

THE EFFECT OF ACCRUAL QUALITY TO SHARE PRICE SYNCHRONIZATION WITH GOOD CORPORATE GOVERNANCE (GCG) AS A MODERATING VARIABLES

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ABSTRACT

This research aims to discuss the influence of accrual quality on share price synchronization with GCG conjunction moderation variable. This research method uses quantitative and secondary data. The sample verb in this research is corporate listed on IDX included in the corporate governance perception index (CGPI) rating in the 2015 to 2017 period which is listed on the Indonesia stock exchange. Accrual quality components: quality of innet accruals, quality of discretionary accrual and comparing the two components. The results show that accrual quality which is proven to have a negative effect on stock price synchronization, the quality component of innet accruals is proven to have a negative effect on the synchronization of stock prices, the quality component of discretionary accruals is not proven to affect stock price synchronization, the quality component of innate accruals is proven to be more significant than the quality components of discretionary accruals in the effect of accrual quality on stock price synchronicity, GCG moderating or strengthening the relationship between accrual quality and stock price synchronization proved to be influential. GCG is proven to have an effect on the synchronization of share prices. Accrual quality is the method of recording accruals according to Kieso and Weygand, income and expenses are recognized or recorded when they occur, not when cash or transactions are received or paid in other words, expenses are recognized when goods or services are received, accrual quality is a measure of quality that is developed. by Dechow & Dichev (2002). By looking at the quality of accruals, it can increase the value of the company because of the support it gets from internal and external stakeholders, such as consumers, employees, investors, regulators, suppliers and other groups. Accrual quality with GCG as a moderating variable is proven to be affected by the synchronization of stock prices. So that this research will provide information to employees or investors and have a contribution to explain the existence of agency theory

Key words: accrual quality, idiosyncratic risk, company size, share price synchronization and gcg

INTRODUCTION

In the era of globalization, the world is growing with many new companies that have emerged. This causes increasingly fierce competition to make company value higher and improve company performance. Therefore, one of the components used to assess company performance is financial statements. Financial reports are the main information tool for companies to convey financial information regarding the accountability of management. It is necessary to convey information through financial reports to meet the needs of internal and external parties in the company. As stated in the conceptual framework of the Financial Accounting Standards Board (FASB), the purpose of financial statements is to provide useful information for business decisions. Earnings quality is earnings that accurately and accurately describes the company's operational profitability (Schipper, 1986). There are various definitions of earnings quality in the perspective of decision usefulness (Schipper, 1986). earnings quality, namely: Based on the time-series nature of earnings, earnings quality includes: persistence, predictability (predictive ability), and variability. Earnings quality is based on the earnings-cash-accrual relationship which can be measured by various measures, namely: the ratio of operating cash to profit, changes in total accruals, abnormal estimates, discretionary accruals (abnormal accruals / DA), and estimated accrual-cash relationships. Earnings quality can be based on the Qualitative Concept of a Conceptual Framework (Financial Accounting Standards Board, FASB, 1978) and can also be based on implementation decisions.

Financial reports as a reflection of the information products produced by the company cannot be separated from the process of preparing a financial report. In the framework of preparing financial statements, there are policies and decisions that will affect the company's performance appraisal. If under certain conditions, management in a company does not succeed in achieving the profit target desired by a company, it will allow the company to modify the reported financial statements. Management makes modifications with the aim of financial statements to show good performance in gaining profits in the company. As mentioned by Boediono (2005), in the period 1998 to 2001 there were recorded many financial scandals in public companies involving issues of financial statements that had been published. In managing the company, the owner (principal) tends to appoint management (agent). According to agency theory, management and owners have different interests (Jensen, M., & Meckling, 1976). Companies that separate management and ownership functions will be vulnerable to agency conflicts (Lambert, 2001). In the agency model, a system that involves both parties is designed, so that a work contract between the owner (principal) and management (agent) is required. According to (Lambert, 2001), the agreement between the owner and management is expected to maximize the owner's utility and can satisfy and guarantee management (agent) to receive the reward. The benefits received by both parties are based on the company's performance. However, there is a possibility that the agent does not always act in the best interest of the principal which is called agency conflict. Agency conflicts can result in the nature of management to report earnings according to their own desires. This causes the low quality of the profits generated. The low quality of earnings will lead to errors in decision making by investors and creditors. The measurement methods for earnings quality vary widely. According to (Bhattacharya, 2008) identified seven measures of earnings quality which they call earnings attributes.

Quality information for investors in the capital market is needed in order to differentiate between good and bad investments so that an efficient allocation of resources occurs. Stock price movements in the capital market depend on the relative amount of firm-specific information and market-specific information (Durnev, Morck, Yeung, & Zarowin, 2003). The level of firm-specific or market-specific information impounded in the stock price (Price Synchronicity) is measured from R2 of the market pricing model. Capital markets with good capital allocations are those that impound more firm-specific information on individual share prices - which means that they have smaller share price synchronization (Urasaki, Uematsu, Gordon, & Lesser, 1994) (Hasan, Song, & Wachtel, 2014) in their study of conditions in China, which is an example of an emerging market, states that political openness, law enforcement, and protection of investors are needed to reduce the level of synchronization of share prices. (Leuz, Nanda, & Wysocki, 2003) in their research on earnings management and investor protection in 31 countries found that Indonesia was the second country with the highest earnings management occurrence rate among ASEAN countries and the worst in terms of legal enforcement among whole country sample. In Asia, the issue of GCG emerged during the economic crisis in 1997. The impact of the crisis, many companies collapsed because they were unable to survive, one of the reasons was that the growth achieved so far was not built on a solid foundation according to the principles of corporate management healthy. According to a study made by the World Bank as quoted by (Abeng, 1997), it shows that the weak implementation of corporate governance is a factor that determines the severity of the crisis in Asia. The issue of Good Corporate Governance (GCG) has increasingly surfaced in Indonesia since 1998 when Indonesia experienced a prolonged economic crisis. Many people argue that the long process of crisis recovery in Indonesia at that time was partly due to weak corporate governance applied by companies in Indonesia. one of the earning attributes is accrual quality. Accrual quality is a measure of earnings quality developed by (Dechow & Dichev, 2002). This quality measure is based on the view that earnings that are closer to cash flow are better earnings quality. A company size can determine whether a firm's performance is good or not. Investors usually have more confidence in large companies, because large companies are considered capable of continuously improving their company's performance by trying to improve the quality of their earnings. In general, the capital structure proxied by the size of the company's leverage causes investors to lack confidence in the earnings published by a company, which in turn will result in a relatively low market response. This relatively low market response will ultimately reflect that a company's earnings are lacking or not of quality.

Based on the problems formulated above, the objectives of this study are: 1. To analyze and examine the effect of accrual quality on stock price synchronization 2. To analyze and examine the effect of innate accrual quality on stock price synchronization 3. To analyze and examine the effect of discretionary accrual quality on stock price synchronization 4. To analyze the quality components of innate accruals, it will be more significant than the quality components of discretionary accruals in the effect of accrual quality on stock price synchronicity 5. To analyze and examine the effect of GCG on moderating the relationship between accrual quality and market price synchronization 6. To analyze and study the effect of GCG on synchronizing market prices.

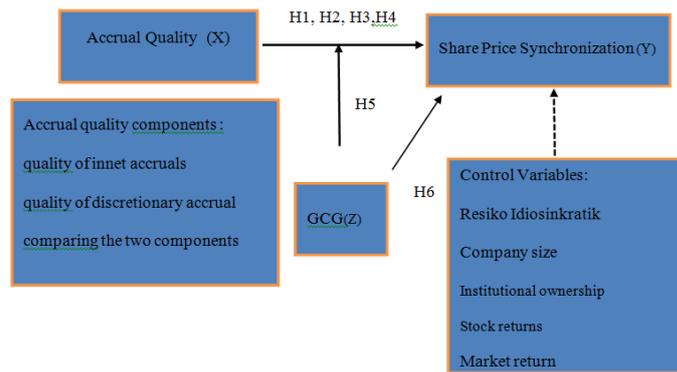
LITERATURE REVIEW WITH HYPOTHESIS DEVELOPMENT

(Siallagan, 2009) examines the effect of accounting-based earnings quality on the performance of manufacturing companies in the 2006-2007 period. The variables used in this study consist of independent variables, namely earnings quality and the dependent variable is company performance. Earnings quality is measured by 6 measurement techniques, namely earnings persistence, predictability, variability, smoothness, abnormal accruals, and accrual quality. The results show that earnings persistence affects ROA, while abnormal accruals affect Tobin's Q. Pinasti and Asnawi (2009) describe the various proxies for measuring earnings quality used in empirical research, compiling a categorization of earnings quality measures. The result of this research is that the use of several measures of earnings quality in a research is intended to obtain robustness of the research results. In addition, a separate analysis for each measure of earnings quality is thus far the solution taken in research when dealing with various proxies of earnings quality measures. The results of this study explain that the use of several measures of earnings quality in a research is intended to obtain robustness on the research results. So far, when empirical research has adopted several measures of earnings quality, the solution taken is a separate analysis for each measure of earnings quality (Siallagan, 2009) conducting research to determine the factors that affect the quality of earnings of manufacturing companies on the Stock Exchange. Jakarta period 2000 - 2004. Earnings quality is the dependent variable, while accrual quality, liquidity, persistence, capital structure, size, and growth are the independent variables in this study. The results of this study indicate that size, persistence, liquidity and accrual quality have a significant positive effect on earnings quality. Meanwhile, capital structure does not have a negative effect but has a significant positive effect, growth has no positive but significant negative effect.

(Sarod, 2008) in his research concluded that stock returns are more synchronous in developing economies than in developed countries. Capital markets in developing countries are considered less functioning as information processors and less efficient than developed countries. (Hasan et al., 2014) found that countries with capital markets that value company-specific information on share prices (low share price synchronicity) show good capital allocation because investors will be helped in determining good and bad stocks. (Durnev et al., 2003) show that firms or industries with low R2 from the market pricing model have a high association between current returns and fixed earnings. This indicates that there is a lot of information on future earnings that are predicted from current returns. Current returns are generated from the company's current earnings information.

Agency theory is based on entity theory where the company is seen as an entity separate from its owners and creditors means separate management from the owners of the company. According to agency theory, accrual management motivation can be categorized into two categories: opportunistic and signaling (Barnas, 2009). In opportunistic motivation, management through aggressive accounting policies generates higher profits than actual profits. Second, the motivation for signaling management to present financial information, especially earnings, is expected to signal prosperity or a relatively stable and growing profit to shareholders.

Figure 2.1



According to Kieso and Weygand's accrual accounting method, income and expenses are recognized or recorded when they occur, not when cash or transactions are received or paid in other words, expenses are recognized when the goods or services are received. (Kieso, Weygandt, & Warfield, 2015). Accrual quality is a quality measure developed by (Dechow & Dichev, 2002). Accrual-based accounting is one of the basic assumptions in preparing financial statements. Accrual-based accounting means that the recording of a reporting entity's financial transactions is at the time those transactions occur and not just when the transactions involve expenses and income of cash or cash equivalents. This can increase the relevance of financial statement information because it reduces the impact of timing and matching problems. Accrual quality is also considered to be able to increase stock price synchronicity because accrual quality will be good and will reduce information asymmetry among investors (Machdar, Manurung, & Murwaningsari, 2017) Low information asymmetry causes the interpretation of firm-specific information to be just as strong among market participants, so that no one can take advantage of trading based on this information. This will result in more market-specific information being used by market players and increasing share price synchrony (positive relationship). However, (Hasan et al., 2014) assume that the effect of information precision will be more influential than the effect of information asymmetry, so it is predicted that there will be a negative effect of accrual quality on stock price synchronicity.

H1: Accrual quality has a negative effect on stock price synchronicity

The quality components of innate accruals originating from the company's fundamental factors, such as the operating environment, the company's business model, and economic conditions, are considered to come from causes that can be clearly identified and are not under management's control. The quality of innate accruals will have the same effect as the quality of accruals in a comprehensive manner. When the accrual quality of the innate component increases, the uncertainty of information from earnings will decrease and investors will rely on information from the company in making decisions. The innate accrual quality component will also be less affected by the off-setting effect of information asymmetry than the total accrual quality.

H2: The quality component of innate accruals has a negative effect on stock price synchronicity

In terms of the discretionary accrual quality component, where management has broad authority in it, there are two possibilities that might occur, namely the use of discretionaries to disclose information to investors and opportunistic use of discretionaries by management due to personal interests and certain incentives (Bernard & Skinner, 1996). From these two possibilities, it is assumed that there will be various effects of accrual quality on price synchronicity.

Johnston (2009) states that if the discretionary accrual component is used opportunistically and the market finds out about it, the quality of the accrual will be ignored by investors so that it will not have an impact on stock price synchronicity. If management uses its discretionary opportunistically and the market doesn't know about it, then the quality of discretionary accruals will have the same effect as the quality of innate accruals. And if discretionary accruals are used by management to disclose private information and the company's actual performance to the market, what happens is the information asymmetry among investors will decrease and as a result, the increased quality of the discretionary component's accruals will have a positive effect on the synchronicity of share prices.

H3: The quality component of discretionary accruals has an effect on stock price synchronicity

This study also examines the difference in the significance of the quality components of innate accruals and the quality components of discretionary accruals on the effect of accrual quality on stock price synchronicity. (Morck, Yu, & Yeung, 1999) stated that the discretionary accrual component has an offset effect on information risk. Some management is considered to be using their discretionary opportunistically, while on other occasions or by other management they will use discretionary information to disclose private information and the company's actual performance.

The resulting effects will balance each other in their influence on the synchronization of share prices and there is no more dominant effect. Therefore, it is expected that the quality component of innate accruals that does not have an offset effect is more significant than the quality component of discretionary accruals on the effect of accrual quality on stock price synchronicity.

H4: The quality component of innate accruals will be more significant than the quality components of discretionary accruals in the effect of accrual quality on stock price synchronicity.

Mashayekhi and Bazaz (2010) found that a measure of the quality of the good corporate governance mechanism is how effective

the mechanism is in reducing agency conflicts between owners and directors. Muid (2009) examined the effect of corporate governance on earnings quality and found that 2 good corporate governance mechanisms, namely managerial ownership and institutional ownership, have a positive effect on earnings quality, and two other mechanisms, namely the board of commissioners and the audit committee, have no effect on earnings quality. Tuwentina (2014) examined the effect of good Corporate governance on earnings quality, it is found that good corporate governance with the Corporate Governance Perception Index (CGPI) has no effect on earnings quality. According to Meeampol et al. (2013), Good Corporate Governance is a crucial factor in the entire picture in an organization, whether private, public or non-profit as an indication of good corporate governance can directly provide economic value to the person concerned.

H5: GCG moderates the relationship between accrual quality and share price synchronization

The term good corporate governance is more intended for control systems and corporate governance as a company management practice by considering the balance between meeting the interests of stakeholders. With the implementation of good corporate governance, it is hoped that the management of company resources will be efficient, effective, economical and productive by the application of the five principles of good corporate governance, namely: transparency, accountability, responsibility, independency and fairness. Bistrova and Lace (2012) found that companies that have good governance will minimize manipulation of financial statements.

H6: Good Corporate Governance has a positive effect on stock price synchronicity

METHODOLOGY

Sample

The population in this study are companies listed on the Indonesia Stock Exchange and are also included in the Corporate Governance Perception Index (CGPI) ranking in the 2015 to 2017 period which are listed on the Indonesia Stock Exchange, the technique of taking research samples using purposive sampling is one of the techniques sampling non random sampling where the researcher determines the sampling by determining specific characteristics in accordance with the research objectives so that it is expected to be able to answer the research problem. Based on the purposive sampling explanation, there are two things that are very important in using this sampling technique, namely non-random sampling and determining special characteristics according to the research objectives by the researcher himself. Secondary data used in this study were obtained from annual and financial reports available on the Indonesia Stock Exchange website.

Variable

Research variable

Accrual Quality

Measurement of variables using the model developed by Dechow & Dichev (2002) is as follows

$$\frac{TCA_{j,t}}{Asset_{j,t}} = \Phi_0 + \Phi_1 \frac{CFO_{i,t+1}}{Asset_{j,t}} + \Phi_2 \frac{CFO_{i,t}}{Asset_{j,t}} + \Phi_3 \frac{CFO_{i,t+1}}{Asset_{j,t}} + V_{j,t}$$

Where:

$TCA_{j,t}$ = total current accrual
company j in t $TCA_{j,t}$
= $\Delta CA_{j,t} - \Delta CL_{j,t} - \Delta$
Cash $_{j,t} + \Delta STDEBT_{j,t}$

$Assets_{j,t}$ = total assets on average firm j for the period in years t and t-1

$CFO_{j,t}$ = cash flow from activities operating company j in year t, which is calculated from deducting net income before extraordinary items by total accruals (TA)

$$TA_{j,t} = \Delta CA_{j,t} - \Delta CL_{j,t} -$$

$\Delta CA_{j,t}$ = Change in current assets

firm j between years t1 and t

$\Delta CL_{j,t}$ = Change in current liabilities of company j between years t-1 and t

$\Delta Cash_{j,t}$ = Change in company cash j between t-1 and t

$\Delta STDEBT_{j,t}$ = Change in obligations long-term maturity company j between years t-1 and t

$DEPN_{j,t}$ = Depreciation expense and amortization of company j in year t plus long-term debt (DEBT) then divided by the book value of total assets.

$$\Delta WCI_{i,t} = \beta_0 + \beta_1 CFO_{i,t-1} + \beta_2 CFO_{i,t} + \beta_3 CFO_{i,t+1} + \beta_4 \Delta REVI_{i,t} + \beta_5 PPE_{i,t} + e_{i,t} \dots \dots \dots (1)$$

Where :

- $\Delta WCI_{i,t}$ = Change in accrual working capital (working capital accrual) company i in year t which is defined as the change in non-cash current assets less short-term liabilities outside the current portion of long-term liabilities
- $CFO_{i,t}$ = Cash flow from operations from company i in year t
- $\Delta REVI_{i,t}$ = Change in the number of sales of company i in year t
- $PPE_{i,t}$ = Gross property, plant, and equipment of company i in year t (all variables are divided by average total assets).

Innate Accrual Quality is a component of accrual quality that comes from the company's fundamental factors such as the type of business, economic conditions, and the company's economic environment. Measured from predicted value (company size, standard deviation of income / sales, standard deviation of cash flow, operating cycle, and occurrence of negative earnings) from the regression model developed by Francis et al. (2005). Discretionary accrual quality is a component of accrual quality that comes from the authority and flexibility that management has in determining the company's accounting assumptions, estimates and policies. Measured from the residual value of the regression model developed by Francis et al. (2005). The regression model used to measure the quality of innate and discretionary accruals is as follows:

$$AQ_{i,t} = \beta_0 + \beta_1 SIZE_{i,t} + \beta_2 \sigma CFO_{i,t} + \beta_3 \sigma SALES_{i,t} + \beta_4 OPCY_{i,t} + \beta_5 NEG_{i,t} + e_{i,t} \dots \dots \dots (2)$$

Where:

- $AQ_{i,t}$ = The firm-specific standard deviation of the residuals of equation (1) for t-2 to t
- $SIZE_{i,t}$ = Company size calculated from the logarithm of total assets
- $\sigma CFO_{i,t}$ = Standard deviation of cash flow from operations divided by the average total assets calculated for t-2 to t
- $\sigma SALES_{i,t}$ = The standard deviation of sales divided by the average total assets calculated for t-2 to t
- $OPCY_{i,t}$ = The operating cycle is calculated from the logarithm of the sum of the days of account receivables and days of inventory
- $NEG_{i,t}$ = Number of years where there was negative income (NIBE <0) during t-2 to t

Synchronization of Stock Prices

The dependent variable of this study is stock price synchronicity. Share price synchronization is a measure that shows which company-specific information, market-specific information, and industry-specific information has more influence on a company's stock price movements in the capital market. Measured from the logit transformation R2 of the regression to the market pricing model. In measuring the synchronicity of stock prices in this study, first a regression was carried out using the following model:

$$RET_{i,w} = \beta_0 + \beta_1 MKTRET_{i,w} + \beta_2 MKTRET_{i,w-1} + e_{i,w} \dots \dots \dots (3)$$

Where:

- $RET_{i,w}$ = Compound return of company i in week w
- $MKTRET_{i,w}$ = Weekly compound returns from market indices For equation (3) the calculation is carried out for the period ending 12 months at the time of earnings
- enounced. A high R2 value or almost close to 1 indicates a high level of stock price synchronicity, whereas if the R2 value is getting smaller it implies a reduced level of stock price synchronicity. Then following the research of Piotroski and Roulstone (2004) and Johnston (2009), the logarithmic transformation of R2 from equation (3), which is bound between the numbers 0 and 1, is carried out.
- be the value of the independent variable to define the synchronicity variable of the stock price (SYNC).

$$SYNC_{i,t} = \log (R2_{i,t} / 1 - R2_{i,t}) \dots \dots \dots (4)$$

Control variables are variables that are controlled or made constant so that the influence of the independent variable on the dependent variable is not influenced by external factors that are not studied (Sugiyono, 2010). The control variables used in this study are:

- a) Idiosyncratic Risk
According to research by Teoh et al. (2007) and Rajgopal and Venkatachalam (2008) there is a negative influence between idiosyncratic risk (also called noise) and stock price synchronicity. Measured from the sum of squared residuals from equation (3) regarding price synchronicity.
- b) Company Size (Firm Size)
The larger the size of the company, the more information about the company will be more specific and specific in the market. So it is assumed that the size of the company will have a negative effect on the synchronization of stock prices. Measured from the logarithm of the Market Value of equity at the end of the fiscal year / log (MV).
- c) Institutional Ownership
Institutional investors usually have a large number of ownership shares and have influence over the company. With this privilege, ordinary institutional investors obtain more company-specific information so that it can affect the synchronization of share prices. Johnston (2009) assumes that there is a positive influence between institutional ownership and stock price synchronicity. Measured from the logarithm of one plus the percentage of institutional ownership.
- d) Stock Return

According to Mamduh M. Hanafi and Abdul Halim, Stock Return is also referred to as share income and is the change in the value of the stock price period t with $t-1$. And it means that the higher the change in stock prices, the higher the resulting stock return.

e) Market Return

Chang (1991) summarized some of the discussions on single factor market models (CAPM) and multi-factor models such as APT. Among them are the discussion of Ross (1967), Rosenberg-Guy (1976), and Sharpe (1997) which states that market-return can be rearranged into a linear combination of several macroeconomic fundamental factors. Meanwhile, Chen (1983) stated that multi-beta pricing can always be included in a single-beta relationship.

Data analysis method

Descriptive statistics

Descriptive statistics are statistics used to analyze data by describing the collected data as it is without intending to make general conclusions. Sugiyono (2012). Descriptive statistics used in this study include: mean (calculated average), minimum and maximum values, and standard deviation (data deviation from the mean).

Assumption Test

To produce a good regression model, it is necessary to test classical assumptions. Classical assumptions consist of several things, among others, the assumption of normality, the assumption of the absence of multicollinearity symptoms, the assumption of autocorrelation, and the assumption of heteroscedasticity by Rasul and Nurlaelah (2010). The following is an explanation of the classical assumption test that will be carried out.

Data Normality Test

The data normality test aims to test the dependent and independent variables in the regression equation whether they are normally distributed or not. A good distribution model is normally distributed or close to normal because variables that have abnormal characteristics can reduce the accuracy in testing the hypothesis. In this research, the Kolmogorof-Smirnov statistical test will be used. This test is performed in the following steps Ghozali (2012).

A. Hypothesis

Ho: normally distributed data

Ha: the data is not normally distributed

b. Determine the 5% significance level ($\alpha = 5\%$)

c. Criteria:

- Ho is rejected if Prob. $JB \leq \alpha$
- Conversely if Prob. $JB \geq \alpha$ (0.05)

Then Ho cannot be rejected (Ho is accepted). Multicollinearity Test This test is carried out to determine whether there is multicollinearity in the regression model. The multicollinearity test aims to test whether the regression model found a high or imperfect correlation between the independent variables (Ghozali, 2012). If there is a strong relationship between the independent variables then there are symptoms of multicollinearity, vice versa. If there is no strong relationship between the independent variables, it means that there is no symptom of multicollinearity (Rasul and Nurlaelah, 2010). In this study, the values of tolerance and VIF (Variance Inflation Factor) are used. These two measures indicate which independent variable is explained by other independent variables. To indicate the presence of multicollinearity is a tolerance < 0.10 or equal to $VIF > 10$. Autocorrelation Test The autocorrelation test aims to test whether in a linear regression model there is a correlation between disturbance errors (residuals) in period t with errors in period $t-1$ (before). If there is a correlation, it is called an autocorrelation problem. This problem arises because the residuals (errors in interference) are not free from one observation to another (Ghozali, 2012). A good regression model is a regression model that is free from autocorrelation, to detect the presence of autocorrelation in a regression model.

Heteroscedasticity Test

Heteroscedasticity is a situation where there is a spread of data points for different populations in the regression. Heteroscedasticity will bias the regression coefficient estimates. The heteroscedasticity test aims to test when in the regression model there is an inequality of variance from the residuals of one observation to another (Ghozali, 2012; 36). Detection of the presence or absence of heteroscedasticity can be done by observing heteroscedasticity occurs when the residual and predictive value have a correlation or relationship pattern. This pattern of relationships is not only a linear relationship, but in different patterns is also possible. Therefore, there are several heteroscedasticity test methods that are owned by EViews, such as: Breusch - Pagan - Godfrey, Harvey, Glejser, ARCH, White and others. Ideally all heteroscedasticity test methods are tried so that we are sure that there is no heteroscedasticity in this linear regression model. The decision whether or not heteroscedasticity occurs in the linear regression model is to look at the Prob Value. F-statistic (F count). If the value for Prob. F count is greater than the alpha level of 0.05 (5%) then H_0 is accepted, which means there is no heteroscedasticity, whereas if the value is Prob. F count is smaller than the alpha level of 0.05 (5%) then H_0 is rejected, which means heteroscedasticity occurs.

Determinant Coefficient (R2)

The coefficient of determination (R2) measures how far the model's ability to explain the variation in the dependent variable. The coefficient of determination is between zero and one. Small R2 values mean the ability of the independent variables to explain the variation of the dependent variable is very limited. A value close to one means the variables- Independent variables provide almost all the information needed to predict variations in the dependent variable (Ghozali, 2012).

Hypothesis test

Hypothesis testing (1,2,3) of this study uses multiple linear regression analysis, multiple linear regression analysis is a study of the dependence of the dependent variable with more than one independent variable. The goal is to estimate and or predict the population average or the average value of the dependent variable based on the known value of the independent variable (Ghozali, 2012; 13). This analysis is to examine the magnitude of the influence of the dependent variable (Y), namely the synchronization of stock prices on the independent variable (X), namely the quality of the accruals and the moderating variable. (Z) namely Good Corporate Governance (GCG)

The formula is:

$$Y = a + b_1X_1 + b_2X_2 + e$$

Notation:

Y = Share Price Synchronization

a = Constant

b1 = Coefficient of regression direction

X = Accrual Quality

GCG = Variable GCG

e = confounding variable (error)

T test

The statistical test is also known as the individual significance test. This test shows how far the partially independent variables influence the dependent variable. The test form is:

H0: r = 0 or Ha: ≠ 0

H0 = initial hypothesis format (null hypothesis)

Ha = hypothetical format of the relationship between variables

RESULTS AND DISCUSSION

Descriptive statistics

Financial report data from sample companies that have been obtained, such as accrual quality components, synchronization of market prices and CGI are then made a table in the Microsoft Excel program for further processing to meet the formula formulas of the model to be used. Assistive program in the testing process using statistical data processing software, namely SSS version 21 (Statistic Program for Social Science). Samples were taken by purposive sampling method and obtained a total sample size of 34 with an observation period of 3 (three) years, a total sample of 102 issuers was obtained.

Table 1

No.	Information	2015	2016	2017	Jumlah
1.	The number of issuers listed on the IDX	420	441	457	1.318
2.	Issuer is included in the Corporate Governance Perception Index (CGPI) rating	34	34	34	102
Number of research samples		34	34	34	102

Source: www.idx.co.id dan www.swa.co.id

Based on the criteria in table 1, the companies that were the research sample were 34 companies for the 3 years 2015-2017 period with a total analysis unit of 102 units. The data collection method is in the form of an archive with the data source in the form of secondary data from the archive. Sources of data are obtained from the websites of each company. Company name, code and company grouping.

Table 2
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
kualiatas akrual	102	-,45	1,50	,7130	,41698
kualitas akrual inet	102	-,13	,57	,1046	,12702
Kualitas akrual discretionary	102	-3,41	7,54	,4542	,94462
sinkronitas harga saham	102	,00	,97	,0955	,15258
Resiko idiosinkratik	102	-1,89	,96	,3315	,45646
ukuran perusahaan	102	-,27	4,94	,7488	,57059
Kepemilikan Institusional	102	-1,58	4,84	,1571	,69115
return saham	102	-,11	1,50	,4080	,50268
return pasar	102	-,01	1,45	,6270	,54021
GCG	102	1,00	5,00	3,0000	1,46240
Valid N (listwise)	102				

Based on table 2 above, the results of descriptive statistics about the research variables can be presented as follows:

Accrual quality (X1)

The number of samples for the quality of accruals in 102 companies has the lowest (minimum) value of -.45, the highest (maximum) value is 1.50, the average value is 0.7130, the level of data distribution deviation (standard deviation) is 0.41698.

Quality of inet accruals (X2)

The number of samples for the quality of inet accruals is 102 companies which have the lowest (minimum) value of -0.13, the highest (maximum) value of 0.57, the average (mean) value of 0.1046, the level of deviation of data distribution (standard deviation) of 0.12702

Discretionary accrual quality (X3)

The number of samples for environmental aspects is 102 companies with the lowest value (minimum) of -3.41, the highest value (maximum) 7.54, the average (mean) 0.4542, the deviation level of data distribution (standard deviation) of 0.94462.

Synchronization of share prices (Y)

The number of samples for Synchronization of stock prices is 102 companies that have the lowest (minimum) value of 0.00, the highest (maximum) value of 0.97, the average (mean) 0.0955, the level of data distribution deviation (standard deviation) of 0.15258.

GCG (X5)

The number of samples for GCG in 102 companies has the lowest (minimum) value of 1.00, the highest value (maximum) of 5.00 average (mean) value of 3.00, the level of data distribution deviation (standard deviation) is 1.46240.

Normality test

Normality test is a test conducted to determine whether the distribution of data used is normal or not. The residual value of the regression results will be tested for data normality. The test carried out is the One Sample Kolmogorov Smirnov test, with the basis of decision making as follows:

- If it's Asymp. Sig > 0.05, the data distribution is normal
- If it's Asymp. Sig < 0.05, the data distribution is not normal.

Table 3

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		102
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	,78229116
	Absolute	,126
Most Extreme Differences	Positive	,126
	Negative	-,095
Kolmogorov-Smirnov Z		1,271
Asymp. Sig. (2-tailed)		,079

a. Test distribution is Normal.

b. Calculated from data.

Based on the results of statistical calculations in table 3, the significance value obtained for financial performance is 0.079, this value is greater than the significance value using the Kolmogorov - Smirnov Test <0.05, which means that the data used is normally distributed. The data used as the sample in the study fulfills the normality assumption test.

Multicollinearity Test

To detect whether the independent variables used have high collinearity or not, use the Variance Inflation Factor (VIF). The results of the analysis using VIF can be seen in table 4 below:

Table 4

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1,006E-013	,081		,000	1,000		
1							
kualitas akrual	,140	,237	,140	-,588	,045	,118	8,463
kualitas akrual innet	-,363	,095	-,363	-3,834	,000	,743	1,345
Kualitas akrual discretionary	,052	,096	,052	,543	,588	,717	1,395
Resiko idiosinkratik	-,757	,163	-,757	-4,638	,000	,250	4,003
ukuran perusahaan	-,097	,106	-,097	-,914	,363	,596	1,677
Kepemilikan Institusional	-,087	,090	-,087	-,962	,338	,821	1,219
return saham	,370	,233	,370	1,587	,054	,123	8,148
return pasar	-,146	,134	-,146	-1,091	,278	,369	2,709
GCG	,132	,084	,132	1,581	,055	,953	1,049

a. Dependent Variable: Zscore: sinkronitas harga saham

In table 4, the Tolerance (TOL) values range between 0 and 1 and if TOL = 0, then there is high and perfect collinearity between the independent variables while the default SPSS for tolerance numbers is 0.0001. From table 4 above, the Tolerance Value (TOL) for all independent variables in this study is greater than 0.10 if it is greater than 0.10, then there is no multicollinearity in the regression model used. The Variance Inflation Factor (VIF) value for all independent variables in this study is less than 10, if the VIF value is less than 10, multicollinearity does not occur. Thus, based on the results of the analysis using Tolerance (TOL) and Variance Inflation Factor (VIF), then it can be detected that there is no multicollinearity. Determination Coefficient Test (R²) The value of R² shows the proportion of the total variation in the dependent variable which can be explained by the explanatory variable (independent). The higher the R² value, the greater the proportion of the total variation in the dependent variable which can be explained by the independent variable. R² shows how much variation in the explanatory variables (independent) affects the variation in the dependent variable.

Table 5
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,623 ^a	,388	,328	,81966274

a. Predictors: (Constant), GCG, kualitas akrual innet, kualitas akrual, Kepemilikan Institusional, Kualitas akrual discretionary, ukuran perusahaan, return pasar, Resiko idiosinkratik, return saham

b. Dependent Variable: sinkronitas harga saham
ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	,912	9	,101	6,481	,000 ^b
	Residual	1,439	92	,016		
	Total	2,351	101			

a. Dependent Variable: sinkronitas harga saham

b. Predictors: (Constant), GCG, kualitas akrual innet, kualitas akrual, Kepemilikan Institusional, Kualitas akrual discretionary, ukuran perusahaan, return pasar, Resiko idiosinkratik, return saham

Table 5 shows the amount of R of 0.623 and R2 of 0.388 shows that the level of the relationship between accrual quality and GCG on the synchronization of stock prices is 38.8%. Meanwhile, 32.8% of stock price synchronization is influenced by accrual quality, while 37.2% is influenced by other variables not examined in this study. While the significance value of 0.005 is smaller than 0.05. Meanwhile, the Fcount value is 6.481 with a significance F (sig-F) of 0.005 or less than 0.05, so it can be concluded that the regression model is feasible to predict stock price synchronization. Hypothesis test the significance test of individual parameters, also known as the t statistical test, is a test used to partially see the effect of independent variables on the dependent variable. This test is carried out by multiple linear regression tests at a 95% confidence level and an error in the analysis of 5%. The following are the results of the calculation of the t value and its significance level in this study:

Tabel 6

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	,195	,107		1,822	,072
kualiatas akrual	,048	,095	,131	-,504	,016
kualitas akrual innet	-,425	,115	-,354	-3,699	,000
Kualitas akrual discretionary	,006	,016	,038	,390	,698
Resiko idiosinkratik	-,255	,055	-,763	-4,612	,000
ukuran perusahaan	-,021	,028	-,080	-,750	,455
Kepemilikan Institusional	-,022	,020	-,100	-1,104	,273
return saham	,109	,072	,360	1,528	,051
return pasar	-,049	,038	-,174	-1,277	,205
kualitasakrualXGCG	-,001	,011	-,009	,075	,041

a. Dependent Variable: sinkronitas harga saham

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,609 ^a	,471	,410	,12675

a. Predictors: (Constant), kualitasakrualXGCG, kualitas akrual innet, Kepemilikan Institusional, Kualitas akrual discretionary, ukuran perusahaan, return pasar, Resiko idiosinkratik, return saham, kualiatas akrual

b. Dependent Variable: sinkronitas harga saham

Based on table 6 above, hypothesis testing in this study can be described as follows:

$$Y = a + b1X1 + b2X2 + b3X3 + b4X4 + b5X5 + b1X1.CGI + e$$

This data processing produces a regression model as follows:

$$Y = 0,195 + 0,048X_1 - 0,425X_2 - 0,006X_3 - 0,255X_4 - 0,21X_5 + 0,109X_6 - 0,049X_7 - 0,001X_8 + e$$

Discussion

Hypothesis 1 test results

Table 6 illustrates that the accrual quality variable has an effect on the synchronization of stock prices, as shown by the significance probability value of accrual quality of 0.016 which is smaller than 0.05. Thus, the hypothesis H1 which explains that accrual quality has an effect on the synchronization of share prices is accepted.

Hypothesis testing results 2

Table 6 illustrates that the quality variable innet accruals have an effect on the synchronization of stock prices, as shown by the significance probability value of innet accruals quality of 0.00 less than 0.05. Thus, the H2 hypothesis which explains that the quality of innet accruals has an effect on the synchronization of stock prices is accepted.

Hypothesis testing results 3

Table 6 illustrates that the discretionary accrual quality variable has no effect on stock price synchronization, as shown by the significance probability value of 0.698 which is greater than 0.05. Thus, the hypothesis H3 which explains that the quality of discretionary accruals has no effect on stock price synchronization is rejected.

Hypothesis testing results 4

Table 6 illustrates that the variable quality component of innate accruals will be more significant than the quality components of discretionary accruals in the effect of accrual quality on stock price synchronicity, shown by the significance probability value of innate accrual quality of 0.00 less than 0.05 and the variable of discretionary accrual quality a number of 0.698 is greater than 0.05. Thus, the hypothesis H4 which explains that the quality components of innate accruals will be more significant than the discretionary accrual quality components in the effect of accrual quality on the synchronization of stock prices is accepted.

Hypothesis testing results 5

Table 6 illustrates that the GCG variable moderates the relationship between accrual quality and share price synchronization, as shown by the significance probability value of GCG moderating the relationship between accrual quality and stock price synchronization amounting to 0.041, less than 0.05. Thus, the hypothesis H5 which explains that GCG moderates the relationship between accrual quality and stock price synchronization is accepted.

Hypothesis testing results 6

Table 4 illustrates that the GCG variable has an effect on the synchronization of stock prices, as indicated by the significance probability value of 0.055 which is smaller than 0.05. Thus, the hypothesis H6 which explains that GCG has an effect on the synchronization of share prices is accepted.

Finding

This study aims to influence accrual quality (components of innate accrual quality and discretionary accrual quality) on stock price synchronization (control variable idiosyncratic risk, firm size, institutional ownership, stock returns, market returns) with GCG as a moderating variable. From the results of statistical testing it can be concluded as follows:

1. Accrual quality which is proven to have a negative effect on stock price synchronization.
2. The quality component of innate accruals is proven to have a negative effect on the synchronization of stock prices.
3. The quality component of discretionary accruals is not proven to affect the synchronization of stock prices.
4. The quality component of innate accruals is proven to be more significant than the quality components of discretionary accruals in the effect of accrual quality on stock price synchronicity.
5. GCG moderating or strengthening the relationship between accrual quality and stock price synchronization proved to be influential.
6. GCG is proven to have an effect on the synchronization of share prices.

Implication

Accrual quality is the method of recording accruals according to Kieso and Weygand, income and expenses are recognized or recorded when they occur, not when cash or transactions are received or paid in other words, expenses are recognized when goods or services are received, accrual quality is a measure of quality developed by Dechow & Dichev (2002). By looking at the quality of accruals, it can increase the value of the company because of the support it gets from internal and external stakeholders, such as consumers, employees, investors, regulators, suppliers and other groups. Accrual quality with GCG as a moderating variable is proven to be affected by the synchronization of stock prices. So that this research will provide information to employees or investors and have a contribution to explain the existence of agency theory.

Suggestion

As explained above, the authors realize that this research is not perfect. Therefore, the authors propose improvement suggestions for future studies regarding the quality of accruals on stock price synchronization with GCG as a moderating variable, including:

1. The study period should use a longer observation year period than this study. This aims to maximize the picture obtained regarding the effect of accrual quality on stock price synchronization with GCG as a moderating variable.
2. Future research can expand the research variables to the components used by companies that get the Corporate Governance Perception Index (CGPI) on the data in the annual financial statements.
3. Future research can improve sampling techniques so that the samples taken are not limited to companies listed on the Indonesia Stock Exchange, but all companies that get the Corporate Governance Perception Index (CGPI) are in Indonesia so that they can describe the situation of the entire population of companies in Indonesia.
4. Future research will use samples from ASIA countries so that there will be differences in each country.

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