

“THE EFFECT OF COMPANY’S MANAGEMENT DISCUSSION AND ANALYSIS DISCLOSURE TO SHAREHOLDERS REACTION”

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Abstract

This research aims to describe how Indonesia capital market would react upon non-financial information Management Discussion and Analysis disclosure for 85 manufacturing company in 2018. The result of the research showed that (1) non-financial information for manufacturing companies such as Management Discussion and Analysis as part of annual report has no significant impact towards investor in Indonesia. (2) MD&A purpose for disclosing information in manufacturing company for Indonesia capital market is not functioning. (3) MD&A disclosure for manufacturing companies are not fully prepared by management.

Keywords: Management discussion and analysis, market reaction, trading volume activity

INTRODUCTION

Disclosures are intended to give information about firm and its performance to stakeholders. However, managers used corporate disclosure as strategic tools to influence investor’s conception about firm value (Lo, Ramos, & Rogo, 2017). Further said that some managers intentionally formed the the corporate disclosure with complex report to hide some information from the investors. Therefore, managers are required to provide information on disclosure in different ways such as press release, conference calls, and SEC filings in order to give clear information that can be followed by the stakeholders and analyst (Davis & Tama-Sweet, 2012).

The information that needs to be disclosed must have special attention before published, so that the presented information would not create noise and misleading information for financial users (Nuswandari, 2009). Thus, narrative component in the disclosure is highly recommended because the information disclosed in narrative ways gives signal to stakeholders about firm’s quality in which assuming cost and benefit are also considered in narrative disclosure.

Securities and Exchange Commission (SEC) suggested that MD&A (Management Discussion and Analysis) disclosure is a good communication tool for management to give information on their perspective about the details of what happens and reason of changes in various segments inside a firm’s operation that are not presented in the financial statement. Then, MD&A disclosure is often used by investors for assessing the past, present, and prospects of the company (Lindrianasari, Gultom, & Alvia, 2017). In detail, Li (2010)

mentioned the items that were being emphasized in MD&A disclosure are financial information overview and other general pieces of information such as capital resources, liquidity, and operation activities that are more likely to be understandable for investors.

Furthermore, Indonesia regulator bodies OJK issued POJK No.29/POJK.04/2016 where MD&A disclosure is included as a part of the annual report of Public Company. Moreover, Keputusan Ketua Bapepam Kep-38/PM/1996 contains requirements for information that must be contained in MD&A disclosure. The content inside MD&A disclosure that considered significance to investor is described in Annual Reporting Award (ARA) index.

Annual Report Award as an awarding system for companies' clarity weighted MD&A disclosure in a second-place consideration after good corporate governance which is about 22% of overall assessment (Lindrianasari et al, 2017). Thus, indicate that MD&A information is a part of the annual report that is considered important for shareholders. Additionally, MD&A could also be an option that needs to be considered in evaluating the company's performance, which contributes to minimizing the expectation bias around investor since information inside MD&A is more complete and transparent.

Based on research conducted by Clarkson, Kao, & Richardson (1999) shows that MD&A as a new type of information and useful for financial analysis. MD&A disclosure recently has been a concern subject of regulatory bodies as it is provided from the C-suite perspective. Thus, MD&A has a purpose to give management's point of view as the one who manages the operations and knows more about the firm's performance (Cohen, Gaynor, Holder-Webb, & Montague, 2008). Also, Li (2010) found that the tone inside MD&A disclosure is positively related to future performance even though the information contained in MD&A's disclosure has not change systematically from time to time. Correspondingly, the research conducted by Lindrianasari et al (2017) found that Indonesia's capital market is positively responding to MD&A information provided by the company. Further said, the more information disclosed with the most likely good news, the better market response.

The MD&A disclosure are proved as useful information tools as it contains information from the insider's perspective about current things inside the company (Lindrianasari et al, 2017). Therefore, Brown and Tucker (2011) suggested that MD&A disclosure must be modified in relevance to the company's economic condition. However, company mostly boilerplate the disclosure form that makes the usefulness of MD&A declining overtime.

Study by Davis & Tama-Sweet (2012) found that manager disclose incremental information in MD&A in order to minimize negative market reaction, but the evidence shows that there is no significance relation between the MD&A disclosure and market response. The same result found by Thinggard, Jappensen, and Madsen (2015) that MD&A disclosure do not have significant effect on market reaction, that seems most of the investors do not value MD&A disclosure as relevant information that needed to be put into consideration. There are many reasons that investor need to think of before making decision to invest, and each investor might look at different content according to their preferences, that makes MD&A information may not affect market reaction in general (Tailab & Burak, 2018). Further said that investors usually combining quantitative and qualitative information in making investment decision. Therefore, this study is intended to know whether MD&A disclosure affects shareholder reaction.

The researcher uses Management Discussion and Analysis disclosure as public information and sees how the real market would react to this type of information. The significance of the study is as a supplement study how the Indonesian capital market would react upon given information that is disclosed to the public. This study is also useful for

government institutions such as OJK and business entities as part of the consideration in preparing the proper Management Discussion and Analysis in the annual report.

LITERATURE REVIEW

Theory

Agency Theory

The theory of agency based on Ross (1973) is about the relationship between two or more parties where one party is designated as an agent to acts on behalf of another party or principal. Examples of agencies are universal because all contractual arrangements between parties contain agency elements. The problem that arises between this relationship is when under uncertainty, the agent's action is about to get the payoff from given circumstances.

Signaling Theory

Signaling Theory was developed by Ross (1977) stated that firm's with great leverage can increase the market's perceived value of the firm and emphasize more on the importance of information issued to market as the information would affect decision-making judgment of investors. Nuswandari (2009) stated that this theory is the basic consideration for the firm to issue financial information as to both minimize information asymmetry and improving the firm's value by giving a signal to external user relevant information to decrease uncertainty about firm's prospect.

The usefulness of signaling theory is to represent the behavior between two parties when both parties obtain different information. Where the sender must choose the way for signaling the information and the receiver must choose how to define the signal (Connelly, Certo, Ireland, & Reutzel, 2011).

Market Efficiency

The efficient market hypothesis developed by Fama (1970) stated that the market is called efficient when prices always 'fully reflect' available information. An ideal market is a market where prices provide accurate signals where an investor could do investment decisions among securities available information with the assumption that security prices 'fully reflect' at any time.

A further study conducted by Grossman and Stiglitz (1980) about an efficient market argued that price cannot perfectly reflect the available information because the information is costly. For those who want to obtain such information would spend resources up to the point where there is no compensation. The fundamental problem happens between efficient market information and the incentive to achieve information. Also, Rosenberg, Reid, & Lanstein (1984) found that the actual market prices were inefficient.

MD&A value relevance

MD&A is a narrative explanation about the financial report that could help financial's users to easily understand the report. Where MD&A provides communication about management allocation effectiveness and what it takes to reach the firm's strategy (Surata & Astika, 2019). Disclosed information can be mandatory disclosure and voluntary disclosure (Nuswandari, 2009). Mandatory disclosure is information in the financial statements set by the Securities and Exchange Commission that required to be presented and Voluntary

disclosure is a disclosure of information more than capital market regulator's minimum standard requirement (Gunawan & Lina, 2015).

Research conducted by Bryan (2007) analyzes seven mandated disclosures contained in MD&A to assess company information content. The result showed that MD&A disclosure, particularly the company's operation prospect and planned capital expenditure is related to short-term performance and investment decisions. Therefore, this research defines that MD&A's disclosure, especially for the company's expectation disclosure, can help in assessing the short-term prospects of the company.

Further research conducted by Mayew, Sethuraman, & Venkatachalan (2015) found both management opinion about going concern and textual features of MD&A disclosures provide significant explanatory power for a company as a going concern. The usefulness of the information contains in MD&A disclosure for predicting bankruptcy three years before the bankruptcy. MD&A disclosure proved to be more relevant rather than financial ratios in assessing for the company's going concern.

For the presented information to be informative, the information should be able to change the confidence of shareholders. The better MD&A disclosure being presented, will increase shareholders confidence, and change corporate stock demand and supply (Lindrianasari et al, 2017). The result of research conducted by Gunawan & Lina (2015) to measure investor reaction particularly in manufactured companies listed on the Indonesia Stock Exchange using Trading Volume Activities showed that the firm's disclosure did affect partially for mandatory disclosure and simultaneously for voluntary disclosure.

The purpose of ARA is to improve the quality of information and governance through the Annual Report or the annual report book of a company. Since the holding of the ARA in 2002 until now, there has been an increase in the quality of information in the financial statements every year (araward.id). Based on ARA criteria, the index contained both mandatory and voluntary disclosure for MD&A. Mandatory disclosure is information in the financial statements set by the Securities and Exchange Commission that required to be presented and Voluntary disclosure is a disclosure of information more than capital market regulator's minimum standard requirement (Gunawan & Lina, 2015).

To test market reaction using the indicator of price and trading volume must be associated with market efficiency. Where an efficient market condition is happened when investor reacts to given information then the reaction will be reflected through stock price and trading volume movement to create the new equilibrium that reflects the current information (Gunawan & Lina, 2015). The trading volume activity approach can also be used as a tool to test the weak form efficiency of the market. This occurs because in an inefficient market, the price does not fully reflect existing information because of the weak form of market efficiency using past data, so it cannot be used to predict current prices (Sunur, 2009).

THE HYPOTHESIS

H₁: There is no significant effect of Management Discussion & Analysis to Trading Volume Activity.

H₂: There is no significant difference between trading volume activities before and after MD&A disclosure.

RESEARCH METHOD

Research Design

The method in this study is using Descriptive method. The method that is used in this study quantitative approach. The quantitative approach in this study is regarding data collecting for Trading Volume in the third day after the annual report of the manufacturing company has been published in Indonesia Stock Exchange and to calculate the effect of MD&A disclosure towards Shareholders Reaction using simple regression testing.

Population and Sample

The population used in this study is the company listed in Indonesia Stock Exchange (IDX). The sample in this study is from the manufacturing company. Sampling techniques in this study is using purposive sampling, in which the sample data collected based on particular criteria (Sugiyono, 2018). 85 manufacturing company in 2018 will be used in collecting MD&A disclosure data and Trading Volume Activities.

Instrument

This study used secondary data obtained from the Annual Report and Trading Volume Activities of manufacturing companies listed in Indonesia Stock Exchange (IDX). Secondary data is a type in which collecting data is not directly from sources but other valid sources (Sugiyono, 2018). The instrument that will be used in this study is SPSS 16. The criteria of MD&A used in this study refer to the standard of Annual Report Award (ARA). 17 elements must be in MD&A:

Table 1
Elements of Management Discussion and Analysis

No.	Elements of Management Discussion and Analysis
1.	Overview of operations per business segment
2.	A description of the company's financial performance
3.	Discussion and analysis of the ability to pay debts and the level of collectability of the company's receivables
4.	Discussion of capital structure and management policies on capital structure
5.	Discussion of material commitments for investment in capital goods (not funding ties) in the last financial year
6.	Discussion on the capital goods investment ties which were realized in the last financial year
7.	Comparative information between the target at the beginning of the financial year and the results achieved (realization), and the targets or projections to be achieved for the coming year regarding revenues, profits, and others that are considered important for the company
8.	Material information and facts that occur after the date of the accountant's report
9.	A description of the company's business prospects related to industry and the economy in general accompanied by quantitative supporting data from reliable data sources
10.	A description of the marketing aspects of the company's products and / or services, including marketing strategies and market share
11.	A description of the dividend policy and the amount of cash dividends per share and the amount of dividends per year announced or paid during the last 2 (two) financial years
12.	Employee and / or share ownership program implemented by the company (ESOP / MSOP) that still exists until the financial year
13.	Realization of the use of proceeds from the public offering (in the case that the company is still required to submit a report on the use of funds)
14.	Material transaction information that contains a conflict of interest and / or transaction with an affiliate
15.	Description of the changes in the laws and regulations for the company in the last fiscal year
16.	Description of the changes in accounting policies adopted by the company in the last financial year
17.	Business continuity information

Source: <https://araward.id/Guide/AssessCriteria/General/Analysis>

Data Collecting Procedure

The data of MD&A disclosure is being downloaded from available Annual Report of manufacturing company in 2018, if there is MD&A information according to Annual Report Award criteria will be denoted by a number (1) and denoted zero (0) if there is no information. The Trading Volume Activity will be obtained from IDX by collecting the manufacturing company trading volume data 3 days after the annual report is released.

Testing Procedure and Data Analysis

The normality testing in this study is using central limit theorem where if $n \geq 30$ will be assumed as normal distribution. Basic assumption test in simple regression is needed in conducting this research to explore data distribution used in this research which is included in appendix 2. Normality test is used to test normal distribution in this study. In this study, the number of data (n) is 85 where $85 \geq 30$ so the data is assumed has normal distribution.

Heteroscedasticity test will be done to analyze variance and value between observers using glejser test in which sig. > 0.05 means there is no heteroscedasticity. Heteroscedasticity test conducted in this research shows sig. = 0.849 so there is no indication for heteroscedasticity because sig. $0.849 > 0.05$. Autocorrelation test will be done by using durbin watson test where number of observers is 85 with range between $1.59(d_L) - 1.65(d_U)$ for level of significant 0.05, means that dw value must not inside the range in order to free from autocorrelation. Autocorrelation test as shown is using durbin-watson test shows that $dw = 2.100$ which is not in dw range, so there is no autocorrelation. Simple regression analysis is a regression model in describing a functional relationship between two variables (Gani & Amalia, 2015).

To make sure that our result is not affected by other factors that correlate in company disclosure practice, this study then includes some other control variable that are use by Lee and Park (2018) such as ROA, ROE, and Leverage, then perform multiple regression analysis in describing functional relation between MD&A, with those control variable and Trading Volume activities. Multicollinearity test result shows that variance inflation factor (VIF) value for tested variables ROA, ROE, Leverage and MDA is consequently 1.039, 1.065, 1.112, 1.112 in which are < 10 , so there is no multicollinearity in this research. Thus, the equation applied for this testing shown below:

$$Y = \alpha + \beta X_1 + \beta X_2 + \beta X_3 + \beta X_4 + \varepsilon$$

X_1 = Independent Variable \rightarrow MD&A disclosure

X_2 = ROA

X_3 = ROE

X_4 = Leverage

Y = Dependent Variable \rightarrow Trading Volume Activities

α = Constant

β = Coefficient

ε = Error

This research is designed at 95% level of significance. Therefore, the statistic testing result is interpreted with 0.05 error using t-test. Therefore, the probability value is $\alpha=0.05$. If $p\text{-value} < 0.05$, H_0 will be rejected. When H_0 is rejected, it means there is an effect between independent variable (Management Discussion and Analysis disclosure) and dependent variable (Shareholders Reaction), and vice versa if $p\text{-value} \geq 0.05$. Further testing will be done for coefficient of determination (R square) between independent and dependent variable.

RESULT AND ANALYSIS

Descriptive Statistic

Table 2
Descriptive Statistic

Number of Sample	Fulfilled MD&A	
	Index	(Cont')
1	100%	2
4	94%	7
5	88%	2
9	82%	5
8	76%	8
16	71%	1
5	65%	2
7	59%	3

Source: Processed Data

The descriptive statistic is used in this study to describe the sample of variables in this research and give initial description about this research. As shown in table 4.1, the variable of MDA is collected from 85 samples of manufacturing companies listed in Indonesia Stock Exchange (IDX) have minimum score of 0.12 or 12% from the total index that is fulfilled in annual report. The maximum score is 1.00 or 100% of MDA total index in annual report that is fulfilled. There is one sample that fulfills 100%, four samples that fulfills 94%, five samples that fulfills 88%, 9 samples that fulfill 82%, eight samples that fulfill 76%, sixteen sample that fulfill 71%, five samples that fulfill 65%, seven samples that fulfill 59%, two samples that fulfill 53%, seven samples that fulfill 47%, two samples that fulfill 41%, five samples that fulfill 35%, eight samples that fulfill 29%, one sample that fulfills 24%, two samples that fulfill 18%, and three samples that fulfill 12% of MDA index in annual report. Furthermore, the MD&A disclosure index that is being fulfilled by 85 manufacturing companies is shown in table below:

Table 3
MD&A disclosure index

No.	Elements of Management Discussion and Analysis	Fulfilled
1	Overview of operations per business segment	68
2	A description of the company's financial performance	85
3	Discussion and analysis of the ability to pay debts and the level of collectability of the company's receivables	76
4	Discussion of capital structure and management policies on capital structure	68
5	Discussion of material commitments for investment in capital goods (not funding ties) in the last financial year	55
6	Discussion on the capital goods investment ties which were realized in the last financial year	32
7	Comparative information between the target at the beginning of the financial year and the results achieved (realization), and the targets or projections to be achieved for the coming year regarding revenues, profits, and others that are considered important for the company	45
8	Material information and facts that occur after the date of the accountant's report	66
9	A description of the company's business prospects related to industry and the economy in general accompanied by quantitative supporting data from reliable data sources	68
10	A description of the marketing aspects of the company's products and / or services, including marketing strategies and market share	60
11	A description of the dividend policy and the amount of cash dividends per share and the amount of dividends per year announced or paid during the last 2 (two) financial years	68
12	Employee and / or share ownership program implemented by the company (ESOP / MSOP) that still exists until the financial year	9
13	Realization of the use of proceeds from the public offering (in the case that the company is still required to submit a report on the use of funds)	27
14	Material transaction information that contains a conflict of interest and / or transaction with an affiliate	42
15	Description of the changes in the laws and regulations for the company in the last fiscal year	49
16	Description of the changes in accounting policies adopted by the company in the last financial year	55
17	Business continuity information	4

Source: Processed Data

As shown from the table, the index that is being fulfilled by all the companies is index number 2, index 3, index number 1, index number 4, index number 9, and index number 11. As a matter of fact, Li (2010) stated that the emphasized items in MD&A disclosure are financial information overview and other general pieces of information such as capital resources, liquidity, and operation activities that are more likely to be understandable for investors.

On the other hand, the least fulfilled one for MD&A index is index number 17, index number 12, and index 13. Therefore, Arvidsson (2011) study found that the trend of company's non-financial disclosure is shifting from R&D and related information into CSR,

employee-related, non-financial KPIs and Mandatory disclosure. Furthermore, MD&A language style is proven to be insignificant for stock market whether it is long or short form of MD&A disclosure despite the content is significantly different from time to time that indicate MD&A is prepared just to satisfy investors. (Tailab & Burak, 2018).

HYPOTHESIS TEST

First Hypothesis

The statistic test is conducted in this study to investigate whether investors in which will be measured using Trading Volume Activities would react toward MD&A disclosure. The first hypothesis (H_1) formulated in this study is that Management Discussion & Analysis does not have significant effect Trading Volume Activity. The probability value is $\alpha=0.05$. If $p\text{-value} < 0.05$ means H_0 will be rejected, and vice versa if $p\text{-value} \geq 0.05$.

Table 4
Result of Multiple Regression VTA reaction to MD&A

Model		Sig.
1	Regression	.849 ^a
	Residual	
	Total	

a. Predictors: (Constant), MDA

b. Dependent Variable: VTA_Sesudah03

Table 5
R Square Results

R Square	
Model	
1	.001

Source: Proceed Data

The test result for hypothesis is shown in table 4, the significance test as shown in ANOVA table has significance value 0.849 where $0.849 > 0.05$ means that H_0 is accepted, and H_a rejected. Further testing is conducted for correlation of determination test (R^2) to investigate the percentage of changes dependent variable in which determined by the percentage of changes of independent variable. The result in table 5, the R square value is $0.001 < 0.50$ means that there is no effect between MDA disclosures with TVA.

Further investigation is conducted in this study by adding up control variables. Control variables added in this study are financial indicator such as Return on Asset, Return on Equity and Leverage (debt-asset ratio).

Table 6
Effect of Control Variable to TVA and MD&A

Model		Unstandardized Coefficients	
		B	Sig.
1	(Constant)	10.827	.000
	ROA	.171	.012
	ROE	-.015	.022
	Leverage	.734	.246
	MDA	1.137	.484

The result in table 6 shows that the significant value of Return on Asset is 0.012 and Return on Equity has sig. 0.022 in which both values are < 0.05 , which mean ROA and ROE has significant effect on TVA. However, Leverage shows different result which is $0.246 > 0.05$ means Leverage might not have significant effect on TVA so does MD&A with the value of 0.484. This finding is in contrast with previous study conducted by Lindrianasari, Gultom, & Liza (2017) findings where investor would react positively and significantly toward MD&A disclosure. However, this finding is in line with study conducted by Brown and Tucker (2011) that stated MD&A disclosure should be modified according to company's economic condition from time to time and company's mostly do not convey MD&A disclosure, therefore, the usefulness of MD&A disclosure is decling overtime. The number of information which is fulfilled in MD&A disclosure by observant companies in 2018 as stated in chapter 4.1 mostly just small portion of MDA index in which the the index is expected to driven investor. As can be seen, the MD&A information in Annual Report is not fully prepared.

Another study by Tailab & Burak (2018) argue that investors need to think of before making decision to invest, and each investor might look at different content according to their preferences, that makes MD&A information may not affect market reaction in general. In addition, investors usually combining both quantitative and qualitative information in making investment decision. Study by Utami (2018) found that financial market in Indonesia is still weak and inefficient, therefore, market might have low reaction on the disclosure such as MD&A.

Factor that influences management in preparing MD&A report is country-based factor. Each country has its own environment and requirement in which might differ management opinion for relevant information to be disclosed in MD&A. There are some management points of view regarding MD&A disclosure, some said that it is useful for analyst and investor, and some said another media is timelier and more useful rather than MD&A report because MD&A is type of backward-looking information. For U.S. and Canadian MD&A's report is strictly supervised while U.K. and Australian as non-GAAP country have more freedom in preparing the MD&A. (Tarca, Street, & Aerts, 2011)

For instance, Denmark capital market as non-GAAP country, MD&A content information for some companies is considered as relevant information by investor. However, for majority companies the information does not affect investor's judgement because the information is no use, immaterial or has been available by other information sources. This indicates that market react is based on company's type (Thinggaard, Jeppesen, & Madsen, 2015). Another study conducted by Ma, Pagan, & Chu (2009) in asian market is proven to have significant result regarding the leaked of information in marger and acquisition deals.

On the other hand, the language used in MD&A reporting will depend on company's performance. The tone expressed in disclosing the information is to complement earnings

information that could drive investor's judgement. (Kearney & Liu, 2014). The MD&A content is closely related with the capabilities of company's Audit Committee. In one side, financial expertise involvement in audit committee especially with accounting background is increasing the content quality where the abnormal tone is decreased for qualitative information. On the other side, depend on the circumstances could cause abnormal tone increased. Thus, the background of Audit Committee is affecting the preparation of MD&A disclosure. (Lee & Park, 2018)

Second Hypothesis

To answer the second research question about whether the Trading Volume Activities before MD&A disclose, different with the Trading Volume Activities after MD&A had been published? Hypothesis H₀₂: There is no significant difference between trading volume activities before and after MD&A disclosure is proposed. Paired sample t-test is conducted to test whether there is statistically different market reaction using trading volume activity before and after window period during 3-day observation.

Table 7
Compare mean of VTA before and After MD&A

		Mean	Sig. (2-tailed)
Pair 1	VTA_Before	12.5291	.571
	VTA_After	12.4139	

Referred to table 7, the average of trading volume activity before the announcement is 12.5291 which is only slightly difference with the mean of volume activity 3 days after the announcement which is 12.4139 with trading volume activity difference 0.1152. Meanwhile, testing significance value in table 4.7 is 0.571 at level (α) of 5%. It shows that p-value is bigger than alpha, so there is no significant difference between TVA before and after the announcement.

Further research is conducted by extended timeline up to 5 days windows period to see whether there is market reaction toward the announcement.

Table 8
Significant value before and after 5 days of MD&A

		Sig. (2-tailed)
Pair 1	VTA_Before – VTA_After	.475

The result shows that the significance value is 0.475 at level (α) of 5% where sig. $0.475 > 0.05$ means there is still no significance difference before and after the announcement. This finding is in line with Laksmna & Dewi (2019) study in which there is no day of the week effect in Indonesia Capital Market. Additionally, Ady & Mulyaningtyas (2017) find that investor behavior was not based on Rational Economic Man (REM) but based on Behaviorally Bias Men.

CONCLUSION

Based on the result and analysis that are presented earlier, the following conclusions from this study are gathered. Firstly, this research found that non-financial information for manufacturing companies such as Management Discussion and Analysis as part of annual report has no significant impact towards investor in Indonesia. Secondly, the purpose for disclosing information in manufacturing company for Indonesia capital market is not functioning as is expected because there is no significant difference in trading volume activities before and after MD&A disclosure. Thirdly, MD&A disclosure for manufacturing company is not fully prepared by management.

LIMITATION AND SUGGESTION

This study has some limitation due to time and cost consideration, this study is only seeing the MD&A and the Trading volume activities for 2018 only. Which might not give broader point of view if compared with longer time period of analysis. This study also only focuses on MD&A disclosure with ARA assessment and do not give comparison with other assessment such as SEC filling and only test MD&A effect on trading volume activities only. Suggestion to ARA award organizer for ARA assessment must be improved regarding to MD&A index as it supposed to driven investor judgment, but the finding shows insignificant. For the future study might also consider using another tool for assessment and test other measurement rather than Trading Volume Activity. Next suggestion for the future study to consider is to see whether there is significant affect on market reaction for longer time period. Futher study might also consider conducting research in another sector of companies in Indonesia

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