52ND DIES NATALIS UNIVERSITAS HAYAM WURUK PERBANAS - SURABAYA

magister manajemen

Proceeding Book

UHW
UNIVERSITAS HAYAM WURUK

ICOBBI

MARKETING INTERNATIONAL SEMINARS AND THE 4th INTERNATIONAL CONFERENCE ON BUSINESS AND BANKING INNOVATIONS

Surabaya, 29th January 2022

Pascasarjana.Perbanas.ac.id mmuhw.perbanas

0822-4784-5434 info.mm@perbanas.ac.id

Published by :
Program Studi Magister Manajemen
Universitas Hayam Wuruk Perbanas
Jl. Wonorejo Utara No. 16 Rungkut Surabaya
Telp. 031-5947151 | Ext. 2402
Fax. 031-87862621
Website. www.pascasarjana.perbanas.ac.id

The 4th ICOBBI

The Strategy of Digital in Business for Gaining Competitive Advantages after Pandemic

Keynote Speakers :

Co-Host :

Sponsored by :

Proceeding Book of The 4th International Conference on Business and Banking Innovations (ICOBBI) 2022 "The Strategy of Digitalization in Business for Gaining Competitive Advantages after Pandemic"

Steering Committee

Dr. Drs. Emanuel Kristijadi, M.M.
Dr. Lutfi., S.E.,M.Fin
Dr. Basuki Rachmat, S.E., M.M.

Organizing Committee

Manager	: Prof. Dr. Dra. Tatik Suryani, Psi., M.M.
Vice Manager	: Dr. Ronny, S.Kom., M.Kom., M.H.
Secretary and Treasury	: Dewi Aliffanti, S.E. Tanza Dona Pratiwi, S.E.
Publication and Proceeding	: Aditya Ramadhani, S.IIP., M.A
Technology Supporting	: Sumantri., S.Kom Risky Andriawan, S.T. Anton Ghozali.,S.Kom
Supporting	: Muhammad Ilham

Published 29th January 2022

Magister Manajemen Universitas Hayam Wuruk Perbanas, Surabaya, Indonesia
Jalan Wonorejo Utara No. 16, Rungkut Surabaya, East Java 60296
Telpon 082247845434
Website : http://pascasarjana.perbanas.ac.id/
Indexed by google scholar

ISBN :

The originality of the paper is the author's responsibility

FOREWORD

Alhamdulillah, praise be to Allah Subhanahu Wa Ta'ala for granting us the opportunity to organize and publish the proceedings of the 4th International Conference on Business and Banking Innovations (ICOBBI) with the topic "The Strategy of Digitalization in Business for Gaining Competitive Advantages after Pandemic". This proceeding contains several researches articles from many fields in Business & Marketing, Banking & Sharia Banking, Accounting & Financial Management, Human Resources Management, Operations Management, Investasi, Insurance & Capital Market, Strategic Management, Technology Management, and Information System.

The 4th International Conference on Business and Banking Innovations was held on 29th January 2022 by virtual (online) zoom meeting and organized by the Master Management Study Program of Universitas Hayam Wuruk Perbanas in Collaboration with five Higher Education Institutions in Indonesia and three Universities from Asia countries. Keynote speakers in this conference were: Chonlatis Darawong, P.hD (Sripatum University, Thailand), Associate Prof. Dr. Ellisha Nasrudin (University of Science, Malaysia), Dr. Sanju Kumar Singh (Postdoctoral Fellowship in Universitas Airlangga, Tribhuvan University Nepal) and Prof. Dr. Abdul Mongid, MA., P.hD (Universitas Hayam Wuruk Perbanas, Indonesia).

I would like to give high appreciation to the Rector of Universitas Hayam Wuruk Perbanas for his support at this event. Acknowledgments and thank you to all the steering and organizing committees of the ICOBBI for the extra ordinary effort during the conference until this proceeding published. Thank you very much to all presenter and delegates from various Universities. Beside it, I would like to express our gratitude to the three universities, namely Universitas 17 Agustus Surabaya, STIE YKPN Yogyakarta, Universitas Negeri Gorontalo, Universitas Surabaya and Universitas Muhammadiyah Surakarta which has been the co-host of this event.

Hopefully, the proceeding will become a reference for academics and practitioners, especially the business and banking industry to get benefit from the various results of the research field of Business and Banking associated with Information Technology. Proceedings also can be accessed online on the website http://eprints.perbanas.ac.id/

Chair of the Master Management Study Program
Universitas Hayam Wuruk Perbanas

Prof. Dr. Tatik Suryani, M.M.

Tabel of Content

Banking and Shari'a Banking

Business and Marketing

Human Resources

The 4th ICOBBI

MARKETING INTERNATIONAL SEMINARS AND THE 4th INTERNATIONAL CONFERENCE ON BUSINESS AND BANKING INNOVATIONS

Surabaya, 29th January 2022

PROCEEDING BOOK OF THE 4TH INTERNATIONAL CONFERENCE ON BUSINESS AND BANKING INNOVATIONS(ICOBBI) 2022

"The Strategy of Digitalization in Business for Gaining Competitive Advantages after Pandemic"

29th January 2022
At Zoom Meeting

Published by:

Magister Manajemen Universitas Hayam Wuruk Perbanas, Surabaya, Indonesia
Jalan Wonorejo Utara No. 16, Rungkut Surabaya, East Java 60296
Telpon 082247845434 Website : http://pascasarjana.perbanas.ac.id/

DETERMINANT ANALYSIS AFFECTING THE LEVEL OF DISCLOSURE OF OPERATIONS SEGMENTS IN 2017-2019

Tetiana Fitrianingsih[1,*] Lintang Kurniawati[2]

[1] Accounting, *Faculty of Economics and Business, Universitas Muhammadiyah Surakarta*

[2]Accounting, *Faculty of Economics and Business, Universitas Muhammadiyah Surakarta*

**Email: b200184230@student.ums.ac.id*
**Email:lk123@ums.ac.id*

ABSTRACT

Disclosure of operating segments is very much needed, especially for investors to know the performance of management, the growth potential of each segment, and also to indicate the risks that may arise, which will also affect the cost of equity to be borne by the company. This study aims to obtain empirical evidence of the effect of profitability, leverage, firm size, audit quality, and firm age on the level of disclosure of operating segments. The population used in this study are consumer cyclicals companies listed on the Indonesia Stock Exchange during 2017-2019. This research uses the purposive sampling method and obtained 119 companies for three years. The analytical tool in this research is multiple linear regression analysis. The results of this study indicate that leverage affects the level of disclosure of the operating segment, while profitability, firm size, audit quality, and firm age do not affect the level of disclosure of the operating segment. Users of financial statements should pay close attention to operating segment disclosures because companies can manipulate calculations to display successful operations and hide poor operating performance. In addition to investment decisions, operating segment disclosures can be used to assess the performance of segment managers, as well as assess the risks and rewards faced by segment managers.

Keywords: *Disclosure of operating segment, profitability, leverage, company size.*

1. INTRODUCTION

With the development of business activities, the company will diversify its business. Business diversification makes the company's business more complex so analysts need information related to the performance of the company's segments to be able to perform a better analysis. Companies that diversify their business must disclose information in each company's operating segment to be able to explain the actual state of the company (Hakim & Achmad 2020).

Management has control to select the segment reports to be reported in the financial statements. With segment disclosure, management is required to report segment disclosure reports in more detail because the more detailed a disclosure is, the higher the quality of the disclosure will be, and analysts have a lot of information needed so they can perform better analysis.

In Indonesia, provisions related to operating segments have been regulated in Statement of Financial Accounting Standards (PSAK) 5 (Revised 2015) which is the result of the convergence of IFRS 8. PSAK No. 5 (Revised 2009) is effective after January 1, 2011. Disclosure of operating segments is very necessary, especially for investors so that they can find out the performance of management, the growth potential of each segment, and also indicate the risks that may arise, which will also affect the cost of equity to be borne by the company. The main principles of disclosure included in PSAK No. 5 (Revised 2009) are: An entity shall disclose information that enables users of financial statements to evaluate the nature and financial impact of the business activities in which the entity is engaged and the economic environment in which the entity operates (Naufal et al., 2020).

Researchers use *agency theory* and cost of ownership theory or *Proprietary Cost Theory.* Jensen and Meckling (1976) describe an agency relationship as a contract between one or more owners (principals) who employ another person (agent) to perform some services on behalf of the owners which includes delegation of decision-making authority to agents. The problem that underlies agency theory is the conflict of interest between owners and managers in the company. The agency theory also explains the problem of information asymmetry. Agency costs are costs incurred by the principal for the costs of supervising agents, binding expenses by agents, and residual loss (Rokhlinasari 2016). According to (Pratiwi & Palupi, 2017) reporting of financial information reported by companies is useful in supervising managers and reducing agency costs. Segment information can show information about the transfer of resources between segments, the existence of segments with poor performance, or matters related to agency problems related to poor diversification strategies carried out by managers.

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 information but also the costs of disclosing information that can be exploited by stakeholders, especially competitors in a way that is detrimental to the reporting company.

According to (Izzaty & Pujiastuti, 2020) states that the theory of cost of ownership is an important foundation in analyzing disclosure practices by companies. The cost of ownership theoretical framework may be useful in explaining the disclosure behavior of companies about segment reporting.

The purpose of disclosing segment information is described in paragraph 1 of PSAK No. 5 (Revised 2000) is to assist users of financial statements in understanding the company's past performance better, assessing the risks and rewards of the company better, and assessing the company as a whole more adequately (Muhammad & Siregar, 2014). Items contained in operating segments according to the old standards, namely PSAK 5 (revised 2000) / IAS 14R, Sales or other operating revenues, distinguishing between revenue earned from customers outside the entity and revenue from other segments, segment results, assets segments, basis of inter-segment pricing, segment liabilities, capital expenditures, depreciation and amortization, other non-cash expenses, and profit or loss.

According to (Pratiwi & Palupi, 2017) profitability shows the ability of a company to generate profits and aims to show company profits in a certain period. Companies that generate high profits tend to disclose more information to demonstrate the competence of the company. Research from (Izzaty & Pujiastuti 2020) proves that profitability has a positive effect on the level of disclosure of the operating segment. This research is supported by (Amado et al., 2018) which also proves that profitability affects the level of disclosure of operating segments. There is research from (Alfaraih & Alanezi 2011) which also proves that profitability affects the level of disclosure of operating segments. However, research (Pratiwi & Palupi, 2017) proves that the company's profitability does not affect the level of disclosure of the operating segment. In addition, research (Sameh et al., 2018) also proves that profitability does not affect the level of disclosure of operating segments. Based on the description above, the hypotheses to be tested in this study are:

H1: Profitability affects the level of disclosure of operating segments

According to (Hidayat & Vestari, 2021) *leverage* is the ability to use assets or funds owned by the company to pay obligations. In addition, *leverage* is one of the factors related to the company's capital structure. The higher the debt or *leverage of* a company, the riskier its funding structure will be, so high supervision is needed in managing the company's funding structure. Researchers (Hidayat & Vestari, 2021) stated that *leverage* has a positive influence on the quality of disclosure of operating segments. (Izzaty & Pujiastuti, 2020)also stated that *leverage* corporate has a positive effect on the level of segment information disclosure. This research is supported by (Pratiwi & Palupi, 2017) which states that *leverage* has a positive influence on the quality of disclosure of operating segments. (Sameh et al., 2018) also stated that *leverage* has a positive influence on the quality of disclosure of operating segments. However, according to the results of research (Alanezi et al., 2016) *leverage* does not have a positive effect in explaining the disclosures required for operating segments. Based on the description above, the hypotheses to be tested in this study are:

H2: *Leverage* affects the level of disclosure of operating segments

The size of the company influences the disclosure of the company's operating segments, the larger the company, the more information about the operating segment will be disclosed, the cost of creating and disseminating information to large companies is relatively lower because large companies have an extensive internal reporting system. Alfaraih & Alanezi, 2011). In the study (Pratiwi & Palupi, 2017) it was found that the size of the company had a positive effect on the level of disclosure of the operating segment. This research (Sameh et al., 2018) also results in the size of the company affecting the level of disclosure of the operating segment. Researchers (Amado et al., 2018) also found that size had a company effect on the level of disclosure of operating segments. However, different results are shown by research (Ruwanti & Rambe, 2020) which states that company size does not affect the disclosure of operating segments. Based on the description above, the hypotheses to be tested in this study are :

H3: Firm size affects the level of disclosure of operating segments

According to (Hidayat & Vestari, 2021) audit quality is the result of the financial statement audit process whose results describe the accuracy in the preparation of financial statements. The audit has an important role to improve the company's overall financial reporting because audited financial statements can be the basis for investors in making business decisions. From the results of research by Alfaraih & Alanezi (2011) and (Sameh et al., 2018) it is stated that audit quality does not affect the level of disclosure of operating segments. These results are also supported by research (Hidayat & Vestari, 2021) which states that audit quality does not affect the level of disclosure of operating segments. However, research (Ruwanti & Rambe, 2020) states that audit quality does not affect the level of disclosure of operating segments. Pratiwi & Palupi, (2017) also state that audit quality does not affect the level of disclosure of operating segments. Based on the description above, the hypotheses to be tested in this study are

H4: Audit quality affects the level of disclosure of operating segments

Company age is the grouping of companies based on the criteria for the length of time the company has been listed on the Indonesia Stock Exchange. Companies that have more experience will be more aware of the needs of their constituents for information about the company. Companies that have been listed on the stock exchange for a long time tend to have good accounting procedures that provide more complete and detailed information than companies that have just been listed on the stock exchange (Alfaraih & Alanezi, 2011). Research (Alfaraih & Alanezi 2011) results that the age of the company has a positive effect on the level of disclosure of the operating segment. This research is also supported by (Pratiwi & Palupi, 2017) which results that the age of the company has a positive effect on the level of disclosure of the operating segment. But in research (Alanezi et al., 2016) it is found that the age of the company does not affect the level of disclosure of the operating segment. Based on the description above, the hypotheses to be tested in this study are

H5: Company age affects the level of disclosure of operating segments

2. METHODOLOGY

2.1. Population, Sample, and Sampling Technique

The study uses secondary quantitative methods. The type of data used is secondary data obtained from the official website of the Indonesia Stock Exchange, namely www.idx.co.id and the website of the company concerned. The population used in this study is the sector company *Consumer Cyclicals*. Sampling used the *purposive sampling method*, with the following criteria:

1. Public companies in the sector *consumer cyclicals* that were listed consecutively on the Indonesia Stock Exchange from 2017-2019,
2. Companies that present complete annual report data related to the variables used in the study,
3. Companies *Consumer cyclicals* that use Rupiah in their financial reporting.

2.2 Operational and Measurement Variables

Table 1. Operational summary of research

Variables	Measurement
Level of Operational Segment Disclosure The	Level of segment disclosure is measured by dividing the total items of information disclosed by the total items that must be disclosed. (Pratiwi & Palupi, 2017).
Profitability	Profitability is measured using Return On Equity (ROE), namely by dividing net income by the company's total equity. (Alfaraih & Alanezi, 2011).
Leverage	Leverage is calculated using the Debt to Equity Ratio (DER) by dividing total liabilities by total equity. (Izzaty & Pujiastuti, 2020).
Company Size	size is measured by using size, namely by looking at Ln total assets. (Alfaraih & Alanezi, 2011).
Audit Quality Audit	quality is measured using a variable dummy, where if the company is audited by the Kaps it big four will be given a score of 1 and for other KAPs other than the big four it will be given a score of 0.(Pratiwi & Palupi, 2017).
Company Age	According to Agustia and Suryani (2018), the age of the company can be known from the difference between the years of research and the year the company was founded. Company Age = Year of research – Year Company was founded.

2.3 Data Analysis Method

In processing the data, the writer uses Microsoft Excel and SPSS version 25 programs. The data analysis used in this research is a quantitative analysis which is expressed by the calculation numbers using statistical analysis assisted by the SPSS program. The analytical technique used in this study is the classical assumption test consisting of normality test, multicollinearity test, autocorrelation test, and heteroscedasticity test and hypothesis testing consisting of the partial test (t-test), simultaneous regression test (f-test), coefficient test determination (R^2) and multiple linear regression analysis. The following regression equation to test the hypothesis in this study is:

$$Y = a + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \beta 5X5 + e$$

Description:

a = Constant value

β1, β2, β3, β4, β5=Regression coefficient of each variable

Y =Operating Segment Disclosure Level (Dependent Variable)

X1 = Profitability (Independent Variable)

X2 = *Leverage* (Independent Variable)

X3 = Firm Size (Independent Variable)

X4 =Audit Quality (Independent Variable)

X5 =Company Age (Independent Variable)

e = Error Coefficient

3. RESULTS AND DISCUSSION

Descriptive statistics provide a description or description of data seen from the average (mean), standard deviation, maximum, and minimum. The results of data analysis from the independent variables used in this study are as follows:

Table 2. Descriptive Statistics Test Results

Variabel	N	Minimum	Maximum	Mean	Std. Deviation
ROE	119	-0,163	0,810	0,07584	0,131585
DER	119	0,124	2,644	0,887	0,61

				54	0852
SIZE	119	25,117	30,984	28,19016	1,412327
AUDIT	119	0,00	1,00	0,2437	0,43113
AGE	119	1,00	30,00	15,7563	8,72360
SEGMEN OPERASI	119	0,11	0,89	0,5455	0,18245
N	119				

Source: SPSS output 25, data processed 2021

Based on table 2 above, it can be concluded that descriptive statistics of 119 companies, variable The profitability proxied by Return On Equity (ROE) has a minimum value of -0,163 and a maximum value of 0.810. The average profitability of 119 companies shows a result of 0,07584 and the standard deviation of profitability is 0,131585. The average value of profitability of 0,07584 illustrates that the sample company on average can generate a profit of 0,07584 from its total capital. The standard deviation value is greater than the average value, indicating that the variability of the profitability variable data is large.

The variable *leverage* proxied by the Debt to Equity Ratio (DER) has the smallest (minimum) value of 0,124 and the largest (maximum) value of 2.644. The average DER of 119 companies is 0,88754 and with a standard deviation of 0,610852, this means that the average sample company has a debt of 0.88754 times the company's capital (equity).

The firm size variable (SIZE) which is proxied by Ln total assets has the smallest (minimum) value of 25,117 and the largest (maximum) value of 30,984. The average SIZE owned by 119 companies is 28,19016 and with a stanAutocorrelationf 1,412327, this indicates that the average value is greater than the standard deviation value so that the deviation of the data that occurs is high.

The audit quality variable (AUDIT) proxied by a Public Accounting Firm (KAP) has the smallest (minimum) value of 0.000 and the largest (maximum) value of 1,000. The average AUDIT owned by 119 companies is 0.2437 and the standard deviation value of AUDIT is 0,43113, where the lowest value is 0 which means the bank is audited by a Public Accounting Firm "Non-Bigfour" and the highest is 1 which means the bank is audited by a Public Accounting Firm. "Big Four".

The variable age of the company (AGE) which is proxied by the year of research – the year the company was founded has the smallest (minimum) value of 1,000 and the largest (maximum) value of 30,000. The average AGE of 119 companies is 15,7563 and the standard deviation of AGE is 8,72360. Judging from the average value of 15,7563, it means that the average company has aged or has been in existence for 15-16 years.

The operating segment disclosure level variable which is proxied by dividing the total segment information items disclosed by the company by the total segment information items that must be disclosed has the smallest (minimum) value of 0,11 and the largest (maximum) value of 0,89. The average operating segment owned by 119 companies is 0,5455 and the standard deviation value of the operating segment is 0,18245, this shows that the data on the operating segment variable has a large distribution because the standard deviation is greater than the average value.

The model used in this analysis is the classical assumption test. Therefore, before being included in the hypothesis test, it is necessary to test the research model which consists of testing the normality test, multicollinearity test, autocorrelation test, and heteroscedasticity test**.**

The feasibility of the normality test in this study was assessed using the *One-Sample* Kolmogorov-*Smirnov Test*.

Table 3. Normality Test Results

Variable	**Value K_S**	**Asymp.Sig (2-tailed)**	**Information**
Unstandardized Residual	0,073	0,172	Data normally distributed

Source: SPSS output 25, data processed 2021

Normality test results using the one-sample Kolmogorov-Smirnov test described in the table above shows that the statistically significant value (two-tailed) for ROE, DER, SIZE, AUDIT, and AGE is 0,172. From these results, it can be seen that the value of Kolmogorov-Smirnov sig. of 0,172 > 0,05, it can be said that the data in this study were normally distributed.

Table 4. Multicollinearity Test Results

Variable	Tolerance	VIF	Information
ROE	0,836	1,196	There is no multicollinearity
DER	0,943	1,061	There is no multicollinearity
SIZE	0,710	1,409	There is no multicollinearity
AUDIT	0,724	1,382	There is no multicollinearity
AGE	0,945	1,058	There is no multicollinearity

SPSS output 25, data processed 2021.

Based on the multicollinearity test table above, it can be seen that there is no multicollinearity between independent variables, because the calculation results of the tolerance value of each independent variable do not show results less than 0,10 and the results of the calculation of the variance inflation factor (VIF) value also show the results of each There is no independent variable more than 10, namely ROE has a VIF value of 1,196 with a Tolerance value of 0,836, DER has a VIF value of 1,061 with a Tolerance value of 0,943, SIZE has a VIF value of 1,049 with a Tolerance value of 0,710, namely AUDIT has a value of 0,710. VIF of 1,382 with a Tolerance value of 0,724, and AGE obtained a VIF value of 1.058 with a Tolerance value of 0,945. It can be concluded that there is no multicollinearity between the independent variables in this regression model.

Table 5. Autocorrelation Test Results

Variable	**Asymp.Sig (2-tailed)**	**Description**
Unstandardized Residual	0,231	Autocorrelation does not occur

Source: SPSS 25 output, data processed in 2021

Through the results of the run test in the table above, it can be seen that the sig. 0,231 > 0,05. From these results, we can conclude that there is no autocorrelation.

Table 6. Heteroscedasticity Test Results

Variable	**Asymp.Sig (2-tailed)**	**Information**
ROE	0,829	No heteroscedasticity
DER	0,429	No heteroscedasticity
SIZE	0,807	No heteroscedasticity
AUDIT	0,726	No heteroscedasticity
AGE	0,956	No heteroscedasticity

Source: SPSS output 25, data processed 2021

Based on the table of heteroscedasticity test results above, it shows that the regression model does not contain any symptoms of heteroscedasticity, it can be seen from the significance value of ROE (0,829), DER, 0,429, SIZE (0,807), AUDIT (0,726), and AGE (0,956) greater than 0,05.

The results of hypothesis testing with multiple linear regression analysis are presented in table 7. They are as follows:

Table 7. Hypothesis Testing Results

Variable	**Beta**	**T**	**Significance**	**Information**
ROE	-0,024	-0,258	0,797	H1 rejected
DER	0,262	2,953	0,004	H2 accepted
SIZE	0,096	0,939	0,350	H3 rejected
AUDIT	0,172	1,698	0,092	H4rejected
AGE	0,146	1,652	0,101	H5 rejected
Adjusted R^2	0,126			
F			0,001	

Source: Output SPSS 25, 2021 processed data

regression equation based on the results of multiple linear analysis is as follows:

Y = 0,063 + -0.034X1 + 0,078X2 + 0,012X3 + 0,073X4 + 0,003X5 + e

Based on the table above in the Adjusted R Square column, the coefficient of determination is 0,126 which means 12.6%, this shows the ability of the independent variable to explain the variance of the dependent variable. While 87.4% is explained by other variables outside of this study.

From the table above, it can be seen that the significance value of F = 0,001 (smaller than = 0,05). It means Ha is accepted. In other words, Profitability, *Leverage*, Company Size, Audit Quality, and Company Age simultaneously have a significant effect on the Level of Disclosure of Operating Segments.

Based on the estimation results in the T-test table on the asset structure, the t_{count} value of -0,258 is smaller than the t_{table} value of 1,981, and the significance value of 0,797 is greater than 0,05 so H1 is rejected. This result shows that profitability does not affect the Level of Disclosure of Operating Segments. The results in this study are in line with research conducted (Pratiwi & Palupi, 2017) which explains that the company's profitability does not affect the level of disclosure of the operating segment. In addition, research (Sameh et al., 2018) also proves that profitability has no effect on the level of disclosure of operating segments. Companies with high or low profitability or those experiencing losses must continue to disclose segment information as stipulated in PSAK 5 (Revised 2009). However, in this study, companies that have high profitability also do not guarantee that these companies will disclose information on operating segments. The results of this study indicate that companies that suffered losses in the research period such as PT Mahaka Media Tbk. and PT Fortune Indonesia Tbk. disclose operating segment information more than 5 operating segment disclosure items. However, companies with high profitability such as PT Ace Hardware Indonesia Tbk. and PT Garuda Metalindo Tbk. Only disclose operating segment information for less than 5 operating segment disclosure items.

Based on the estimation results in the T-test table on the asset structure, the t_{count} value of 2,953 is greater than the t_{table} value of 1,981, and the significance value of 0,004 is smaller than 0,05 so H2 is accepted. This result shows that *leverage* affects the Level of Disclosure of Operating Segments. The results of this study support previous research conducted by Hidayat & Vestari (2021) and Izzaty & Pujiastuti (2020) which state that leverage has a positive effect on the quality of segment operations. This research is supported by (Ratiwi & Palupi, 2017) which states that leverage has a positive influence on the quality of operating segment performance. (Sameh et al., 2018) also stated that leverage has a positive influence on the quality of operating segment performance.

The results are based on the estimates in the T-test table on the asset structure whose t_{count} value of 0,939 is smaller than the t_{table} value of 1,981, and the significance value of 0,350 is greater than 0,05 so H3 is rejected. This result shows that the size of the company does not affect the Level of Disclosure of Operating Segments. The results of this study support previous research conducted (Ruwanti & Rambe, 2020) which stated that the company did not affect the performance of the operating segment.

The results are based on the estimates in the T-test table on the asset structure whose t_{count} value of 1,698 is smaller than the t_{table} value of 1,981, and the significance value of 0,092 is greater than 0,05 so H4 is rejected. This result shows that audit quality does not affect the Level of Disclosure of Operating Segments. Research conducted by Ruwanti & Rambe (2020) also states that audit quality does not affect our level of segment operations. These results are also supported by research by Pratiwi & Palupi (2017) which also states that audit quality does not affect our level of segment operations.

Results Based on the estimation in the T-test table on the asset structure, the t_{count} value of 1,652 is smaller than the t_{table} value of 1,981, and the significance value of 0,101 is greater than 0,05, so H5 is rejected. This result shows that the age of the company does not affect the Level of Disclosure of Operating Segments. The results of this study are supported by research conducted (Alanezi et al., 2016) which results that the age of the company does not affect the level of performance of the operating segment.

4. CONCLUSIONS AND RECOMMENDATIONS

Based on the results of the analysis and discussion above, it shows that *leverage* has a positive effect on the level of disclosure of operating segments. While the variables of profitability, firm size, audit quality, and firm age do not affect the level of disclosure of operating segments. Further researchers are advised to use a larger sample of companies, not only *consumer cyclicals*, the year of observation is expanded to further generalize the population, re-examine the variables in different periods, and add other variables that are considered to influence the level of segment disclosure such as the type of industry. , diffusion of ownership and corporate complexity.

AUTHOR'S CONTRIBUTION

The author hopes that this research can help investors to find out the management performance, growth potential of each operating segment, and also indicate the risks that may arise, which will also affect the cost of equity to be borne by the company.

ACKNOWLEDGMENTS

The author would like to thank me for being able to fight and to get to the point that I am now, you are very great. Then thank you also to your parents who always pray for, support, and work hard for you. Thank you to my brothers and sisters who always provide laughter and support. Don't forget to also thank my friends who have helped me to be strong in doing this research and who are always there when I am happy or difficult.

REFERENCES

[1] Alanezi, F. S., Alfraih, M. M., & Alshammari, S. S. (2016). *Operating Segments (IFRS 8) - Required Disclosure and the Specific-Characteristics of Kuwaiti Listed Companies*. *9*(1), 136–153.

[2]JP Alfaraih, M. M., & Alanezi, F. S. (2011). *What Explains Variation In Segment Reporting? Evidence From Kuwait*. *10*(7), 31–46.

[3] Amado, P., Albuquerque, F., & Rodrigues, N. (2018). *The explanatory factors of segments disclosure in non-financial entities listed in European markets*. *63*(2), 1–23.

[4] Blanco, B., García, J. M., & Tribó, J. (2014). The relation between segment disclosure and earnings quality. *JOURNAL OF ACCOUNTING AND PUBLIC POLICY*.

[5] Chavent, M., Ding, Y., Fu, L., Stolowy, H., & Wang, H. (2005). *Disclosure and determinants studies : An extension using the divisive clustering method (DIV) Disclosure and determinants studies : An extension using the divisive clustering method (DIV)*. (Div).

[6] Hakim, M. N. N., & Achmad, T. (2020). ANALISIS PENGARUH KOMPETISI INDUSTRI TERHADAP PENGUNGKAPAN SEGMEN OPERASI PERUSAHAAN. *Diponegoro Journal of Accounting*, *9*(3).

[7] Hidayat, A. A., & Vestari, M. (2021). *DETERMINANTS OF THE QUALITY OF OPERATING SEGMENT DISCLOSURE*. *4*(1), 94–115. https://doi.org/10.22219/jaa.v4i1.15534

[8]Izzaty, K. N., & Pujiastuti, Y. (2020). *FIRM CHARACTERISTICS AND COMPLIANCE WITH OPERATING SEGMENT DISCLOSURES BASED ON PSAK 5*. *2020*(4), 1039–1052.

[9] Jensen, M. C., & Meckling, W. H. (1976). Theory of the Firm: Managerial Behavior, Agency Cost and Ownership Structure. Journal of Financial Economics , 3(4), 305-360.

[10] Muhammad, F., & Siregar, S. V. (2014). *ANALISIS TINGKAT PENGUNGKAPAN SEGMEN : FAKTOR-FAKTOR*. (80).

[11] Nasehudin, T. S., & Gozali, N. (2012). *Metode penelitian kuantitatif*.

[12] Naufal, M., Hakim, N., & Achmad, T. (2020). *PENGUNGKAPAN SEGMEN OPERASI PERUSAHAAN*. *9*, 1–11.

[13] Pratiwi, M. W., & Palupi, A. F. (2017). *Analisis pengaruh ukuran perusahaan, kualitas audit, umur perusahaan, difusi kepemilikan, profitabilitas, leverage, dan tingkat pertumbuhan terhadap tingkat pengungkapan segmen operasi*.

[14] Rokhlinasari, S. (2016). Teori-teori dalam Pengungkapan Informasi Corporate Social Responbility Perbankan. *Al-Amwal: Jurnal Ekonomi dan Perbankan Syari'ah*, *7*(1).

[15] Ruwanti, S., & Rambe, P. A. (2020). *Are Financial Distress and Firm Characteristics Restrict The Operating Segment Disclosure in Marine Industry ?* 106–116.

[16] Sameh, K. F., Ridha, S., & Pigé, B. (2018). *Article information : Determinants of segment reporting quality : evidence from EU*.

[17] Sanjaya, H., & Ghozali, I. (2011). *Aplikasi Analisis Multivariete dengan Program IBM SPSS 23 (VIII). Semarang: Badan Penerbit Universitas Diponegoro*.

[18] Suhartanto, D. (2014). *Metode riset pemasaran*.

[19] Suliyanto, D. (2011). Ekonometrika Terapan: Teori dan Aplikasi dengan SPSS. *Penerbit Andi: Yogyakarta*.

[20] Verrecchia, R. E. (1990). *INFORMATION QUALITY AND DISCRETIONARY DISCLOSURE*. *12*, 365–380.