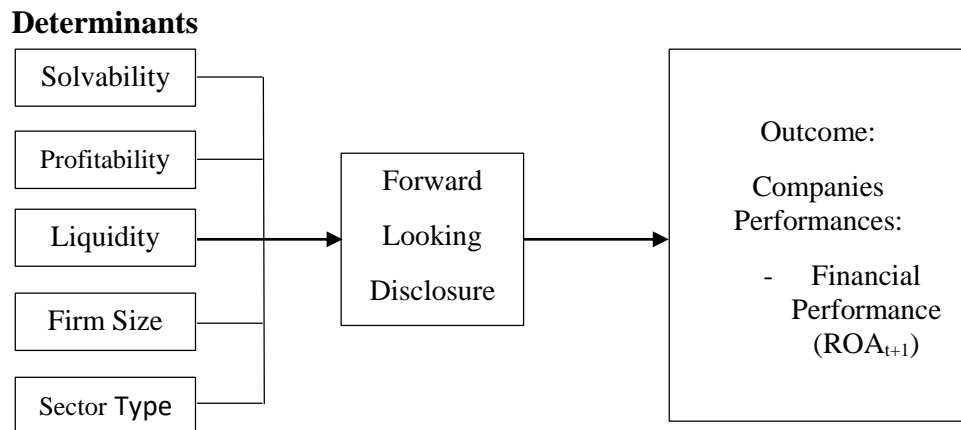
2.4. Hypothesis Development

According to the research framework, some hypothesis can be drawn for this study. There are tthree main hypothesis that will be explained:

2.4.1. The influence of firm characteristics to forward-looking disclosure

According to agency theory, high leverage reduces the amount of free cash flow available for use by managers and hence reduces agency costs between owner and managers (Jensen, 1976). The use of debt impacts on agency cost in several ways: Use of debt reduces the free cash flow available to managers and Interest payments to debt holders also decrease free cash flow available for investments. The association between corporate disclosure and firm characteristics has attracted major interest in accounting literatures, since 1961 (Aljifri and Hussainey, 2007). For example, leverage is one of firm characteristics that usually used in previous studies. A study by Aljifri and Hussainey (2007) about the determinants of forward-looking disclosure found that leverage have positive and significant relationship with forward-looking disclosure level in Uni Emirates Arab companies. Mathuva (2012) demonstrated the association between forward-looking disclosures in the interim financial reports and found the same result that company with higher debt tend to have more forward-looking disclosure in their interim report.

Based in China, Lan *et al* (2013) examined the determinants and features of voluntary disclosure and found that leverage significantly positive affected voluntary disclosure. The case in Bahrain that examined determinants of corporate social and environmental disclosure also found a positive association between financial leverage and disclosure (Juhmani, 2013). To find further explanation about how leverage affect disclosure of forward-looking information, the first hypothesis is extended into:

H1 : The leverage has a positive influence on forward-looking disclosure

A study by Menicucci (2013) and Aljifri and Hussainey (2007) demonstrated that profitability as one of firm characteristic has significant association with the level of forward-looking information. Significant relationships between profitability and disclosure also found by Smith *et al.,* (2007). A study by Uyar and Kilic (2012), about whether or not the voluntary disclosure level in listed Turkish companies are value-relevant in the capital market, found that profitability significantly positive affected firm value. An explanation for this result, according to agency theory, is the principal can limit divergences from his interest by establishing appropriate incentives for the agent and by incurring monitoring costs designed to limit the aberrant activities of the agent. In addition, in some situations, the principal will pay the agent to expend resources (bonding costs) to guarantee that he will not take certain actions which would harm the principal or to ensure that the principal will be compensated if he does take such actions to gain more profit. Other studies analyzed the association between forward-looking and other firm characteristics directly affecting the disclosure behavior of company. To find further explanation about how profitability affect disclosure of forward-looking information, the second hypothesis is extended into:

H2 : The profitability has a positive influence on forward-looking disclosure

Based on the agency theory, information disclosures are able to reduce information asymmetry between managers and investors. To alleviate information asymmetry, firms with less liquidity are likely to release more information to investors, creditors in particular (Naseri *et al.,* 2015). Wallace *et al.* (1995) found a negative relationship between liquidity and disclosure in both listed and unlisted Spanish companies. Based on agency theory and previous research, the third hypothesis is extended into:

H3 : The liquidity has a negative influence on forward-looking disclosure

According to the agency theory, larger companies tend to disclose more information to all the user groups to reduce information asymmetries. In prior studies, insignificant relationship between company size and level of disclosure is rare. This indicates that larger companies tend to disclose more information. Company size has significant relationship with disclosure of forward-looking information (Alkhatib, 2014; Mathuva, 2012; Hossain *et al.,* 1995; Lang and Lundholm, 1993). A study by Uyar and Kilic (2012), about whether or not the voluntary disclosure level in listed Turkish companies are value-relevant in the capital market also found that firm size significantly positive affected firm value. To find further explanation about how company size affect disclosure of forward-looking information, the forth hypothesis is extended into:

H4 : The firm size has a positive influence on forward-looking disclosure

Sector type as proxy for determinants of forward-looking disclosure has been considered in previous studies (Aljifri and Hussainey, 2007; Alkhatib, 2012, Alkhatib and Marji, 2012). The results for statistical significant are mixed (Alkhatib, 2013). This research is expected to find a positive influence among manufacturing companies and the level of forward-looking disclosure. Cooke (1992) argues that the manufacturing sector is exposed on the international level, thereby causing an effect on disclosure practices in this sector. Neither Indonesia is one of high consumerist country in Asia. Zeghal et al. (2007) suggest several reasons that lead some firms in a sector to disclose more than others belonging to another one. One of the reasons is they argue that proprietary costs vary by industry due to the differences in the levels of competitiveness, the type of private information and hazard due to entry of new firms in the sector. Several previous studies used the theory of political costs to highlight the influence of the industry type, to which the company belongs on its level of disclosure. To find further explanation about how sector type affect disclosure of forward-looking information, the fifth hypothesis is extended into:

H5   : The companies in manufacturing sector has a higher influence on forward-looking disclosure than the other sectors

2.4.2. The effect of level of forward-looking disclosure on performance

Healy *et al.* (1999) suggest that disclosure models have two potential benefits for firms, the can help correct any firm misevaluation and increase institutional interest and liquidity for firm's stock. Corporate disclosure is crucial for the functioning of capital markets and several potential effects have been

associated to a reduction in information asymmetries (Bravo, 2016). Since information asymmetries can affect firm performance, the application of agency theory implies a relationship between firm performance and the disclosure of financial forward-looking information.

In financing activity, the capital suppliers, such as investors and creditors are mainly assessing firms' performance in order to ascertain their credibility. Lang and Lundholm (1993) suggest that the disclosure of governance practice can reduce information symmetry and, hence, enable shareholders and investors to effectively monitor management decisions and firm performance. Therefore, it can be hypotheses that:

H7   : The level of forward-looking disclosure has positive influence on firm performance

CHAPTER III

RESEARCH METHOD

3.1. Operational Definition and Measurement of Variables

There are two variables used in this study; the dependent and independent variables. This study used forward-looking disclosure and the outcomes as dependent variables. Forward-looking disclosure will be used as dependent variable to find it influence the firm characteristics. For the effect of level of forward-looking disclosure on performance and cost of capital, forward-looking disclosure will be used as independent variable.

3.1.1. Forward-Looking Information Disclosure

Information disclosed by management companies based on forward-looking is to provide an overview to the shareholders, investors, potential investors, and potential creditors regarding the condition of the company, their business, and future prospects (Alkhatib, 2014). The level of financial forward-looking information was captured by examining annual report published by companies (Bravo, 2016). As part of disclosure type, forward-looking information is chosen because it considered as influential source of information for investor (Lang and Lundholm, 1993). Based on research done by Al-Najjar and Abed (2014); Mathuva (2012); Kent and Ung (2003), Alkhatib (2014), this research measured the forward-looking information disclosure as the number of forward-looking statements in annual report narratives. List of 35 forward-looking keywords developed by Hussainey *et al.* (2003), computer-based content analysis methodology is adopted

in this research. Content analysis is described as scientific and quantitative methodology in social science research, which depends on the comprehension of human communication; for example, through writing (Alkhatib, 2014). The keywords suggest by Hussainey *et al.* (2003) are: accelerate, anticipate, await, coming (financial) year(s), coming months, confidence (or confident), convince, (current) financial year, envisage, estimate, eventual, expect, forecast, forthcoming, hope, intend (or intention), likely (or unlikely), look forward (or look ahead), next, novel, optimistic, outlook, planned (or planning), predict, prospect, remain, renew, scope for (or scope to), shall, shortly, should, soon, will, well placed (or well positioned), and year(s) ahead. Wang and Hussainey (2003) also take the future year numbers into account in the list of forward-looking keywords.

This research was used NVIVO 11 as a computerized content analysis to measure the scores of forward-looking disclosures in the annual reports using the text units that provide forward-looking information as mention before. The annual reports need to transform to text format file (TXT) before its uploaded to the application. Below is the procedure to generate the annual report on the application:

1. Transform the annual report files to TXT files

2. Uploaded files to the NVIVO 11

3. Input the words that suggest by Hussainey *et al.* (2003) as the nodes

In addition, synonyms were the added and text search-quires used to assess the applicability of the list of the words. Cited from Hussainey *et al.* (2003), Pearson's and Spearman's correlation analysis used to assess the strength and direction of the relation between manual analysis and the computer content analysis

and found a strong positive Spearman's rank correlation between two types of analysis (Wang and Hussainey, 2013). It's indicated that the computer-based disclosure score is reliable.

3.1.2. Outcome Variables

The outcome variable of this study are market performance and firm performance

3.1.2.1.Firm Performance

In this study, firm performance measures used return-on-assets (ROA) and Tobin's' Q. ROA is calculated for the next year of annual report (t+1). ROA calculate with formulation bellow:

$$ROA = \frac{Earning\ after\ tax_{t+1}}{Total\ Asset_{t+1}}$$

3.1.3. Firm Characteristics

This study used firm characteristic as the independent variable to find correlation to level of forward-looking disclosure. Referred to prior study, from characteristics was measured by following indicators, which were:

3.1.3.1. Leverage (LEV)

LEV shows the ratio firm's total debt at the end of year reported to total assets at the end of year reported. LEV is calculated by:

$$LEV = \frac{total\ debt}{total\ asset}$$

3.1.3.2. Profitability (PROF)

Company's profitability measures by the Return on Asset (ROA). ROA measures how efficient assets is managed by the company in order to generates profit. ROA is calculated by:

$$ROA = \frac{\text{earnings after tax}}{\text{total asset}}$$

3.1.3.3. Liquidity (LIQUID)

Liquidity (LIQUID) is measured by current asset scaled by current liabilities. LIQUID is calculated by:

$$LIQUID = \frac{\text{current assets}}{\text{current liabilities}}$$

3.1.3.4. Firm Size (SIZE)

Firm size is measured by the company's market value of equity. The market value of equity (MVE) is then transformed in the form of logarithms with the purpose to equalize with other variables. Firm size can be calculated as follows:

$$SIZE = Ln(MVE)$$

3.1.3.5. Sector Type

For the purpose of identifying the sector type, dummy variables were employed by awarding one to represent the financial sector and zero to represent non-financial sector.

3.2. Population and Sample

The population of this study is the company which operate in Indonesia. The sample used in this study is the companies listed in the Indonesia stock exchange

for the year of 2010-2014. The choice of firms was based on the availability of data. In this study, sample selection was conducted by purposive sampling by following criteria:

1. Company publishes annual report in the IDX website or in company's website, except the financial sector

2. Company has a complete financial reporting from 2010 to 2014

3. Company used Indonesian Rupiahs (IDR) in their financial reporting

4. The data of annual reports can be transform to text format files

3.3. Data Source

The data used in this study is secondary data. The data and source of data used in this study are:

1. The annual report taken from each companies' websites or from IDX website in the

2. The data for the financial performance were measured and calculated from each companies' publication form of annual financial statements.

3.4. Data Collection Method

Data in this study are collected by:

1. Literature study

   The theories used this study were obtained from the reports, literature, journals and previous researches which are relevant to this research.

2. Documentation study

This study uses secondary data which are the annual report of listed companies in Indonesian stock exchange in 2010-2014.

3.5. Data Analysis

3.5.1. Descriptive Statistic

Descriptive statistical analysis is conducted in this study to provide a picture or description for each research variables. According to Ghozali (2011), descriptive statistic describes the variables used for a research observed from the average score (mean), standard deviation, variance, maximum score, minimum score, sum, range, kurtosis, and skewness of data.

3.5.2. Classic Assumption Test

3.5.2.1. Multicollinearity Test

The good regression model should not have a correlation among the independent variable. The Multicollinearity test is aim to test between the independent variable whether has a correlation or not. Multicollonearity can be seen from the variance inflation factor (VIF) where if the VIF value is greater than 10 (VIF > 10), its indicates that there is a correlation between the independent variable. This test is also can be seen by the value of tolerance. If the value of tolerance is greater than 0,10 (>0,10), it indicates that the model has a multicollinearity problem or vice versa and considered to be replaced.

3.5.2.2. Heteroscedasticity Test

Heteroskedasticity test is intended to test if there is inequality residual variance between an observation and other observations (heteroskedasticity). If the variation around the regression is equal, it is commonly known as Homoscedasticity

and a good regression model should be Homoscedasticity. Heteroskedasticity can be checked by looking at plot graphic between ZPRED and SRESID. heteroskedasticity is exist if the graphic shows a certain pattern. While if the pattern is do not shown any pattern, then observation is free from heteroscedasticity (Ghozali, 2011). Other ways to test the heteroscedasticity are with park test, white test, and glejser test.

3.5.2.3. Normality Test

Normality test is aim to check the residual in the regression, whether the model has normal distribution or not. This research uses Kolmogorov-Smirnov test and graphical test to check the normality of the data. In Kolmogorov-Smirnov test, with 0.05 (5%) significance level, if the $\rho > 0.05$ the residual data is normally distributed, and if $\rho < 0.05$ the residual data is not normally distributed. The graphical test provides histogram and scatter plot to check the normality. The term of graphical test is if there is no extreme skewness shown in the histogram, the data is normally distributed, vice versa.

3.5.3. Multiple Regression Analysis

Multiple regression analysis is aim to explain the relationship among the independent variables and dependent variables. This analysis measures how strong the dependent variable can affect the independent variables directly (Ghozaly, 2011). As this research have three model of framework, the multiple regressions are expressed into the formulas bellow:

Model 1:

$Y = a + b_1LEV + b_2PROFIT + b_3LIQUID + b_4SIZE + b_5SECTOR + e$

Where:

a	= intercept
b	= the slope of regression line
Y	= Forward-Looking Disclosure
LEV	= Leverage
PROFIT	= Profitability
LIQUID	= Liquidity
SIZE	= Firm Size
SECTOR	= Sector Type
e	= error term

Model 2:

$$Y = a + b_1\hat{Y} + e$$

Where:

a	= intercept
b	= the slope of regression line
Y	= Firm Performance
$\hat{Y}$	= Forward-Looking Disclosure
e	= error term

3.5.4. Goodness of Fit Model Analysis

3.5.4.1. Coefficient of multiple Determination (R^2)

Coefficient of multiple determination (R^2) explained about how far the dependent variable can be explained by the set of independent variable (Ghozally,

2011). The range of value of R^2 is between zero (0) and one (1). If the value is near to zero (0) indicates that a weak association between the independent and dependent variable, while if the value is near to one (1) indicates a strong association.

3.5.4.2. The F Distribution Test

The F test is aim to measure the relationship between the dependent variable with all the independent variables in the model. F-Test is done by using a level of significance 0.05 (α = 5%). Acceptance or rejection of the hypothesis is made by criteria as follow bellows (Ghozally, 2011):

- The null hypotheses are rejected and the alternative hypotheses is accepted if the significance value is greater than 0.05 (sig > 0.05). It is indicated that all the independent variables in the model have no significant relationship with the dependent variable

- The null hypotheses are accepted and the alternative hypotheses is rejected if the significance value is smaller than 0.05 (sig < 0.05). It is indicated that all the independent variables in the model have significant relationship with the dependent variable.

3.5.4.3. The t Distribution Test

This t-test is aim to demonstrate how far the influence of an independent variable to a dependent variable (Ghozali, 2011). Same with the F-test, the t-test is done by using a level of significance 0.05 (α = 5%). Acceptance or rejection of the hypothesis is made by criteria as follow bellows:

- If the significance value is less than (<) to 0.05, the null hypothesis is rejected or accept the alternative hypothesis, than the independent variable in the model have significant relationship with the dependent variable

- If the significance value is greater than (>) to 0.05, the null hypothesis is accepted or rejected the alternative hypothesis, than the independent variable in the model have no significant relationship with the dependent variable.

CHAPTER IV

RESULT AND DISCUSSION

This chapter shows the result of this research that has been examined using software IBM SPSS Statistic 21. The description of research object, interpretation and analysis of the result, and the discussion of hypothesis are also explained further in this chapter.

4.1. The Description of Research Object

This research examined the determinant and outcomes of forward-looking disclosure. The research objects of this research are companies that listed in the Indonesian Stock Exchange from the period of 2010-2014. The selection of research object is conducted using the purposive sampling method with the following criteria:

1. Company publishes annual report in the IDX website or in company's website, except the financial sector

2. Company has a complete financial reporting from 2010 to 2014

3. Company used Indonesian Rupiahs (IDR) in their financial reporting

4. The data of annual reports can be transform from pdf to txt

The research sample selection process is described in the Table 4.1.

Table 4.1

Research Object Description

Criteria	2010	2011	2012	2013	2014
Company publishes annual report in the IDX website or in company's website except the financial sector	**456**	**456**	**456**	**456**	**456**
There is no sources to get a complete company's financial reporting from 2010 to 2014	**(192)**	**(192)**	**(192)**	**(192)**	**(192)**
Company not used Indonesian Rupiahs (IDR) in their financial reporting	**(45)**	**(45)**	**(45)**	**(45)**	**(45)**
The data of annual reports cannot be transform from pdf to txt	**(100)**	**(100)**	**(100)**	**(100)**	**(100)**
Final Sample	**119**	**119**	**119**	**119**	**119**

According to table 4.1, not all of the research objects have the data needs in this research. Some of the research objects did not publish annual reports for the certain period of time and use IDR as their currency. The final population of this research is 595 annual report of the companies listed in Indonesia Stock Exchange.

4.2.   Data Analysis

4.2.1.   Descriptive Statistic Analysis

The descriptive statistic is used to define the research data from the minimum, maximum, mean, and standard deviation value. However, for the research data which use dummy variable, the data is define from frequency and percentage. The descriptive statistic results are shown in the Table 4.2 and Table 4.3.

Table 4.2

Descriptive Statistic Analysis Result

Variable	N	Minimum	Maximum	Mean	Std. Deviation
LEV	595	0,001	3,000	0,348	0,347
PROFIT	595	-0,925	19,590	0,109	0,811
LIQUID	595	0,0005	85,4395	2,683	5,858
SIZE	595	22,649	33,732	28,475	2,217
FLD	595	0,056	0,917	0,550	0,126
ROA1	595	-0,925	1,190	0,064	0,138

Source: Descriptive statistics analysis output; SPSS 2017

Table 4.3

Frequency Distribution of Dummy Variables

	Frequency	Percentage
Non-Manufacturing	375	63,1%
Manufacturing	220	36,9%
Total	595	100%

Source: Descriptive statistics analysis output; SPSS 2017

Notes:

Lev   : Leverage

Profit   : Profitability

Liquid : Liquidity

Size   : Firm Size

FLD   : Forward-Looking Disclosure

ROA1 : Firm Performance

Tobin's   : Market Performance

Sector : Sector Type

According to table 4.2, the dependent variable; Forward-Looking Disclosure has a mean value of 0,550140 with standard deviation value 0,1263688. The variable has maximum value of 0,9167 while the minimum value is 0,0556. This variable is measured by an index and its expressed in the formula, in which the numerator is the amount of the information disclosed by the companies based on content analysis and the denominator is the amount of all information to be disclosed by the companies as recorded in the index.

The first independent variable is Leverage. The measurement of this variable is expressed with the total debt divided by total assets of the company. Based on table 4.2, the variable has a mean value of 0,34815 with maximum value is 3,00 and minimum value 0,001.

The second variable is the company profitability. According to table 4.2, the variable has e mean value of 0,10872 with the maximum value of 19,590 and minimum value -0,925. The standard deviation of this variable is 0,811211.

The next variable is the company liquidity. This variable is measured by dividing the current liquidity with the current asset. Based on table 4.2, this variable has a mean value of 2,68341 with the standard deviation is 5,858. The maximum value is 85,4395 and the minimum value is 0,0005.

The forth variable is the firm size, measured by the total asset of the companies. The total of company asset is transformed into LN natural in order to make it equal with other variables. The variable has maximum value of 33,732, while the minimum value is 22,649. The mean of this variable is 28,47483.

The last variable of determinant of forward-looking disclosure is sector type. As shown in table 4.3, this variable is measured with dummy variable. Dummy variable is measured by giving a score 0 and 1 to the sample. In this variable, the score of 1 gives to manufacturing company and score of 0 is gives to non-manufacturing companies. The total of the companies with score of 1 are 220 annual reports with the percentage of 36,9% and the total of the companies with score of 0 are 375 annual reports with value of percentage is 63,1%. In conclusion, this research is used the annual reports of the manufacturing companies greater than the non-manufacturing companies.

The next variables are the firm, as the outcomes of forward-looking disclosure. The firm performance is measured with the value of Return of Asset

(ROA) that calculated by dividing the earning after tax with the total asset. In this variable, the value of ROA is t + 1, its mean if we observed the annual report on 2010 than the ROA that used is from 2011. The maximum value of this variable is 1,190 while the minimum value is -0,925. The mean value of this variable is 0,06408.

4.2.2. Classical Assumption Test

The classic assumption test used in this research are the multicollinearity test, autocorrelation test, heteroscedasticity test, and normality test. As a good regression model need to have no problem with the classic assumption, then this test is aimed to know how good the regression model in the research model is (Ghozali, 2011).

4.2.2.1. Multicollinearity Test Result

The Multicollinearity test is aim to test between the independent variable whether has a correlation or not. Multicollonearity can be seen from the variance inflation factor (VIF) where if the VIF value is greater than 10 (VIF > 10), its indicates that there is a correlation between the independent variable, vice versa. This test is also can be seen by the value of tolerance. If the value of tolerance is less than 0,10 (<0,10), it indicates that the model has a multicollinearity problem or vice versa and considered to be replaced. The good regression model should not have a correlation among the independent variable. The multicollinearity test result for three models in this research are presented in the tables bellow:

Table 4.4

Multicollinearity Test Result Model 1

Variable	Tolerance	VIF
LEV	0,914	1,094
PROFIT	0,986	1,014
LIQUID	0,950	1,052
SIZE	0,953	1,049
SECTOR	0,978	1,022

Source: Multicollinearity Test output; SPSS 2017

Table 4.4 is presented the multicollinearity test output of the first model. The value of the tolerance for all independent variables are greater than 0,10 (>0,10) and the value of VIF for all variables are less than 10 (<10). This values are indicated that there is no correlation among the variables in the first model of the regression.

Table 4.5

Multicollinearity Test Result Model 2

Variable	Tolerance	VIF
FLD	0,945	1,058

Source: Multicollinearity Test output; SPSS 2017

Table 4.5 is presented the multicollinearity test output of the second model. The value of the tolerance for independent variable are greater than 0,10 (>0,10) and the value of VIF for all variables are less than 10 (<10). This values are indicated that there is no correlation among the variables in the last model of the regression in this research.

4.2.2.2. Heteroskedasticity Test

Heteroskedasticity test is intended to test if there is inequality residual variance between an observation and other observations (heteroskedasticity). If the variation around the regression is equal, it is commonly known as Homoscedasticity

and a good regression model should be Homoscedasticity. Heteroskedasticity can be checked by looking at plot graphic between ZPRED and SRESID. heteroskedasticity is exist if the graphic shows a certain pattern. While if the pattern is do not shown any pattern, then observation is free from heteroscedasticity (Ghozali, 2011).

Another way to checked whether the model has the heteroscedasticity problem or not is used the glejser test. If the ρ value is greater than 0,05, it is indicated that the model has no heteroscedasticity problem, vice versa. The glejser test result for the three models in this research can be shown bellows:

Table 4.6

Heteroscedasticity Test Result Model 1

Model	Significance
CONSTANT	0,000
LEV	0,288
PROFIT	0,796
LIQUID	0,876
PROFIT	0,060
SIZE	0,059
SECTOR	0,729

Source: Heteroscedasticity Test output; SPSS 2017

Figure 4.1

Scatter Plot Graph Model 1
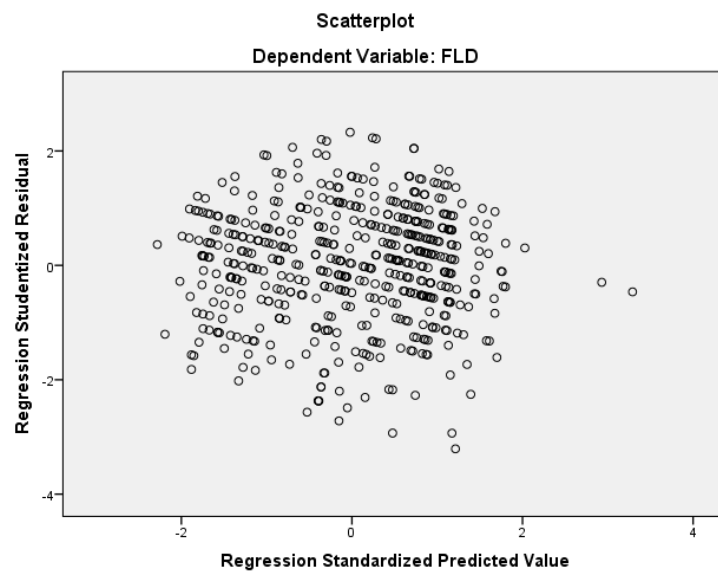
Source: Heteroscedasticity Test output, Scatterplot Graph; SPSS 2017

The table 4.6 is presented the glejser test result for the first model. The significance of the variables is greater than 0,5 ($\rho > 0.05$). it is indicated that the model is free from the heteroscedasticity problem and the variation around the regression is equal. The figure 4.1 is presented the result of scatterplots graph for the first model. The graph shows that the dots spread across 0 on Y axis and there is no certain pattern on the graph. The result is consistent with the glejser test before.

Table 4.7

Heteroscedasticity Test Result Model 3

Model	Significance
CONSTANT	0,000
FLD	0,638

Source: Heteroscedasticity Test output; SPSS 2017

Figure 4.2

Scatter Plot Graph Model 2

Scatterplot
Dependent Variable: SQRT_ROA1
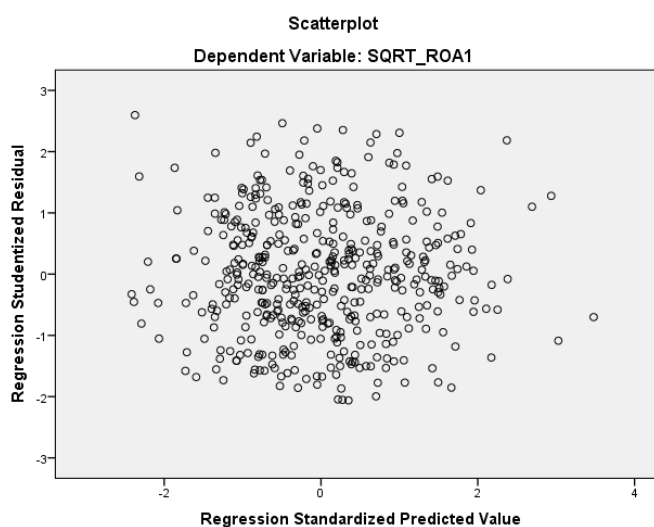
Source: Heteroscedasticity Test output, Scatterplot Graph; SPSS 2017

The table 4.7 is presented the glejser test result for the last model. The significance of the variable is greater than 0,5 ($\rho > 0.05$). it is indicated that the model is free from the heteroscedasticity problem and the variation around the regression is equal. The figure 4.2 is presented the result of scatterplots graph for the first model. The graph shows that the dots spread across 0 on Y axis and there is no certain pattern on the graph. The result is consistent with the glejser test before.

4.2.2.3. Normality Test

Normality test is aim to check the residual in the regression, whether the model has normal distribution or not. This research uses Kolmogorov-Smirnov test and graphical test to check the normality of the data. In Kolmogorov-Smirnov test, with 0.05 (5%) significance level, if the $\rho > 0.05$ the residual data is normally distributed, and if $\rho < 0.05$ the residual data is not normally distributed. The graphical test provides histogram and scatter plot to check the normality. The term

of graphical test is if there is no extreme skewness shown in the histogram, the data is normally distributed, vice versa. The result of the test for all of the three models are presented bellows:

Table 4.8

Kolmogorov-Smirnov Test Result Model 1

	Unstandardized Residual
Kolmogorov Smirnov Z	1,041
Asymp. Sig. (2-tailed)	0,229

Source: Normality Test output, Kolmogorov-Smirnov; SPSS 2017

Figure 4.3

Normal P-Plot Graph Model 1
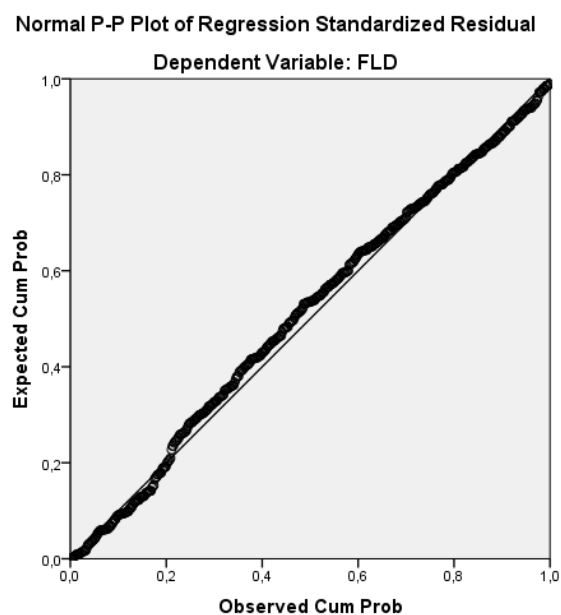
Source: Normality Test output, Normal P-Plot Graph; SPSS 2017

The table 4.8 shows the result of the Kolmogorov-Smirnov for the first model. The significance value is greater than 0,05 ($\rho > 0,05$). Based on the term explained before, its mean the data of the first model is normally distributed. The normality of the model also can be seen on the figure 4.3, the normal probability

plot graph. This graph indicates that the residual data is normally distributed, consistent with the Kolmogorov-Smirnov test.

Table 4.9

Kolmogorov-Smirnov Test Result Model 3

	Unstandardized Residual
Kolmogorov Smirnov Z	0,677
Asymp. Sig. (2-tailed)	0,749

Source: Normality Test output, Kolmogorov-Smirnov; SPSS 2017

Figure 4.4

Normal P-Plot Graph Model 2
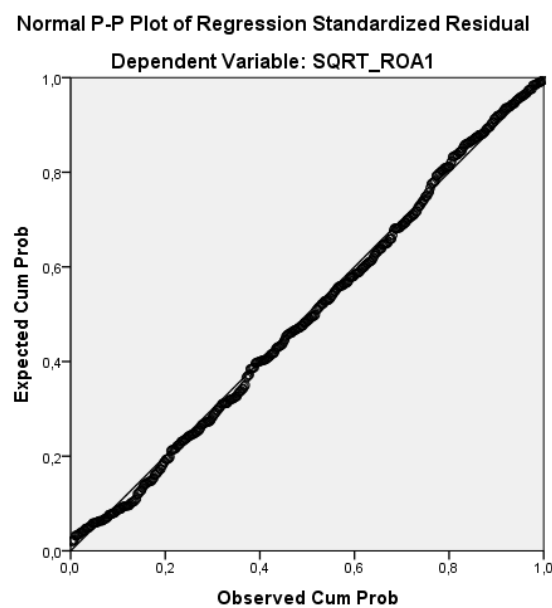
Source: Normality Test output, Normal P-Plot Graph; SPSS 2017

The table 4.9 shows the result of the Kolmogorov-Smirnov for the third model. The significance value is greater than 0,05 ($\rho > 0,05$). Based on the term explained before, its mean the data of the first model is normally distributed. The normality of the model also can be seen on the figure 4.4, the normal probability plot graph. This graph indicates that the residual data is normally distributed,

4.2.3. Hypothesis Test Result

Goodness of fit model analysis is used to define how far the regression sample fits well with a set of observation. This analysis is expressed with coefficient of multiple determination (R^2), the F and the t distribution test.

4.2.3.1. Coefficient of Multiple Determination (R^2) Result

Coefficient of multiple determination (R^2) explained about how far the dependent variable can be explained by the set of independent variable (Ghozally, 2011). The range of value of R^2 is between zero (0) and one (1). If the value is near to zero (0) indicates that a weak association between the independent and dependent variable, while if the value is near to one (1) indicates a strong association. The (R^2)

Result is shown in the adjusted R square column for the three models in the tables bellows:

Table 4.10

Coefficient of Multiple Determination Result

Model	R Square	Adjusted R Square
1	0,119	0,110
2	0,019	0,012

Source: Coefficient of Multiple Determination Output; SPSS 2017

Based on the table 4.10, the value of the adjusted R square for the first model is 0,110, its means 11% of dependent variable is explained by the independent variables and the remaining 89% is explained by the other factors outside the model. The forward-looking disclosure is 11% explained by the leverage, profitability, liquidity, firm size, and sector type.

For the second model, the table 4.10 presented the value of the adjusted R square is 0,019 which mean 1,9% of dependent variable is explained by the

independent variables and the remaining 98,1% is explained by the other factors outside the model. The firm performance, which uses the next year value of return of asset (ROA) as a proxy, is 1,9% explained by the level of forward-looking disclosure with the sector and profitability as the control variables.

4.2.3.2. The F Distribution Test Result

The F test is aim to measure the relationship between the dependent variable with all the independent variables in the model. F-Test is done by using a level of significance 0.05 (α = 5%). Acceptance or rejection of the hypothesis is made by criteria as follow bellows (Ghozali, 2011):

- The null hypotheses are rejected and the alternative hypotheses is accepted if the significance value is greater than 0.05 (sig > 0.05). It is indicated that all the independent variables in the model have no significant relationship with the dependent variable

- The null hypotheses are accepted and the alternative hypotheses is rejected if the significance value is smaller than 0.05 (sig < 0.05). It is indicated that all the independent variables in the model have significant relationship with the dependent variable.

The result for the three model of the research are shown bellows:

Table 4.11

The F Distribution Test Result

Model	F	Significance
1	13,739	0,000
2	2,924	0,034

Source: F Distribution Test Output; SPSS 2016

In the first model, the table 4.11 shows the F value is 13,739 with the probability of 0,000. The value of probability is less than 0,05, its mean all of the independent variables in the first model together affect the dependent variable. The F value is also greater than the value of the F table of 2,2141. This result is consistent with the result shown by the probability value.

In second model, the F value is 2,924 with the probability of 0,000. The value of probability is less than 0,05, its mean all of the independent variables in the first model together affect the dependent variable. The F value is also greater than the value of the F table of 2.6049. This result is consistent with the result shown by the probability value.

4.2.3.3. The t Distribution Test Result (Hypothesis Test)

This t-test is aim to demonstrate how far the influence of an independent variable to a dependent variable (Ghozali, 2011). Same with the F-test, the t-test is done by using a level of significance 0.05 ($\alpha = 5\%$). If the significance value is less than ($<$) to 0.05, the null hypothesis is rejected or accept the alternative hypothesis, than the independent variable in the model have significant relationship with the dependent variable If the significance value is greater than ($>$) to 0.05, the null hypothesis is accepted or rejected the alternative hypothesis, than the independent variable in the model have no significant relationship with the dependent variable. The result of the t-distribution for all of the models are presented in the following tables:

4.2.3.3.1. The Firm Characteristics Have a Significant Association On Level of Forward-Looking Disclosure (H1-H5)

Table 4.12

The t Distribution Test Result

Model	B	T	Sig
CONSTANT	0,349	5,235	0,000
LEV	-,0021	-0,963	0,336
PROFIT	0,092	2,101	**0,036***
LIQUID	-0,003	-1,848	0,065*
SIZE	0,008	3,695	**0,000*****
SECTOR	-0,064	-6,456	**0,000*****

Note: * significant at 10%, ** significant at 5%, *** significant at 1%

Source: t-Distribution Test Output; SPSS 2017

Based on the table 4.12, the regression model for the first model of this research can be explained in the following formula:

$$\text{FLD} = 0{,}349 - 0{,}021\ \text{LEV} + 0{,}092\ \text{PROFIT} - 0{,}003\ \text{LIQUID} + 0{,}008\ \text{SIZE} - 0{,}064\ \text{SECTOR}$$

The first model has constants 0,349, it means if the independent variable assumed to be constant, the average of forward-looking disclosure value is 0,349. LEV variable or leverage has a negative coefficient value of 0,21 as shown in the table 4.19. This value's mean is the forward-looking disclosure has a negative relationship to the leverage. Furthermore, the significance value of this variable is 0,336, greater than the probability value 0,05 with the negative t value of 0,963 which less than t distribution critical table value (probability 5%) of 1,960. Based on this result, the decision can be taken that the first hypothesis (H1) which states

that there is a significant association on leverage to the level of forward-looking disclosure is **not supported**.

For the next variable in the first model is PROFIT or profitability. This variable or profitability has a positive coefficient value of 0,092 as shown in the table 4.19. This value's mean is the forward-looking disclosure has a positive relationship to the profitability. Furthermore, the significance value of this variable is 0,036, less than the probability value 0,05 with the negative t value of 2,101 which greater than t distribution critical table value (probability 5%) of 1,960. Based on this result, the decision can be taken that the second hypothesis (H2) which states that there is a significant association on profitability to the level of forward-looking disclosure is **supported**.

The third variable is LIQUID or liquidity. This variable has a negative coefficient value of 0,003 as shown in the table 4.19. This value's mean is the forward-looking disclosure has a negative relationship to the liquidity. Furthermore, the significance value of this variable is 0,065, greater than the probability value 0,05 with the negative t value of 1,848 which less than t distribution critical table value (probability 5%) of 1,960. Based on this result, the decision can be taken that the third hypothesis (H3) which states that there is a significant negative association on liquidity to the level of forward-looking disclosure is **not supported**.

The next variable is SIZE or firm size. This variable has a negative coefficient value of 0,008 as shown in the table 4.19. This value's mean is the forward-looking disclosure has a negative relationship to the liquidity. Furthermore,

the significance value of this variable is 0,000, less than the probability value 0,05 with the negative t value of 3,695 which greater than t distribution critical table value (probability 5%) of 1,960. Based on this result, the decision can be taken that the forth hypothesis (H4) which states that there is a significant association on firm size to the level of forward-looking disclosure is **supported**.

The last variable is SECTOR or sector type. This variable has a negative coefficient value of 0,064 as shown in the table 4.19. This value's mean is the forward-looking disclosure has a negative relationship to the sector type. Furthermore, the significance value of this variable is 0,000, less than the probability value 0,05 with the negative t value of -6,456 which less than t distribution critical table value (probability 5%) of 1,960. Based on this result, the decision can be taken that the fifth hypothesis (H5) which states that there is a significant positive association on sector type to the level of forward-looking disclosure is **not supported**.

4.2.3.3.2. The Level of Forward-Looking Disclosure Have a Significant Association to Firm Performance (H6)

Table 4.13

The t Distribution Test Result Model 2

Model	B	T	Sig
CONSTANT	0,131	3.108	0,002
FLD	-0,089	-1,155	0.248

Note: * significant at 10%, ** significant at 5%, *** significant at 1%

Source: t-Distribution Test Output; SPSS 2017

Based on the table 4.13, the regression model for the second model of this research can be explained in the following formula:

ROA1 $= 0,131 - 0,089 \ \hat{Y}$

The second model has constants of 0,131, it means if the independent variable assumed to be constant, the average of forward-looking disclosure value is 0,131. FLD variable or the level of forward-looking disclosure has a negative coefficient value of 0,089 as shown in the table 4.21. This value's mean is the firm performance has a negative relationship to the level of forward-looking disclosure. Furthermore, the significance value of this variable is 0,248, less than the probability value 0,05 with the negative t value of 1,155 which less than t distribution critical table value (probability 5%) of 1,960. Based on this result, the decision can be taken that the last hypothesis (H6) which states that there is a significant and positive association on the level of forward-looking disclosure to the firm performance is **not supported**.

4.3. Interpretation and Discussion

This research examined the determinant and outcomes of forward-looking disclosure. Based on the result explained before, not all the determinants and outcomes has significant relationship with the level of forward-looking disclosure. The summary of the result for all of the model is presented in the following table:

Table 4.14
The Summary of Hypothesis Test Result

Hypothesis	Statement	Summary
H1	The leverage has a positive association on level of forward-looking disclosure	**Not supported**
H2	The profitability has a positive association on level of forward-looking disclosure	**Supported**
H3	The liquidity has a positive association on level of forward-looking disclosure	**Not supported**
H4	The firm size has a positive association on level of forward-looking disclosure	**Supported**
H5	The companies in manufacture sector has a positive association on level of forward-looking disclosure than the other sectors	**Not Supported**
H6	The level of forward-looking disclosure has negative effect on firm performance	**Not Supported**

Source: Analyzed Secondary Data, 2017

For the first model, the relationship between the determinants and the level forward-looking disclosure, three variables (profitability, firm size, and sector type) are found to have significant relationship. Otherwise, the leverage and liquidity has found have no significant relationship with the level of forward looking disclosure. For the second, the level of forward-looking disclosure has no significant relationship with firm performance.

4.3.1. The Influence of Firm Characteristic to the Level of Forward-Looking Disclosure

4.3.1.1. The Influence of Leverage to the Level of Forward-Looking Disclosure

The first hypothesis stated that there is a significant positive association between the level of forward-looking disclosure to the leverage. However, this hypothesis is rejected according to the hypothesis test result mentioned before in this chapter. Based on the table 4.12, the value of the significance is higher than the probability value. This result supports the rejection of the first hypothesis.

The result of the first hypothesis is contrary with the agency theory. This theory stated that higher the mount of the leverage, companies tend to disclose more information to reduce the agency costs. For instance, agency costs are higher for companies with high leverage because they need to disclosing more information to satisfy the needs of creditors (Jensen and Meckling, 1976). Nevertheless, the result of hypothesis test of the regression analysis did not support the theory.

However, this result is consistent with prior researches by Al-Najjar and Abed (2014) and elzahar and Husainey (2012) who's found the insignificant relationship between the level of forward-looking disclosures to the leverage. The insignificant result can be explained with the no regulation about the forward-looking disclosure in Indonesia yet which tend to make the forward-looking disclosure is not used as the main way to reduce the agency costs.

4.3.1.2. The Influence of Profitability to the Level of Forward-Looking Disclosure

The second hypothesis stated that there is a significant positive association between the level of forward-looking disclosure to the profitability of the companies. This hypothesis is supported by the hypothesis test result of regression analysis. Based on the table 4.12, the value of the significance is lower than the probability value with positive's coefficients. This result supports the acceptance of the second hypothesis, that the companies with more profit are tend to disclosed more information on their annual reports.

This result is in line with the agency theory. The concept of the agency theory is the principal can limit divergences from his interest by establishing appropriate incentives for the agent and by incurring monitoring costs designed to limit the aberrant activities of the agent. In addition, in some situations, the principal will pay the agent to expend resources (bonding costs) to guarantee that he will not take certain actions which would harm the principal or to ensure that the principal will be compensated if he does take such actions to gain more profit. Therefore, companies with high profitability are more likely to disclose the forward-looking information.

The positive and significant result for the relationship between the forward-looking disclosure and profitability is consistent with prior studies by Mathuva (2012), and Alkhatib (2014). Contrary, the result of the negative and significant relationship between the level of forward-looking disclosure and the profitability also demonstrated by Aljiffry and Hussainey (2014) in UAE companies. They

found that the companies with lower profit also tend to disclose more information in their annual reports.

4.3.1.3. The Influence of Liquidity to the Level of Forward-Looking Disclosure

The next hypothesis stated that there is a significant negative association between the level of forward-looking disclosure to the liquidity. However, this hypothesis is rejected according to the hypothesis test result mentioned before in this chapter. Based on the table 4.12, the value of the significance is higher than the probability value. This result supports the rejection of the third hypothesis.

This result is similar with the result found by Elzahar and Hussainey (2012) and Mangena and Pike (2005). Elzahar and Hussainey (2012) found an insignificant relationship between the liquidity with the level of total CRD in interim reports. Moreover, Mangena and Pike (2005) argue that there is no statistically significant relationship between disclosure level in company's interim report and the liquidity ratios.

Based on the agency theory, information disclosures are able to reduce information asymmetry between managers and investors. To alleviate information asymmetry, firms with less liquidity are likely to release more information to investors, creditors in particular (Naseri *et al.,* 2015). The theory is contrary with the result of the regression analysis. This difference can be happened because of the difference of the regulation and the geographical of the research samples. The

insignificant result can be explained with the no regulation about the forward-looking disclosure in Indonesia yet which tend to make the forward-looking disclosure is not used as the main way to reduce the agency costs.

4.3.1.4. The Influence of Firm Size to the Level of Forward-Looking Disclosure

The forth hypothesis stated that there is a significant positive association between the level of forward-looking disclosure to the size of the companies. This hypothesis is supported by the hypothesis test result of regression analysis. Based on the table 4.12, the value of the significance is lower than the probability value with positive's coefficients. This result supports the acceptance of the forth hypothesis, that larger companies are tend to disclosed more information on their annual reports.

This result is supported with the agency theory. In the agency theory, larger firms need to disclose more information to different user groups to reduce the agency costs and information asymmetries (Elzahar and Hussainey, 2012). The large firms rely on external finance and it makes them have incentives to disclose more information to the investors and creditors about their ability to manage risk also the large firms have sufficient resources to cover the cost of additional risk disclosures (Elzahar and Hussainey, 2012). This condition makes the large companies tend to disclose more information in their annual reports. Additional explanation for increased forward-looking disclosure by large firms is that such

businesses are likely to be more complex and additional complexity requires efficient management information systems to meet the needs for managerial control and financiers.

Consistent with the prior research, Kent and Ung (2003) and Menicucci (2013) found positive and significant relation between the level of forward-looking disclosure and firm size. They stated that larger companies tend to disclose more information than the companies with lower size. According to Minicucci (2013), a stream of empirical research has found a positive relationship between these variables, just two study instead that provide different results. Studies from (Aljifri, 2006; Aljifri and Hussainey,2007) argue that there is an insignificant relationship between the level of forward-looking information and the size of the companies.

4.3.1.5. The Influence of Sector Type to the Level of Forward-Looking Disclosure

The last hypothesis for the firm characteristic stated that there is a significant positive association between the level of forward-looking disclosure to the sector type. This hypothesis is not supported by the hypothesis test result of regression analysis. Based on the table 4.12, the value of the significance is lower than the probability value. This result no supports the acceptance of the last hypothesis.

The measurement of this variable is using the dummy score. Score null (0) is given to company in the manufactural sector, while score one (1) is given to a

company in the others sectors. The result is not supported the prediction that a company in the manufacture's sector tend to disclose more information than the others sectors. A negative and significant result is found in this research, which mean the companies in the manufactural sector tend to disclose less information than the others sectors.

4.3.2. The Influence of the Level of Forward-Looking Disclosure to The Firm Performance

The last hypothesis in this research stated that there is a significant positive association between the firm performance and the level of forward-looking disclosure. This hypothesis is not supported by the hypothesis test result of regression analysis. Based on the table 4.19, the value of the significance is lower than the probability value but have negative coefficient. This result supports the rejected of the last hypothesis.

The result of regression analysis is not in line with the agency theory. Lang and Lundholm (1993) suggest that the disclosure of governance practice can reduce information symmetry and, hence, enable shareholders and investors to effectively monitor management decisions and firm performance. Since information asymmetries can affect firm performance, the application of agency theory implies a relationship between firm performance and the disclosure of financial forward-looking information.

The result of the regression analysis in this research is also contrary with prior research. Research by Nelson (2005) which investigated the link between firm performance, CEO characteristics, and change in corporate governance practices based on a large sample of US firms and found that shareholders are more likely to approve an increase in the power of the board of directors of better performing firms. Chi (2016) also found that overall firm performance is positively associated with the quality of corporate disclosure practice. This difference of results can be happened because of the difference of the regulation and the geographical of the research samples.

CHAPTER V

CONCLUSION AND SUGESTIONS

5.1.   Conclusion

This research examined the determinant and outcomes of forward-looking disclosure. The research objects of this research are companies that listed in the Indonesian Stock Exchange from the period of 2010-2014 and used 595 samples of annual reports and used IBM SPSS Statistics 21 as a tool to analyzed the samples. Based on the test, the result of this research can be summarized as follow:

1. The level of forward-looking disclosure has an insignificant relationship to the leverages ratios. The result indicates whether the companies disclose more forward-looking information in their annual reports or not, it's not influenced the leverage's ratios of the companies.

2. The level of forward-looking disclosure has a significant positive relationship to the profitability of the companies. The result indicates that the companies with a high level of forward-looking disclosure tend to have high profit.

3. The level of forward-looking disclosure has an insignificant relationship to the liquidities ratios. The result indicates whether the companies disclose more forward-looking information in their annual reports or not, it's not influenced the liquidities ratios of the companies.

4. The level of forward-looking disclosure has a significant positive relationship to the size of the companies. The result indicates that the larger

companies tend to disclose more forward-looking information in their annual reports.

5. The level of forward-looking disclosure has a significant negative relationship to the sector type of the companies. The result indicates that the manufactures companies tend to disclose less forward-looking information in their annual reports then the others sectors.

6. The firm performance has an insignificant relationship to the level of forward-looking disclosure. The result indicates whether the companies disclose more forward-looking information in their annual reports or not, it's not influenced performance of the companies.

5.2. Limitation

This research has some limitations and weaknesses. The limitations and weaknesses will be discussed further below:

1. This research only focused on financial aspect of the companies. Nevertheless, there is non-financial aspects can be used as proxies of firm characteristics and the outcomes of forward-looking disclosure.

2. The sample is conducted only in one country

5.3.   Suggestion

Regardless of the limitations of this research, some suggestions are given for the future researchers in order to have a better exploration of this research topic. The suggestions are:

1. Future research may include non-financial aspects as the proxies of the firm characteristics.

2. Future research may conduct the research among different countries.

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APPENDIX A

APPENDIX A List of Sample Companies

NO	SECTOR	COMPANIY'S NAME	COMPANY'S CODE
1	AGRICULTURE	PT Astra Agro Lestari Tbk	AALI
2		PT Eagle High Plantations Tbk	BWPT
3		PT Central Protenia Prima Tbk	CPRO
4		PT PP London Sumatra Indonesia Tbk	LSIP
5		PT Sampoerna Agro Tbk	SGRO
6		PT Sinar Mas Agro Resources and Tech Tbk	SMAR
7		PT Tunas Baru Lampung Tbk	TBLA
8		PT Bakrie Sumatera Plantations Tbk	UNSP
9	MAINIG	PT Aneka Tambang Tbk	ANTM
10		PT Bara Jaya Internasional Tbk	ATPK
11		Pt Cakra Mineral Tbk	CKRA
12		PT Citatah TBK	CTTH
13		PT Elnusa Tbk	ELSA
14		PT. Mitra Investindo Tbk	MITI
15		PT Perdana Karya Perkasa Tbk	PKPK
16		PT Bukit Asam Tbk	PTBA
17		PT Golden Eagle Energy Tbk	SMMT
18	INDUSTI DASAR DAN KIMIA	PT Alakasa Industrindo Tbk	ALKA
19		PT Alumindo Light Metal Industry Tbk	ALMI
20		PT Arwana Citramulia Tbk	ARNA
21		PT Berlina Tbk	BRNA
22		PT Betonjaya Manunggal Tbk	BTON
23		PT Budi Strach and Sweetener Tbk	BUDI
24		PT Charoen Pokphand Indonesia Tbk	CPIN
25		PT Eterindo Wahanatama Tbk	ETWA
26		PT Fajar Surya Wisesa Tbk	FASW
27		PT gunawan Dianjaya Steel Tbk	GDST
28		PT Intanwijaya International Tbk	INCI

29		PT Indocement Tunggal Prakasa Tbk	INTP
30		PT Jaya Pari Steel Tbk	JPRS
31		PT Keramika Indonesia Assosiasi Tbk	KIAS
32		PT Lion Metal Works Tbk	LION
33		PT Lionmesh Prima Tbk	LMSH
34		PT Holcim Indonesia Tbk	SMCB
35		PT Semen Indonesia Tbk	SMGR
36		PT Suparma Tbk	SPMA
37		PT SLJ Global Tbk	SULI
38	ANEKA INDUSTRI	PT Astra International Tbk	ASII
39		PT Astra Otoparts Tbk	AUTO
40		PT Primarindo Asia Insfrastructure Tbk	BIMA
41		PT KMI Wire and Cable Tbk	KBLI
42		PT Kabelindo Murni Tbk	KBLM
43		PT Asia Pacific Investama Tbk	MYTX
44		PT Prima Alloy Steel Universal Tbk	PRAS
45		PT Selamat Sempurna Tbk	SMSM
46		PT Sunson Textile Manufacture Tbk	SSTM
47		PT Voksel Electric Tbk	VOKS
48	INDUSTRI BARANG KONSUMSI	PT Akasha Wira International Tbk	ADES
49		PT Delta Djakarta Tbk	DLTA
50		PT Gudang Garam Tbk	GGRM
51		PT Indofood CBP Sukses Makmur Tbk	ICBP
52		PT Indofarma Tbk	INAF
53		PT Kimia Farma Tbk	KAEF
54		PT Kalbe Farma Tbk	KLBF
55		PT Multi Bintang Indonesia Tbk	MLBI
56		PT Prasidha Aneka Niaga Tbk	PSDN
57		PT Pyridam Farma Tbk	PYFA
58		PT Bentoel Internasioanl Investama Tbk	RMBA
59		PT Nippon Indosari Corpindo Tbk	ROTI

60		PT Ultrajaya Milk Indty and Trading Co Tbk	ULTJ
61		PT Unilever Indonesia Tbk	UNVR
62	PROPERTI, REAL ESTATE DAN KONSTRUKSI	PT Agung Podomoro Land Tbk	APLN
63		PT Alam Sutera Realty Tbk	ASRI
64		PT Bumi Citra Permai Tbk	BCIP
65		PT Bhuwanatala Indah Permai Tbk	BIPP
66		PT Sentul City Tbk	BKSL
67		PT Cowell Development Tbk	COWL
68		PT Ciputra Development Tbk	CTRA
69		PT Ciputra Surya Tbk	CTRS
70		PT Nusa Konstruksi Enjiniring Tbk	DGIK
71		PT Intiland Development Tbk	DILD
72		PT Duta Pertiwi Tbk	DUTI
73		PT Bakrieland Development Tbk	ELTY
74		PT Jaya Real Property Tbk	JRPT
75		PT Kawasan Industri Jababeka Tbk	KIJA
76		PT Lippo Cikarang Tbk	LPCK
77		PT Modernland Realty Tbk	MDLN
78		PT Plaza Indonesia Reality Tbk	PLIN
79		PT Pembangunan Perumahan Tbk	PTPP
80		PT Pudjiadi Prestige Tbk	PUDP
81		PT Pakuwon Jati Tbk	PWON
82		PT Danayasa Arthatama Tbk	SCBD
83		PT Total Bangun Persada Tbk	TOTL
84	INFRASTRUKTUR, UTILITAS DAN TRANSPORTASI	PT Arpeni Pratama Ocean Line Tbk	APOL
85		PT Citra Marga Nusa ohala Persada Tbk	CMNP
86		PT XL Axiata TBK	EXCL
87		PT Tanah Laut Tbk	INDX
88		PT Jasa Marga Tbk	JSMR
89		PT Leyand International Tbk	LAPD
90		PT Nusantara Infrastructure Tbk	META

91		PT Steady Safe Tbk	SAFE
92		PT Tower Bersama Infrastructure Tbk	TBIG
93		PT Telekomunikasi Indonesia Tbk	TLKM
94		PT Sarana Menara Nusantara Tbk	TOWR
95		PT Truba Alam Manunggal Engineering Tbk	TRUB
96		PT AKR Corporindo Tbk	AKRA
97		PT Sumber Alfaria Trijaya Tbk	AMRT
98		PT Astra Graphia Tbk	ASGR
99		PT MNC Investama Tbk	BHIT
100		PT Global Mediacom Tbk	BMTR
101		PT Bakrie and Brothers Tbk	BNBR
102		PT Bukit Uluwatu Villa Tbk	BUVA
103		PT Elang Mahkota Teknologi Tbk	EMTK
104		PT Fast Food Indonesia Tbk	FAST
105		PT Island Concepts Indoenesia Tbk	ICON
106		PT Intraco Penta Tbk	INTA
107		PT Jakarta International Hotls and Dev Tbk	JIHD
108	PERDAGANGAN, JASA, DAN INVESTASI	PT Jaya Konstruksi Manggala Pratama Tbk	JKON
109		PT First Media Tbk	KBLV
110		PT Star Pacific Tbk	LPLI
111		PT Matahari Department Store Tbk	LPPF
112		PT Mitra Adiperkasa Tbk	MAPI
113		PT Media Nusantara Citra Tbk	MNCN
114		PT Destinasi Tirta Nusantara Tbk	PDES
115		PT Pembangunan Jaya Ancol Tbk	PJJA
116		PT Pioneerindo Gourment International Tbk	PTSP
117		PT Surya Citra Media Tbk	SCMA
118		PT Hotel Sahid Jaya International Tbk	SHID
119		PT United Tractors Tbk	UNTR

APPENDIX B

APPENDIX B SPSS Output

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
LEV	595	0,000	3,000	,32513	,336486
PROFIT	595	-,925	1,190	,07271	,130103
LIQUID	592	,0005	85,4395	2,682906	5,8582775
SIZE	595	22,649	33,732	28,47483	2,217335
FLD	595	2	33	19,81	4,549
Valid N (listwise)	592				

		Sector	
		Frequency	Percent
Valid	,00	375	63,1
	1,00	220	36,9
	Total	595	100,0

Multicollinearity test for Determinants of forward-looking disclosure

Coefficients^a

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	LEV	,914	1,094
	PROFIT	,986	1,014
	LIQUID	,950	1,052
	SIZE	,953	1,049
	SECTOR	,978	1,022

a. Dependent Variable: FLD

Multicollinearity test for firm performance

Coefficients^a

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	FLD	,945	1,058

a. Dependent Variable: SQRT_ROA1

Heteroscedasticity test for Determinants of forward-looking disclosure

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,167	,039		4,320	,000
	LEV	-,050	,047	-,049	-1,063	,288
	PROFIT	,000	,002	,007	,157	,876
	LIQUID	-,053	,028	-,088	-1,888	,060
	SIZE	-,003	,001	-,088	-1,896	,059
	SECTOR	-,002	,006	-,016	-,347	,729

a. Dependent Variable: RES2

Heteroscedasticity test for firm performances

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,087	,019		4,616	,000
	FLD	,013	,028	,022	,470	,638

a. Dependent Variable: RES2

Kolmogorov-Smirnov test for Determinants of forward-looking disclosure

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		515
Normal Parameters[a,b]	Mean	,0000000
	Std. Deviation	,10936300
Most Extreme Differences	Absolute	,046
	Positive	,028
	Negative	-,046
Kolmogorov-Smirnov Z		1,041
Asymp. Sig. (2-tailed)		,229

a. Test distribution is Normal.

b. Calculated from data.

Kolmogorov-Smirnov test for Firm Performance

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		465
Normal Parameters[a,b]	Mean	,0000000
	Std. Deviation	,11488521
Most Extreme Differences	Absolute	,031
	Positive	,031
	Negative	-,026
Kolmogorov-Smirnov Z		,677
Asymp. Sig. (2-tailed)		,749

a. Test distribution is Normal.

b. Calculated from data.

Coefficient of Multiple Determination (R^2) for Determinants of forward-looking disclosure

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,345^a	,119	,110	,1098988	1,149

a. Predictors: (Constant), SECTOR, LIQUID, PROFIT, SIZE, LEV

b. Dependent Variable: FLD

Coefficient of Multiple Determination (R^2) for Firm Performance

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,137^a	,019	,012	,11526	1,028

a. Predictors: (Constant), SECTOR, Ln_profit, FLD

b. Dependent Variable: SQRT_ROA1

The F Distribution Test for Determinants of forward-looking disclosure

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,830	5	,166	13,739	,000^b
	Residual	6,148	509	,012		
	Total	6,977	514			

a. Dependent Variable: FLD

b. Predictors: (Constant), SECTOR, LIQUID, PROFIT, SIZE, LEV

The F Distribution Test for Firm Performance

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,117	3	,039	2,924	,034^b
	Residual	6,124	461	,013		
	Total	6,241	464			

a. Dependent Variable: SQRT_ROA1

b. Predictors: (Constant), SECTOR, Ln_profit, FLD

The t Distribution Test for Determinants of forward-looking disclosure

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,349	,067		5,235	,000
	LEV	-,021	,022	-,042	-,963	,336
	PROFIT	,092	,044	,088	2,101	,036
	LIQUID	-,003	,001	-,079	-1,848	,065
	SIZE	,008	,002	,157	3,695	,000
	SECTOR	-,064	,010	-,272	-6,456	,000

a. Dependent Variable: FLD

The t Distribution Test for Firm Performance

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,131	,042		3,108	,002
	Unstandardized Predicted Value	-,089	,077	-,054	-1,155	,248

a. Dependent Variable: ROA1