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THE INFLUENCE OF GOOD CORPORATE GOVERNANCE AND VOLUNTARY DISCLOSURE ON INFORMATION ASYMMETRY

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ABSTRACT

Financial statement is very important as a source of financial information of a company to internal and external stakeholder. However, information in the company is not shared fairly to external parties. The situation where internal parties in the company received more information than external parties is called information asymmetry. The implementation of good corporate governance and voluntary disclosure hypothetically influence the information asymmetry based on some previous research.

Thus, this study aims to examine how the implementation of good corporates governances and voluntary disclosure effecting the information asymmetry. This study will be using 87 companies as the sample from 2016-2018. The companies used in this study consist of trading, investment and services company from Indonesian Stock Exchange. The result of this study shows that good corporate governance and voluntary disclosure are positively effects the information asymmetry.

Keywords: good corporate governance, voluntary disclosure, information asymmetry

BACKGROUND

In the era of globalization, accounting and capital markets are growing very rapidly. Capital market is a place used for transactions made by investors with companies. The definition of capital market according to Jogiyanto (2016) is a place where the market participant (seller and buyer) can negotiate for the exchange of a commodity or group of commodity.

There are a lot of stakeholder which rely on financial statement, basically to make decisions, either to invest, or for creditors to approve loans. In this case, transparency is demanded by the stakeholders, in which, sometimes it is not fulfilled by the company's management. Most of the times in previous research, good corporate governance and voluntary disclosure is linked with the reduction of information asymmetry, which is based on agency theory.

A company is considered good in the capital market if the market value or book value exceeds the earned income compared to the other companies (Pertiwi, 2012). Investors need a place or media to distribute and invest their funds in the form of stocks or bonds of a company that the investors expect to profit from the stocks or bonds they have invested in funds in a company. Meanwhile, the company needs the fund they have used in order to finance and develop the company's business activities for long term period. Investors need information regarding the company's financial statement presentation before the investors expect to profits from the stocks or bonds that they have invested in the company. Financial statements are made by accountants based on the income earned that the company gained from the company's performance in one accounting. Presentation of financial statements that have been posted into a presentation of information from the company's financial statements. In the regulation of the Financial Services Authority No. 60/POJK. 04/2015 governs the disclosure of shareholder information.

The purpose of presenting financial statements conducted by the company is to provide information regarding the financial position, financial performance and the cash flow statement of an entity that is beneficial to a large number of users in economic decision making or anyone who is not in a position can request special financial statements to meet certain information (Rudianto, 2012). Based on an accounting standard No. 1 (PSAK, 2010), "The purpose of the financial statement is to provide information on the company's financial position that is beneficial to the user. There are four qualitative characteristics of information that can make information in financial statements useful for users can be taken in decision making i.e. understandable, relevant, reliable and comparable (SAK, 2012). Financial Accounting Standard Board (FASB) in Statement of Financial Accounting Concept No. 8 (SFAC No 8, 2010) defined accounting information as information provided through financial reporting and the various highlights used as financial statements.

The presentation of the company's financial statements is very important for companies to report the company's current performance to stakeholders. According to the Indonesian Institute of Accountants (IAI) in PSAK No. 1 year 2015 (IAI, 2015) mentioned that the financial statement is a structured presentation of financial position and financial performance of an entity. Financial statements of companies that have been recorded by accountants must be done with the principle of caution (Accounting Convertism) in presenting financial reporting where the company should not be acknowledge or measure the assets and profit also to acknowledge the company's losses and debts.

Based on the study conducted by Zenghui Liu et al. (2015) regarding the influence of the CEO's power to the auditor selection, where the Board of Directors are authorized to appoint independent auditors to audit the company's performance transparently in reporting the audit results to the Board of Directors. The financial reporting of the company must convey the company's information that has fulfilled the elements of relevant, complete, accurate and earnings timeliness in which the information is done in a timely, relevant, accurate by independent auditor before it is given to the investor or creditor. However, the information in the financial statements may reduce the information asymmetry in the financial statements. Therefore, the financial statements that has been audited by the auditor, such financial statements should be directly reported to the Financial Services Authority (OJK). Companies who reports the financial position and company's performance in the form of annual financial statements.

Indonesia is one of the countries which adopt the Two-Tier system, namely its supervisory mechanism divided into two parts consisting of the Board of Commissioners that carry out the function of overall supervision in the company and board of directors that are the main operational activities of the Company (Darmadi, 2011). Financial reporting that has been made must be through approval by the Chief Executive Officer (CEO) and is known by the Chief Financial Officer (CFO) who has been audited by an independent auditor. Auditors need to review the company's financial statements before being given to the CEO to obtain approval and need to be known by the company's Chief Financial Officer (CFO) for published to investors. The company's annual financial statements are presented at the end of each year and conducted annually. The financial statements presented consist of balance sheet information, income statement, cash flow statement and Statement of Changes in Equity in the financial statement.

The rapid investment growth in Indonesia has caused, investors to demand the openness of every company especially the go-public to present useful information for investors in the capital market. Consequently, the presentation of financial statements in the disclosure of information with the openness of company information by the issuer has been regulated by the Financial Services Authority (OJK) of POJK No. 31/POJK. 04/2015 concerning disclosure of Material information or fact by the issuer or public company. The regulation of Financial Services Authority (OJK) of POJK No 31/POJK is made in order to enable the transmission of information from inside of the company to outside of the company. The openness of company's information to shareholder's and information can be useful for the investor in terms of decision making towards the invested companies and the companies that will be invested.

Annual financial statements are necessary to disclose the financial information of the company. The information submitted by the manager sometimes does not correspond to the actual company's condition because the manager tends to report the information that maximizes its utilities (Alimudin, 2017). The presentation of annual financial statements is done by the management to fulfill the transparency of the company's financial position information to stakeholders. The presentation of financial statements should be done to mitigate problems within the company. The agency's theory according to Jensen and Meckling (1976) provided a framework that linked disclosure behaviour to corporate governance. Shareholders introduce a corporate governance mechanism to control agency issues derived from separation between ownership and decision making and to ensure that managers are working according to their interests.

The Agency problem is the problem arising from the conflict of interest between the shareholder of the Company (principal) with the Manager (agent). The Problem of agency problem related to agency theory. This conflicts of interest has led to the gap in information between the two, where the manager had more information about the company than the shareholders. Such a situation is commonly referred to as information asymmetry. Ross (2007) explained that financial reporting is conducted by the independent auditor, required timeliness in the company's financial statements information. The definition of information asymmetry according to Clarkson et al. (2007) is the inadequacy of information sharing which occurs between inside and outside of the company. Information asymmetry from the company's financial statements can be done by means of information disclosure (disclosures). In the study conducted by Maali and Anis (2017) showed the importance of corporate governance in improving the disclosure of reliable information.

Disclosure of corporate information is one of the company’s ways to reduce information gaps in presenting financial statements to stakeholders. Disclosure of company information is one way for companies to reduce the information asymmetry in presenting financial statements to stakeholders. In practice, disclosure is differentiated into two types of disclosure, which are mandatory disclosures which are required by government regulations, and the voluntary disclosure is the type of disclosures is that not required by the regulations.

According to Suwarjono (2014) the notion of voluntary disclosure is the disclosure made by the company in which it is the requirement of the accounting standards or regulatory bodies. Thus, the disclosures on the relevancy of the information by the management in assisting the decision making. Voluntary disclosures are often used by companies in the form of openness to company performance.

Disclosure on the financial statements of voluntary disclosure has the intention to lower down the information asymmetry as examined by Heflin, Shaw, and Wild (2010) which argued that voluntary disclosures are favorable in providing the information which impact on the decline of information asymmetry. The voluntary disclosure expressed by Ball and Shivakumar (2008) that the increase in transparency and disclosure will contribute to the problem of interest between the manager (agent) and the company's owner (principal). Besides that, voluntary disclosures are expected to attract attention and trust from investors.

Good Corporate Governance is a corporate governance system in which it is deemed as good, where the governance regulates and controls the relationship between shareholders, managements, creditors, government, employees and other internal and external stakeholders who are related with their rights and liabilities in terms of having the main objectives to achieve profit (Cadbury Committee of United Kingdom, 1992). Regulations in Indonesia regarding Good Corporate Governance are regulated by the Financial Services Authority (OJK) Regulation of the Financial Services Authority No. 21/POJK. 04/2015 on the Guidelines for Implementation of the Public Company Governance. According to Foo and Zain (2010) that company with good corporate governance will also provide additional information voluntarily. In this case Good Corporate Governance has a principle that is transparency, accountability and disclosure, where the company must conduct transparent finance in running the company, give explanation of the function, structure and system by effectively and report the results of it is business because of the disclosure provided to external parties which can assess the performance of the company especially shareholders or creditors. Indonesia has a national Committee on Governance (KNKG) that regulates governance in Indonesia. In the general guidelines of Corporate Governance in Indonesia is governed by KNKG (2017) saying the purpose of this guideline is to optimize the value of the company for shareholders with respect to stakeholders (other than shareholders) consisting of employees, business partners and the public.

Good Corporate Governance emerged around the 1990’s. In 1990’s, economic crisis occurred in the Asian and Latin American regions. This crisis was occurred due to the failure of GCG application by the company. Some of the things that has led to the failure of GCG at the time were of poor legal system, inconsistency of accounting and auditing standards, weak banking practices and the lack of concern of the Board of Directors (BOD) on the rights of minority shareholder (Daniri, 2016). In the study conducted by Eng and Mak (2003) regarding the corporate governance on voluntary disclosure with the practice of governance researched that is the structure of ownership and board, the results of this study were found that both were influential in voluntary disclosure. The voluntary disclosure by the company is expected to reduce information asymmetry. Voluntary disclosure proved to have a positive impact, namely reducing the information asymmetry (Sutrisno et al, (2009), Chang et al (2008), and Sunder, (2002). A high voluntary disclosure will reduce the information gap between managers and owners.

Achmad (2017) stated that information asymmetry occurs when management as a party is more familiar with financial information from the company's performance than investors or creditors. Information asymmetry is information received by shareholders provided from disclosures by managers where the information does not conform to the financial position and company performance of the financial statements. However, information asymmetry can affect to good corporate governance. Likewise, voluntary disclosures can affect the corporate governance in which it also affect on investors decision making through the information from the company’s financial statement. Therefore, it is necessary to assessment the quality of voluntary disclosure on good governance, the assessment of information asymmetry quality on good corporate governance.

Voluntary disclosure uses a score based on a disclosure checklist (Chau and Gray, 2010). A quality assessment of a voluntary disclosure will be made with the scoring of the voluntary disclosure points that have been reported to the annual financial statement. The assessment of good corporate governance is conducted by testing the effectivity on the role of the Board of Commisioner and Audit committee, but in this research will be assessed the quality with the corporate governance index of the Indonesian Institute for Corporate Directorship (IICD). Meanwhile, the information asymmetry quality level assessment will be measured by using bid ask spread dimension.

In Indonesia, there have been previous research in good governance, voluntary disclosure and asymmetry information. But the author of this research will conduct the research further by taking samples of companies which are listed on Indonesia Stock Exchange (IDX) that are engaged in the sub-sector of trading, investment and service, because these three areas are an important aspect and the shaft to improve the economy in Indonesia that play an important role for 8 other areas for public companies in Indonesia. Whether the company in the field of trading, investment and service implements the corporate governance can influence the information asymmetry, and how voluntary disclosure affecting the information asymmetry. The prior research shows some limitations, thus this study intends to develop the previous research, it is done by researching more thoroughly and will be utilizing the companies engaged in trading, investing and services as sample and the theme of this research will be titled The Influence of Good Corporate Governance and Voluntary Disclosure on Information Asymmetry with studies in trading, investment, and service companies listed on IDX in 2016-2018 .

THEORETICAL FRAMEWORK AND HYPOTHESES DEVELOPMENT

Agency theory is used to understand the relationships between agents and principal. The agent represents the principal in a particular business transaction and is expected to represent the best interest of the principal without regard for self-interest. Jensen and Meckling (1976) stated that the *agency theory* is a performance framework which links the disclosure behavior of the report with governance within the internal company. Management is a party contracted by shareholders to work in the interests of shareholders, therefore management is given some power to make decisions for the best interests of shareholders.

Management is acting inappropriately to the interests of principal may cause the higher of agency cost (agency cost). Agency costs represent costs incurred over the owner or manager to organize and control performance of management so that they work for benefit of company (Jensen, 1986). Agency costs are high, affecting the business activities of company and can harm both parties (Destriana, 2011). Ross (2007) introduced a good corporate governance mechanism to control the agency's problems arising from a conflict of interest in the company's internal interests between the agent and the principal. In agency theory there is a problem in the agency theory. The agency problems is the problems arising from the conflict of interest between the shareholder of the Company (*principal*) with the Manager (*agent*) in managing the company (Firth 1980; Chow and Boren 1987 in Hossain et al. 1994) and the information known by the manager is different to which they provide to the company's shareholders. Therefore, the difference of interest between shareholders and managers in the company has led to information gap, where the manager obtained more information on the financial position and performance of the company compared to the shareholders. Securities market supervisory authorities as information intermediaries have made great efforts to advocate information gaps in corporate governance, thus reducing the occurrence of poor selection and agency issues as a result of information asymmetry in a way of voluntary disclosure that can help by addressing the information gap between the parties, reducing the interests between shareholders and managers to ensure the consequences of a conflict of interest where capital costs are reduced (Watson et al, 2002). Corporate governance has been studied as a mechanism affecting the corporate disclosure. Based on Almsafir (2014) expressing transparency, openness, disclosure and trust, which is an integral part of corporate governance, it can provide pressure to improve financial performance. The problem in agency theory and signaling theory regarding the information on the corporate financial statement is called as information asymmetry. In the information asymmetry related to the signaling theory stated by Brigham and Houston (2014) which explained that manager behavior in providing the guidance to investor related with the management's view on the company's future prospects. Therefore, before being issued by management, the management of the company requires an independent auditor in making the financial statement and submitting the company's financial statements to the CEO prior to reporting the corporate financial performance information to investors to reduce information asymmetry between managers and investors.

Information asymmetry is the situations where there is information gap due to the different information obtained between the shareholders (*principals*), in this case the manager (*agent*) got more information of the financial position and performance of the company from the company's financial statements. Information asymmetry defined by Clarkson et al. (2007) is the Inadequacy of information sharing which occurs between inside and outside the company. Whereas according to Scott (2009) Information asymmetry is a circumstance in which multiple parties in a business, have more information than others. Information asymmetry can occur before the agency problem arise, but with the problem of this situation, it can worsen the pre-existing conditions.

Corporate Governance Effect on Information Asymmetry

Agency theory is one of the well-known theories about corporate governance. In an analysis of agency theory, Ross (1973) followed by Jensen and Mekcling (1976) introduced the agency problem. They considered the managers as the agents and the shareholders as the owners of the firms. Corporate governance research point out of two types of agency problems concerned with a conflict of interest between managers and shareholders. The first type arises when the board is composed of individuals who make decisions that are in the best interest of shareholders, but the interests of management are not aligned with those of the board and shareholders. The second type of agency problem arises when the board is composed of directors who are beholden to the CEO, but their interests are not aligned with the interests of shareholders. In this case, corporate governance mechanisms serve to mitigate the agency problem and improve information transparency (Bushman and Smith,2001; Shleifer and Vishny, 1997).

Research from Kanagaretnam et al. (2007) and Foo and Zain (2010) previously also conducted research examining the influence of corporate governance with information asymmetry levels. The results of their research show that good corporate governance implementation will affect the reduced level of information asymmetry. In both studies to measure the level of information asymmetry, bid ask spread is used as proxy. At the same time to measure the quality of corporate governance will be used by the corporate governance index issued by the IICD.

H1: Corporate Governance Index has a negative impact on bid ask spread as a proxy for information asymmetry

Voluntary Disclosure Effect on Information Asymmetry

The company provides information to investors or creditors through various ways, some information is given because it has been arranged (mandatory disclosure), and there is also information provided voluntarily by the company (voluntary disclosure). Merton (1987) argues that investors are more likely to invest and trade in firms that are well known or that they judge favourably. If higher disclosure quality increases a firm’s visibility and/or reduces the costs of processing firm specific public information, then higher disclosure quality will induce more trading in firm’s stock by uninformed investors (Alves, et al., 2015). Diamond and Verrecchia (1991) and Kim and Verrecchia (1994) argue that voluntary disclosure reduces information asymmetries among informed and uninformed investors.

Voluntary disclosures are disclosures made by companies that indicate the company's desire to provide more information voluntarily. This disclosure is also expected to minimize information asymmetry in the company. Thus, it is expected that voluntary disclosure promote more efficient prices and increase stock transactions. Petersen and Plenborg (2006) find a negative and statistical significant association between the level of disclosure and the bid-ask-spread.

Research from Heflin et al. (2010), Ball (2008),Verrecchia (2011) said that voluntary disclosure provides several benefits for investors, including reducing the level of information asymmetry when reporting information is released to the public and negatively affecting stock offerings, requesting stock spread and increasing transparency in reporting.

H2: Voluntary disclosure has a negative impact and affect the bid ask spreads as proxy information asymmetry.

RESEARCH METHODOLOGY

Research Variable

The dependent variable of this research is information asymmetry. Information asymmetry measured by bid-ask spread. The formula of bid-ask spread is ask price minus bid price divided ask price plus bid price divided two.

The independent variable of these research are good corporate governance and voluntary disclosure. To measure good corporate governance by good corporate index which consists of 11 items which cover 3 composition of board and function, ownership structure, and control and audit process. To measure voluntary disclosure with voluntary disclosure index which 12 items, which cover 3 categories: strategic information, non-financial information and financial information.

The control variable of this research consist of firm size, leverage and market book value. Firm Size, the company’s measurement is assessed based on the natural logarithm of the total assets of the company at the end of the period of the financial statements, which are measured on December 31, 2016, December 31, 2017 and December 31, 2018 in accordance with the financial statement data in the company's annual report. Leverage measured by total debt obligations divided by total equity multiplied by 100%. Market book value ratio, the company’s measurement is measured by the comparison of the ratio of the value per common stock to the book value of the company. Price divided book value, book value equals equity divided total number of shares.

POPULATION AND SAMPLE

The population of these research are trading, investment and services companies listed on Indonesia Stock Exchange (IDX) from 2016 to 2018. The total population taken by researcher is 167 companies as the study population. But the researcher took 87 companies as samples in the study. The researcher used the purposive judgment sampling method. For 167 population a sample size for 5% precision level and 95% confidence it requires 110 sample (Israel, 2003). However the author managed only to gathered 87 company as the sample. Because there are only 87 company that have the information necessary for this research.

RESEARCH METHOD

The hypothesis of this research is using multiple linear regression. The researcher measures the variables used as independent variables and dependent variables through the following regression model based on a research conducted by (Kachouri & Jarboui, 2017) (Ghozali, 2013):

The effectiveness of corporate governance = f (voluntary disclosure + accounting conservatism Z_1, ε_1

Voluntary disclosure index = f (corporate governance effectiveness + accounting conservatism Z_2, ε_2

IA = α +β1 GCG + β2 VD + β3 LEV + β4 FS + β5 MBV + E

Whereas:

IA = Information Asymmetry
β1 = Regression Coefficient from Good Corporate Governance
β2 = Regression Coefficient from Voluntary Disclosure
β3 = Regression Coefficient from Leverage
β4 = Regression Coefficient from Firm Size
β5 = Regression Coefficient from Market Book Value
E = Error.

RESULT AND DISCUSSION

Descriptive Statistics

Table 1 Descriptive Statistics of Variables Research

Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Corporate Governance	261	0,36	0,64	0,49	0,63
Voluntary Disclosure	261	0,75	1,00	0,92	0,06
Information Asymmetry	261	4,30	10,90	6,99	1,31
Leverage	261	0,00	23,20	1,36	2,24
Firm Size	261	18,30	32,40	27,96	2,46
Market Book Value	261	0,11	23,79	2,34	2,61
Valid N (listwise)	261				

Source: Secondary Data Processing, 2020

From the table above it is seen that the majority of the sample have a relatively high score of good corporate governance because the good corporate governance showed a mean value of 0.49 when the maximum value of good corporate governance is 0.64. For the voluntary disclosure index the majority of the sample in this research have a high value because the mean for voluntary disclosure is 0.92 when the maximum value is 1. Meanwhile for information asymmetry, the majority of the sample in this research have a high value it is seen from the mean value of 6.99 when the maximum value of information asymmetry is 10.9. From the descriptive statistic result, it can be presumed that when good corporate index and voluntary disclosure score are high, the information asymmetry value is also high. However, from this result it does not necessarily mean that the good corporate governance and voluntary disclosure score impacting the information asymmetry to rise.

Multiple Linear Regression

Table 2 Analysis of Multiple Linear Regression
Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std.Error	Beta		
1	(Constant)	-.814	1.289		-.631	.528
	Corporate Governance	8.195	1.021	.394	8.028	.000
	Voluntary Disclosure	2.112	1.067	.097	1.980	.049
	Leverage	-.126	.035	-.179	-3.614	.000
	Firm Size	.054	.027	.098	1.983	.048
	Market Book Value	.213	.025	.423	8.443	.000

Source : Secondary Data Processing, 2020

Based on the calculation results of the SPSS Version 23.0 program, the following results are obtained:

Y = -,814 + 8,195 X1 + 2,112 X2

Information : First, The constant value obtained is ,814 (negative) which means that if the value of the corporate governance disclosure variable and voluntary disclosure is equal to zero then the information asymmetry will decrease by -,814. Second, The coefficient value of the corporate governance variable (X1) from the calculation of multiple linear regression is 8,195 (positive). This result implies that both corporate governance and information asymmetry have a positive relationship. So, when the score of corporate governance of a company shows a high value it will affects on a higher information asymmetry. Third, The coefficient value of the voluntary disclosure variable (X2) from the calculation of multiple linear regression is 2,112 (positive). This result implies that both voluntary disclosure and information asymmetry have a positive relationship. Thus, it can be interpreted when the score of voluntary disclosure is high then it will result on a higher information asymmetry.

The corporate governance index has a negative impact on information asymmetry

The first hypothesis in this study is that the corporate governance index has a negative impact on information asymmetry. Multiple linear regression analysis is used to test the first hypothesis. Sig value of corporate governance variables shows the number 0,00, which means below 0.05. Therefore it can be said that corporate governance simultaneously influences information asymmetry.

The result shows that good corporate governance positively impact the information asymmetry. Statistically, it means that when good corporate governance is implemented in the company it leads to the increase of information asymmetry. The result is in contrary with hypothesis 1, which stated that good corporate governance is influencing information asymmetry negatively. The result may shows that good corporate governance is not the only factor that can reduce the information asymmetry. There is a possibility that there are another significant factors that can reduce the information asymmetry besides good corporate governance.

Voluntary disclosure has a negative impact on information asymmetry

The second hypothesis in this study is that voluntary disclosure has a negative impact on information asymmetry. Multiple linear regression analysis was used to test the second hypothesis. The Sig value of the voluntary disclosure variable shows the number 0.049 or 4.9% which means it is below 0.05.

From the results of data analysis that has been done, it shows that voluntary disclosure has a positive relationship with information asymmetry. Therefore the second hypothesis is rejected. The results of this study are supported by Nuryatmo (2007), Yenibra (2014) which states that voluntary disclosure does not affect investor confidence in the company's annual report. The results of research from Heflin et al (2010), Ball (2008), Verrecchia (2011)) is contradictive with the result because they stated that voluntary disclosure provides several benefits for investors including reducing the level of asymmetry when reporting information voluntarily to investors and negatively affecting bid-ask spread its shares.

Based on the result, voluntary disclosure is found to positively and significant impact on information asymmetry. This can be interpreted that when voluntary disclosure score is high, it leads to the increase of information asymmetry. Although that voluntary disclosure is meant to give the investor more information of the company, but, the information disclosed in voluntary disclosure may be insufficient for investor or stakeholders to make economic decision. Thus, the result contradicts the hypothesis 2, which stated that voluntary disclosure negatively influence the information asymmetry. The result may shows that voluntary disclosure may not be enough to reduce information asymmetry, and there maybe another factor that can reduce information asymmetry besides voluntary disclosure.

CONCLUSION AND LIMITATION

Based on the hypotheses testing and result analyses stated in the previous research, it can be concluded as follows: First, Good corporate governance can affect information asymmetry. However, the relationship tested in this research is showing a positive relationship between corporate governance and information asymmetry. The result is in contrary with hypothesis 1, which stated that good corporate governance is influencing information asymmetry negatively. The result may imply that good corporate governance is not the only factor that can reduce the information asymmetry. Perhaps there are another factor that can reduce the information asymmetry besides good corporate governance. Second, voluntary disclosure can affect information asymmetry. But, the result shows that both voluntary disclosure and information asymmetry have positive relationship. Thus, the result contradicts the hypothesis 2, which stated that voluntary disclosure negatively influence the information asymmetry. The result may imply that voluntary disclosure may not be enough to reduce information asymmetry, and there maybe another factor that can reduce information asymmetry besides voluntary disclosure.

This research did not escape from its limitation. This author has experienced some limitation in conducting this research, it includes: This research is using SPSS to process the statistical data analysis. In which the type of data being used in this research is using time series data and cross section data which is called the panel data, meanwhile SPSS is inadequate to process such panel data. The suitable program to process the data is actually EVIEWS. This research only

utilized company in trading, investment and services sectors. Thus, the data is limited only to those sectors.
Here are some suggestions for each sector that is expected to benefit from this research: For further research, it is recommended to use panel data (more than 1 year) that examines more specifically for each different industrial sector, especially regarding disclosure. Because for certain industries there are characteristics of voluntary disclosure that are mostly done but not done by other industries. Therefore more specific research on the industry will be better. The author suggest that it is better for further research to process the data using E-VIEWS rather than SPSS. Because E-VIEWS can process panel data which include the time series and cross section data. So, further research is expected to have a more thorough result. Also, to increase the generalizability of further research more sectors should be included in the research.

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