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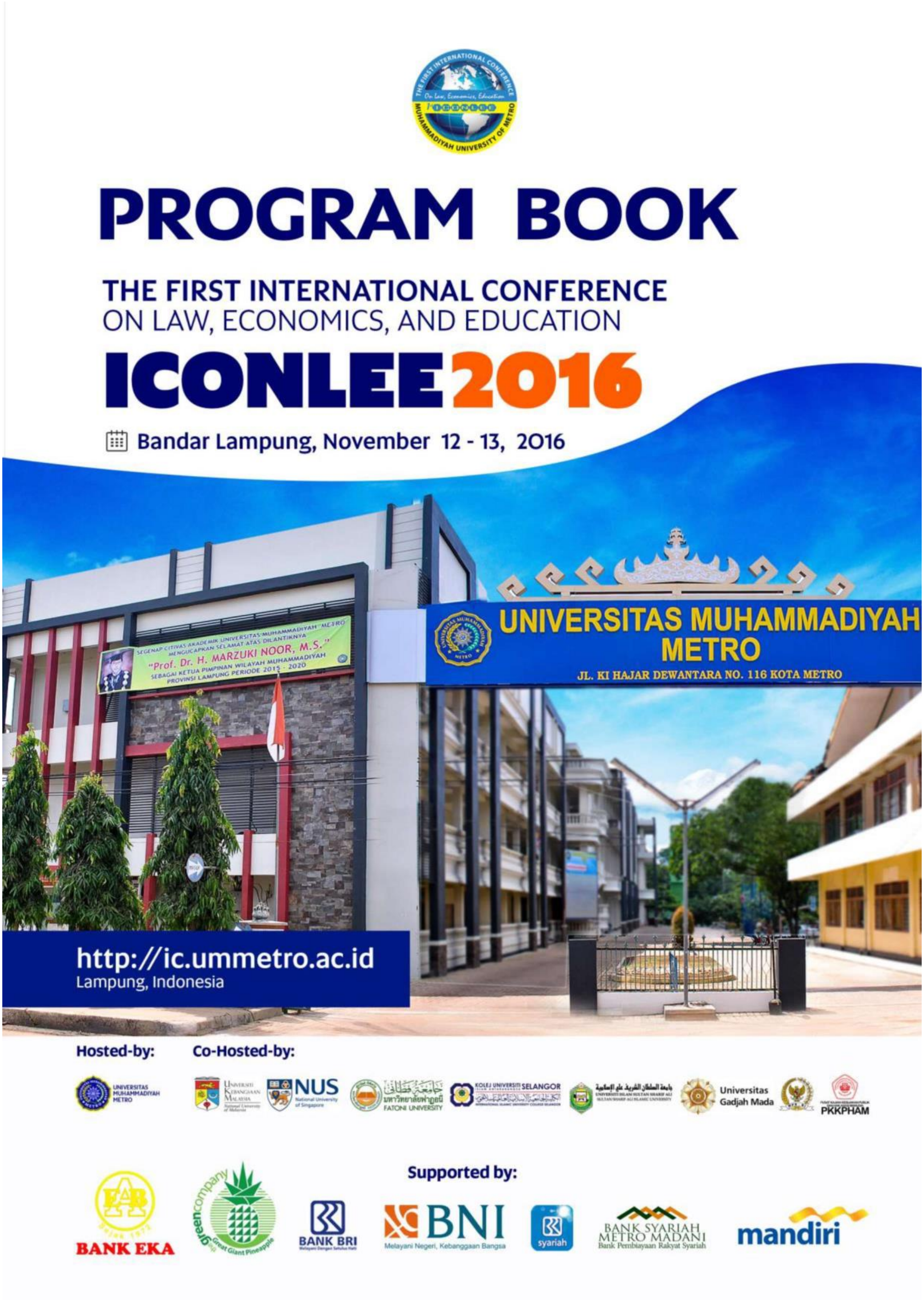

ISBN 978-802-74135-3-5

TABLE OF CONTENS

ISBN 978-802-74135-3-5

WELCOMING SPEECH

Assalamu'alaikum Warrahmatullahi Wabarrahkatuh

The respectable Mr. Zulkifli Hasan as the Chairman of Indonesian People's Consultative Assembly, The Honourable Mr. M. Ridho Ficardo as a Governor of Lampung Province, The Honourable Mr. and Madam Keynote Speakers and Participants of the International Conference, and a l of distinguished guests and the committees.

Praise and gratitude always we pray to the Lord of Universe, GOD Almighty (ALLAH SWT), who always gives a mercy and blessing for mankind. Thus, we can attend the international conference in healthy and halcyon conditions without any obstacles.

First of a l, on behalf of Rector of Muhammadiyah University of Metro warmly welcomes for the presence of keynote speakers and the participants of international conference in various co leges, either domestic or overseas. Especia ly for a chairman o f Indonesian's People Consultative Assembly or MPR-RI, Mr.Zulkifli Hasan; and a chairman of Higher Education Assembly of the Central Board of Muhammadiyah, Prof.Lincolyn Arsyad.

Secondly, we do apologize if in providing services to the keynote speakers and the participants of the international conference are below of your expectations, a l of those are caused by our capability limitation.

Thirdly, through this international conference, intended as a reflection of our commitment consistently improve the quality of education and accommodate more opportunities in academic co laboration.

Therefore, I believe that this international conference wi l be able to present an interesting discussion on the topics, by prominent speakers from Malaysia, Indonesia, Brunei and Thailand, which contribute to the development of knowledge and hopefu ly wi l encourage more research on this region.

In this beautiful occasion, I would like to congratulate to the organizers of international conference who have organized this event, hence, the event can be held most efficiently. Perhaps, it wi l support Muhammadiyah University of Metro to actualize its mission to become one of international standard universities in the near future.

Fina ly, once again I would like to say, welcome to a l the distinguished guests and participants of the international conference.

Muhammadiyah University of Metro wi l give the best to help you recognize this Lampung land. Please enjoy our hospitality and have a pleasant experience in the international conference. Thank you.

Wa*ssalamu'alaikum Warrahmatullahi Wabarrahkatuh*

Rector of UM Metro,

Prof. Dr. H. Karwono, M.Pd.

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Assalamu'alaikum Warrahmatullahi Wabarrahkatuh

The program book is arranged as a handle for the speakers and participants of the first international conference at the 7th HOTEL in Bandar Lampung that organized by the Muhammadiyah University of Metro Lampung.

This book includes the discipline of international conferences, the schedule, abstracts of papers.

The First International conference on Law, Economics and Education (1st ICONLEE) with theme "building mutually beneficial cooperation to facing ASEAN Economic community" present the spetakuler keynote speakers such as: Prof. Dato' Dr. Ab. Halim bin Tamuri from National University of Malaysia, Malaysia, Assoc.Prof.Dr. Iccha Basnyat from National University of Singapore, Singapore, Prof Nehaluddin Ahmad, Ph.D. from Sultan Sharif Ali Islamic University, Brunei Darussalam, Prof. Dr. Ismail Lutfi Japakiya from Fathoni University, Thailand, Akhmad Akbar Susamto,Ph.D. from Gadjah Mada University, Indonesia.

The number of full papers submitted is 200 and the accepted is 166 and denied is 38. The First ICONLEE is held of the cooperation of all the committee, keynote speakers and participants. Thus we do apologize if the services are out of your expectation. In addition, we would like to thank to all the organizers, speakers, participants and donators who have supported the conference.

I hope you can enjoy in following the first ICONLEE 2016, may it become an event to gain knowledge, exchange ideas and brotherhood.

Assalamu'alaikum Warrahmatullahi Wabarrahkatuh

The Chairperson,

Dr. M. Ihsan Dacholfany, M.Ed.

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ISBN 978-802-74135-3-5

CONFERENCE SCHEDULE

TIMES	ACTIVITY	PRESENTERS	VENUE	OFFICER
FRIDAY, NOVEMBER 11TH, 2016				
14.00-18.00	Registration	-	The 7th HOTEL	Officer
SATURDAY, NOVEMBER 12TH, 2016				
07.00 - 08.30	Registration	-	The 7th HOTEL	Officer
08.30 - 09.00	Opening 1. Speech of Rector UM Metro 2. Speech of Governor of Lampung	1. Prof. Dr. H. Karwono, M.Pd 2. M. Ridho Ficardo, S.Pi., M.Si	Ball-Room	Officer
09.00 09.30	Coffee Break	-	Ball-Room	Officer
09.30 - 10.00 10.00 - 10.30 10.30 - 11.00 11.00 - 11.30 11.30 - 12.00	Keynote Speakers' Presentation	1. Dato'. Ab. Halim Bin Tamuri, (UKM / KUIS) 2. Prof. Dr. Ismail Lutfi Japakiya, (Fatoni University, Thailand) 3. Assoc.Prof. Dr. Iccha Basnyat (NUS, Singapura) 4. Prof. Nehaluddin Ahmad, Ph.D, (UNISSA, Brunei Darussalam) 5. Akhmad Akbar Susamto,Ph.D. (UGM Yogyakarta)	Ball-Room	Moderator: Dedy Subandowo Rapporteur: Fenny Thresia
12.00 - 12.30	Discussion		Ball-Room	
12.30 13.30	LUNCH TIME	-	Ball-Room	Officer

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13.30 - 17.30	Parallel Session 1. Law 2. Economics 3. Education	Parallel Presenter Parallel Presenter Parallel Presenter	Meeting-Room	-
15.00 15.30	Coffee Break	-	Meeting-Room	Officer
15.30 - 17.30	Parallel Session (CONTINUED) 1. Law 2. Economics 3. Education	Parallel Presenter Parallel Presenter Parallel Presenter	Meeting-Room	-
SUNDAY, NOVEMBER 13TH, 2016				
08.30-09.30	Parallel Session 1. Law 2. Economics 3. Education	Parallel Presenter Parallel Presenter Parallel Presenter	Meeting-Room	-
09.30 10.00	Coffee Break	-	Meeting-Room	Officer
10.00 - 12.00	Parallel Session (CONTINUED) 1. Law 2. Economics 3. Education	Parallel Presenter Parallel Presenter Parallel Presenter	Meeting-Room	-
12.00 - 12.30	Closing	-	Meeting-Room	Officer
12.30 13.00	LUNCH TIME	-	Meeting-Room	Officer

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THE IMPACT OF IFRS CONVERGENCE ONTHE MARKET VALUE OF EQUITYON TRADE, GOODS AND SERVICES COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE

Bakti Setyadi, Bochari Rachman, and Fitriasuri

The development of multinational companies encourages the development of global capital markets and demands better disclosures in financial reporting. Therefore, the International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB) has been selected as the basis for the development of financial reporting standards through the convergence process. The changes of the financial standards provide options in determining the accounting policies used to calculate the c ompany's value for investors. This research examines the impact of implementation of IFRS convergence on Market Value of Equity (MVE) and influencing determinants includes Earning per Share (EPS), Equity per Share (EQPS), Price per Share (PPS) by using paired t-test (paired-sample t test) between the data before and after the convergence of IFRS. The method used is a survey method by using secondary data with quantitative analysis in the sector of trade in goods and services listed on the Indonesian Stock Exchange. The result shows that the convergence of IFRS did not have a significant impact on average changes of the value of EPS, EQPS, PPS and MVE. In other words, the convergence of IFRS had no impact on changes in the value of the said four variables. Fu rthermore, the correlation test result shows that the convergence of IFRS has relation to the value formation of Market Value of Equity and Price per Share after the implementation of IFRS. Instead, the convergence of IFRS did not contribute to the value formation of Earning per Share and Equity per Share after IFRS implementation.

Keywords:development, convergence, IFRS, the effects, the value of the company

THE EFFECT LEVEL OF REGIONAL SECURITY TOWARD LEVEL OF LOCAL INVESTMENT BY MEDIATION CONSUMER CONFIDENCE INDEX

Evan Stiawan and Yosy Arisandy

Security is one of primary needs of society that has to be fulfilled. Talking about people's prosperity, it is correlated with this kind of aspect. This research aims to determine the influence of national security towards investment's level of regions, the influence of national security towards confidence's index of consumers, the influence of national security towards investment's level of regions through index mediation of consumer's confidence. The objects of this research are community/society and investors in South Sulawesi. The data analysis method used in this research is Structural Equation Model (SEM) method. The result of the research shows that National Security takes effect on investment's level of regions, National Security takes effect on confidence's index of consumers, and National Security takes effect on investment's level of regions through index mediation of consumer's confidence.

Keywords: National Security, Confidence's Index of Consumers , Investation Climate, Crime Rate, Crime Clock, Crime Clearance, and Crime Index

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LIST OF PARALLEL PRESENTER

LAW

No	Name	Affiliation	Email Adress
1.	Manunggal K. Wardaya	Jenderal Soedirman University Purwokerto	Manunggal.wardaya@gmail.com
2.	Azizah	Islamic University Ogan Komering Ilir, Kayuagung, South Sumatera	aazizah895@gmail.co m
3.	Aldri Frinaldi	Padang State University	
4.	Aristo Evandy A.Barlian	Universiti Kebangsaan Malaysia	aristoevandy26@yahoo.com
5.	Fauzi Saleh	Universitas Islam Negeri (UIN) Ar-Raniry Banda Aceh	fauzisaleh09@gmail.co m
6.	Galuh Nashrullah Kartika Mayangsari Rofam	Uniska Muhammad Arsyad Al Banjari Banjarmasin,	Ganash_kamasaro@yahoo.co.id
7.	Eddy Rifai, Hery Wardoyo, and Tomy Pasca Rifai,	University of Lampung	eddyrifai63@gmail.com
8.	Dedi Putra and Darwin Manalu	University of Lampung	dediputra1412011092@g ma il.co m yohanesmanalu1@gmail.com
9.	Intan Pelangi, Ariza Umami	Muhammadiyah University of Metro, Lampung, Indonesia	intan_pelangi@yahoo.com
10.	Yessy Meryantika Sari	Ogan Komering Ilir Kayuagung Islamic University	yessymsari@gmail.com
11.	Febrian Zen, Ahmad Romsan	Febrian Zen, Faculty of Law, Sriwijaya University, South Sumatra, Indonesia	febrian_zen@yahoo.com.sq. aromsan@yahoo.com
12.	Heni Siswanto Maroni, Fathoni	Faculty of Law, University of Lampung	heni.siswanto@fh.unila.ac.id maroni.1960@fh.unila.ac.id fathoni@fh.unila.ac.id
13.	Marsud Utoyo	Sekolah Tinggi Ilmu Hukum Sumpah Pemuda	
14.	M. Farid Al Rianto	University of Lampung	alrianto.farid@gmail.co m
15.	Desy Churul Aini, Desia Rakhma Banjarani	Faculty of Law, University of Lampung	
16.	Raden Arief Fadlilah	University of Lampung	Arieffadlilah459@g mail.co m
17.	I Ketut Dharma Putra Yoga, Aria Alim Wijaya, and Alief Aji Junadil Desang.		aria.aw215@gma il.co m
18.	James Reinaldo Rumpia	University Of Lampung	jamesreinaldor@gmail.co m
19.	Slamet Haryadi	STIH Muhammadiyah Kotabumi	slametharyadisukandar@yahoo.com
20.	Ricco Andreas	University of Lampung	

21.	Achmad Romsan, Febrian Zen, Akhmad Idris, Nurhidayatuloh, and Farida Ali	Sriwijaya University, Ogan Ilir, South Sumatra, Indonesia	aromsan@fh.unsri.ac.id) akhmadidris@fh.unsri.ac.id nurhidayatuloh@fh.unsri.ac.id; hidate.ugm@gmail.com umikrachmi@yahoo.com
22.	Hasanuddin Muhammad and Muhammad Ridho	State Islamic College of Jurai Siwo Metro	hasanuddinmuhammad18@yahoo.co.id m.idhoey@gmail.com
23.	Nur Hayati	Indonusa Esa Unggul University, Jakarta	notarisppat.nurhayati@gmail.com
24.	Anisa Cahaya Pratiwi, Teta Anisah AR, Reza Torio Kamba	University of Lampung	anisacahaya82@gmail.com
25.	Achmad Ibrahim Wijaya and Abdur Rahman Husen	University of Lampung	abramskeizer@gmail.co m, ar.husen.gmail.com
26.	Gibran M. Sanjaya	University of Lampung	gibranms2@gmail.com

ECONOMIC

No	Name	Affiliation	Email Adress
27.	Heon-Yong-Jung	School Of Business, School Of Business, Namseoul University, Cheonan 31020, Korea	gotoyong@nsu.ac.kr
28.	Rahmat Ridhwan, and Abuhason Yusoh	Islamic University Sultan Sharif Ali, Brunei Darussalam	rahmat.ridhwan.lubis@gmail.co m
29.	Emkhad Arif	(Lecture of Economic Faculty on Islamic University of Riau)	
30.	Bakti Setyadi and Bochari Rachman, Fitriasuri	Faculty of Economics and Business, University of Bina Darma Palembang	bakti.setyadi@binadarma.ac.id
31.	Diyan Lestari, and Vina Meliana	Management, Economic Faculty, Institut Teknologi dan Bisnis Kalbis	diyan.lestari@kalbis.ac.id
32.	Rodhiah and Zahrida Wiryawan	Faculty of Economics Tarumanagara University Jakarta Indonesia	rodhiah@fe.untar.ac.id
33.	Siti Nurhasanah	Student Of Doctoral Program In IAIN Raden Intan Bandar Lampung	z4rf4nur@yahoo.co.id
34.	Srinita	Economics Faculty, Syiah Kuala university, Darussalam, banda aceh	itaisk2003@yahoo.com
35.	Uus Ahmad Husaeni, Irpan Jamil, and Huzny Farhany	Lecturer in Islamic Economic and Business Faculty, Suryakancana University	uusahmad1@gmail.com
36.	Maya Panorama	Faculty of islamic economic and business State islamic university of raden fatah palembang	maya.izuddin@yahoo.com
37.	Dody Irawan, Ahmad Rifai, and Basuki Prayitno	Universitas Mataram	dody.melong@gmail.com
38.	Abdullah Umar, Agung Hari Sasongko, Glory Aguzman, and Sugiharto	Binus Entrepreneurship Center, Universitas Bina Nusantara	Abdullah.umar@yahoo.co.id

THE IMPACT OF IFRS CONVERGENCE ON THE MARKET VALUE OF EQUITY ON TRADE IN GOODS AND SERVICES COMPANY LISTED ON THE INDONESIA STOCK EXCHANGE

Bakti Setyadi [1], Bochari Rachman [2], Fitriasuri[3]

[1,2,3] Faculty of Economics and Business, University of Bina Darma Palembang
[2]bakti.setyadi@binadarma.ac.id, [3]fitriasuri@binadarma.ac.id

Abstract

The development of multinational companies encourages the development of global capital markets and demands better disclosures in financial reporting. Therefore, the International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB) has been selected as the basis for the development of financial reporting standards through the convergence process. The changes of the financial standards provide options in determining the accounting policies used to calculate the company's value for investors. This research examines the impact of implementation of IFRS convergence on Market Value of Equity (MVE) and influencing determinants includes Earning per Share (EPS), Equity per Share (EQPS), Price per Share (PPS) by using paired t-test (paired-sample t test) between the data before and after the convergence of IFRS. The method used is a survey method by using secondary data with quantitative analysis in the sector of trade in goods and services listed on the Indonesian Stock Exchange. The result shows that the convergence of IFRS did not have a significant impact on average changes of the value of EPS, EQPS, PPS and MVE. In other words, the convergence of IFRS had no impact on changes in the value of the said four variables. Furthermore, the correlation test result shows that the convergence of IFRS has relation to the value formation of Market Value of Equity and Price per Share after the implementation of IFRS. Instead, the convergence of IFRS did not contribute to the value formation of Earning per Share and Equity per Share after IFRS implementation.

Keywords: development, convergence, IFRS, the effects, the value of the company

1. Introduction

The development of multinational companies has been pushing the development of global capital markets and increase the demands on a better financial report disclosure. However, the disclosure relates to the development of systems, practices and accounting standards of a country and is influenced by sources of funding, the legal system, taxation, political and economic bonds, inflation, and the development level of economy, education, and culture [1]. To support uniform financial report disclosures in multinational companies and in the global capital market, the International Financial Reporting Standard (IFRS), which was issued by the International Accounting Standard Board (IASB) has been currently chosen as the basis for the development of local standards. There are at least 15,000 companies which are active in stock exchange and 123 countries which are using IFRS adjusted in accordance with the conditions of each country [2]. This shows that the companies in the world have a quite high on using IFRS which can improve their performance and public accountability.

Financial reporting has been significant as a source of information for decision making. The implementation of the global standard will lead the companies to produce financial reports with an international quality. Some previous studies showed that the IFRS accounting standards are much better than domestic accounting standards as they can increase the comparability an contribute effectively to the low cost of capital [3] as well as improve the corporate environmental information [3], [4], [5]. In addition to this, IFRS is believed to outperform the domestic accounting standards it increase financial report disclosures and transparency [4]. On the other hand, the results of different studies indicate that the adoption of high-quality accounting standards does not automatically lead to high-quality financial reporting [6], [7], [8]. One cause is the use of discretion reporting formed by reporting incentives [9] and company level factors [10], [6].

The fundamental difference between IFRS and local standards lies in the principle-base concept which is used to replace the rule-base principle. This change created differences in the values of assets and invested capital which are determined by the accounting fair [11], [12]. The values of assets and invested capital have the potential to increase or decrease. With the changes, the financial information and the viewpoints of investors have also undergone a change. The higher the results that the investors expect to accrue, the higher the value of the company in the eyes of investors. According to Weston and Copeland [13], the value of a company is the market value of the company or project that is determined from the natural capitalization level of the expected results of that company or project. The value of a company is also a certain condition achieved by that company as an overview of the society beliefs on the company after going through a process of activities over the past few years, i.e. since the company was established until now [14].

For a company listed on the stock exchange, the market value of that company is reflected in the share price (Price per share). The better the value of the company in the eyes of the society is, the higher share price of the company will be.

The rise of the share prices indicates that investors have confidence that the company will provide the return they expected. Ohlson model [16] shows that the value of the stock market is also related to the earnings per share.

Indonesia Stock Exchange (IDX) is the only stock exchange in Indonesia. Historically, the stock market has existed long before Indonesia became independent, exactly since Dutch colonial era in 1912 in Batavia. At that time, the capital market when it was established by the Government of Dutch East Indies in the interests of the colonial Government or VOC. However, the capital market did not develop and run as expected and became dormant. This was caused by several factors such as World War I and II, and the transfer of power from the colonial Government to the Government of the Republic of Indonesia. The Government of the Republic of Indonesia reactivated the capital market in 1977. At the beginning of the development of the stock exchange in Indonesia, Jakarta Stock Exchange, Semarang Stock Exchange and Surabaya Stock exchange were eventually merged and became Indonesia Stock Exchange in 2007. Currently, based on 2014 IDX taxonomy, there is a classification of sectors and subsectors based on the similarity of financial report format. Based on 2014 Fact book, the classification of the sectors and subsectors based on 2014 Fact book is divided into 8 large parts of industry with 489 companies registered. All companies incorporated in IDX have been required to implement the results of the convergence of IFRS since January1, 2012. Based on the the above explanation, the writers did a study to find out the impact of the IFRS convergence on the market value of the company or the market value of equity. The writers limit the scope of the study by focusing on trading and service companies in Indonesia Stock Exchange.

2. Literature Review

IFRS (International Financial Reporting Standard) is the international accounting standards issued by the International Accounting Standards board (IASB). Most standard contents of IFRS are the International Accounting Standards (IAS) drawn up by the four major world organizations, namely the International Accounting standards body (IASB), Commission of the European Communities (EC), the Organization of the international Capital Markets (IOSOC), and the Federation of International Accounting (IFAC) (situmorang, 2009). The International Accounting Standards Board (IASB), formerly known as the International Accounting Standards Committee (IASC) is an independent agency that is in charge of drawing up global accounting standards which are of high quality, understandable and can be compared [31]. IAS started in 1973 up to 2001, and continued to the IFRS since the formation of the IASB.

IFRS is accounting reporting standards which were created with an emphasis on professional revaluation, disclosures and transparency regarding the economic substance of the transaction, and the explanation to reach certain conclusions. IFRS also appears as the result of the demands of globalization in which many businessmen in a country (especially multinational corporations) are involved in a cross country business. Therefore, an international standard that could be applied equally in all countries is required to facilitate the process of business reconciliation and consolidation.

In Indonesia, accounting has been applied since 1642 especially after the Cultivation System was abolished and the development of capital investments by private entrepreneurs in Netherlands. At first, was of continental system, like the one used in the Netherlands which was called bookkeeping [16]. Bookkeeping concerns with constructive processes starting from recording, compaction, categorization and other activities aimed at creating accounting information based on the data. Since the 1950s, accounting in Indonesia refers to the accounting system embraced by America i.e. GAAP and in 2008 the Government of Indonesia initiated IFRS as Indonesia's new accounting standards. It was fully implemented in 2012.

IFRS convergence refers to a mechanism or stage committed by country to replace its national accounting standards with IFRS, this process is a lot more to be found in developing countries, [17]. Indonesia itself has fully adopted IFRS in 2012. By fully adopting IFRS, financial reports made under the Statement of Financial Accounting Standards (PSAK) requires no significant reconciliation with financial reports based on IFRS.

The IFRS convergence can have an impact on the measurement aspects of financial reporting items such as net income and equity [21] as well as on improving the quality of financial reports [19]. Meanwhile, the adoption of IFRS can also identify the earning management on financial reports [29]. On the other hand, the adoption of IFRS has a significance effect on shareholder equity, net income and liquidity [30]. However, other studies have also found that the application of convergence does not necessarily improve the value of a company. It was found out that the IFRS convergence did not cause revision in relation to the financial reporting for the local stock market operator because there was gap between the book value and the wider market value when IFRS was applied [28] and because there had not been any profit in short term financial reporting. The increase of benefits is estimated to be achieved in a medium to long term. IFRS is also said to not affect the book value [27] and produce no statistically significant difference between the market value of local standards and IFRS-based market value [26].

3. Research Methodology

The design of this research was created to describe the overall process ranging from design and implementation of research including the collection and analysis of data that is used to describe the research [25]. Seen from its goal, this research is an applied research whose results which can be used both by individuals and companies to obtain information that can be used to solve problems [20]. Whereas if viewed from this research, design methods is ex post facto research, i.e. research with investigations in a systematic empirical, where researchers have no direct control toward its independent variables because the phenomenon is difficult to manipulate [21]. Based on the level of empirical research, this research belongs to the category of associative and comparative research or relationship. Being comparative is to compare between variables while being associative is to find out the relationship between two or more variables. In addition, there are also descriptive researches, to find out the value of a variable, whether one variable (independent) or more without making a comparison or an association with other variables.In terms of its philosophy paradigm, this research is a type of research that is compiled to build hard sciences based on the objectivity and controls which operate with strict rules, including logic, truth, law, axiomatic and prediction [20]. The researchers defined the variables, developed instruments, collected data, did the analysis, and conducted generalization carefully and objectively. The quantitative method is known as the scientific method (scientific) because it has meet the scientific norms, i.e. concrete/empirical, objective, measurable, rational and systematic [22].

The types of data used are secondary data in the form of financial statements of some companies listed on the stock exchange and related journals. According to Kurtz & MacKenzie [23], secondary data are the data that come from the previous publication or the data that are already compiled by certain sources. This research data were classified as cross-section data i.e. data collected at a certain period on multiple objects with the aim to describe the circumstances of those objects [21]. However, the researchers also used time series data i.e. types of data which are coherently differentiated into time series from time to time on an object with the aim to describe the development of that object. The main data sources of this research derive from financial reports of trading and service companies listed on the Indonesia Stock Exchange which became the population of this research. In choosing the samples, the rearchers used a non- probability sampling method with Purposive Random Sampling. Purposive Random Sampling was done by determining the samples from respondents whom the researchers assumed to have the desired characteristics or qualification. To see the impact of the implementation of the IFRS convergence on the value of the company, the researchers compared the value of the company before and after the implementation of convergence. Therefore, the observation periods were 2011 (before the convergence) and 2013 (after the convergence). In the preliminary surveys, it was found out that not all companies had the data on both periods. It was due to several factors such as some companies were not yet registered or some companies were in suspended status on IDX.

Methods of Analysis: To analyze the data, the researchers used descriptive statistics and inferential statistics. Descriptive statistics is the statistics that describes the phenomenon that attracts attention and is intended to illustrate and presents in a concise information on large amounts of data and variables [24]. Through a statistical descriptive analysis, the researchers transformed raw data into a form which described a series of factors in a state that includes the average (mean), variants, standard deviation, median, mode, range, and so on. Meanwhile, the use of inferensial statistics or inductive is intended to make an inference (predictions or decision) of a population based on information of a sample. In other words, the inferential statistics is able to infer from the population to the sample. In conducting the data analysis, the researchers used two main types of tests, namely, data analysis, and hypothesis testing. Variables that were examined are as follow: Y: *Market value of equity (MVE) and its determinant* X1: *Equity per share (EQPS)* X2: *Earning per share (EPS)* X3: *Price per share (PPS).*

4. Results and Discussion

At first, the researchers found that there were 96 companies in 2011 and 99 companies in 2013. The difference in the amount of the company occured because there was a difference in the activity of the company in the Exchange for example those which experienced a postponement in the stock exchange so that by 2013 their shares could not be traded or were not traded yet in 2011. Of these, there was only a number of 77 companies that consistently traded stocks in 2011 and 2013. Furthermore, the number of the companies reduced to only 54 companies by the time when the researchers re-sorted the data and found some companies that had very different data from others such as the difference between the data of 2011 and 2013 was quite far (one was positive and the other one was negative). The researchers categorized those data as outlier data. Therefore, they were not included in further testing. The data of 54 companies which were then processed further.

Table 1. The Description of the changes on the value of the company after the convergence of IFRS
Paired Samples Statistics

		Mean	N
Pair 1	MVE_2011	44797.3148	54
	MVE_2013	74584.0926	54
Pair 2	EPS_2011	99.8139	54
	EPS_2013	89.3096	54
Pair 3	EQPS_2011	350.6646	54
	EQPS_2013	801.2335	54
Pair 4	PPS_2011	1943.7222	54
	PPS_2013	1584.2963	54

Source: prepared from secondary data with Eviews v.9.0

Based on the results of the descriptive statistics in table 1, it is visible that the average value of MVE, EPS, EQPS and PPS changed after 2013. For both MVE and EQPS, the average rose to 66.49% and 128.48%. Meanwhile, for EPS and PPS, both average values decreased into 10.43% and 18.49%. These results indicate that there was a change in the value after the convergence of IFRS whether the rise of value as in EQPS and MVE or decline in value as in EPS and PPS. However, to determine whether the difference in value was significant or not, the test was then continued to the test of the difference and the test of the correlation and test data before and after the convergence of IFRS. Before performing the data analysis, researchers first conducted a series of classic assumption test to determine whether there was a sign of deviation of the data and to ensure the structural equation model was BLUE (best linear unbiased estimator). In this research, the researchers conducted five classic Assumption tests, namely: Normality, Multicollinearity, Heteroscedasticity, Autocorrelation, and Linearity.

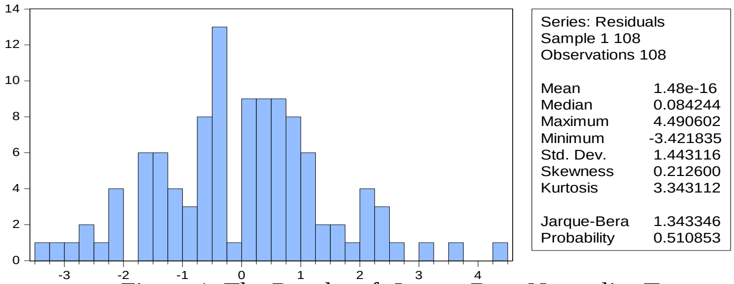


Figure 1. The Results of Jarque-Bera Normality Test

a. **Normality Test**

A good model is the one that has a normally distributed residual value. Therefore, the test of Normality is not done on each variable but on the residual.

Table 2. The Results of Kolmogorov-Smirnova Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		107.00
Normal Parameters[a,b]	Mean	0.00
	Std. Deviation	0.59
Most Extreme Differences	Absolute	0.06
	Positive	0.06
	Negative	(0.04)
Test Statistic		0.06
Asymp. Sig. (2-tailed)		.200c,d

Source: prepared from secondary data with SSS 23 V.

For the testing methods the researchers used of Kolmogorov-Smirnova Test, and Jarque-Bera Histogram Test. The results showed that the value of Asymp. Sig (2-tailed) was 0.2 0.05 > (Kolmogorov-Smirnova test) and for the Jarque-Bera Test, the JB propbablility value was 0.510 > 0.05. This means that the residual research data came from its normal population, and the regression models met the assumption of normality.

b**. Multicollinearity Test**

This test was done to find out whether or not there was a strong correlation among independent variables in a multiple linear regression model. The testing method used in this research was the Variance Inflation Factor (VIF) and Tolerance (TOL). The results showed that for all TOL variable values were > 0.10 and VIF values were < 10. This means that there was not a multicollinearity on the research data.

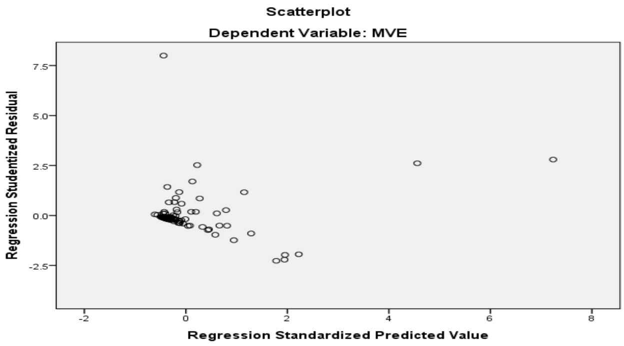
Table 3. Multicollinearity Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	8,467.07	12,932.18		0.65	0.51		
EPS	(99.16)	77.56	(0.13)	(1.28)	0.20	0.55	1.83
EQPS	11.72	9.56	0.11	1.23	0.22	0.70	1.43
PPS	30.53	3.85	0.70	7.94	0.00	0.68	1.46

Source: prepared from secondary data with SSS 23 V.

c. **Heteroscedasticity**

This test was done to find out whether in a regression model, a variant of residual inequalities of one observation to other observations occurs. A good regression model is a model which is homocedastic or that heterocedasticity does not occur. In other words, the residues of observations to other observations remain or error has the same variant. The testing method used in this research was the method of the Scatterplot and was reinforced with Glejser Test. Through the scatterplot figure, it could be seen that the dots did not form a particular regular pattern (wavy, widens or narrows). Even so, most of those dots were seen gathered in one place, so the researchers suspected a little sign of heteroscedasticity on the research data.



source: prepared from secondary data with SSS 23 V.

Figure 2. Results of Scatterplot Test for Heteroscedasticity

However, through the Glejser Test, it was found out that the value of the Probability F 0.26 was > 0.05. This means that there was not any heteroscedasticity on the research data. For more sturdy (robust) results of the regression models, the researchers decided that the analysis model was made in the form of the equation of a regression of log-linear.

Table 4. Glejser Test Results for heterocedasticity

Items	Coefficient	Items	Coefficient	Kesimpulan	Intepretasi
F-statistic	1.35	Prob. F(3,104)	0.26	0.26 > 0.05	Tidak terjadi heteroskedastisitas
Obs*R-squared	4.04	Prob. Chi-Square(3)	0.26		
Scaled explained SS	4.16	Prob. Chi-Square(3)	0.24		

source: prepared from secondary data with SSS 23 V.

d. Autocorrelation Test

This test was done to find out whether or not there was a correlation between time *t* and time *t-1*. The test method used was the Breusch-Godfrey. From the results of the Breusch-Godfrey test, it was found out that the value of the Prob. F-stat 0.8394 was > 0.05. This means that there was no autocorrelation on the research data. This was confirmed by the test results of the Durbin-Watson i.e.1.88 > 1.68 (table dU), but less than 4-dU (4-1.68 = 2.32).

Table 5. The Results of The Breusch-Godfrey Test

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	0.175315	Prob. F(2,102)	0.8394
Obs*R-squared	0.369983	Prob. Chi-Square(2)	0.8311

Test Equation:
Dependent Variable: RESID
Method: Least Squares
Date: 09/05/16 Time: 15:39
Sample: 1 108
Included observations: 108
Presample missing value lagged residuals set to zero.

Source: prepared from secondary data with Eviews v.9.0

e. **The Linearity Test**

This test was done to determine whether or not two variables have a linear relationship not significantly. The testing methods used in this research was the Ramsey Test. From the results of Ramsey Test, it was found out that the value of Prob. F-stat was 0.70 > sig. α 0.05. This means that the regression equation models have met the assumption of linearity. Based on the results of all Classical Assumptions Tests above, it was concluded that research data were already eligible or passed all the testings. Thus, this research data could be included in further testing.

Table 6. The Ramsey Test Results

Equation: UNTITLED
Specification: LOG(Y) C LOG(X1) LOG(X2) LOG(X3)
Omitted Variables: Squares of fitted values

	Value	df	Probability
t-statistic	0.526449	103	0.5997
F-statistic	0.277148	(1, 103)	0.5997
Likelihood ratio	0.290212	1	0.5901

F-test summary:

	Sum of Sq.	df	Mean Squares
Test SSR	0.597990	1	0.597990
Restricted SSR	222.8364	104	2.142658
Unrestricted SSR	222.2384	103	2.157654

Source: prepared from secondary data with Eviews v.9.0

4.1 The Difference of the Company Values before and after the IFRS Convergence

To test whether there was a difference in the average value among Earning per Share, Equity per Share, the Price per Share and the Market Value of Equity, before and after the application of the IFRS, the researchers did a paired-sample t test. The Paired-Sample t Test was done for both sides because the researchers wanted to find out whether the average value before and after the IFRS convergence were the same or not. The testing method used in this research was the paired t test which was of the following provisions (1). If p value (sig) is > 0.05, then Ho and Ha was rejected and (2). If p value (sig) is ≤ 0.05, then Ho denied and Ha is received.

Based on the results of the Paired-Sample t Test, for MVE value, the P value (sig) was 0120 that is > 0.05, then the zero hypothesis (Ho) was accepted and the alternative hypothesis (Ha) was rejected. This means that the average Market Value of Equity (MVE) before and after the application IFRS did not differ statistically. Similarly, for EPS value, it was found out that the p value (sig) was 0.78 which was > 0.05, then the zero hypothesis (Ho) was accepted and the alternative hypothesis (Ha) was rejected. This means that the average value of Earning per Share (EPS) before and after the application of the IFRS did not differ statistically. For EQPS value, the p value (sig) was 0.09 which was > 0.05, then the zero hypothesis (Ho) was accepted and the alternative hypothesis (Ha) was rejected. This means that the average valueo f Equity per Share (EQPS) before and after the application of the IFRS did not differ statistically. The last is PPS value. From the paired sample-t test, it was found out that the p value (sig) was 0.28 which was > 0.05, then the zero hypothesis (Ho) was accepted and the alternative hypothesis (Ha) was rejected. This means that the average value of Price per Share (PPS) before and after the implementation of the IFRS did not differ statistically.

Table 7. The Results of Paired-Sample *t* Test

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	MVE_2011 - MVW_2013	(29,786.78)	138,321.35	18,823.15	(67,541.24)	7,967.68	(1.58)	53.00	0.12
Pair 2	EPS_2011 - EPS_2013	10.50	278.18	37.86	(65.43)	86.43	0.28	53.00	0.78
Pair 3	EQPS_2011 - EQPS_2013	(450.57)	1,918.40	261.06	(974.19)	73.05	(1.73)	53.00	0.09
Pair 4	PPS_2011 - PPS_2013	359.43	2,395.31	325.96	(294.37)	1,013.22	1.10	53.00	0.28

Source: prepared from secondary data with SSS 23 V.

Therefore, it can be concluded that for all the variables examined, there was no significant difference between the influence of before and after the implementation of IFRS on the average values of Earning per Share (X 1), Equity per Share (X 2), the Price per Share (X 3) and the Market Value of Equity (Y) of trading companies listed on the Jakarta Stock Exchange. In other words, the application of IFRS accounting standards did not provide a significant impact upon the average change in Earning per Share, Equity per Share, the Price per Share and the Market Value of Equity.

Table 8. The Correlation between the Application of IFRS and the Variables

Jalur Hubungan		N	Correlation (r)	r^2	Sig.
Pair 1	MVE_2011 & MVW_2013	54	0.614	37.70%	0.000
Pair 2	EPS_2011 & EPS_2013	54	0.002	0.00%	0.989
Pair 3	EQPS_2011 & EQPS_2013	54	0.186	3.46%	0.177
Pair 4	PPS_2011 & PPS_2013	54	0.829	68.72%	0.000

Source: prepared from secondary data with SSS 23 V.

In addition to testing the differences, the researchers also calculated the correlation between the values before and after the application of IFRS for each variable. The value of r2 correlation of the table shows the magnitude of the contribution of the implementation of IFRS to the establishment of the value of each variable. The interpretation over the value of r2 indicates that the implementation of IFRS contributed over the formation of the value of the MVE of 37.7%, while the rest were caused by other factors. Because the Sig. 0.000 was < 0.05, then there was an MVE relationship, then there are before and after the application of IFRS. For EPS variables, it was visible that the IFRS implementation contributed over the formation of the value EPS of 0%, while the rest were caused by other factors. Because the Sig. 0.989 was > 0.05, then there was no relationship of EPS before and after the application of IFRS. Next, the convergence of IFRS contributed over the formation of the EQPS value of 3.46%, while the rest were caused by other factors. Because the Sig. 0.177 was > 0.05, then there was no relationship of EQPS before and after the application of IFRS. The last variable is PPS. The implementation of IFRS contributed over the formation of the value of the PPS of 68,72%, while the rest were caused by other factors. Because the Sig. 0.000 was < 0.05, then there was a relationship of PPS before and after the implementation of IFRS. These results are consistent with previous inventions [28] which found no improvements in the relevance of the financial reporting for the local stock market operator because of the gap between the book value and the broader market when IFRS was applied. Meanwhile, there was no advantage in terms of the usefulness of financial reporting in the short term. The increase can be achieved in the medium to long term. This is supported by Hung and Subramanyam [27] who assert that the book value is not affected by IFRS as well as Terzi [26] which found that there were no statistically significant differences in GAAP-based market value and IFRS-based financial reports. In this research, the use of data in a short span of time both before and after the convergence could be a cause of the invisibility of a significant difference. The impacts of standard changes might be experienced in a longer period of time.

5. Conclusions

In this research, some conclusions were drawn. In trading companies listed on Jakarta Stock Exchange, MVE, EPS, EQPS and PPS had no significant difference before and after the application of the IFRS. However, the correlation test results indicated that the convergence of IFRS was related to the formation of the Market Value of Equity and the Price Per Share value after the application of IFRS but did not contribute over the formation of the value of Earning Per share and Equity Per Share after IFRS. The shortage in this research was that the data only covered one sector companies in Indonesia Stock Exchange and a short observation time span. Therefore, the effect of the changes has not yet to be felt. It is expected this research can be further improved by adding other sectors with more data and a longer time.

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