

THE INFLUENCE OF FINANCIAL REPORT QUALITY AND ACCOUNTING CONSERVATISM ON INVESTMENT EFFICIENCY

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ABSTRACT

This study aims to empirically investigate the effect of financial report quality and accounting conservatism on investment efficiency. The financial report quality measured using the Stubben model or residual value on regression between receivables and income, meanwhile accounting conservatism measured using the Givoly & Hayn model or scale between non-operating accruals and total assets. The dependent variable in this study is investment efficiency, which is measured using the Biddle model. The sample selection in this study was carried out using purposive sampling method so that the data was obtained from 21 energy sector companies listed on Indonesia Stock Exchange (IDX) during the period 2019 to 2021 as a research sample. The data used is secondary data of company financial statements obtained from the Indonesian Stock Exchange website (www.idx.co.id) and company's official website. The method used to analyze the data in this study is multiple linear regression using SPSS Version 20 as software analysis tools. The results of this study indicate that financial report quality has a significant effect on investment efficiency; meanwhile, accounting conservatism has no significant effect on investment efficiency.

Keywords : Investment Efficiency, Financial Report Quality, Accounting Conservatism