JURNAL RISET AKUNTANSI TERPADU
Vol.10 No.1, April 2017
Hal. 53 – 69

THE INFLUENCE OF COMPANY'S CHARACTERISTICS TOWARDS VOLUNTARY DISCLOSURE

Joanna Jowy
Fakultas Ekonomi, Universitas Pelita Harapan
joanna.jowy@hotmail.com
Hanna
Fakultas Ekonomi, Universitas Pelita Harapan
hanna.wijaya@uph.edu

Abstract

This research conducted in aim to analyze the influence of company characteristics towards voluntary disclosure in annual report of Indonesia mining companies. The company's characteristics that will be examined as independent variables are size, audit quality, leverage, profitability, and liquidity. Data collection is using purposive sampling method with specific criteria. Sample used in this research is limited to only mining companies listed on Indonesia Stock Exchange (IDC) from 2010 period up to 2013. In total, sample that qualified to be used in this research are 15 companies. Voluntary disclosure criteria are simplified into 14 criteria, in line with government policy made by Badan Pengawas Pasar Modal dan Lembaga Keuangan (BAPEPAM), regulation X.K.6 number Kep-431/BL/2012. This research uses multiple regression to analyze the influence of company size, audit quality, leverage, profitability, and liquidity towards voluntary disclosure. Result shows that mining companies in Indonesia have done well on voluntarily disclosure more information. To conclude this research, company size, leverage and liquidity has no significant influence towards voluntary disclosure. While audit quality gives positive influence to voluntary disclosure, on the other hand, profitability shows negative influence towards voluntary disclosure.

Keywords: voluntary disclosure, company size, audit quality, leverage, profitability, liquidity

Abstrak

Penelitian ini bertujuan untuk menganalisis pengaruh karakteristik perusahaan terhadap pengungkapan sukarela dalam laporan tahunan perusahaan pertambangan Indonesia. Karakteristik perusahaan yang akan diperiksa sebagai variabel independen adalah ukuran, kualitas audit, leverage, profitabilitas, dan likuiditas. Pengumpulan data menggunakan metode purposive sampling dengan kriteria tertentu. Sampel yang digunakan dalam penelitian ini terbatas hanya untuk perusahaan pertambangan yang terdaftar di Bursa Efek Indonesia (IDC) dari periode 2010 hingga 2013. Secara total, sampel yang memenuhi syarat untuk digunakan dalam penelitian ini adalah 15 perusahaan. Kriteria pengungkapan sukarela disederhanakan menjadi 14 kriteria, sejalan dengan kebijakan pemerintah yang dibuat oleh Badan Pengawas Pasar Modal dan Lembaga Keuangan (BAPEPAM), peraturan X.K.6 nomor Kep-431 / BL / 2012. Penelitian ini menggunakan regresi berganda untuk menganalisis pengaruh ukuran perusahaan, kualitas audit, leverage, profitabilitas, dan likuiditas terhadap pengungkapan sukarela. Hasil menunjukkan bahwa perusahaan pertambangan di Indonesia telah melakukan dengan baik pengungkapan informasi secara sukarela. Untuk menyimpulkan penelitian ini, ukuran perusahaan, leverage dan likuiditas tidak memiliki pengaruh signifikan terhadap pengungkapan sukarela. Sementara kualitas audit memberikan pengaruh positif terhadap pengungkapan sukarela, di sisi lain, profitabilitas menunjukkan pengaruh negatif terhadap pengungkapan sukarela.

Kata kunci: pengungkapan sukarela, ukuran perusahaan, kualitas audit, leverage, profitabilitas, likuiditas

BACKGROUND

Financial statements are crucial and important both to internal and external parties. For insiders or internal party, they use the information to measure the progress toward their goals and highlight any potential problems. As for investors, banks, government and other stakeholders are outsiders or external parties that need accounting information (Kim and Nofsinger, 2007). Thus, according to Rezaee (2009), financial statement should be prepared and report the true and fair presentation of the company's financial position and results of operation. He also mentioned that management is the one who directly responsible for the integrity, quality, reliability, relevance, and transparency for both financial and non-financial reports. Thus, not only financial report that matters but it also matters to non-financial report.

Choi and Meek (2005) stated that the importance of equity market is growing and individual investors are becoming more active in the market. With this condition, public disclosure, investor protection, and shareholder value importance are increasing in corporate governance. For them as external parties who play big role in the capital market, given protection by having more reliable information is very essential. In result, oversight by regulators and disclosure requirements are becoming more strict and precise.

To be able to present transparency, in corporate governance understanding, the company should not hide any relevant information and need to be disclosed fairly, accurate and reliable (Rezaee, 2009). Disclosure can be presented in two ways, mandatory and voluntary. Mandatory disclosure means that there are rules that have already been made, on the other hand, voluntary disclosure is any information outside the oblige information need to be disclosed, presented voluntary by the company.

As in investors point of view, getting protection and certainty are relevant therefore they need to get as many data as possible. It is required in securities exchanges to impose reporting and disclosure requirement both in domestic and foreign companies. Thus in mandatory or regulatory disclosure, a standard has been made to build same financial and non-financial information through the harmonization of International Financial Reporting Standards (IFRS).

Not enough with information disclosed by regulation, investors demand for more detailed information. Voluntary disclosure is then when management in company voluntarily share the information because management are the one who have better information about the firm. Benefits of enhanced voluntary disclosure are include lower transaction costs in the trading of the firm's securities, greater interest in the company by financial analysts and investors, increased share liquidity, and lower cost of capital (Choi and Meek, 2005). Also to avoid any misinformation provided by the management, auditor plays important role to check whether information that voluntarily disclosed are true.

Many researchers conducted research on disclosure matters. Several researches use certain company characteristics such as firm size, company's age, audit quality, leverage, liquidity, and profitability as its independent variable. This research will use firm size, audit quality, leverage, profitability, and liquidity as its independent variable.

Some research has same result but no every research. According to Nuryaman, 2009; Mujiyono and Nany, 2010; Wardani, 2012 firm size has significant influence to voluntary. While in Indriani (2013) research, it shows that firm size has no effect towards voluntary disclosure.

Other than firm size as concern, leverage as independent variable showed significant relationship along with voluntary disclosure (Mujiyono and Nany, 2010). Indriani (2013) also conducted research on audit quality, focusing on the Certified Public Accounting (CPA) firm size. In the research, Indriani grouped CPA firm size into Big Four and non Big Four companies, which resulted that there is no influence towards voluntary disclosure. Profitability as one of independent variable in Wardani's research (2012) shows that it has relationship towards voluntary disclosure. Also in the research, Wardani concluded that liquidity has no influence towards voluntary disclosure. The result differs with Indirani that stated liquidity has negative influence to voluntary disclosure (2013).

In this research, researcher use several company's characteristics such as company size, leverage, profitability and audit quality in line with CPA firm size to be measured along with voluntary disclosure. Researcher contribute in this research is by focusing the research in mining industry listed in Indonesia Stock Exchange (IDX) from 2010-2013. Mining industry is one of Indonesia's industries that give big impact to the country's income. This industry relates directly to nature resources which lead to a high risk of environmental damage. Corporate social responsibility is one of the main items of disclosing report voluntarily. This section will focus on the responsibility of company towards environment and nature. Therefore, mining industry information is very sensitive and need to be given more attention on its disclosure.

As the purposes of this research is to see whether there is significant influence between company characteristics such as company size, audit quality, company's leverage, company's profitability, and liquidity towards voluntary disclosure in Indonesia mining industry companies.

THEORITICAL BASE

Agency Theory

Jensen and Meckling (1976) in (Godfrey, *et al*., 2006) describe agency relationship as:

> *"…arising where there is a contract under which one party (the principal) engages another party (the agent) to perform some service on the principal's behalf. Under the contract, the principal delegates some decision making authority to the agent".*

Along with the context, both principal and agent are utility maximisers and agent may not always act in principal's best interest. Agent might misuse the authority of decision making that given by the principal. Problem in agency relationship raise the agency cost. Generally, agency costs are the dollar equivalent of the reduction in welfare experienced by the principal owing to the divergence of the principal's and the agent's interest (Godfrey, *et al*., 2006). There are 3 types of agency costs according to Jensen and Meckling (1976), monitoring costs, bonding costs, and residual loss.

Another agency problem is the rise of asymmetry info. In this case, asymmetry info conflict arises between shareholders and managers where managers as the agent of shareholders may act in their own interest because both parties interest are not the same. It might happen because management is the one who hold most of the company's information related to past, current, and future performance. There are 3 problems between the differences in shareholders' and managers' incentives:

1. Risk-aversion problem occurs when managers prefer less risk than shareholder
2. Dividend-retention problem happen when manager prefer to pay out less of the company's profits in dividends than shareholder prefer
3. Horizon problem exist from a difference in the time horizon interests of shareholders and managers with respect to the firm.

One of the strategies to reduce any agency problem or agency cost is by implementing good corporate governance. Disclosure is one of several principles in corporate governance that were made in order to reduce agency problem.

Corporate Governance

Corporate governance often used to describe the way of the company in managed, monitored, and held accountable. According to Rezaee (2009), there is still no universal accepted definition of corporate governance because the concept is not well defines since it covers various distinct economic phenomena.

Based on these definitions, corporate governance importance grows in both sections, for user outside the company and also user inside the company. It is important to run good corporate governance from inside the company but also protecting external parties are also crucial. Corporate governance has evolved from its role of reducing agency costs to creating long-term shareholder value and recently to increasing value for all stakeholders (Rezaee, 2009).

Organization for Economic Co-operation and Development (OECD) revised its corporate principles in 2004 and list 6 principles. Principles of corporate governance according to OECD are:

1. Ensuring the basis for and effective corporate governance
   The corporate governance framework should promote transparent and efficient markets, be consistent with the rule of law and clearly articulate the division of responsibilities among different supervisory, regulatory and enforcement authorities.
2. The rights of shareholders and key ownership functions
   The corporate governance framework should protect and facilitate the exercise of shareholders' rights.
   The equitable treatment of shareholders The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. All shareholders should have the opportunity to obtain effective redress for violation of their rights.
3. The role of shareholders in corporate governance
   The corporate governance framework should recognize the rights of stakeholders established by the law or through mutual agreements and encourage active co-operation between corporations and stakeholders in creating wealth, jobs, and the sustainability financially sound enterprises.
4. Disclosure and transparency
   The corporate governance framework should ensure that timely and accurate disclosure is made on all material matters regarding the corporation, including the financial situation, performance, ownership, and governance of the company.
5. The responsibilities of the board

The corporate governance framework should ensure the strategic guidance of the company, the effective monitoring of management by the board, and the board's accountability to the company and the shareholders.

Voluntary Disclosure

Voluntary disclosure is information disclosed conducted voluntarily by management of the company without being pushed by regulation and it makes company have the right to choose which information that needs to be disclosed. There are multiple factors that affect the will the disclosing information voluntarily such as regulatory oversight, market forces, cost of disclosure, organizational structure, and company's corporate governance. Benefit of voluntary disclosure includes lower transaction cost in the trading of the firm's securities, greater interest in the company by financial analysts and investors, increased share liquidity, and lower cost of capital (Choi and Meek, 2005). The number of information that disclosed voluntarily by the company usually depends on the advantages that they will get in return. Thus, managers' choices of information need to be disclosed combined with the effects of disclosure requirement and their incentives to disclose information voluntarily. An 'honest' disclosure should lead to a more transparent organization, and it will reduce agency theory (Solomon, 2007).

Characteristics of Company

Company Size

Generally, large companies will tend to disclose more information than small companies. The reason behind this statement is because large companies have more stakeholders that interested in some company to put their investment in it. Nuryaman (2009) stated that large companies have wider and more complex ownership base, so the policies in large companies have greater impact on public interest rather than smaller companies. In order to create public interest accountability, trusted information needed to be provided by the company to stakeholders.

Audit Quality

International Auditing and Assurance Standards Board (IAASB) (2011) mentioned that audit quality is a complex and multi-faceted concept because it is subject to many direct and indirect influences. Thus, there are lots indicators that in research can be used to measure audit quality. In Public Company Accounting Oversight Board (PCAOB) (2013) discussion regarding audit quality indicators, it stated that input-based factors to audit quality that have been frequently examined by academics include: a firm's tenure with a client; firm independence; engagement team industry experience, competence, and adherence to professional standards; and staffing and supervision on individual audit engagements. But then, according PCAOB, currently firm size has begun to be taken into account in research.

From perspective of size, today, most people know there are 4 biggest Certified Public Accounting (CPA) firms known as the "Big Four". The Big Four firms audit nearly all of the largest companies worldwide and smaller companies as well. Audited by external auditor is important in reducing agency problem since external auditor is an agent who is working in the interest of principal. Thus, external auditor under Big Four CPA firm could be qualified to be more competent and that makes the quality of the audit more favorable.

Leverage

To measure company's ability to meet its financial obligations or to evaluate company's debt level, leverage ratios or debt management ratios are used. There are three important implications in debt financing or financial leverage. First, by raising funds through debt, stockholders can maintain control of a firm without increasing their investment. Second, if the firm earns more on investments financed with borrowed funds than it pays in interest, then its shareholders' returns are leveraged, but the risks are also leveraged. Lastly, creditors look to the equity or owner-supplied funds, to provide a margin of safety, so the higher the proportion of funding supplied by stockholders, the less risk creditors face (Brigham and Ehrhardt, 2005).

In calculating leverage ratio, there are several methods that can be use such as debt-to-total assets, debt-to-equity, times-interest-earned (TIE) ration, and debt-service-coverage ratio (DSCR). It is said that the higher the leverage of the company, the higher the possibility of the transfer of wealth from creditors to shareholders and managers. Therefore, companies that have high leverage will have more obligations to fulfill the information needs by long-term creditors.

Profitability

Godfrey (2006) mentioned that profit is something that is generally regarded and desirable by shareholders. Profit itself is the difference between two elements, income and expenses. Profitability is needed to oversee the performance management disclosed by the company through annual reports in order to analyze the company's sustainability. Profit can be measured and directly related to managerial performance than share prices. There are several methods that can be used to measure profitability; gross profit margin (GPM), operating margin (OM), return on assets (ROA) , return on equity (ROE), return on sales (ROS), and return on investment (ROI). To be focused, this research will use ROA calculation to measure company profitability performance. According to Peavler (2014), ROA is important because it measures the efficiency of the company's investment in assets and using them to generate profit. The higher the percentage of ROA, means the company had conduct a great job in using its assets to generate income.

Liquidity

International Accounting Standards Committee (IASC), stated liquidity as the availability of sufficient funds to meet deposit withdrawals and other financial commitments as they fall due (2000). Along with the definition, it means that if the company is more liquid that the availability of the funds will be greater to pay the amount of liabilities. In result, the company can reduce or avoid the risk of not fulfilling the short term liabilities obligation. Several methods can be use to determine how liquid to company is through liquidity ratio. The methods are current ratio, quick or acid-test ratio, and current cash debt ratio.

Information regarding company's liquidity is needed by the stakeholder in order for them to keep on eye to the management performance. The information will be presented by the company through its annual report so that the stakeholder able to analyze the continuity of its business (Wardani, 2012).

DEVELOPMENT OF HYPOTHESIS

Company Size Influence towards Voluntary Disclosure

Along with previous research, company size influence the voluntary disclosure since the bigger the company the more challenge that the company have to face, thus more disclosure information needed in order to create public accountability (Wardani, 2012; Nuryaman, 2009; Mujiyono and Nany, 2010). With that, the bigger the company, the more information needed to be disclosed. Having more information disclosed by the manager, it will give shareholders more information in order for them to make investment decision.

Thus in this research, the hypotheses that will be tested are as follows:
H1: Company size positively significant influences the voluntary disclosure.

Audit Quality Influence towards Voluntary Disclosure

Perspective taken to measure audit quality will be seen from the size of the audit or CPA firm. Audit firm will be categorized into Big Four and not Big Four. Having famous reputation, Big Four companies are well-trusted and have good creditability. Companies audited by one of Big Four company driven by the CPA firm to publish more information. But in contrast, audit quality has no influence towards voluntary disclosure shown in Indriani's research (2013).
Thus in this research, the hypotheses that will be tested are as follows:
H2: Audit quality positively significant influences the voluntary disclosure.

Leverage Influence towards Voluntary Disclosure

According to Mujiyono and Nany (2010), the higher the leverage of a company, the higher the possibility of wealth transfer from creditors to shareholders and managers. Also, based on Jensen and Meckling (1976) in agency theory, higher leverage will pushed the company to disclose more information. Therefore, companies that have high leverage will have more obligations to fulfill the information needs by long-term creditors. Opposed to Mujiyono and Nany (2010), Wardani (2012) conclude that leverage has no influence towards voluntary disclosure.
Thus in this research, the hypotheses that will be tested are as follows:
H3: Leverage positively significant influences the voluntary disclosure.

Profitability Influence towards Voluntary Disclosure

Profitability as measurement of company's financial performance is crucial to shareholders. It is believed that high profitability will increase level of disclosure by giving detail information from the manager. Therefore, the higher the profitability of a company, the possibility of disclosure made by the company are also increase (Wardani, 2012).
Thus in this research, the hypotheses that will be tested are as follows:
H4: Profitability positively significant influences the voluntary disclosure.

Liquidity Influence towards Voluntary Disclosure

Company that has strong financial statement tends to publish more information in order to show the detail of its performance. By giving more extent on to information disclosed, it gives more option for public to judge or give opinion. One of key to show strong financial performance of a company is through liquidity ratio. How well the company manages its liability with its assets. In contradictory, resulted in Indriani's research, company that has low ratio on liquidity will willing to gives more explanation and thus, more information revealed on the report.
Thus in this research, the hypotheses that will be tested are as follows:
H5: Liquidity positively significant influences the voluntary disclosure.

RESEARCH METHODOLOGY

Population and Sample

Population used in this research is companies listed in Indonesia Stock Exchange (IDX) within 2010 to 2013 focusing on mining industry. Method of sampling that will be use in this research is purposive judgment whereas; this method is a sample picking technique with several considerations (Sugiyono, 2009).

Data Collection Techniques

In this research, data will be obtained from secondary data which required data already exist and do not have to be collected by the researcher (Sekaran and Bougie, 2013). Some data that will be use are taken from websites, online data, data available from previous research, library records, and published company's data. After collected, the technique in data collection that will be use in this research is documentation method. This method required to collect and study the data or/and documents obtained. Some resources for this research purposes will be taken from:

1. Annual report and financial statements of the companies from IDX and company's website and Indonesia Capital Market Directory (ICMD)
2. Related journals and textbooks used for this research

Empirical Model

Empirical Model of Company Size, Audit Quality, Leverage, Profitability, and Liquidity Influence towards Voluntary Disclosure

In proving the hypothesis, analysis of empirical model will use multiple regression as follows:

$$\boxed{VD = \alpha + \beta 1\ SIZE_{it} + \beta 2\ CPA_{it} + \beta 3\ LEV_{it} + \beta 4\ PROFIT_{it} + \beta 5\ LIQUID_{it}}$$

The research hypothesis can be presented in statistic form as follows:

H1: $\beta 1 > 0$; H2: $\beta 2 > 0$; H3: $\beta 3 > 0$; H4: $\beta 4 > 0$; H5: $\beta 5 > 0$

Definition:

VD	=	voluntary disclosure index method with un-weighted disclosure index (known as dichotomous method)
α	=	constant
SIZE	=	firm size (SIZE) is a natural logarithm of total sales companies in billions of rupiah
CPA	=	dummy variable (1,0) given value 1 if the company affiliated with Big 4 and 0 if other
LEV	=	leverage variable will be calculated by the ratio of total liabilities divided by total assets at the end of year t
PROFIT	=	profitability will be calculated by return on asset calculation, profit of the year divided by total assets at the end of year t
LIQUID	=	liquidity will be calculated by the ratio of total current assets divided by total current liabilities at the end of year t
ε	=	error

In this model, the research will focus on testing hypothesis H1, H2, H3, H4, and H5. This model measured the significant influence by company size (β1 SIZE), audit quality (β2 CPA), leverage (β3 LEV), profitability (β4 PROFIT), and liquidity (β5 LIQUID) towards voluntary disclosure (VD). The prediction of its result will be each measurement has positive relationship to voluntary disclosure.

ANALYSIS AND DISCUSSION

Sample Description

In this research, the population data used is companies in mining industry listed on Indonesia Stock Exchange (IDX) from 2010 to 2013. According to IDX Fact Book 2013, there are 37 listed mining companies. In total, there are 17 companies that consistent listed from 2010 to 2013. Within the 17 companies, there are only 15 companies that fully fulfilled the criteria needed. Total research data equal to 60 firm years.

Data Analysis

Descriptive Statistics

Analyze data by using descriptive statistics will give result for each variable average or mean, minimum, maximum, and standard deviation. Below are the results of each variables descriptive statistic analysis using SPSS:

Table 1. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
VD	60	.36	1.00	.9667	.11575
SIZE	60	24.00	31.40	28.9375	1.81313
CPA	60	.00	1.00	.6500	.48099
LEV	60	.22	6.25	.6068	.76467
PROFIT	60	-.10	.46	.0933	.10257
LIQUID	60	.41	10.76	2.0463	1.60108
Valid N (listwise)	60				

Resource: Output SPSS

Based on the result shown on table 4.2, total amount of sample (N) for both dependent and independent variables are 60. Voluntary disclosure (VD) as its dependent variable has .36 minimum values with the highest value is 1.00 and .9667 average amount. It means that the highest result for a company to voluntary disclosed information is 100%, while the lowest percentage founded in this research for a company to disclose information voluntarily is 36%. There are in total, 14 categories that need to be voluntary disclosed its items based on regulation made by *Badan Pengawas Pasar Modal dan Lembaga Keuangan* (BAPEPAM) in regulation X.K.6 number Kep-431/BL/2012 about *Penyampaian Laporan Tahunan emiten atau Perusahaan Publik* (Annual Report of the Issuer or Public Company). The standard deviation of voluntary disclosure result is .11575 which shows the variation in the variable of voluntary disclosure.

As mention earlier, this research uses 5 variables as its independent variables. First, company size variable (SIZE) by using natural log of total sales shows that the average or mean value is 28.9375. The minimum or lowest value for company size using natural log sales is 24.00 and the maximum or highest value of natural log sales is 31.40. This result represents the size of its company. Company that has larger value means that it has greater total sales, which lead to an understanding that the higher the result, the bigger the company is. As for the standard deviation of company's size is 1.81313, shows the variation in the variable of company size.

Table 2. Frequency Test of CPA

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	21	35.0	35.0	35.0
	1.00	39	65.0	65.0	100.0
	Total	60	100.0	100.0	

Resource: Output SPSS

Audit quality (CPA) variable is a dummy variable which resulted .00 as its minimum value and 1.00 as its maximum value. It either 1, means that the companies are audited by one of Big Four Certified Public Accounting (CPA) firm or 0, means that the companies are audited by non-Big Four CPA firm. Based on table 4.3 Frequency Test of CPA, there are 21 or 35% companies audited by non-Big Four and 39 or 65% companies audited by Big Four CPA firm. The mean value for audit quality variable is .6500 and standard deviation at .48099 that shows the variation in audit quality variable.

Company leverage (LEV) has standard variation at .76467 to shows its variation in the variable of leverage. The average value of leverage is .6068 with its minimum value .22 and 6.25 of maximum value. Company that has higher leverage value means it has higher possibility to conduct wealth transfer from creditors to shareholders and managers. On the other hand, lesser value of leverage means that the possibility of wealth transfer from creditor to shareholders and managers will decrease.

Profitability variable (PROFIT) has -.10 as its lowest value and .46 as the highest value. By using Return on Asset (ROA) calculation, company that has higher number or value means it gets good efficiency on generate profit. Company that has the maximum value of .46 shows greater efficiency than company that has lower value on using its assets to generate income. For a company that has lowest value -.10 shows poor performance since the company did not get profit, instead the company suffers from loss. The average from whole total company's profitability is .0933 and the standard deviation is .10257 to shows the variation in the profitability variable.

Company liquidity variable (LIQUID) has average value of 2.0463. This variable standard deviation result shows at 1.60108 which showing the variation of liquidity variable. Company that has high value of liquidity, calculated by using current ratio, shows the capability of company in manage its current liabilities. In variable of liquidity, it has .41 as the lowest value and the highest or maximum value is 10.76.

Classical Assumption Test

Normality Test

Using Kolmogorov-Smirnov test and look at the value of Asymp. Sig (2-tailed), the result will determine whether the research data are normally distributed.

Table 3. One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		60
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.08815646
Most Extreme Differences	Absolute	.150
	Positive	.094
	Negative	-.150
Kolmogorov-Smirnov Z		1.159
Asymp. Sig. (2-tailed)		.136

a. Test distribution is Normal.
b. Calculated from data.
Resource: Output SPSS

Based on table 4.4, the value of Kolmogorov-Smirnov is 1.159 and the value of Asymp. Sig (2-tailed) is .136. With result that the Asymo. Sig (2-tailed) is greater than $\alpha = 0.05$, it can be concluded that the data are distributed normally.

Multicollinearity Test

Multicollinearity test conducted in order to see whether each independent variable correlated with one and other in the regression model. To determine whether in the regression model is free from multicollinearity, certain condition must be fulfilled. VIF less than 10 and the value of tolerance is more than 0.1 means the regression model is free from multicollinearity.

Table 4. Multicollinearity Test Result

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	SIZE	.804	1.244
	CPA	.750	1.334
	LEV	.948	1.055
	PROFIT	.783	1.277
	LIQUID	.747	1.338

a. Dependent Variable: VD
Resource: Output SPSS

According to the result in Table 4.5, it shows that all independent variables had fulfilled the prerequisite to be determined as free from multicollinearity. Company size (SIZE) has tolerance more than 0.1, which is .804 and VIF 1.244 which less than 10. Audit quality (CPA) has tolerance .750 and VIF 1.334 shows that it fulfilled the condition. Leverage (LEV) shows value of tolerance on .948 and VIF at 1.055. Company profitability (PROFIT) also fulfilled the prerequisite with value of tolerance .783 and VIF 1.277. Liquidity (LIQUID) has tolerance value of .747 and VID at 1.338.

Hypothesis Test

F Test

F test is used to test whether independent variables have significant influence to the dependent variable. Table 4.9 shows the result that the F value is 7.819 with its significant at .000. Using significant level of 0.05 or 5%, this shows that the significance value .000 is less than .005. It leads to a conclusion that the independent variables used in this research which are company size, audit quality, leverage, profitability, and liquidity, have influence to the dependent variable, voluntary disclosure. Detail result of the F test can see in the following table:

Table 5. F Test Result (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.332	5	.066	7.819	.000b
	Residual	.459	54	.008		
	Total	.790	59			

a. Dependent Variable: VD
b. Predictors: (Constant), LIQUID, SIZE, LEV, PROFIT, CPA
Resource: Output SPSS

t Test

t-test is used to examine whether coefficient regression significant or not on independent variables towards dependent variable. The results of this test are as follows:

Table 6. t Test Result

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.

		B	Std. Error	Beta		
1	(Constant)	1.211	.210		5.772	.000
	SIZE	-.009	.007	-.138	-1.192	.238
	CPA	.078	.029	.325	2.712	.009
	LEV	.002	.016	.011	.104	.918
	PROFIT	-.767	.132	-.680	-5.805	.000
	LIQUID	.014	.009	.201	1.673	.100

a. Dependent Variable: VD
Resource: Output SPSS

Company size (SIZE) has significant value of .238 while the coefficient value is -.009. With significant value (Sig.) greater than α = 0.05, it means that company size as independent variable has no influence towards voluntary disclosure. Therefore, H1 that stated "Company size positively significant influences the voluntary disclosure" is rejected.

Audit quality variable (CPA) has significant value of .009 and coefficient value of.078 that shows positive direction of it. Significant value (Sig.) for audit quality variable is less than α = 0.05, this result means that audit quality individually has positive influence towards voluntary disclosure as dependent variable. Thus, H2 "Audit quality positively significant influences the voluntary disclosure" is accepted.

Leverage (LEV) has significant value of .918 and coefficient value of .002. The result of it shows that significant value (Sig.) is higher than α = 0.05 which means that leverage as independent variable has no influence towards voluntary disclosure. Thus, H3 "Leverage positively significant influences the voluntary disclosure" is rejected.

Profitability variable (PROFIT) has coefficient value of -.767 and .000 as its significant value. The negative result on coefficient value shows that profitability has negative direction. With significant value (Sig.) under α = 0.05, it means that profitability has negative influence towards voluntary disclosure. This result can be concluding that with lower profit that a company can make, the more it will disclose voluntary. Therefore, H4 "Profitability positively significant influences the voluntary disclosure" is rejected.

Liquidity (LIQUID) has significant value of .100 with coefficient value of .014. Having significant value (Sig.) greater than α = 0.05 means that liquidity as independent variable has no significant influence towards voluntary disclosure as its dependent variable. Therefore, H5 "Liquidity positively significant influences the voluntary disclosure" is rejected.

Determination Coefficient Test (R^2)

Based on table 4.10, the value of determination coefficient (R^2) is .366 or 36.6%. This result shows that only 36.6% of the independent variables variation which are company size, audit quality, leverage, profitability, and liquidity can explain the variation of the dependent variable, voluntary disclosure. The remaining 71.2% factors are not explained in this research regression model.

Table 7. Determination Coefficient Test (R^2) Result

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.648[a]	.420	.366	.09215

a. Predictors: (Constant), LIQUID, SIZE, LEV, PROFIT, CPA
Resource: Output SPSS

RESULT AND DISCUSSION

Voluntary Disclosure

Based on the analysis conducted on 60 sample of mining companies listed in Indonesia Stock Exchange (IDX) for period of 2010 to 2013, the results show variety of voluntary disclosure published in the company's annual report. Among all companies that had been analyzed, most of the companies have the drive to voluntarily disclose any information required. It can be seen on table 4.2 Descriptive Statistics, that mining companies in Indonesia included in this research have averagely 96.67% information disclosed voluntarily on their annual report. There are only few companies that not voluntarily contribute to disclose certain information. The lowest item disclosed by a company is done by Resource Alam Indonesia Tbk. on year 2010, which is 5 out of 14 items.

Mining industry known as industry that gives great amount of income to the country and also if it is not maintained carefully it can damaged the nature. Thus, disclosing information in this business is very important. Based on the result, it shows that companies which run in mining industry in Indonesia have high voluntary disclosure. Either the company discloses information in small amount or stated every aspect in their annual report; at least the company has put certain information to public.

Company Size Influence towards Voluntary Disclosure

In this research, company size (SIZE) variable shows by the use of natural logarithm of total sales. The result of analyze this variable conclude that size variable has no significant influence towards voluntary disclosure. Conclusion made based on size significant value of .238 that is greater than 0.05. Which is, in result, the first hypothesis (H1), "company size positively significant influences the voluntary disclosure" is rejected. This result differs from the previous research conducted by Wardani (2012), Mujiyono and Nany (2010), and Nuryaman (2009). All these previous research mention that company size influence voluntary disclosure.

With range data of natural logarithm of total sales from 24.00 to 31.40 mentioned on table 4.2 Descriptive Statistics, shows that it has no influence to the voluntary disclosure. Since this research focus on mining industry, most of the company will voluntarily disclosed any information needed according to the government policy regardless their amount of sales. Under the policy, government makes certain calculation for company in mining industry because it has greater impact to community and environment.

Audit Quality Influence towards Voluntary Disclosure

Audit quality in this research is measured by the CPA firm size which later categorized under Big Four and non-Big Four. Based on the analyze result that shows significance value less than 0.05 that is .009, audit quality variable (CPA) has positive influence towards voluntary disclosure. Therefore, the second hypothesis (H2) "audit quality positively significant influences the voluntary disclosure" is accepted. Although, this result is contrast to Indriani (2013) previous research that stated CPA firm size has no influence towards voluntary disclosure.

This result shows that large public accounting firm influences the voluntary disclosure of a company. It might happen because large size of CPA firm that categorized under Big Four have build reputation that public can trust. Their reputation can be proved as company audited by these firms has lower audit failures. By their distinguished reputation and trust from the public, these CPA firm under Big Four label encourage their client to gives additional information voluntarily.

Leverage Influence towards Voluntary Disclosure

In this research, based on table 4.10 of t Test Result, the significant value resulted from leverage variable (LEV) is .918 which greater than 0.05. This result shows that leverage has no significant influence towards voluntary disclosure. Thus, the third hypothesis (H3) “leverage positively significant influences the voluntary disclosure” is rejected. This statement is in accordance to the previous research made by Wardani (2012) and Mujiyono and Nany (2010).

The result occurs because either the companies have high or low leverage they still need to disclose certain information to the stakeholders fully. Either because of high leverage makes the company aware that they need to disclose the reason why so that the management does not lose the trust of their creditor or with low leverage they disclose certain information in order to show that it resulted because of the efficient work by the management, it has no influence in this research.

Profitability Influence towards Voluntary Disclosure

Profitability variable (PROFIT) in this research shows that it has negative influence towards voluntary disclosure. It is negative because the coefficient value shows -.767 while the significant value is .000 which determine it has influence towards dependent variable. The result of this research particularly in this variable shows the other way around. With that, hypothesis number four (H4) “profitability positively significant influences the voluntary disclosure” is rejected. This conclusion differs from Wardani (2012) previous research that stated profitability has positive influence towards voluntary disclosure.

The reason why it happens the other way around is because mining industry has great potential that many shareholders interest in it. This may be what makes the company disclose any situation happen inside their company even if it suffers from loss. Not only when a company has profit they disclose certain information but in this case, in the state of loss, a company still needs to report on what is going on through the whole year that resulted their loss. By disclosing information in the state of loss, it gives more options to shareholders in making decision. Thus with lower profit it makes the company disclosure more information voluntarily.

Liquidity Influence towards Voluntary Disclosure

Based on the result of this research, liquidity variable (LIQUID) has no significant influence towards voluntary disclosure. The result of significant value on table 4.10 of t Test Result is .100, higher than $\alpha = .05$. This means, regardless the result of its current ratio, it have no influence towards the way the company voluntarily disclose information. Therefore, the fifth hypothesis (H5) “liquidity positively significant influences the voluntary disclosure” is rejected.

The reason it has no influence perhaps because most of mining companies have follow the regulation made by government strictly. For example, Bumi Resources Tbk. in 2013 has the lowest liquidity (0.41) and Aneka Tambang Tbk. in 2011 has the highest liquidity (10.76), both companies still disclose any information as it is. This result is in accordance with Wardani (2012) previous research but different with Indriani (2013) previous research that stated liquidity has negative influence towards voluntary disclosure. In Indriani previous research, it stated that having low liquidity will motivate company’s management to serve information more in detail (2013).

CONCLUSION

Purpose of this research is to find empirical evidence that several company characteristics such as company size, audit quality, leverage, profitability, and liquidity gives influence to the voluntary disclosure in annual report of mining industry companies in Indonesia from 2010 to 2013. Based on this research results by using multiple regression analysis can be concluded as follows:

1. Company size has no influence towards voluntary disclosure. This result differs with previous research conducted by Wardani (2012), Mujiyono and Nany (2010), and Nuryaman (2009).
2. Audit quality has positive influence towards voluntary disclosure. This result is not consistent with Indriani (2013) previous research.
3. Leverage has no influence towards voluntary disclosure. This result is consistent with previous research conducted by Wardani (2012) and Mujiyono and Nany (2010).
4. Profitability has negative influence towards voluntary disclosure. This result differs with Wardani (2012) previous research.
5. Liquidity has no influence towards voluntary disclosure. This result is consistent with Wardani (2012) previous research but not consistent with Indriani (2013) previous research.

Implication of Research Result

In this research, it results that most of the companies in mining industry have implied good corporate governance in their practice. It shows from the descriptive statistic analyze that 96.67% item of voluntary disclosure fulfilled by mining companies in Indonesia. Having high extent of voluntary disclosure in the annual report will increase the acknowledgement and credibility by the shareholders. By strictly following the government policy regarding disclosure, regardless the condition of the company, will make the shareholders have many information to analyze before making decision. In addition, this research can be a reference for other researchers who intend to do similar research.

Recommendation

For further research, several things can be develop from this research and complement the limitations as follow:

1. Future research related to voluntary disclosure can extend the sample used in the research by not only taken from mining industry but also from other industries listed in Indonesia Stock Exchange in order for a better results and able to be generalized.
2. For future research it can extend the period of research and update with its current period in order to see the progress of voluntary disclosure in Indonesia.
3. Not only limited to certain independent variables, in the future research it can add more variables that may have relation with voluntary disclosure such as asymmetry information, company age, audit committee, and so on.

Voluntary disclosure criteria can be listed with more specific details.

REFERENCES

Abdullah, M. and Minhat, M. (2013). Measuring Compliance with IFRS Mandatory Disclosure Requirements: Some Evidence from Malaysia. *Australian Journal of Basic and Applied Sciences*, 7(8), 163-169.

Ahmed, K. and Nicholls, D. (1994). The impact of non-financial company characteristics on mandatory disclosure compliance in developing countries: The Case of Bangladesh. *The International Journal of Accounting*, 29(1), 62-77.

Ali, J.M., Ahmed, K. and Henry, D. (2004). Disclosure complience with national accounting atandards by listed companies in South Asia. *Accounting and Business Research*, 34(3), 183-199

Al-Shiab, M. (2003). Financial Consequences of IAS Adoption: The Case of Jordan. PhD thesis. *University of New Castle Upon-Tyne*.

Badan Pengawas Pasar Modal dan Lembaga Keuangan (BAPEPAM). (2012). *Salinan Keputusan Ketua Badan Pengawas Pasar Modal dan Lembaga Keuangan Nomor: KEP-431/BL/2012 tentang Penyampaian Laporan Tahunan Emiten atau Perusahaan Publik* [PDF Document]. Retrieved from http://www.bapepam.go.id/pasar_modal/regulasi_pm/peraturan_pm/X/X.K.6.pdf; Internet; accessed July 23rd 2014.

Brigham, E.F. and Ehrhardt, M.C. (2005). *Financial Management: Theory and Practice (11th edition)*, Singapore: South-Western Cengange Learning.

Choi, F.D.S., and Meek, G.K. (2005). *International Accounting* (5th edition), New Jersey: Pearson Prentice Hall.

Cooke, T. (1992). The Impact of Size, Stock Market Listing and Industry Type on Disclosure in The Annual Reports of Japanese Listed Corporations. *Accounting and Business Research*, 22, 229-237

Craig, R. and Diga, J. (1998). Corporate accounting disclosure in ASEAN. *Journal of International Financial Management and Accounting*, 9(3), 246-274.

Ghozali, I. (2011). *Aplikasi Analisis Multivariate dengan Program IBM SPSS 19* (edisi 5), Semarang: Badan Penerbit Universitas Dipenogoro.

Gillian, S.L. and Starks, L.T. (1998). A Survey of Shareholder Activism: Motivation and Empirical Evidence, *Contemporary Finance Digest*, 2(3), 10-34.

Godfrey, J., Hodgson, A., Holmes, S., and Tarca, A. (2006). *Accounting Theory* (6th edition), Milton Qld: John Wiley & Sons Australia, Ltd.

Indonesia Stock Exchange (IDX). (2013). *IDX Fact Book 2013* [PDF document]. Retrieved from http://www.idx.co.id/Portals/0/StaticData/Publication/FactBook/FileDownload/20130731_Fact-Book-2013.pdf; Internet; accessed October 30th 2014.

Indriani, E.W. (2013). Faktor-Faktor yang Mempengaruhi Luas Pengungkapan Sukarela dan Implikasinya Terhadap Asimetri Informasi, *Accounting Analysis Journal*, 2(2), 208-217.

International Accounting Standards Committee (IASC). (2000). *International Accounting Standards Explained*, London: John Wiley & Sons Ltd.

International Auditing and Assurance Standards Board (IAASB). (2011). *Audit Quality: An IAASB Perspective* [PDF document]. Retrieved from http://www.ifac.org/sites/default/files/publications/files/audit-quality-an-iaasb-per.pdf; Internet; accessed July 16th 2014.

Jensen, M. and Meckling, W. (1976). Theory of the Firm: Managerial Behaviour, Agency costs and Ownership Structure, *Journal of Financial Economics*, 3, 305-360.

Kim, K.A. and Nofsinger, J.R. (2007). *Corporate Governance* (2nd edition), New Jersey: Pearson Prentice Hall.

Mujiyono and Nany, M. (2010). Pengaruh Leverage, Saham Publik, Size, dan Komite Audit terhadap Luas Pengungkapan Sukarela. *Jurnal Dinamika Akuntansi*, 2(2), 129-134.

Nadhira, M.A. (2013). Pengaruh Konvergensi SAK Berbasis IFRS terhadap Kualitas Audit. *Universitas Pelita Harapan*.

Nuryaman. (2009). Pengaruh Konsentrasi Kepemilikan, Ukuran Perusahaan, dan Mekanisme Corporate Governance terhadap Pengungkapan Sukarela. *Jurnal Akuntansi dan Keuangan Indonesia*, 6(1), 89-116.

Organisation for Economic Co-operation and Development (OECD). (2004). *OECD Principles of Corporate Governance* [PDF document]. Retrieved from http://www.oecd.org/corporate/ca/corporategovernanceprinciples/31557724.pdf; Internet; accessed June 17th 2014.

Patton, J. and Zelenka, I. (1997). An empirical analysis of the determinants of extent of disclosure in annual reports of joint stock companies in the Czech Republic. *European Accounting Review,* 6(2), 605-626.

Peavler, R. (2014). Profitability Ratio Analysis. Retrieved from http://bizfinance.about.com/od/financialratios/a/Profitability_Ratios.htm; Internet; accessed October 4th 2014.

Priyatno, D. (2010). *Paham Analisa Statistik Data dengan SPSS*. Yogyakarta: MediaKom.

Priyatno, D. (2012). *Cara Kilat Belajar Analisis Data dengan SPSS 20*. Yogyakarta. Andi.

Public Company Accounting Oversight Board (PCAOB). (2013). *Standing Advisory Group Meeting: Discussion – Audit Quality Indicators* [PDF document]. Retrieved from http://pcaobus.org/news/events/documents/05152013_sagmeeting/audit_quality_indicators.pdf; Internet; accessed October 4th 2014.

Rezaee, Z. (2009). *Corporate Governance and Ethics*, Hoboken: John Wiley & Sons, Inc.

Sekaran, U. and Bougie, R. (2013). *Research Methods for Business: A Skill-Building Approach* (6th edition), Chichester: John Wiley & Sons Ltd,.

Solomon, J. (2007). *Corporate Governance and Accountability* (2nd edition), West Sussex: John Wiley & Sons Ltd,.

Tsalavoutas, I., Evans, L. and Smith, M. (2009). Comparison of Two Methods for Measuring Compliance with IFRS Mandatory Disclosure Requirements. *Journal of Applied Accounting Research*, 11(3), 213-227.

Wardani, Rr. P. (2012). Faktor-Faktor yang Mempengaruhi Luas Pengungkapan Sukarela. *Jurnal Akuntansi dan Keuangan*, 14(1), 1-15.