The Effect Of Accounting Conservatism And Financial Performance On Company Value (Case Study on Companies Conducting Mergers listed on the Sharia Stock Exchange Financial Statements 2016-2018)

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Info Articles

Abstract

This study aims to examine the effect of accounting conservatism and financial performance on firm value. This research was conducted on companies conducting mergers that were listed on the Indonesia Sharia Stock Exchange in 2016-2018. This study uses a qualitative method with secondary data sources and multiple linear regression analysis as a testing tool. The amount of data used is quarterly so that the amount of data collected is 60 samples. The results showed that conservatism had no positive effect on firm value, while financial performance had an effect on firm value. Simultaneously, accounting conservatism and financial performance have a positive effect on the value of the merging companies.

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INTRODUCTION

The accounting record system emerged simultaneously with the need for business actors to record buying and selling transactions or business. Benedetto Cotrugli (1458) is the creator of the double entry system which is a system of recording transactions into two parts, namely debit and credit. The recording system was already in the manuscript in 1484, then it was translated and the printing of his first book Libro de Larte dela Mercatura (Book of the Art of Trade) was published in 1573. With this work, it was possible to make financial records and reports more systematic. (Alan Sangster, 2018).

The company will pay attention to the details of all its transactions by recording in the company's general ledger account. Each account in the general ledger has determined its type, namely assets, liabilities, owners of capital, income, expenses, and profit and loss accounts. The company is obliged to prepare and report the company's finances in a certain period, either quarterly or annually. Financial reports are needed and useful for every reader so that the contents of the financial statements must be credible, easy to understand, and can be compared with other company reports. To fulfill this, financial reporting must follow a set of general rules known as accounting standards or GAAP (Generally Accept Accounting Principles).

Conservatism accounting is the choice of accounting and estimation methods to keep net income relatively low. Accounting conservatism has an impact not only on the quality of the figures on the balance sheet, but also on the quality of the earnings presented on the income statement. Every company would want to increase investment, but conservatism accounting is more likely to report earnings that are lower than they should be. For investors, earnings information really helps them to evaluate company performance, predict earnings and also to take into account investment risks in the future, so management needs to make more accounting choices. Lower earnings will result in unrecorded reserves, giving managers more leeway to report higher results in the future. By boosting investment, management can raise reserves and hence lower revenue. Management can also release reserves and generate additional revenue, lowering investment or slowing investment growth (Stephen and Zhang, 2002).

Ball and Shivakumar (2006) and Basu (1997) identify that companies that often commit fraud by manipulating earnings are companies with anticonservatism accounting models. Companies that commit fraud will report unreasonably high income and assets for many years and therefore these companies become less conservatism during the period of the fraud. The PT Garuda Indonesia Tbk fraud case in 2019 became a public discussion, everyone knew that Garuda Indonesia was the prima donna of the national airline among other airlines. On June 28, 2019 in Jakarta, the Financial Services Authority (OJK) conducted an inspection regarding the presentation of the Annual Financial Report (LKT) of PT Garuda Indonesia Tbk as of December 2018. PT Garuda Indonesia Tbk is suspected of committing several irregularities in the annual financial statements. In 2018 PT Garuda Indonesia presented a net profit report of USD 809.95 thousand or equivalent to RP 11.22 billion. The net profit experienced an unreasonable increase, because in 2017 PT Garuda Indonesia Tbk was reported to have suffered a loss of USD 215.5 thousand. Based on this, the Financial Professional Development Center, PT Bursa Efek Indonesia, OJK and other related parties have imposed several administrative sanctions on the decision that PT Garuda Indonesia Tbk has been proven to have violated OJK regulations Number 29/POJK.04/2016 concerning the Annual Report of Issuers or Public Companies. . 95 thousand or the equivalent of Rp 11.22 billion. The net profit experienced an unreasonable increase, because in 2017 PT Garuda Indonesia Tbk was reported to have suffered a loss of USD 215.5 thousand. Based on this, the Financial Professional Development Center, PT Bursa Efek Indonesia, OJK and other related parties have imposed several administrative sanctions on the decision that PT Garuda Indonesia Tbk has been proven to have violated OJK regulations Number 29/POJK.04/2016 concerning the Annual Report of Issuers or Public Companies. . 95 thousand or the equivalent of Rp

11.22 billion. The net profit experienced an unreasonable increase, because in 2017 PT Garuda Indonesia Tbk was reported to have suffered a loss of USD 215.5 thousand. Based on this, the Financial Professional Development Center, PT Bursa Efek Indonesia, OJK and other related parties have imposed several administrative sanctions on the decision that PT Garuda Indonesia Tbk has been proven to have violated OJK regulations Number 29/POJK.04/2016 concerning the Annual Report of Issuers or Public Companies. .

Earnings manipulation is also related to weaknesses in the corporate governance structure. Internal governance processes are established to maintain the credibility of the company's financial statements and protect against earnings manipulation behavior. After the profit manipulation is spread and is known by the general public, the company will have a consequence in the form of a decrease in shares. The value of the company with a low share price causes investor demand for shares to decrease and vice versa. It is the investor's perception of the firm's value that provides the main motivation for a company to manipulate earnings (Patricia, et al 1996). If the quality of the earnings presented is not reliable then the stakeholders cannot be trusted anymore. Companies must have management that is able to carry out strategies and choose accounting methods so that the company still has good earnings quality. Conservatism is one of the accounting models whose role is to monitor the company's investment policies. The concept of conservatism that recognizes losses more quickly will help in limiting the losses that will arise from underperforming investment decisions. Therefore, accounting conservatism has a positive effect on firm value. The concept of conservatism that recognizes losses more quickly will help in limiting the losses that will arise from underperforming investment decisions. Therefore, accounting conservatism has a positive effect on firm value. The concept of conservatism that recognizes losses more quickly will help in limiting the losses that will arise from underperforming investment decisions. Therefore, accounting conservatism has a positive effect on firm value.

Fraud in excess of profits is used by the company to get more investment or capital which will later be used for business development. A better strategy for getting more capital without cheating is to do a merger. A merger is the joining of two or more firms to establish a new entity or a holding company. (Gaughan, 2002; Jagersma, 2005). Merger is a strategy between two or more companies, where partners seek to increase their competence by combining their resources with other companies with a commitment to achieve agreed goals (Brouthers et al, 2008). Therefore, the object of this research is the population who merged at PT Kustodian Sentral Efek Indonesia (KSEI) for the 2015-2018 period. The sample for this study is a company that has merged and has financial statements registered in Sharia Securities.

The motive behind the merger is to increase revenue, profitability, and growth with a faster scale and time in the market as well as being able to acquire new technologies or competencies. This is partly the reason why mergers and acquisitions are considered an effective method to improve company performance. The effect of the merger on the financial performance of a company can be in the short term or long term (Bouwman, Fuller and Nain 2003). Mergers have been carried out in an effort to improve organizational performance because of the benefits they believe they will get. Mergers and acquisitions are considered a management technique for improving financial performance. To save costs and increase shareholder value, management is considering a merger. Efficiency theory shows that mergers have a positive impact on organizational performance. Efficiency theory states that mergers are carried out to achieve net benefits and synergies (Trautwin, 1990).

Public companies that carry out the merger certainly provide information on financial performance and financial ratios as a consideration for investors and parties who will carry out the merger in making their decisions. There is a significant and strong relationship between firm value and financial performance. Financial performance is expected to predict the value of the company in the future. However, there is an inconsistency in the effect of financial ratios on

firm value as stated by (Mahendra, et al, 2012). Based on the problems and gaps that occur in the companies that will carry out the merger to submit their financial statements either by using the accounting concept of conservatism to get good financial performance and satisfactory company value.

PREVIOUS RESEARCH

Several studies have been conducted on the variables that influence companies in implementing accounting conservatism. Previous studies will help researchers to identify and highlight influential variables and record significant findings from the research that has been done (Sekaran and Bougie, 2011). Researchers have summarized several previous studies from previously published journals from journals, which are as follows:

Sana'a NM (2016) conducted a research entitled "The Effect of Accounting Conservatism on Financial Performance Indicators in the Jordanian Insurance Companies". This study looks at the impact of accounting conservatism as an independent variable and firm size as a control variable on financial measures including return on assets, earnings per share (EPS), and market value on Jordanian insurance business performance from 2007 to 2014. The findings reveal that Jordanian insurance businesses use accounting conservatism rules, and that accounting conservatism policies have a significant and favorable impact on financial metrics connected to Jordanian insurance company performance.

Purwanto and Jillian (2017) conducted a research entitled "Financial Performance towards Value of Firms in Basic and Chemicals Industry". This study aims to prove empirically the effect of financial performance on firm value. The results of the study prove that company size, profit growth, current ratio, DER and ROA partially have a significant influence on PBV. Simultaneously, the five independent variables have an effect of 66.594% while the remaining 33.406% is influenced by other factors.
Benjamin and Hotniar (2016) This research is entitled The effect of financial performance on the

company's value moderated by dividend policy". The goal of this research was to look at how financial performance affects business value when dividend policy is taken into account. Financial performance, dividend policy, and firm valuation are the research factors. Liquidity, leverage, and profitability are used to assess financial performance. The dividend payout ratio represents this dividend strategy. Tobin Q introduces the final variable, firm value. The study's findings show that financial performance has little bearing on the value of a company. Other findings suggest that dividend policy has little effect on business value when it comes to financial performance.

Watts and Luo Zuo (2011) have conducted a research entitled "Accounting Conservatism and Firm Value: Evidence from the Global Financial Crisis". This study conducted an analysis of accounting conservatism on firm value during the 2008 global financial crisis. The sample used was 2,983 US non-financial companies. Researchers show that firms with more conservative financial reporting experience less negative stock returns during crisis periods. Companies that are more conservative take on more debt and invest more during periods of crisis. The results of further research that the positive relationship between accounting conservatism and stock returns during the crisis period is more pronounced for companies with higher agency costs, together.

THEORITICAL REVIEW

1. **Company Value**

At the beginning of the 19th century (Nineteen), businesses still apply the system of individuals or small groups. The business unit at that time, the company was only managed by an individual or individuals appointed by the owner. Companies still have many limitations both in company size and wealth. This typical type of company is owned and operated by a small group of people who have limited resources to develop and manage a bigger and better company.

2. **Accounting conservatism**
Accounting conservatism is one of the restrictions found at level three (disclosure and

measurement) in the Financial Accounting Standards Board's conceptual framework underlying financial accounting (FASB). The most significant accounting concept in terms of accounting disclosure and measurement is conservatism. The impact of applying the accounting concept of conservatism displays accounting measurements with financial statement values for income and assets that are less than their values (understating), and values for measuring expenses and liabilities that are more than their values (overstating) (overstating). External auditors are particularly interested in the recognition of losses and deferred income, which is why accounting conservatism is used. (Sana'am, 2016).

3. Financial Performance

Financial performance is a measure of a company's ability to create revenue or profit from its key business assets. Furthermore, financial performance is a measure of an organization's financial health over a period of time that is used to compare similar organizations in the same industry or industry sector entities.

4. Signal Theory

When two parties (individuals or organizations) have different access to information, signaling theory is important for describing their behavior. The transmitter must determine whether and how to communicate (or signal) the information, while the recipient must determine how to interpret the signal. As a result, signaling theory is widely used in management literature, such as strategic management, entrepreneurship, and human resource management. (Brian C, Duane and Trevis, 2011).

5. Merger

In recent years, mergers have been a common way for growing the size and value of businesses. Hax and Maljuf (1996) define merging as a method of establishing long-term organizational goals, courses of action, and resource allocation. Identifying the business areas in which the company must participate in order to

optimize long-term revenues is the main challenge faced by organizations attempting to merge or acquire other enterprises.

HYPOTHESES DEVELOPMENT

1. Accounting conservatism on firm value

Conservatism is proven to produce higher quality earnings by minimizing the act of increasing profits so as to increase the value of the company. The first hypothesis to be tested in this study is:

H1 = Accounting conservatism has a positive effect on firm value who did the merger

2. Financial performance on firm value

Several financial ratios can be used to calculate financial performance. ROA is a method used in this study to assess the efficiency and effectiveness of a company's financial performance as it relates to increasing firm value. Rising stock prices also reflect a rise in the company's value. The second hypothesis to be tested in this study is:

H2 = Financial Performance has a positive effect on the value of companies that carry out mergers

RESEARCH DESIGN

1. Research Objects and Subjects

The object of research is the problem under study in the form of activities that are of interest to researchers to be studied more deeply so as to find a result and provide a conclusion. The focus of this study is accounting conservatism, or the performance of a corporation that has an impact on its value.

The research subject is a place to obtain data or objects to be studied. The subjects in this study are companies that have merged and are on the Sharia Securities List (DES) which have the company's quarterly financial reports for the 2016-2018 period published on the Indonesia Stock Exchange (IDX).

2. Sample Return Technique

The population used for this research are companies conducting mergers published by PT Kustodian Sentral Indonesia 2015-2019. Then the companies listed as conducting the merger will be

re-selected if the company is included in the list of sharia securities, it will be the research sample. The sampling technique used is the purposive sampling method that applies several criteria, namely:

2.1 The company merged with PT Kustodian Sentral Efek Indonesia (KSEI) in 2016-2018;

2.2 Companies that carry out the merger will become the research sample if they are included in the Sharia Securities List (DES);

2.3 Listed companies have had quarterly financial reports for the 2016-2018 period published by the Indonesia Stock Exchange.

3. Data Collection Techniques

This study collects data from secondary sources by conducting literature and documentation examinations. Obtaining information in the form of company financial statements from the Indonesia Stock Exchange's (IDX) official website, www.idx.co.id. Because each variable has its own formula, researchers will need time to calculate the final results before using statistical methods to test them. The statistical tool used in this study is Eviews 8.

4. Variable Operational Definition

The research object is divided into variables X and Y. Variable X (independent) is a variable that is assumed to be a variable capable of influencing variable Y. Accounting conservatism and firm performance are the independent variables in this study. While the variable Y (bound/dependent) is a variable that can be impacted by the independent variable, it is also a variable that can be influenced by the independent variable. The dependent variable used as the object of research is firm value. To better understand clearly the following operational definitions of each variable:

4.1 Independent Variable

Ball and Shivakumar (2005, 2006) terms of cash flows from operating activities, accrual accounting serves two purposes. Under a suitable rule or concept, the primary role is to synchronize the timing of revenue and expense recognition (Dechow et al, 1994). The second role is to

demonstrate asymmetrical punctuality in terms of recognizing gains and losses. Accounting conservatism creates an unequal relationship between accruals and cash flows, which results in the initial recognition of economic losses and the recognition of economic benefits that are deferred until realized as cash. Conservatism accounting can be calculated by the following formula:

$$ACit = NIit - CFit$$

Description :

AC = Accounting Conservatism

NI = Net Income

CF = Cash Flow from operating activities.

Furthermore, the second X variable in the study uses the financial performance variable which is measured using the ROA (Return on Asset) formula. The ability of a corporation to generate future earnings is measured by its return on assets. One of the profitability ratios is return on assets (ROA). This ratio is frequently highlighted in financial statement analysis since it can demonstrate a company's profitability.

ROA can be used to assess a company's ability to produce in the past and forecast its ability to do so in the future. The asset in question is the entire company's property, which is derived either from the capital itself or from foreign capital that has been transformed into company assets and is utilized to ensure the company's long-term viability (Rosikhah, et al, 2018). On the balance sheet, you can quickly see the company's entire assets. The formula for ROA is:

$$ROA = \frac{Net\ Income}{Total\ Aset}\ X\ 100\%$$

4.2 Dependent Variable

According to Brigham and Houston (2011), Price Earning Ratio (PER), Price Book Value Ratio (PBV), Markert Ratio (MBR), Dividend Yield Ratio, and Dividend Payout Ratio are several ratio analysis techniques in determining market value. (DPR). PBV was hired as a surrogate in this investigation. The ratio of a company's price to its book value, or book value (PBV), indicates a company's potential to create value in price with the amount of capital invested. The PBV formula is:

$$PBV = \frac{\text{Harga Pasar per saham}}{\text{Nilai Buku per saham}}$$

5. Data Analysis Techniques

5.1 Descriptive statistics

Descriptive statistical test produces a description output of each dependent and independent variable. Data processing using Eviews9 displays output in the form of minimum values, maximum values, average values, and standard deviation values.

5.2 Normality test

The study used the Eviews 9 application to test for normality. The normality test in the OLS regression is on the residuals not the variables. Normality test can be done by using the Jarque-Bera test to assess that the data is normally distributed, so that further tests can be carried out.

5.3 Heteroscedasticity Test

Heteroscedasticity test produces an output that a research regression model will have deviations or not. If the variables and residuals from one observation to another are fixed, then the model does not have heteroscedasticity. This research uses the Glejser method.

5.4 Autocorrelation Test

The next test is the autocorrelation test which aims to test the correlation that occurs between the residuals in one observation with other observations in the regression model. The results of the autocorrelation test can be seen by looking at the output of the data processing in the Breusch-Gofrey test section.

5.5 Multicollinearity Test

Multicollinearity test is a result of data processing that describes a strong correlation or relationship between two or more variables in the multiple regression model. The correlation value that can be tolerated in the multicollinearity test is 70% or 80% (0.7 or 0.8).

5.6 Simultaneous Test (F Statistics Test)

The F test is used to show the simultaneous effect of accounting conservatism and financial performance variables on firm value.

5.7 t test

The t-test is used to show how far the influence of one independent variable is on the dependent. In this study, two independent variables were tested, namely accounting conservatism and financial performance. The two variables will have their respective results, namely in the form of influence or not on the dependent variable.

5.8 Coefficient of Determination Test

The coefficient of determination or R2 is used to measure the model's ability to explain variations in the dependent variable.

RESULTS AND DISCUSSION

The influence model and the relationship of the independent variables with more than two variables on the dependent variable are tested in this study. Multiple linear regression analysis was employed as the method of analysis. The partial test, simultaneous test, and coefficient of determination are all elements of the multiple regression analysis. Researchers also tested the classical assumptions in the form of normality, heteroscedasticity, autocorrelation, and multicollinearity tests. The results of data processing and analysis will be discussed as follows:
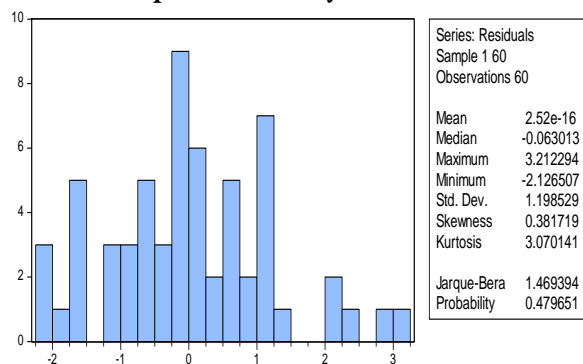
1. Descriptive Statistics

The average value (mean), standard deviation, variance, maximum, minimum, range, kurtosis, and skewness are all examples of descriptive statistics that provide an overview or description of data (distribution of each variable). Then the results obtained according to the following table:

Table 1. Descriptive Statistical Test Results

	KA	KK	NP
mean	32043163	0.016391	13.52933
median	-6344500.	0.010027	2.215000
Maximum	1.13E+09	0.140952	108.700
Minimum	-2.76E+08	-0.064947	0.610000
Std. Dev.	2.12E+08	0.041089	27.02922
Skewness	3.003030	0.683940	2.837680
Kurtosis	14.62892	3.692099	10.05662
Jarque-Bera	428.2613	5.875243	205.0139
Probability	0.000000	0.052992	0.000000
Sum	1.92E+09	0.983443	811.7600
Sum Sq. Dev.	2.65E+18	0.099612	43104.16
Observations	60	60	60

The output of table 1 above shows the values or observations studied amounted to 60 samples. Accounting conservatism has a mean or average value of 320,431,163, financial performance of 0.016 and firm value of 13,529.

2. Normality Test

Graph 1. Normality Test Results

Source: data processed Eviews 9

Graph 1 of the normality test results can be seen that the Jarque-Bera probability value is 0.4796, meaning that the residual research data is normally distributed.

3. Heteroscedasticity Test

Table 2. Heteroscedasticity Test Results

Heteroskedasticity Test: Glejser

F-statistics	1.570973	Prob. F(2.57)	0.2167
Obs*R-squared	3.134530	Prob. Chi-Square(2)	0.2086
Scaled explained SS	3.337558	Prob. Chi-Square(2)	0.1885

Test Equation:
Dependent Variable: ARESID
Method: Least Squares
Date: 12/26/19 Time: 03:23

Samples: 1 60
Included observations: 60

Variable	Coefficient	Std. Error	t-Statistics	Prob.
C	0.880257	0.106018	8.302929	0.0000
KA	-5.90E-10	4.67E-10	-1.262953	0.2117
KK	3.273825	2.411206	1.357754	0.1799

R-squared	0.052242	Mean dependent var	0.915005
Adjusted R-squared	0.018987	SD dependent var	0.764884
SE of regression	0.757588	Akaike info criterion	2.331352
Sum squared resid	32.71454	Schwarz criterion	2.436069
Likelihood logs	-66.94056	Hannan-Quinn Criter.	2.372313
F-statistics	1.570973	Durbin-Watson stat	0.834689
Prob(F-statistic)	0.216708		

Source: data processed Eviews 9

The prerequisite that must be met in the regression model is the absence of heteroscedasticity symptoms. Table 2 shows the results of the heteroscedasticity test using the Geljser method. If the probability value is < 0.05, then heteroscedasticity

4. Autocorrelation Test

Table 3. Autocorrelation Test Results

Breusch-Godfrey Serial Correlation LM Test:			
F-statistics	0.224659	Prob. F(2.54)	0.7995
Obs*R-squared	0.486871	Prob. Chi-Square(2)	0.7839
Test Equation:			
Dependent Variable: RESID			
Method: Least Squares			
Date: 12/26/19 Time: 04:19			
Samples: 2 60			
Included observations: 59			
Presample missing value lagged residuals set to zero.			
Variable	Coefficient	Std. Error	t-Statistics	Prob.
C	-0.003228	1.628385	-0.001982	0.9984
D(KA)	-1.99E-10	7.22E-09	-0.027560	0.9781
D(KK)	6.161832	57.12401	0.107868	0.9145
RESID(-1)	-0.011428	0.136633	-0.083638	0.9337
RESID(-2)	-0.091514	0.137181	-0.667104	0.5075
R-squared	0.008252	Mean dependent var	-3.59E-16
Adjusted R-squared	-0.065211	SD dependent var	12.10773
SE of regression	12,49628	Akaike info criterion	7.969677
Sum squared resid	8432,475	Schwarz criterion	8.145739
Likelihood logs	-230.1055	Hannan-Quinn Criter.	8.038404
F-statistics	0.112330	Durbin-Watson stat	1.992407
Prob(F-statistic)	0.977671		

Source: data processed Eviews 9

The autocorrelation test compares the residuals of one observation to the residuals of other observations in the regression model. The Breusch-Gofrey test can be used to determine autocorrelation: if the probability value is less than 0.05, autocorrelation occurs; if the probability value is more than 0.05, autocorrelation does not occur. The probability value is 0.7839 > 0.05, indicating that there is no autocorrelation, according to the findings of the autocorrelation test above.

5. Multicollinearity Test

Table 4. Multicollinearity Test Results

	KA	KK
KA	1.0000000	0.094700
KK	0.094700	1.0000000

Source: data processed Eviews 9

The correlation value that can be tolerated in the multicollinearity test is 70% or 80% (0.7 or 0.8). The results of the multicollinearity test of the data above show a correlation value of 0.0947 <0.7, so it can be concluded that the research model does not have multicollinearity problems in the research variables.

6. Simultaneous Test (Statistical Test F)

Table 5. Simultaneous Test Results (F)

Dependent Variable: NP				
Method: Least Squares				
Date: 12/26/19 Time: 04:53				
Samples: 1 60				
Included observations: 60				
Variable	Coefficient	Std. Error	t-Statistics	Prob.
C	9.822505	3.446211	2.850233	0.0061
KA	-2.51E-08	1.52E-08	-1.650108	0.1044
KK	275.1595	78.37866	3.510644	0.0009
R-squared	0.198048	Mean dependent var		13.52933
Adjusted R-squared	0.169909	SD dependent var		27.02922
SE of regression	24,62615	Akaike info criterion		9.294201
Sum squared resid	34567.49	Schwarz criterion		9.398919
Likelihood	-275.8260	Hannan-Quinn		9.335162

logs		Criter.		
F-statistics	7.038268	Durbin-Watson stat		0.488104
Prob(F-statistic)	0.001855			

Source: data processed Eviews 9

Simultaneous test was conducted to see the effect of the independent variables together on the dependent variable. The value of df1 = k-1 = 3-1 = 2 and df 2 = nk = 60-3 = 57. Based on table F with values of df1 = 2 and df2 = 57, the value of F table is 3.16. From the regression results above, it can be seen that F arithmetic (7.038) > F value (3.16), so it can be concluded that the independent variables jointly affect the dependent variable.

7. t test

Table 6. t test results

Dependent Variable: NP				
Method: Least Squares				
Date: 12/26/19 Time: 04:53				
Samples: 1 60				
Included observations: 60				
Variable	Coefficient	Std. Error	t-Statistics	Prob.
C	9.822505	3.446211	2.850233	0.0061
KA	-2.51E-08	1.52E-08	-1.650108	0.1044
KK	275.1595	78.37866	3.510644	0.0009
R-squared	0.198048	Mean dependent var		13.52933
Adjusted R-squared	0.169909	SD dependent var		27.02922
SE of regression	24,62615	Akaike info criterion		9.294201
Sum squared resid	34567.49	Schwarz criterion		9.398919
Likelihood logs	-275.8260	Hannan-Quinn Criter.		9.335162
F-statistics	7.038268	Durbin-Watson stat		0.488104
Prob(F-statistic)	0.001855			

Source: data processed Eviews 9

With a total of n=60 with a t-test (two-sided) 5% or 0.05, so two-sided 2.5% or 0.025. Determine the degree of freedom (df) with the formula Df = nk (60-3 = 57) so that the t table value is 2.002. The accounting conservatism variable has a value of t arithmetic (-1.650) < t table (2.002), meaning that accounting

conservatism has no effect on firm value. The financial performance variable has a t-count value (3.510) > t-table value (2.002), meaning that financial performance has an effect on firm value.

8. Coefficient of Determination Test

From the output of Eviews 9 in table 6, it shows the value of Adjusted R Square is 0.1699. This value reflects the magnitude of the role or contribution of the independent variables of accounting conservatism and financial performance which is able to explain the dependent variable of firm value only 17%. While the rest of (100%-17% = 83%) is explained by other reasons outside the model.

CLOSING

It is possible to conclude that accounting conservatism has no effect on business value based on the discussion of data analysis that has been given. This is because publicly traded corporations have adopted a merger strategy to create strong value for the company's benefits, thus they do not use the conservatism accounting approach. Meanwhile, financial performance has been shown to affect firm value, so investors can use financial performance to assess firm value using a variety of alternative ratios, such as the price earning ratio (PER), price book value ratio (PBV), marketer ratio (MBR), dividend yield ratio, and dividend payout ratio (DPR).

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