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Effect of Listing Age, Liquidity, Company Size and Leverage on Information Asymmetry

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Abstract

The study aims to empirically prove the effect of listing age, firm size, liquidity and leverage on information asymmetry. The population in this study uses the non – cyclical consumer sector. The sampling technique used purposive sampling. Methods of data analysis using Panel Data Regression Analysis. These results indicate that listing age has no effect on information asymmetry, liquidity has no effect on information asymmetry, company size has no negative effect on information asymmetry and leverage has no effect on information asymmetry.

Keywords: Information Asymmetry, Effect of Listing Age , Liquidity, Company Size, Leverage.

INTRODUCTION

The changing conditions of the economic environment have had a lot of impact on the business world. Companies are faced with conditions to be more transparent in disclosing company information, so that they can help make decisions in anticipating changing conditions. In an increasingly competitive business, the information contained in the annual report is very important in efficiently allocating investment funds for the most productive use. It is hoped that the annual report presented is as transparent as possible, that is, as it is, not made up, honest, neutral and objective.

Financial reports are a means of communicating financial information to parties outside the company. The preparation of financial reports is carried out by managers

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(agents) who know more about conditions within the company. Managers as company managers know more about internal information and future company prospects than the company owner (principal). Therefore, as a manager, the manager is obliged to provide a signal regarding the conditions of the company to the owner.

The manager as a party who has information regarding the conditions of the company, does not provide all the information he knows about the company which aims to avoid the risk of showing weaknesses in the company. This problem often triggers managers to gain more profit from the difference in information that exists between managers and users of information, in this case investors. Whereas on the other hand principals/investors need all relevant information about the overall condition of the company but they do not have internal access to the company even though this information is very useful in making economic decisions. (Tanor LA,2009)

Information asymmetry is a situation that is formed because the principal does not have sufficient information about the agent's performance. So that the principal can never find the contribution of the agent's efforts to the actual company results. (Suprayono, 2000:186).

Sometimes the information provided is unacceptable because it does not match the actual conditions of the company. This condition is known as information asymmetry or information asymmetry, one of the conditions where there is an imbalance between management information acquired as an information center for shareholders and stakeholders in general as users of information (users).

The condition of information asymmetry appears in WRA, Vol. 1, No. 2, October 2013 157 agency theory, that is, the principal (owner/superior) gives authority to agents (managers/subordinates) to manage the company they own. The principal does not have sufficient information about the agent's performance, the principal never knows for sure how the agent's efforts contribute to the company's actual results, this situation is known as information asymmetry. (Anthony and Govindarajan, 2001).

There are several studies that have discussed the effect of Listing Age, Company Size and Liquidity on Information Asymmetry. Research conducted by Diah Laras and Maswar (2016) found that the age of listing has a positive effect on the extent of voluntary disclosure. In the research by Rahmat Yoga and Halmawati (2016) the age of listing has a significantly positive effect on the extent of voluntary disclosure. And research by Yuni Rachmawati (2015) listing age has no significant effect on CSR disclosure.

Company size is another factor of voluntary disclosure. According to Hartono (2012: 14) company size (firm size) is the size of the company can be measured by the total assets or the size of the company's assets by using the calculation of the logarithmic value of total assets. In research conducted by Diah Laras and Maswar

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(2016) stated that company size has a positive effect on the extent of voluntary disclosure. In the research conducted by Meliana, Prof. Dr. Sutrisno and Dr. Prihat Assih stated that company size has a positive effect on the extent of annual report disclosure. And Restu's research that company size ian Restu that company size has an effect on earnings management.

Another factor that affects Information Asymmetry is Liquidity. Liquidity is the ratio used to measure a company's ability to meet its short-term obligations. This ratio compares short-term liabilities with short-term resources (current assets) available to meet these short-term obligations. (Van Horne and Wachowicz). In research conducted by Diah Laras and Maswar (2016) company liquidity has a positive effect on the area of voluntary disclosure of annual reports. According to Edi Saputra's research, liquidity has an effect on the extent of voluntary disclosure. And in Meliana Bernadi's research, Prof. Dr. Sutrisno and Dr. Prihat Assih company liquidity has a positive effect on the extent of annual report disclosure.

Another factor that affects Information Asymmetry is Leverage. Leverage is an important tool for financial managers to carry out corporate profit planning in relation to determining the best choice of alternative sources of funds to finance the company's increase in business capital in line with the company's future growth.In research conducted by Diah Laras and Maswar (2016) company liquidity has a positive effect on the area of voluntary disclosure of annual reports. According to researchMeliana Bernadi, Prof. Dr. Sutrisno, and Dr. Concerned Assihleverage has no effect on the extent of voluntary disclosure. And in Edi Saputra's research, leverage has an effect on the extent of voluntary disclosure.

RESEACRH METHODS

Research Approach

In this study, researchers used a quantitative approach. According to Sugiyono (2009: 14) a quantitative approach is a research method based on the philosophy of positivism, which is used to research certain populations or samples, which are generally taken randomly, and data is collected using research instruments, then analyzed quantitatively/statistically with the purpose of testing the hypothesis that has been set.

Dependent Variable

The dependent variable is the variable that is influenced by other variables. In this study will use the dependent variable Information Asymmetry. Information asymmetry occurs in the capital market because there are one or more market participants who are not the same in accessing information. (Shiri and Ebrahimi, 20212). Information asymmetry can be measured using the bid ask spread. The bid

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ask spread is the difference between the highest buying price and the lowest selling price of the stock being traded. The price of a purchase request (bid price) or a selling offer (ask price) is a function of costs and the information it holds. Ask spread can be measured using the following formula :

$$SPREADi,t = (aski,t - bidi,t) / \left(\frac{aski,t + bidi,t}{2}\right) x100$$

Where :
Ask i,t : the highest ask price of company i shares which occurred on day t
Bid i,t : the lowest bid price of company i shares that occurs on day t

Independent Variables (Independent)

Company Size

Size or size of the company can be measured by the total assets owned by the company. (Wulansari, 2008). The size of the company in this study was measured based on the research of Benardi, et al (2009), namely by measuring the total assets in the company. The formula is as follows:

SIZE = log(Total Assets)

Listing Age

In this study, the age of the company's listing will be measured by calculating the difference between 2009 and the year the company's first llisting was listed on the Indonesia Stock Exchange.

Liquidity

Liquidity is the ability of a company to meet its short term obligations in a timely manner. (Fahmi: 2017: 121). The higher the amount of current assets to current liabilities, the greater the confidence that these current liabilities will be paid. The formula is as follows:

$$\text{Liquidity} = \frac{Aktiva\ Lancar}{Utang\ Lancar}$$

Leverage

Leverage is the use of a number of a number of assets or funds by a company where in using assets or funds, the company must incur fixed costs. (Maryam, 2014). The formula is as follows:

$$\text{Leverage} = \frac{Total\ Utang}{Total\ Aset}$$

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Definition and Measurement of Research Variables

The following is an operational table in the Independent variable (X) Company Size, Listing Age, Liquidity, and Leverage (Y) Information Asymmetry.

Table 1 Operational Definition and Variable meansurement

Variable	Variable Definitions	Measurement	Scale
Company Size	Size or size of the company can be measured by the total assets owned by the company. (Wulansari, 2008). The size of the company in this study was measured based on the research of Benardi, et al (2009), namely by measuring the total assets in the company. The formula is as follows:	Size = logs (Total Assets)	Ratio
Listing Age	In this study, the age of the company's listing will be measured by calculating the difference between 2009 and the year the company's first listing was listed on the Indonesia Stock Exchange.		

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Liquidity	Liquidity is the ability of a company to meet its short term obligations in a timely manner. (Fahmi: 2017: 121). The higher the amount of current assets to current liabilities, the greater the confidence that these current liabilities will be paid.	Liquidity = $\frac{Aktiva\ Lancar}{Utang\ Lancar}$	Rasio
Leverage	Leverage is the use of a number of assets or funds by a company where in using assets or funds, the company must incur fixed costs. (Maryam, 2014).	DER = Total Debt / Total Set	
Information Asymmetry	Information asymmetry is a key point for financial markets and the foundation of modern finance. Information asymmetry occurs in almost every company. This generally occurs in medium to large scale companies.	$SPREADi,t = \frac{aski,t - bidi,t}{\frac{aski,t + bidi,t}{2}} x100$	Ratio

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	Asymmetry can occur because management is the party that takes care of all matters related to company activities. The company's management has more and more detailed information about the company's prospects and risks than the information held by the shareholders.		

Sampling Method

The population in this study are manufacturing companies listed on the Indonesia Stock Exchange (IDX) in the Consumer non-cyclicals sector in 2018 - 2021 and issuing financial reports in 2018 - 2022. Sampling in this study used a purposive sampling technique, namely the sampling technique with certain considerations (Sugiyono, 2008: 122).

1. Non-cyclical consumer companies listed on the IDX for the period 2018 – 2021 respectively.
2. A non-cyclical consumer company that consistently publishes financial and annual reports for the 2018-2021 period.
3. Non-cyclical consumer companies that make profits in their financial statements for the 2018 – 2021 period.

DISCUSSION

Description of Research Object

The objects in this study are industrial companies in Indonesia that are listed on the IDX.

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Description Statistical Analysis

Table 2. Analysis Descriptive

	SPRED	LISTING	CR	SIZE	DER
Means	36594.83	39.75676	27341.69	223227.1	11697.51
Median	26799.00	34.00000	19165.50	210352.0	8061000
Maximum	252496.0	92.00000	171800.0	306226.0	107403.0
Minimum	0.000000	9,000000	661.0000	136200.0	4,000000
std. Dev.	37912.92	19.90133	26391.93	58430.99	13075.20
Skewness	2.641619	0.956315	2.750648	0.006188	3.657988
Kurtosis	13.06198	3.530465	12.25732	1.245641	23.63859
Jarque-Bera	796.4621	24.29389	715.1004	18.98055	2956762
probability	0.000000	0.000005	0.000000	0.000076	0.000000
Sum	5416035.	5884,000	4046570.	33037617	1731232.
Sum Sq. Dev.	2.11E+11	58221.24	1.02E+11	5.02E+11	2.51E+10
Observations	148	148	148	148	148

In the table above, it can be explained that the amount of data (observations) used in this study was 148 data. The mean is the average of data. Obtained by adding up all the data and dividing it by number data (Winarno, 2015:3.9). The largest mean value is experienced by the LISING variable of 39.75676 and the smallest is experienced by the DER 11.69751.

The median is the middle value (the average of the two middle values if the data is even) if the data is sorted from smallest to largest (Winarno,2015:3.9). the biggest median experienced by the DER variable is 80.61000, and the smallest is experienced by the CR 19.16550

Maximum is the large value of the data (Winarno, 2015:3.9). The biggest maximum is experienced by the Listing variable of 92.00000, while the smallest maximum is experienced by the DER variable is 10.74030.

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The minimum is the smallest value (Winarno, 2015:3.9). The biggest minimum was experienced by the CR variable of 6.610000, while the smallest minimum value was experienced by the SPREAD and SIZE variables of 0.000000 and 1.362000

Std. Dev is a measure of diatribution of distribution of data (Winarno, 2015:3.9). The largest standard deviation value is experienced by the SIZE variable of 58.43099 which means that this variable has a higher level of risk of experiencing changes compared to other variables. While the DER variable is 13.07520 which indicates that the DER variable during the study period was not too volatile and experienced changes.

Selection of Model Estimation Model

Chow Test

Table 3. Chow Test

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effect Test	Statistics	df	Prob.
Cross-section F	1.107537	(36,107)	0.3366
Chi-square cross-sections	46.875771	36	0.1059

Based on the calculation result in the table above the probability values for the cross-section F (0.3366) and cross-section chi-square (0.0000) < α (0.05) it can be concluded that the common effect model is more appropriate to use than the fixed effect model.

Hausmant Test

Table 4. Hausman Test

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

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Test Summary	Chi-Sq. Statistics	Chi-Sq. df	Prob.
Random cross-sections	6.857000	4	0.1436

Based on the calculation above the probability value (Prob) cross-section random <a (0.05), it can be concluded that the Fixed Effect Model (FEM) is more feasible to use than the Common Effect Model (CEM)

Lagrange Multiplier Test

Table 5. Lagrange Multiplier Test

Lagrange Multiplier Tests for Random Effects
Null hypotheses: No effect
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	0.14896295	0.1793149	0.328277849
	-0.6995	-0.672	-0.5667
Honda	-0.385957186	0.4234559	0.026515595
	--	-0.336	-0.4894
King-Wu	-0.385957186	0.4234559	0.299798006
	--	-0.336	-0.3822
Standardized Honda	0.013883008	0.845594647	-4,459,050,704,593,180
	-0.4945	-0.1989	
			--

Conclusion Panel Data Regression Model Used

Table 6. Conclusion panel of data regression

No	Method	Testing	Results
1	Chow Test	CEM vs FEM	FEM
2	Hausman Test	REM vs FEM	FEM

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3	Lagrange Multiplier Test	CEM vs REM	CEM

Based on the result of the three tests that have been carried out, it can be concluded that panel data regression model that will be used in hypothesis testing and the panel data equation is the Fixed Effect Model (FEM).

Hypothesis Test
Model Feasibility Test (F Test)

Table 7. F Test

Cross-section fixed (dummy variables)

R-squared	0.291947	Mean dependent var	36594.83
Adjusted R-squared	0.027255	SD dependent var	37912.92
SE of regression	37392.70	Akaike info criterion	2,412,601
Sum squared residue	1.50E+11	Schwarz criterion	2,495,632
Likelihood logs	-1,744,325	Hannan-Quinn criter.	2,446,336
F-statistics	1,702,968	Durbin-Watson stat	3,314,734
Prob(F-statistic)	0.339013		

The results above show that the F-statistic is 1,702,968, while the F table with a level of α = 0.05, df1 (k-1) = 5 and df2 (nk) = 37 gets an F table value of 1.65704. Thus F-statistic (1,702,968) > F Table (1,657.04) it can be concluded that the multiple linear regression model is feasible to use as an analysis tool.

Partial Hypothesis Test (T Test)

Table 8. T Test

Dependent Variable: SPREAD
Method: Panel Least Squares
Date: 11/29/22 Time: 14:01
Sample: 2018 2021
Period included: 4
Cross-sections included: 37
Total panel (balanced) observations: 148

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Variables	coefficient	std. Error	t-Statistics	Prob.
C	1012009.	425123.2	2.380507	0.0191
LISTING	1530,807	1969,761	0.777154	0.4388
CR	-0.062887	0.226424	-0.277741	0.7817
SIZE	-4.630750	1.993561	-2.322854	0.0221
DER	-0.072268	0.329170	-0.219547	0.8266

1. Effect of Listing on Information Asymmetry

   The table above shows that the Listing t-statistic value is 0.777154, while the T-Table with a level of α = 0.05, df (nk) = 37 obtains a value of 1.657.04. thus t-statistic Listing (0.777154) < T-Table (1.657.04) with a Prob value. 0.4388 > 0.05, it can be concluded that the Listing variable has no effect on Information Asymmetry.
2. Effect of CR in Information Asymmetry

   The table above shows that the value of the t-statistic CR is (-0.277741), while the T-table with a level of α = 0.05, df (nk) = 37 obtains a value of 1.657.04. thus t-statistic Listing (-0.277741) < T-Table (1.657.04) with a Prob value. 0.7817 > 0.05, it can be concluded that the CR variable has no effect on Information Asymmetry
3. Effect Size on Information Asymmetry

   The table above shows that the t-statistic SIZE value is (-2.322854), while the T-table with a level of α = 0.05, df (nk) = 37 obtains a value of 1.657.04. thus the t-statistic SIZE (-2.322854) > T-Table (1.657.04) with a Prob value. 0.0221 < 0.05, it can be concluded that the SIZE variable has a negative effect on Information Asymmetry
4. DER Effects on Information Asymmetry

   The table above shows that the DER t-statistic value is -0.219547, while the T-table with a level of α = 0.05, df (nk) = 37 obtains a value of 1.657.04. thus the t-statistic DER (-0.219547) < T-Table (1.657.04) with a Prob value. 0.8266 > 0.05, it can be concluded that the DER variable has no effect on Information Asymmetry.

CONCLUSION

Based on the results of the analysis that has been done, it can be concluded that listing variable, CR variable and DER variable has no effect on Information Asymmetry, that the SIZE variable has a negative effect on Information Asymmetry. For further research, the researcher suggests adding other variables that have an influence on Information Asymmetry apart from the variables used in this study. Future

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research can also use other company samples that are more specific and have longer research years.

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