Original Research Article

The Impact of New Accounting Standard: Financial Performance Differences and Their Market Reaction

ABSTRACT

Aims: This study aims to provide empirical evidence related to differences in financial performance, before and after the implementation of PSAK 73 and its effect on the market reaction of companies in the infrastructure, transportation, and logistics sectors listed on the Indonesia Stock Exchange (IDX).
Study design: This study using the quantiative descriptive method.
Place and Duration of Study: Indonesia Stock Exchange (IDX) and Yahoo Finance, Period 2019-2020
Methodology: This Study using quantitative data with secondary data from financial statement. The population of this study are infrastructure, transportation, and logistics companies listed on the IDX in 2019 – 2020 with a sample of 56 companies that apply PSAK 73 in 2020. In this study, data analysis was carried out in two stages using the Paired Sample T-Test to see differences in financial performance and to see the effect on market reactions using IBM SPSS to present Descriptive Statistics, Independent Sample T-Test, and Multiplelinear Regression.
Result: Based on the results of the study using the Paired Sample T-Test, it shows that there is a significant difference in the Debt to Asset Ratio (DAR) and Return on Assets (ROA) before and after implementation of PSAK 73, but there is no significant difference in Total Asset Turnover (TAT). Meanwhile, based on the results of multiple linear regression in this study, it shows that after the implementation of PSAK 73 TAT has an effect on market reaction, while DAR and ROA have no effect..
Conclusion: There is a significant difference in DAR and ROA before and after implementation PSAK 73, but not for TAT. There is a positive effect on TAT on market reaction after implementation PSAK 73, but not for DAR and ROA.

Keywords: PSAK 73, Debt to Asset Ratio, Total Asset Turnover, and Return on Asset.

1. INTRODUCTION

Since January 1 2012, Indonesia has officially adopted International Financial Reporting Standard (IFRS) accounting standards effectively, where most of IFRS have been adopted by the Pernyataan Standar Akuntansi Keuangan (PSAK) to date. IFRS, through Hoogervorst, found that companies using IFRS estimated to have 85% of lease commitments labeled as "operating leases" and not recorded on the balance sheet. So that the accounting related to leases is considered less comparability for the lessor company and the lessee who records the lease differently. The large difference in value can affect investors and company stakeholders in obtaining an overview of the actual condition of assets and liabilities related to company leases.

PSAK 73 on "lease" which adopts IFRS 16 explains that the lessee must recognize liabilities and assets for the entire lease with the provision that the lease term must be more than 12 months. In

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PSAK 73, it regulates the recognition and measurement of leases for lessees, namely by recognizing right-of-use assets in the property, plant and equipment section by measuring them at cost, while on the long-term liability side, they recognize lease liabilities by measuring them at the present value of accrued/unpaid lease payments, on the start date. PSAK 73 has been effective in Indonesia since January 1, 2020. The implementation of PSAK 73 on this lease has an impact on the company's total assets and liabilities by experiencing a high increase. PSAK 73 also describes the accounting model for lessees. The lessee continues to classify the lease as an operating lease or a finance lease, as determined by the previous PSAK 30.

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Table 1. Comparison of Total Assets and Total Liabilities of Infrastructure, Transportation, and Logistics Companies in 2019 – 2020 (In Million Rupiah)

Nama Perusahaan	Total Assets			Total Liabilities		
	2019	2020	%	2019	2020	%
PT Smartfren Telecom Tbk.	Rp 27.650.462	Rp 38.684.276	40%	Rp 14.914.975	Rp 26.318.344	76%
PT Telekomunikasi Indonesia Tbk.	Rp 221.208	Rp 246.943	12%	Rp 103.958	Rp 126.054	21%
PT Garuda Indonesia Tbk.	Rp 4.455	Rp 10.789	142%	Rp 3.873	Rp 12.733	229%
PT AirAsia Indonesia Tbk.	Rp 2.613.070	Rp 6.080.516	133%	Rp 2.410.942	Rp 8.990.927	273%
PT Dewata Freightinternational Tbk.	Rp 275.487	Rp 283.270	3%	Rp 149.811	Rp 207.781	39%
PT Prima Globalindo Logistik Tbk.	Rp 107.721	Rp 128.677	19%	Rp 41.260	Rp 43.519	5%

Source: Financial Report for 2019-2020.

In Indonesia, the infrastructure sector plays a role in the procurement and development of infrastructure which is divided into transportation providers, transportation infrastructure operators, logistics and delivery service providers, telecommunications companies, civil building construction companies, and utility companies. Meanwhile, the transportation and logistics sector in Indonesia includes companies that have a role in movement and transportation activities consisting of transportation providers, and logistics and delivery service providers. The infrastructure, transportation and logistics sectors in Indonesia have quite a large rental activity. Where in most of its operations, the company uses leased assets to generate profits. So that the application of PSAK 73 can provide a significant difference and influence on the company's financial statements.

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Companies in running their business need investors to support the growth of company wealth and the survival of the company. In estimating acceptable returns, investors can use fundamental analysis which assesses the performance of a company as a benchmark. So that when changes in stock prices occur, it will indicate a market reaction because there is a large difference between the actual return and the expected return. Therefore, the implementation of PSAK 73 on the company's financial statements that affect the company's financial reporting can provide a market reaction for the related company.

The formulation of the problem in this study can be arranged based on whether there are differences in financial performance before and after the implementation of PSAK 73, as well as whether there is an effect of financial performance after the implementation of PSAK 73 on the market reaction. This study aims to examine the differences in financial performance before and after the implementation of PSAK 73 on leasing, as well as its effect on market reactions to infrastructure, transportation, and logistics companies listed on IDX as companies that have large leasing activities. This research can

also provide benefits in the form of references for further research on PSAK 73, as well as sources of information for companies that apply PSAK 73.

Based on previous research, Safitri [1] revealed that the largest rental capitalization impact occurred in service sector companies as proxied by the Debt to Asset Ratio (DAR) and a decrease in Return on Assets (ROA). In addition, Situmorang [2] revealed that the application of IFRS-based PSAK had a decreasing impact on the activity ratio proxied by TAT. While on the effect test, Wildan [3] concluded that DAR had a negative effect on stock prices in manufacturing companies, Mahfudhoh & Asyik [4] said that TAT had a positive effect on market reactions, and Anwar & Asyik [5] revealed that ROA had a positive effect on market reactions. This research is a development of previous studies with an update on market reaction variables, so that the results of this study are expected to provide empirical support for previous studies that are in line with this research.

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Hypothesis I

H1a: There is a Significant Difference in DAR between Before and After the Implementation of PSAK 73.

H1b: There is a Significant Difference in TAT between Before and After the Implementation of PSAK 73.

H1c: There is a Significant Difference in ROA between Before and After the Implementation of PSAK 73.

Hypothesis II

H2a: DAR After the Implementation of PSAK 73 Has a Negative Effect on Market Reaction.

H2b: TAT After PSAK 73 Implementation Has a Positive Effect on Market Reaction.

H2c: ROA After the Implementation of PSAK 73 Gives a Positive Effect on Market Reaction

2. CONCEPTUAL FRAMEWORK AND LITERATURE REVIEW

2.1 Concept Framework

The adoption of IFRS 16 into PSAK 73 regarding leases has been effective since January 1, 2020. When a company applies PSAK 73, the company must re-measure its rental activities so that it will create a lease liability account and right-of-use assets. Changes in financial reporting rules can have a direct impact and contribution to changes in financial performance as measured by DAR, TAT, and ROA in 2020. So in this study we will see how big changes in financial performance are caused by the application of PSAK 73 by comparing before the application of PSAK. 73 (2019) with after the application of PSAK 73 (2020).

Based on the Fundamental Theory and Signaling Theory, the value of the company's shares is considered to be strongly influenced by the company's financial performance. Therefore, changes in financial performance can be a benchmark and a signal to investors so that they can produce a certain market reaction. This study will examine whether DAR can negatively affect AAR and whether TAT and ROA can positively affect AAR as the results of the research of Wildan [1], Yulindasari & Raharjo [6], and Apriyanto [7].

2.2 Literature

2.2.1 PSAK 73: Leases

According to the Ikatan Akuntansi Indonesia (2017)[8] PSAK 73: This lease establishes the principles on lease disclosure, measurement, recognition, and presentation. The main objective is that in its financial statements, the lessee and lessee can present relevant information that accurately describes the lease transaction. PSAK 73 explains that the lessee must recognize liabilities and assets for the entire lease provided that the lease term must be more than 12 months. Its purpose is to describe its right to use the asset that represents its obligation to pay rent. PSAK 73 also describes the accounting model for lessees. The lessee continues to classify the lease as an operating lease or a finance lease, as determined by the previous PSAK 30.

Table 2. Comparison of PSAK 30 and PSAK 73 Policies: Leases

No.	Description	PSAK 30	PSAK 73
1.	Accounting Model	Grouping leases into 2 (two): 1) Financing Leases, 2) Operating Leases	Using a single accounting model
2.	Recognition and measurement for lessee	Assets and liabilities are recognized at the fair value of the asset, or the present value of the minimum lease payments, if the present value of the asset is lower than its fair value.	Recognize right-of-use assets and liabilities in the statement of financial position. Right-of-use assets are measured at cost, while lease liabilities are measured at the present value of the unpaid lease payments at the commencement date.
3.	Recognition and Measurement for lessor	Classify leases into operating leases or finance leases by recording them differently.	Recognition and measurement for lessees remains the same as PSAK 30, but there is an additional exposure to lease risk.

2.2.2 Financial Performance

Financial performance is an analysis that aims to assess the extent to which a company runs its business by applying financial reporting rules properly and correctly [9]. Amendments to PSAK 73 regarding leases in lieu of PSAK 30 will provide changes to the rules in the preparation of financial

statements that allow the company's performance to be affected. Therefore, the measurement of financial performance in this study was measured using financial ratios.

The solvency ratio or leverage ratio is a ratio that shows the capability or ability of a company to pay off its long-term obligations[10]. To measure the solvency ratio in general, there are 5 types of ratios that can be used, one of which is the Debt to Total Asset Ratio (DAR) which compares liabilities to company assets.

According to Kasmir (2016)[11], the activity ratio can be used to measure the effectiveness of the use of assets or total assets owned by the company as a company's resources. Activity ratios generally have 6 (six) ratio formulas, one of which is Total Asset Turnover (TAT) which compares revenue to company assets.

Profitability ratio is the ratio used to provide an assessment of the effectiveness of the company's management in generating profits from sales or investment income[11]. Profitability ratios generally have 4 (four) main types of analysis, one of which is Return on Assets (ROA) which compares revenue to company assets.

2.2.3 Market Reaction

Market reaction is a response or a response caused by the existence of information, both external and internal to the company, which causes changes in the market, especially the capital market[12]. The empirical test of the market reaction is to use the Abnormal Return (AR) indicator. According to Jogiyanto (2017)[13], Abnormal Return (excess return) is a condition where the actual return or the actual return is greater than the normal return of a company's stock.

a. Theoritical Review

Fundamental Theory: According to Jogiyanto (2017)[13], investors often use 2 (two) approaches in assessing and analyzing their shares in the capital market, namely technical analysis and fundamental analysis. Fundamental analysis is a study of the economy, industry, and the condition of companies in order to study and calculate the value of the company. Fundamental analysis focuses more on key data in the company's financial statements which can then be used to assess whether the company's stock price has been accurately appreciated. Fundamental analysis has a foundation of trust, namely the value of the company's shares is strongly influenced by the financial performance of the company issuing the related shares[14].

Signalling Theory: Signal is the company's action in providing guidance to its investors regarding management's view of the company's prospects[15]. The company's financial statements can be used by stakeholders as a means of monitoring or confirming economic events and transactions that have occurred that affect the company's finances. In addition, the company's management can also give positive signals (good news) and negative signals (bad news) regarding the company's expectations in the future. Therefore, positive or negative signals can be given by the company as a result of changes in accounting methods or rules in the preparation of accounting information such as PSAK 73 which requires companies to reassess their leases, so the company must adjust to these changes through signals given to investors and shareholders. in financial performance and share prices in the related period.

3 RESEARCH METHOD

3.1 Population and Research Sample

The study identified 85 companies as the population of the research population for infrastructure, transportation, and logistics companies listed on IDX. As for the research sample using the purposive sampling method with the following criteria: 1) Companies that do not issue financial statements for 2019 and/or 2020, 2) Companies that apply PSAK 73 in 2019, 3) Companies that have not implemented PSAK 73 in 2020, so that resulting in a total of 56 companies.

3.2 Data collection technique

This study uses quantitative descriptive data taken from secondary data from the 2019 and 2020 financial reports of infrastructure, transportation, and logistics companies listed on the IDX through the IDX website (www.idx.co.id) and through the websites of related companies. Meanwhile, the company's stock price data is taken from the website (https://finance.yahoo.com).

3.3 Analysis Method

The research method used is descriptive quantitative research with secondary data processing using statistical methods with SPSS 25 application. Data analysis methods in this study are comparative analysis and influence analysis. The hypotheses of this research were tested using Paired Sample T-Test, Classical Assumption Test, Multiple Linear Regression, and Coefficient of Determination.

4. RESULTS AND DISCUSSION

4.1 Results

4.1.1 Descriptive Statistical Analysis Before and After Implementation PSAK 73

Table 3. Descriptive Statistical Results of DAR, TAT, ROA in 2019 and 2020 Before and After Implementation PSAK 73

	N	Minimum		Maximum		Mean		Std. Deviation	
		2019	2020	2019	2020	2019	2020	2019	2020
AAR	56	-	-0,0453	-	0,0246	-	-0,0038	-	0,0144
DAR	56	0,0303	0,1009	2,6244	2,6265	0,5377	0,5729	0,3646	0,3771
TAT	56	1,0717	0,2005	4,9933	6,8272	2,6561	2,3432	1,2491	1,4318
ROA	56	-0,0791	-0,1825	0,2514	0,1489	0,0391	0,0162	0,0564	0,0564

Based on the descriptive statistical table above, it shows that:

1. The AAR variable has a minimum value of -0.0453 from 56 samples studied, namely the abnormal return value of PT Temas Tbk. Meanwhile, the highest AAR was 0.0246 from PT Jasa Marga Tbk. The average value for AAR is -0.0038 with a standard deviation or data deviation rate of 0.0144, which means that there is a low AAR data deviation so that the data distribution is fairly even.
2. The minimum value of DAR for infrastructure, transportation, and logistics companies in 2019 is 0.0303 or 3.03% owned by PT. Krida Network Nusantara Tbk. While the minimum value in 2020 is 0.1009 or 10.09% owned by PT. Protech Mitra Perkasa Tbk. The maximum value of DAR in 2019 is 2.6244 or 262.44% and in 2020 it is 2.6265 or 262.65% owned by PT. ICTSI Jasa Prima Tbk. The average DAR in 2019 was 0.5377 or 53.77%, which increased by 3.52% to 57.29%. Meanwhile, the standard deviation of the DAR in 2019 and 2020 is 0.3646 and 0.3771,

which means that there is a low deviation of the DAR data so that the data distribution is fairly even.

3. The minimum value of TAT for infrastructure, transportation, and logistics companies in 2019 is 1.0717 times that of PT Temas Tbk. Meanwhile, the minimum value in 2020 is 0.55 times that of PT Bali Towerindo Sentra Tbk. The maximum value of TAT in 2019 is 4.9933 times that of PT Kencana Energi Lestari Tbk. Meanwhile, in 2020, the maximum value is 6.8272 times that of PT Total Bangun Persada Tbk. The average TAT in 2019 was 2.6561 times which decreased by -0.31 to 2.3431 times. Meanwhile, the standard deviation of the TAT in 2019 and 2020 is 1.2492 and 1.4318, which means that there is a low deviation of the TAT data so that the data distribution is fairly even.
4. The minimum ROA value for infrastructure, transportation and logistics companies in 2019 is -0.0791 or -7.91% owned by PT Smartfren Telecom Tbk. While the minimum value in 2020 is -0.1825 or -18.25% owned by Dewata Freightinternational Tbk. The maximum value of ROA in 2019 is 0.2514 or 25.14% and in 2020 it is 0.1489 or 14.89% owned by PT Satria Antaran Prima Tbk. The average ROA in 2019 was 0.0391 or 3.91% which decreased by -2.29% to 0.0162 or 1.62%. Meanwhile, the standard deviation of ROA in 2019 and 2020 is 0.0564 and 0.0564, which means that there is a low ROA data deviation so that the data distribution is fairly even.

4.1.2 Independent Sample T-Test Before and After Implementation PSAK 73

Table 4. Paired Sample T-Test, Difference Test Results

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	DAR 2019 – DAR 2020	-.0486	.147	.019	-.088	-.009	-2.482	55	.016
Pair 2	TAT 2019 – TAT 2020	.313	1.313	.175	-.039	.664	1.784	55	.080
Pair 3	ROA 2019 – ROA 2020	.023	.058	.008	.007	.038	2.947	55	.005

Table 2. Based on the results of the Paired Sample T-Test above, it shows that the value of Sig. (2-tailed) of DAR is 0.016 < 0.05, which means that there is a significant difference in the value of the DAR in 2020. The value of Sig. (2 tailed) TAT is 0.080 > 0.05, which means that there is no significant difference in the TAT value in 2020. And the Sig. (2 tailed) of 0.005 < 0.05 which means that there is a significant difference in ROA value in 2020, after the implementation of PSAK 73.

4.1.3 Normality Test

Table 5. DAR, TAT, ROA against AAR after PSAK 73 Implementation Normality Test Results

One Sample Kolmogorov Smirnov-Test	
Asymp. Sig. (2 tailed)	**Conclusion**

0,089	Normal

Based on Table 3. The results of the multicollinearity test of DAR, TAT, ROA, and AAR data at the time of implementation of PSAK 73 show that the Asymp. Sig. (2 tailed) is 0.089 > 0.05. So it can be concluded that the research data is normally distributed.

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4.1.4 Multicollinearity Test on PSAK 73

Table 6. DAR, TAT, ROA against AAR after PSAK 73 Implementation Multicollinearity Test Results

	Collinearity Statistic	
	Tolerance	**VIF**
DAR	0,939	1,065
TAT	0,992	1,008
ROA	0,933	1,072

Based on Table 4. The results of the multicollinearity test of DAR, TAT, and ROA data at the time of implementation of PSAK 73 shows that the tolerance value is more than 0.10 and the VIF value is < 10. So it can be concluded that there is no multicollinearity between variables in the regression.

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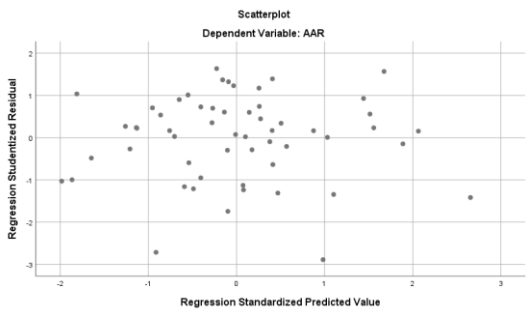
4.1.5 Heteroscedasticity Test

Figure 1. DAR, TAT, ROA against AAR after PSAK 73 Implementation Heteroscedasticity Test Results



Based on the scatterplot output above, it is known that: 1) The scatterplot data points above and below are around the number 0, 2) The points do not only collect above or below, 3) The spread of data points is not patterned. So based on the picture above, it can be interpreted that there is no heteroscedasticity in all variables.

4.1.6 Multiple Linear Regression Analysis Based on Implementation PSAK 73

Table 7. DAR, TAT, ROA against AAR after PSAK 73 Implementation Multiple Linear Regression Test Result

	Unstandardized Coefficient	
	B	**Std. Error**
(Constant)	-0,008	0,005
DAR	-0,004	0,005

TAT	0,003	0,001
ROA	0,030	0,035

Table 6. The multiple regression equation in this test can be written as follows:

$$Y = -0{,}008 - 0{,}004X_1 + 0{,}003X_2 + 0{,}030X_3 + \varepsilon$$

Based on the regression analysis above, it can be interpreted as follows:

1. The constant value of -0.0081 means that if the value of the independent variables DAR, TAT, ROA is 0, then the AAR value will decrease by -0.081.
2. The DAR value in the regression model above shows a negative result, which is -0.0081, which means that a 1% increase in DAR will reduce the AAR by 0.0081. So that the greater the value of the company's DAR, it will give a negative market reaction, and vice versa.
3. The TAT value in the regression model above shows a positive result, which is 0.0042, which means that a 1-time increase in TAT will increase the AAR by 0.0042. So that the increase in the value of TAT will give a negative market reaction, and vice versa.
4. The ROA value in the regression model above shows a positive result, which is 0.0297, which means that a 1% increase in ROA will increase the AAR value by 0.0297. So that the greater the ROA value, it will produce a negative market reaction, and vice versa.

4.1.7 Coeffient of Determination Test Result (R Square)

Table 8. DAR, TAT, ROA against AAR after PSAK 73 Implementation Coeffient of Determination Test Result

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,328	0,107	0,056	0,01398

Based on the table of the results of the Coefficient of Determination above, it shows that the Adjusted R Square value is 0.056. This shows that 5.6% of the variation in AAR disclosure can be explained by the DAR, TAT, and ROA variables. The remaining 94.4% of the AAR value is explained by reasons outside the regression model of this study.

4.1.10 Individual Parameter Significance Test Result (Statistical Test t)

Table 9. AIL, SIZE, and Profit on PSAK 71 Performance Individual Parameter Significance Test Result

Coefficient						
		Unstadardized Coefficient		Standardized Cofficient	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	-0,008	0,005		-1,733	0,089
	DAR	-0,004	0,005	-0,109	-0,808	0,423
	TAT	0,003	0,001	0,267	2,028	0,048
	ROA	0,030	0,035	0,116	0,858	0,395

Based on the table above, the explanation of the results of the t statistical test can be concluded as follows:

1. Based on the table of t-test results above, it shows that DAR has a negative relationship, where every 1 increase in DAR value will reduce 0.004 AAR value. However, based on a significance value of 0.423 > 0.05 and a t test value of -0.808, it shows that DAR does not have a significant effect on AAR.

2. Based on the table of T test results above, TAT has a value of Sig. of 0.058 > 0.05 and the value of t is 2.028, and the value of "β" is 0.003. So it can be concluded that TAT has a significant positive effect on AAR. That is, every 1 increase in TAT value will add 0.003 AAR value.
3. Based on the table of t-test results above, it shows that ROA has a positive relationship, where every 1 increase in ROA value will add 0.030 AAR value. However, the significance value of 0.395 > 0.005 and the t test value of 0.858 indicate that ROA does not have a significant effect on AAR.

4.2 Discussion

4.2.1 Differences in Financial Performance Before and After implementation of PSAK 73

1. Differences in Debt to Asset Ratio (DAR) After the Implementation of PSAK 73

The difference in the mean DAR increased by 3.52% with a significance of 0.016 less than = 0.05, so **hypothesis 1(a) is supported**. This means that the application of PSAK 73 to infrastructure, transportation, and logistics companies in 2020 provides a significant positive difference to DAR. This was due to the increase in the value of liabilities which was higher than the increase in the value of the company's assets. So that assets financed by debt increased by 3.52%.

2. Differences in Total Asset Turnover (TAT) After the Implementation of PSAK 73

The difference in mean TAT decreased by -0.31 times with a significance of 0.80 greater than = 0.05, so **hypothesis 1(b) is not supported**. This means that the application of PSAK 73 to infrastructure, transportation, and logistics companies in 2020 provides an insignificant negative difference in TAT. So the value of the effectiveness of the use of assets in generating income decreased by -0.31. This is due to the increase in the average value of fixed assets while the company's revenue value in 2020 decreased. However, the difference between the value of assets and income can be reduced by the company by expanding and increasing business contracts.

3. Differences in Return on Asset (ROA) After the Implementation of PSAK 73

The difference in average ROA which decreased by -2.29% with a significance of 0.005 smaller than = 0.05, so **hypothesis 1(c) is supported**. This means that the application of PSAK 73 to infrastructure, transportation, and logistics companies in 2020 provides a significant negative difference in ROA. So that the decrease in the value of the effectiveness and ability of assets in generating net income by -2.29%. This was due to an increase in asset value while the company's net profit value decreased in 2020.

4.2.2 The Effect of DAR, TAT, and ROA on AAR After implementation of PSAK 73

1. Effect of Debt to Asset Ratio (DAR) on Average Abnormal Return (AAR)

The regression coefficient of the debt to assets ratio is -0.0042 with a significance level of 0.423 which is greater than = 0.05. If the significance level is greater than 0.05, then hypothesis 2(a) is not supported. This is because the increase in liabilities based on PSAK 73 is considered not to be an obstacle for the company in paying its obligations for the company's rental activities because the adjustment is only found in the recording in the financial statements. So that the increase in DAR does not necessarily affect decision making by investors. Then the increase in the value of liabilities that is greater than the increase in the company's assets is not always seen as bad because it depends on the effectiveness of the company in using the company's obligations, such as obtaining assets on credit for operational activities and company expansion, so that additional liabilities can be offset by obtaining profits to pay obligations.

2. Effect of Total Asset Turnover (TAT) on Average Abnormal Return (AAR)

The TAT regression coefficient is 0.0027 with a significance level of 0.048, which is greater than = 0.05. If the significance level is less than 0.05, then hypothesis 2(b) is supported. This was due to the

fact that many companies in Indonesia experienced a decline in revenue as a result of the Covid-19 pandemic, while based on PSAK 73 the value of company assets increased. So that the company's 2020 financial report, after the application of PSAK 73, becomes a strong signal for investors that the company is experiencing a decline in effectiveness in using its assets to generate company income which then results in a negative market reaction. While a positive relationship between TAT and AAR means that an increase in TAT will result in a positive market reaction, and vice versa.

3. Effect of Return on Asset (ROA) on Average Abnormal Return (AAR)

The regression coefficient for return on assets is 0.0297 with a significance level of 0.395, which is greater than = 0.05. If the significance level is greater than 0.05, then hypothesis 2(c) is not supported. This was due to the implementation of PSAK 73 which increased the value of the company's assets, which were deemed not to be responded well by net income in 2020, one of which was due to the impact of the Covid-19 pandemic. However, based on ROA, it does not become the main reference for investors in making investment decisions because it is considered to have a weakness, namely the tendency to focus on short-term goals rather than long-term goals, so that ROA is considered not to have sufficient accounting relevance value to generate market reactions.

4. CONCLUSION

Based on the results of testing and discussion of financial performance before and after the implementation of PSAK 73 and its effect on market reactions, it can be concluded that:

1. The implementation of PSAK 73 in 2020 gave a positive change to the DAR with a significance level of 0.016 < 0.05. Thus, H1(a) is supported.
2. Implementation of PSAK 73 in 2020 gave a negative insignificant change to the TAT with a significance level of 0.08 > 0.05. Thus, H1(b) is not supported.
3. Implementation of PSAK 73 in 2020 provides a significant negative change in ROA with a significance level of 0.005 < 0.05. Thus, H1(c) is supported.
4. DAR after the implementation of PSAK 73 does not have a significant effect on the market reaction as proxied by AAR. Thus, H2(a) is not supported.
5. TAT after the implementation of PSAK 73 has an effect on market reaction which is proxied by AAR with a significance level of 0.048 < 0.05. Thus, H2(b) is supported.
6. ROA after the implementation of PSAK 73 has no effect on the market reaction as proxied by AAR with a significance level of 0.395 > 0.05. Thus, H2(c) is not supported..

Comment [ad10]: Please rework this section. There is no need for discussion of results that have been discussed earlier in other section

5. RECOMENDATIONS

Based on the results of research on the impact of changes in PSAK regarding leases, the recommendations that the author can give are:

1. In assessing future rental activities, it is necessary to see whether it is included in the rental category based on PSAK 73
2. The increase in asset value must be balanced with the company's income and then offset by minimizing the costs that can be incurred by the company, so as to improve the company's financial performance and generate a positive market reaction.
3. The increase in the value of liabilities must be balanced with the company's income so that it will increase the company's ability to pay its obligations, so as to improve financial performance and generate a positive market reaction.

COMPETING INTERESTS DISCLAIMER:

Authors have declared that no competing interests exist. The products used for this research are commonly and predominantly use products in our area of research and country. There is

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