FIRM CHARACTERISTICS AND COMPLIANCE WITH OPERATING SEGMENT DISCLOSURES BASED ON PSAK 5

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Abstract:	*The purpose of this study is to find empirical evidence of the influence of company characteristics and disclosure practices of segments of manufacturing companies listed on the Indonesia Stock Exchange (IDX) and the factors that affect the level of segment disclosure of these companies. Consistent with previous research related to segment disclosure, in this study, the level of segment disclosure was tested using a disclosure index based on the mandatory requirements in the Statement of Financial Accounting Standards (PSAK) 5 Operating Segments. The results showed that the average level of segment disclosure with a sample of 88 manufacturing companies listed on the IDX from 2016 to 2018 was 51.2% with a range between 12.5% to 91.7%. Users of financial statements from the sample firms expect broader segment disclosure from the larger, more leveraged firms. Furthermore, the results of the study confirm that industry competition, profitability and earnings quality do not have a significant effect on the level of segment disclosure. These results can provide feedback to regulators in Indonesia regarding current segment disclosure practices by companies listed on the IDX as well as the factors that affect the level of segment disclosure.*
Keywords:	*firm characteristics, compliance, disclosure, operating segment*

1. Introduction

Users of financial reports such as analysts, investors, and others need complete information about a company's financial statements. More detailed disclosure regarding segment reporting owned by the company will be very important and useful for assessing and analyzing investment, namely assessing the risk and return of a company that has diversified business or a multinational company (Muhammad & Siregar, 2014). In addition, segment disclosure can help users of financial statements to evaluate the economic impact of business transactions in which the company is involved, as well as to predict future cash flows and anticipate future profits (IAI, 2017).

According to Bapepam Regulation No. VIII.G.7 regarding Guidelines for the Presentation and Disclosure of Financial Statements of Issuers or Public Companies, segment information disclosure is one of the items of information that companies must disclose in their financial statements. However, based on previous research conducted by Muhammad & Siregar (2014), Ruwanti & Rambe (2020), Pratiwi & Palupi (2017) and Hakim & Achmad (2020) explained that the average level of disclosure of company segments listed on the IDX in the period 2010-2017 was still around 59% - 69%. This may imply that the company has not fully complied with the segment information disclosure obligations required by the Statement of Financial Accounting Standards (PSAK) 5 for Operating Segments. Therefore, this study aims to determine the determinants of the level of compliance of manufacturing companies on the IDX with mandatory disclosure regulations regarding operating segments.

The factors taken as variables in this study are variables tested in previous studies and based on existing theories, but still have inconsistent results. Among the company characteristics that are believed to have an influence on the first segment disclosure is company size. Based on agency theory, large companies have higher complexity, so that agency costs also increase. This causes large companies to disclose more information to reduce agency costs (Pisano & Landriani, 2012). The

company size factor was found to have a significant positive effect on segment disclosure by several researchers, namely, Alfaraih & Alanezi (2011), Muhammad & Siregar (2014), Ibrahim (2014), Pratiwi & Palupi (2017), Kobbi-Fakhfakh et al., (2018), and Hakim & Achmad (2020). However, different results are shown by research Ruwanti & Rambe (2020) which states that company size has no effect on segment disclosure.

Related to the profitability factor, several previous studies found that the higher the profitability achieved by the company, the higher the management's compliance in disclosing information on the operating segment. Some of these studies include those conducted by Alfaraih & Alanezi (2011) and Lucas & Lourenço (2014). However, different results were found by Muhammad & Siregar (2014), Pratiwi & Palupi (2017), serta Kobbi-Fakhfakh et al. (2018) which stated that profitability did not affect the level of segment disclosure. On the other hand, research from Blanco et al. (2014) actually found that profitability had a negative effect on the level of segment disclosure. Because of the inconsistency of these results, the profitability variable will be tested again in this study.

Industry competition factors were found to have a significant positive effect on segment information disclosure by (Pisano & Landriani, 2012), (Blanco et al., 2014) and (Hakim & Achmad, 2020). In line with proprietary theory (Harris, 1998) states that companies tend not to report less competitive operations as a business segment. This is done to protect the information so that competitors cannot catch abnormal profits from the company.

This study intends to re-examine the earnings quality variables based on research results from Blanco, *et al.* (2014) which states that there is a positive influence between earnings quality on segment disclosures. However, this effect will weaken when the quality of the resulting earnings is too low, and the cost of proprietary is too high. When companies seek to further expand access to funding facilities and to increase the period of financing, the company will present higher quality figures in the income statement, and then continue with more comprehensive segment reporting (Blanco et al., 2014).

This study will also re-examine the company's leverage level factor. The higher the debt or leverage of a company, the more risky its funding structure will be, so that high supervision is needed in the management of the company's funding structure (Blanco et al., 2014). The level of corporate leverage was found to have a significant positive effect on the level of segment disclosure by Alfaraih & Alanezi (2011), Muhammad & Siregar (2014), Blanco et al. (2014), Lucas & Lourenço (2014), and Pratiwi & Palupi (2017). However, different results were shown by Kobbi-Fakhfakh et al. (2018) which states that the level of leverage has a significant negative effect on the level of segment disclosure.

Based on the previous explanations, it is interesting to examine what factors influence manufacturing companies listed on the IDX to disclose or not disclose the operating segment information required in PSAK.

2. Literature Review and Hypothesis

2.1 Agency Theory

Jensen & Meckling (1976) defines an agency relationship as a contract between one or more owners (principals) who hire other people (agents) to perform several services on behalf of owners which include delegation of decision-making authority to agents. The underlying problem of agency theory is the conflict of interest between owners and managers in the company. Agents are required to provide periodic reports to the principal on the business they are running. The principal will assess the performance of his agent through financial reports submitted to him.

Information asymmetry (information asymmetry) arises in the relationship between agents and principals, that is, when several parties involved in a business transaction have more information than others, this condition is said to be information asymmetry. Companies have an incentive to disclose more information to minimize the negative impact of the information asymmetry and at the same time reduce agency costs (Alfaraih & Alanezi, 2011). Furthermore, companies can obtain economic benefits related to the required information by improving the quality of information submitted to stakeholders through financial reports (Blanco et al., 2014). With the disclosure of information by

management, it can provide an overview of the company's condition to shareholders, so that managers can anticipate deviations of interest.

2.2 Proprietary Cost Theory

Proprietary Cost Theory (Verrecchia, 1990) states that companies tend to limit disclosure of information to financial markets because of the costs associated with disclosure (proprietary costs). These costs include not only the costs of preparing and disseminating the information, but also the costs of disclosing information that could be used by stakeholder, especially their competitors in a way that is detrimental to the reporting company.

Proprietary cost theory is an important foundation in analyzing disclosure practices by companies. Proprietary cost theory frameworks may be useful in explaining corporate disclosure behavior with regard to segment reporting. Segment disclosures contain detailed information about the results of each operating segment that can assist investors, analysts or other stakeholders in predicting future earnings. This information can reveal to competitors that there are opportunities in the industry that can be exploited, detrimental to the company's competitive position (Pisano & Landriani, 2012)

2.3 Operating Segment Disclosure Concept According to PSAK 5

According to PSAK No. 5 The definition of an operating segment is a component of an entity: (a) that engages in business activities which generate revenue and incur expenses; (b) its operating results are regularly reviewed by the operational decision maker to make decisions about resources to be allocated to the segment and evaluate its performance; and (c) availability of separated financial information (IAI, 2017)

Segment disclosure consists of two levels, namely:
1. Disclosures at the Segment Level, which consists of:
    a. General information, which consists of: (1) the factors used to identify the reportable segment of the entity; (2) the types of products and services that generate revenue for or from each segment are reported.
    b. Information about segment profit or loss is reported, including certain income and expenses included in the reported segment profit or loss, segment assets, segment liabilities and measurement basis.
    c. A reconciliation of total segment revenue, reported segment profit or loss, segment assets, segment liabilities and other segment material elements to the related amounts in the entity.
2. Disclosures at the entity level, which consists of:
    a. Information about Products and Services. The entity reports revenue from external customers for each product and service, or any group of similar products and services.
    b. Information about Geographical Areas. The entity reports geographic information that is revenue from external customers
    c. Non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising from insurance contracts
    d. Information about Major Customers. The entity provides information about the extent to which the entity relies on its primary customers.

Based on the explanation, the research conceptual framework that will be used in this study is described as follows:

Figure 1
Conceptual Framework
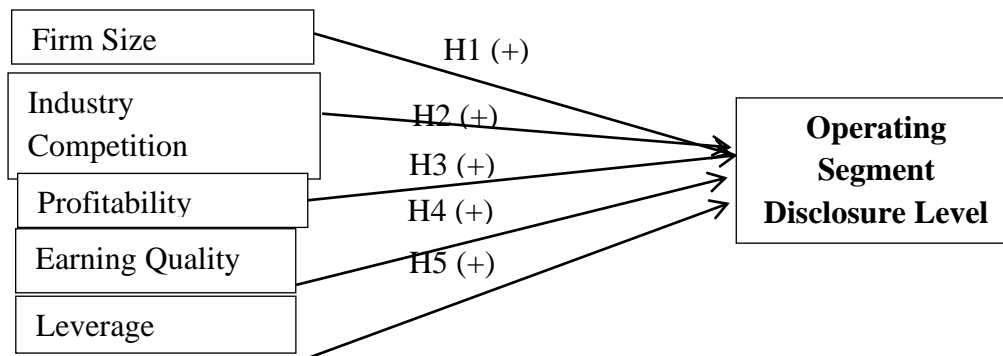
2.4 Hypothesis Development
a.   Positive Influence of Company Size on the Level of Operating Segment Disclosure
Based on the concept of agency theory, the larger firm provides more segment information to reduce agency costs in stakeholder relationships (Jensen & Meckling, 1976). Alfaraih & Alanezi (2011) states that larger companies appear to be more political than smaller companies. Therefore, large companies tend to disclose more information to reduce political and litigation costs and reduce government intervention. According to the proprietary cost theory, large companies face lower proprietary costs. This is because the costs of information accumulation for large companies are lower because they have a wider internal reporting system. (Prencipe, 2004). On the basis of the above explanation, the following hypothesis can be formulated:

> H1: The larger the company size, the higher the compliance level of operating segment disclosure

b.   Positive Effect of Industry Competition on the Level of Operating Segment Disclosure
According to proprietary cost theory, when a company is in a high level of industry competition, proprietary costs in the form of competitive costs limit the incentives for companies to provide segment information to the market. In accordance with agency theory, a high level of competition will indicate the number of agency costs in this case the audit fee will increase due to the high level of complexity of the company (Nayeri & Salehi, 2013). When the company is in a high level of industrial competition, the monitoring costs that must be allocated by owners to managers are higher to ensure segment information is provided properly to the market. (Blanco et al., 2014). This study will re-examine the relationship between the level of industry competition and the level of disclosure of segment information by the company with the following hypothesis:

> H2: The lower the herfindahl index number, which indicates the higher industry competition, will increase the company's compliance in disclosing operating segment

c.   Positive Effect of Profitability on the Level of Operating Segment Disclosure
When a company is performing well in terms of profitability, managers will tend to disclose segment information in more detail to give the impression that they have the ability to increase shareholder value, as well as to secure their position and hopefully increase the compensation they receive (Alfaraih & Alanezi, 2011). Based on agency theory, companies will report information in more detail when they have good news to illustrate that their profitability performance is good, compared to when they have bad news. This is done to prevent the share value from becoming undervalued (Prencipe, 2004). Based on these arguments, the following hypothesis is developed:

> H3: The higher the profitability, the higher the compliance level of operating segment disclosure

d.   Positive Effect of Earning Quality on the Level of Operating Segment Disclosure

According to agency theory, companies generally have an incentive to disclose relevant information to the market to reduce information asymmetry and agency costs (Jensen & Meckling, 1976). The concept of proprietary costs explains that when the cost of disclosing information from a company is higher, and when earnings quality is lower, the positive effect of earnings quality on the level of segment disclosure is weaker (Blanco et al., 2014). Segment disclosure is expected to help segregate information and to facilitate efficient allocation of resources. Based on these explanations and arguments, the following hypothesis can be formulated:

> H4: The lower the earnings management, which indicates the higher the quality of earnings, the higher the compliance of operating segment disclosures

e.   The Positive Effect of Leverage Level on the Level of Operating Segment Disclosure

Based on the agency theory context, companies with a proportionately higher level of debt in the capital structure tend to have higher agency costs. Hence, the manager has an incentive to reduce agency costs. The effect of a positive level on segment disclosure remains to be made because it is related to the theory of cost of ownership, the cost of generating and disclosing segment information to financial markets through annual reports is lower for those who have produced such information to meet the information needs of creditors (Prencipe, 2004). Based on these arguments, the following hypothesis can be formulated:

> H5: The higher the level of dependence on debt, the greater the disclosure of the operating segment

3.   Research Method

3.1 Sampling

The population chosen for this study were manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2016 to 2018. The sample selection was carried out by purposive sampling method, namely by determining the following criteria:

1.   Companies consistently listed on the Indonesia Stock Exchange (IDX) during 2016- 2018.
2.   Companies that present complete financial statement data and annual reports related to the variables used in the study.

The source of data collection comes from the company's financial statements published on the Indonesia Stock Exchange website (www.idx.co.id).

3.2 Operational Definition and Variable Measurement

Table 1

Operational Definition and Variable Measurement

Variable	Measurement	Pengukuran
Firm Size	The scale by which the size of a company can be classified according to various ways	Ln (Total Assets) based on the research of (Alfaraih & Alanezi, 2011) A large number of assets indicates a large company size. Then the expected regression results are positive
Industry Competition	The level of business competition between companies in the same industry	Herfindahl Index: $$\sum_{i=1}^{n}\left(\frac{S_i}{S}\right)^2$$ Si: firm sales on year i S: the number of sales of all companies in the industry n: The number of companies in the

		industry A low herfindahl index indicates a high level of industrial competition. Then the expected regression results are negative
Profitability	A ratio that measures the company's ability to generate profits at the level of sales, assets and equity	Return on Equity = Net Income divided by Total Equity (Alfaraih & Alanezi, 2011) The higher the rate of return on equity, the higher the profitability. Then the expected regression results are positive
Earnings Quality	The degree to which management's choice of accounting estimates affects reported earnings	Earnings management with discretionary accrual proxies according to a modified Jones model (Dechow & Dichev, 2002) in line with research of Blanco et al. (2014) The lower the earnings management, the higher the earnings quality. The expected regression result is negative
Leverage	The ratio that measures how much funds the company owner provides in proportion to the funds obtained from creditors	Debt to Equity Ratio = Total Debt divided by Total Equity (Alfaraih & Alanezi, 2011) The higher the level of debt dependence on capital, the higher the leverage. The expected regression result is positive
Segment Disclosure Level	Segment information disclosure items based on PSAK 5	Score 1: items disclosed on financial statement Score 0: items not disclosed in the financial statement Score obtained divided by total score required This measurement was adopted form (Muhammad & Siregar, 2014)

3.3 Multiple Regression Analysis

This study was conducted to analyze the influence of the independent variables, in this case, the size of the company, profitability, industry competition, earnings quality, and leverage on the dependent variable, namely the level of segment information disclosure. Testing the effect of the hypothesized factors on the level of segment information disclosure using the following regression model:

$$SEGDISC_i = \beta_0 + \beta_1 SIZE_{i,t} - \beta_2 KOMPIND_{i,t} + \beta_3 PROFIT_{i,t} + \beta_4 LEVERAGE_{i,,t} - \beta_5 EARNING_{i,t} + \varepsilon_i$$

Where:

$SEGDISC_i$	= Segment disclosure level of firm i
$SIZE_i$	= Size of firm i
$COMPIND_i$	= Industry Competition faced by firm i
$PROFIT_i$	= Profitability of firm i
$EARN_i$	= Earnings quality of firm i
LEV_i	= Leverage of firm i
ε_i	= error

4. Results and Discussion

4.1 Object Description

The population selected in this study are manufacturing companies that are consistently listed on the Indonesia Stock Exchange (IDX) from 2016 to 2018. The following is a breakdown of the final sample size based on the sampling criteria.

Table 2
Sampling Criteria

Criteria	Number of Companies
Manufacturing companies listed on the Indonesia Stock Exchange in 2018	181
Companies that are not listed continuously on the Indonesia Stock Exchange during 2016 - 2018	(41)
Companies that do not present complete financial statement data and annual reports for 2016-2018 are related to the variables used in the research	(52)
Final Sample	**88**

The manufacturing companies that are consistently listed on the Indonesia Stock Exchange in 2016-2018 are 140 companies. Of the 140 companies, only 88 companies whose audited financial reports were uploaded on the idx.co.id website and presented complete financial report data and annual reports related to the variables used in the study. Therefore, the final sample of this study was 88 companies for 3 years of observation so that there were 264 firm-years.

4.2 Descriptive Statistics

The results of descriptive statistical testing provide an overview or description of the data seen from the average (mean), standard deviation, minimum, and maximum. To provide an overview of descriptive statistical analysis, the following table presents an analysis of the research variables:

Table 3
Descriptive Statistics

Variable	Minimum	Maximum	Mean	Standard Deviation
SIZE	88.356	333.325.000	12.038.634,82	35.098.148,99
KOMPIND	0,00	0,99	0,06	0,12
PROFIT	-0,73	2,24	0,10	0,24
LEVERAGE	-6,93	94,10	1,54	6,01
EARNINGS	-2,24	1,14	-0,06	0,22
SEGDISC	0,13	0,92	0,51	0,23

Based on the SPSS output, it can be seen that the number of observation samples (N) is 264. Of the 264 samples, the smallest segment disclosure level is 13% and the largest is 92% with an average segment disclosure level of 51% and a standard deviation of 0,23. With an average of 51%, it shows that there are still many items of mandatory disclosure that the company has not disclosed. Based on the data, the company with the lowest level of segment information disclosure is PT. SUPARMA Tbk (SPMA). Meanwhile, the company with the highest level of segment information disclosure was PT. Indocement Tunggal Prakasa Tbk (INTP) and PT. Indal Aluminum Industry Tbk (INAI).

Based on the analysis of segment disclosures conducted by the company, matters that are often not disclosed by companies in segment information include, among others, information about the

entity's share in the profit or loss of associates and joint ventures, material non-cash elements other than depreciation and amortization, investments in associates and joint ventures, additional amounts in non-current assets, non-current assets by geographic area, and information on major customers.

The smallest value of the company size variable as measured by the company's total assets owned by PT. Jakarta Kyoei Steel Works Tbk (JKSW) in 2018 amounted to 88 billion Rupiah, and the largest asset value was PT. Astra International Tbk (ASII) in 2018 with a total asset value of 333 trillion Rupiah. The average company size is IDR 12,03 trillion with a standard deviation of IDR 35,09 trillion. This shows that in general the companies in the research sample are classified as large companies. The company with the smallest size, namely JKSW, disclosed segment information as much as 17%. While ASII as the company with the largest size, disclosed segment information as much as 79%.

The level of industrial competition measured using the herfindahl index shows the smallest amount is 0,00 and the largest is 0,99 with an average of 0,06 and a standard deviation of 0,12. A higher herfindahl index indicates a lower level of industry competition. With an average of 0,06, it means that the industrial competition level of the sample companies tends to be high.

The lowest herfindahl index value of 0,00 is owned by companies that are members of the metal products industry sector in 2018, namely PT. Jakarta Kyoei Steel Works (JKSW) thus the metal industry sector is an industrial sector with a high level of competition. However, JKSW only disclosed segment information as much as 16,7% of the requirement. Meanwhile, the highest herfindahl index value of 0,99 was owned by companies incorporated in the cable product industry sector in 2017, namely PT KMI Wire and Cable Tbk (KBLI), which controlled the market share of the industry, so it can be said that the cable industry sector has a low level of competition. KBLI disclosed segment information as much as 37,5%.

The lowest profitability of the 264 samples is -74% and the highest is 224%. The average profitability was 10,39% with a standard deviation of 23,72%, indicating that the level of profitability of manufacturing companies in the study sample was relatively low on average. The company that has the lowest level of profitability is PT. Kertas Basuki Rahmat Indonesia Tbk (KBRI), which in 2018 had profitability of -74%, and disclosed segments of 33%. Meanwhile, PT. Merck Tbk (MERK) has the highest profitability level of 224% in 2018, where MERK discloses segments of 54,17%.

The level of earnings quality is indicated by the lowest discretionary accrual value of 237 samples, namely -2,24 and the highest at 1,14. The average value of discretionary accruals (DA) is -0,06 with a standard deviation of 0,22. The DA value that is close to 0 (zero) indicates the high quality of earnings of the sample companies. The company that has the lowest DA value is PT. Alakasa Industrindo Tbk. (ALKA) in 2018, so it can be said that ALKA has relatively high earnings quality when compared to other companies. ALKA has a disclosure of 33%. Meanwhile, PT. Merck Tbk (MERK) has the highest DA value of 1,18, so it can be said that the earnings quality of MERK is relatively the lowest when compared to other companies. MERK has a segment disclosure score of 54,17%.

The smallest leverage level is -693% and the largest is 9410%. The average level of leverage is 153,70% with a standard deviation of 601%. This indicates that the funding of manufacturing companies in the study sample still depends on debt. The company with the lowest leverage level is PT. SLJ Global Tbk (SULI) in 2016 had a segment disclosure rate of 79% and the company with the highest leverage level was PT. SLJ Global Tbk (SULI) in 2017 which had a segment disclosure rate of 79%.

4.3 Classical Assumption Test Results

The results of classical assumption test was presented in the following table:

Table 4
Classical Assumption Test Results

Normality		Multicolinistry			Autocorellation		Heteroscedasticity	
K-S Z	1,288		Tolerance	VIF	Test value	0,00294	Size	0,262
Asymp. Sig (2-tailed)	0,072	Size	0,751	1,331	Asymp. Sig (2-tailed)	0,622	Kompind	0,122
		Kompind	0,759	1,318			Profit	0,212
		Profit	0,815	1,227			Earnings	0,052
		Earnings	0,848	1,180			Leverage	0,128
		Leverage	0,934	1,071				
complied		complied			complied		complied	

a. Normality Test Results

The normality test aims to test whether in the regression model, confounding or residual variables have a normal distribution. The statistical test that can be used to test for residual normality is the Kolmogorov-Smirnov (K-S) non-parametric statistical test. The K-S test is done by making a hypothesis:

H0: Residual data are normally distributed
H1: The residual data are not normally distributed

The results of the K-S test as presented in table 4 above are the Kolmogorof-Smirnov value of 1.288 and a significance value of 0.072 which is not significant at 0.05. This means that H0 is accepted, so it can be concluded that the residual data is normally distributed (Ghozali, 2011)

b. Multicolinieity Test Results

Multicolinieity test aims to test whether the regression model found a correlation between independent variables (independent). A good regression model should not have a correlation between the independent variables. The results of the calculation of the Tolerance value show that there are no independent variables that have a Tolerance value of less than 0.10, which means that there is no correlation between the independent variables whose value is more than 95%. The results of the calculation of the Variance Inflation Factor (VIF) value also show the same thing where there is not one independent variable that has a VIF value of more than 10. So it can be stated that there is no multicolinieity between the independent variables in the regression model (Ghozali, 2011)

c. Autocorrelation Test Results

The autocorrelation test aims to test whether in the linear regression model there is a correlation between confounding error in period t and confounding error in period t-1 (previous). Autocorrelation testing can be done with the Runs test, the results of which are presented in Table 4 above. Run test as part of non-parametric statistics is used to test whether there is a high correlation between residuals. If there is no correlation between residuals, it can be said that the residuals are random or random. Run test is used to see whether the residual data occurs randomly or not (systematically).

H0: Residual (res_1) random (random)
Ha: Residual (res_1) is not random

The results of the SPSS output show that the test value is 0.003 with a probability of 0.622, not significant at 0.05, which means that the null hypothesis (H0) is accepted, so it can be concluded that the residual random (random) or it can be said that there is no autocorrelation between residual values (Ghozali, 2011)

d. Heteroscedasticity Test Results

The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another.

The test results of the Glejser test with the SPSS output (table 4) display clearly show that none of the independent variables are regressed against the residual absolute value which is significant at

0.05. So it can be concluded that there is no heteroscedasticity in the regression model (Ghozali, 2011).

4.4 Regression Analysis
Calculations using SPSS obtain the following results:

Table 5
Regression Test Results

Variable	β	t	Sig
Constant	-0,306	-2,218	0,027
Size	0,056	5,969	0,000
Kompind	-0,197	-1,580	0,115
Profit	-0,058	-0,924	0,356
Earnings	-0,042	-0,613	0,540
Leverage	0,005	2,068	0,040
F Value	: 8,403		
F Significance	: 0,000		
R^2	: 0,123		

a. Regression Model

Based on the results of the calculations in table 5, a regression equation can be drawn up as follows:

SegDisc = - 0,306 + 0,056 Size – 0,197 Kompind – 0,058 Profit – 0,042 Earnings + 0,005 Leverage + e

b. Coefficient of Determination

The value of R2 (adjusted) is 0,123 which indicates that the variation in the dependent variable is influenced by the variation of the independent variable by 12,3%. The variation in the disclosure segment of 12,3% is influenced by variations in company size, industry competition, profitability, earnings and leverage. While 87,7% is influenced by other factors.

c. Simultant Test

The influence of the variable firm size, industry competition, profitability, earnings and leverage together on the disclosure segment was tested using the F test. The F value was obtained at 8,403 with a significance of 0,000. The significance value of 0,000 which is smaller than 0.05 (α = 5%) indicates that firm size, industry competition, profitability, earnings and leverage simultaneously influence the disclosure segment.

d. Partial Test

The t test is used to partially determine the effect of firm size, industry competition, profitability, earnings quality and leverage on segment disclosure. The calculation results in table 5 for the firm size variable get a t value of 5,969 with a significance of 0,000. A significance value less than 0.05 indicates that company size has a significant positive effect on segment disclosure, so that the first hypothesis (H1) is accepted.

The results of multiple regression analysis for industrial competition variables show that the independent variable company size has a regression coefficient with a negative sign of -1,580, which means that the coefficient of the Herfindahl index is negative, which means that the level of industrial competition is high. Therefore, the effect of industry competition on the level of segment information disclosure is positive. However, the significance value is 0,115 which is greater than the degree of confidence (α) 0,05. Thus, the second hypothesis (H2) is rejected.

Profitability has no significant effect on the disclosure segment with a t value of -0,924 and a significance value of 0,356 which is greater than 0,05, so the third hypothesis (H3) is rejected. The

significant effect of leverage on the disclosure segment is indicated by a t value of 2,068. Therefore, the effect of leverage on segment disclosure is positive. Furthermore, the significance value obtained is 0,04 which is smaller than 0,05, so that the fourth hypothesis (H4) is accepted.

The earnings quality variable gets a t value of -0,613 with a significance greater than 0,05, namely 0,540. The negative coefficient shows that the level of earnings management carried out by the sample companies is low, which means that the level of earnings quality is positive or high. However, the significance value obtained is greater than 0,05 so that the fifth hypothesis (H5) is rejected.

Tabel 6
Hypothesis Test Results

Hypothesis		Decision
H1	Firm Size → Segment Disclosure Level	Accepted
H2	Industry Competition → Segment Disclosure Level	Rejected
H3	Profitability → Segment Disclosure Level	Rejected
H4	Earnings Quality → Segment Disclosure Level	Rejected
H5	Leverage → Segment Disclosure Level	Accepted

4.5 Discussion
a. The Effect of Company Size on the Level of Segment Information Disclosure
The first hypothesis states that company size has a positive effect on the level of segment information disclosure. Based on linear regression testing, the first hypothesis (H1) is accepted. This result is supported by research data where the sample with the smallest company size only disclosed 17% segment information, while the company with the largest size disclosed segment information as much as 79%. of the total items that must be disclosed in accordance with PSAK 5.

This proves that a larger company size is a determinant of a higher level of segment information disclosure. These results are consistent with the results of research conducted by Muhammad & Siregar (2014), Alfaraih & Alanezi (2011), Kobbi-Fakhfakh et al. (2018), and Hakim & Achmad (2020). Hal ini juga sesuai dengan teori keagenan dimana perusahaan yang lebih besar akan menanggung biaya keagenan yang lebih besar pula, sehingga perusahaan akan mengungkapkan informasi dengan lebih luas (Jensen & Meckling, 1976).

b. The Effect of Industry Competition on the Level of Segment Information Disclosure
The regression test results show that the second hypothesis which states that industrial competition has a positive effect on the level of segment information disclosure is not supported. This result is not in accordance with the research results of Hakim & Achmad (2020) and Blanco et al., (2014). This may imply that the high level of competition faced in an industrial sector does not determine the high level of segment disclosure carried out by companies in it. Based on the proprietary cost theory, companies can suffer a competitive disadvantage if they disclose more information to their competitors as well as to regulators, because basically the cost of ownership is a cost arising from third parties. In addition, companies can also experience losses with suppliers and consumers, and experience an increased risk of litigation if they increase disclosure (Blanco et al., 2014).

c. The Effect of Profitability on the Level of Segment Information Disclosure
The third hypothesis which states that company profitability has a positive effect on the level of segment information disclosure is rejected. This means that the high level of company profitability does not affect the level of compliance to disclose segment information. The results of this study are not in line with the results of research Alfaraih & Alanezi (2011) which state that profitability is a significant determinant of increasing the level of segment information disclosure.

However, these results are in line with research Kobbi-Fakhfakh et al. (2018) and Pratiwi & Palupi (2017) which state that profitability does not affect the level of segment information disclosure. This supports the proprietary theory, where when profitability increases, companies tend to have higher competitive costs and political costs, if companies disclose segment information that is too

broad (Muhammad & Siregar, 2014). In addition, managers have a tendency to hide poor profitability performance by combining poor performing segments with profitable segments to avoid shareholder supervision, so that less segment information is disclosed (Berger & Hann, 2007).

d.   The Effect of Earnings Quality on the Level of Segment Information Disclosure
The fourth hypothesis which states that earnings quality has a positive effect on the level of segment information disclosure cannot be supported based on the results of multiple regression analysis. This result is not in accordance with the research conducted Blanco et al. (2014) which states that earnings quality has a positive relationship with segment information disclosure. This may be because companies with relatively low earnings quality tend not to have the incentive to disclose more information in the absence of reliable amounts to report (Blanco et al., 2014).

e.   The Effect of Leverage on the Level of Segment Information Disclosure
The fifth hypothesis states that the level of leverage has a positive effect on the level of segment information disclosure, accepted. The regression results show that the higher level of leverage of a company will determine the high level of segment disclosure carried out by the company. This is in accordance with agency theory where companies whose capital is more dependent on debt will bear higher supervision costs, so they tend to be more compliant with the requirements of Financial Accounting Standards to reduce supervision costs (Jensen & Meckling, 1976). These results are consistent with the results of research conducted by Muhammad & Siregar (2014), Blanco et al. (2014), Lucas & Lourenço (2014), and Pratiwi & Palupi (2017)

5.   Conclusion and Suggestion
5.1 Conclusion
The conclusion from the results of this study is the first hypothesis one which states that company size has a positive effect on the level of segment information disclosure received. These results indicate that a larger company tends to have a better level of segment information disclosure. The second hypothesis which states that the level of industry competition has a positive effect on the level of segment information disclosure is rejected. This may imply that when a company faces a high level of industrial competition, the company is reluctant to disclose more segment information to the public.

The third hypothesis which states that company profitability has a positive effect on the level of segment information disclosure is rejected. These results indicate that companies that have high profitability will not necessarily perform segment information disclosure better. The fourth hypothesis which states that the level of earnings quality has no effect on the level of segment information disclosure received. This means that when the manager of the company provides high quality earnings, it is not a determinant of better segment information disclosure. The fifth hypothesis which states that the level of corporate leverage has a positive effect on the level of segment information disclosure received. This proves that the more leverage the company has, the more compliance it will be with segment information disclosure.

The limitation in this study is that by looking at the research coefficient of determination which is only 0.123, it can be seen that the ability of the independent variables, namely company size, industrial competition, profitability, earnings quality and leverage in explaining the dependent variable, namely the level of segment information disclosure is only 12.3%. , while the remaining 87.7% are other factors that have not been included in this research model. In addition, this study only examines the financial reports of the manufacturing sector, where it is possible that different results will be obtained if examining the wider sector or all companies listed on the Indonesia Stock Exchange.

5.2 Suggestions
Suggestions for further research are to add other variables as determinants of the level of segment information disclosure such as corporate governance, liquidity, and company complexity. In addition, further researchers can also examine the effect of the company's disclosure of segment information on

firm value, stock performance, or earnings quality. Proxies of variables that have been examined in this study, such as the discretionary accrual proxy with the Modified Jones model for earnings quality variables, can be replaced with the Earnings Response Coefficient (ERC) proxy, and the herfindahl index proxy for industrial competition variables can be replaced with a four-firm concentration ratio proxy.

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