

THE DECISION USEFULNESS OF FINANCIAL ACCOUNTING MEASUREMENT CONCEPT

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ABSTRACT

The objectives of financial reporting are to provide the accounting information to investors, creditors, and other external users conducting the investment or other economic decision. The firm assets and liabilities show the real economic objects and must be presented in monetary term. Yet, the accounting measurement concept of assets and liabilities in this case are the main problem in financial accounting. For that reason, it is important for practitioners, accounting standard setter, and academician to understand the accounting measurement concept clearly. This study analyzes the influence of the investors/analysts understanding on the accounting measurement concept, length of experience, type of financial service industry, type of transaction instrument, and character of the job for decision making on the basis of accounting measurement concept. Beside, it also provides inputs to accounting standard setter regarding the role of accounting measurement concept in decision making by user of accounting information, especially investors. The result indicate that the decision making based on accounting measurement concept generally to be considered to invest and is influenced directly by understanding investor/analyst on the accounting measurement concept, length of experience, type of financial service industry, type of transaction instrument, and characteristic of the job.

Key words: *accounting measurement, investment decision making.*

KEGUNAAN ATAS KEPUTUSAN KONSEP PENGUKURAN AKUNTANSI KEUANGAN

ABSTRAK

Tujuan pelaporan keuangan adalah untuk menyediakan informasi akuntansi bagi investor, kreditur, dan pengguna eksternal lainnya untuk melakukan keputusan investasi atau ekonomi lain. Aset perusahaan dan kewajiban menunjukkan objek ekonomi riil dan harus disajikan dalam istilah moneter. Namun, konsep pengukuran akuntansi aktiva dan kewajiban merupakan masalah utama dalam akuntansi keuangan. Untuk itu, penting bagi praktisi, penentu standar akuntansi, dan akademisi untuk memahami konsep pengukuran akuntansi yang jelas. Studi ini menganalisis pengaruh pemahaman investor/analisis pada konsep pengukuran akuntansi, lama pengalaman, jenis industri jasa keuangan, jenis instrumen transaksi, dan jenis pekerjaan untuk pengambilan keputusan atas dasar konsep pengukuran akuntansi. Selain itu, studi ini memberikan masukan kepada penentu standar akuntansi mengenai peranan konsep pengukuran akuntansi dalam pengambilan keputusan pengguna informasi akuntansi, khususnya investor. Hasil analisis menunjukkan bahwa pengambilan keputusan didasarkan pada konsep pengukuran akuntansi yang berlaku dipertimbangkan dalam berinvestasi dan dipengaruhi langsung oleh pemahaman investor/analisis pada konsep pengukuran akuntansi, lama pengalaman, jenis industri jasa keuangan, jenis instrumen transaksi, dan karakteristik pekerjaan.

Kata Kunci: *pengukuran akuntansi, pengambilan keputusan investasi.*

INTRODUCTION

Nicolai et al. (1983, p. 14) in accordance with FASB (SFAC number 1): identify the objectives of financial reporting as follows: The general objective, financial reporting provides information to investors, creditor, and other external users to make investment decision, credit lending, and other economic decision. Second objective, to provide information to investors, creditors, and other external users to predict prospects of expected cash receipt, whether from dividend, interest, and loan repayment. Third objective is to provide information to investors, creditors, and other external users to predict company net cash flow generated from the sale of company's product. Fourth objective to provide information to investors, creditors, and other external users of company financial position, company's financial performance, and cash flow at a certain period.

The accounting measurement concept of assets and liabilities is a major issue in financial accounting. Therefore, understanding the accounting measurement concept in financial accounting is a major concern for practitioners, accounting standard setter, and academician. According to FASB (SFAC number 5; 1984, 2008): there are five attributes of accounting measurement of financial statement elements, namely: (1) historical cost, (2) current cost, (3) current market value, (4) net realizable value, (5) net present value.

In relation to the benefits of accounting information for decision making, the various debates arise, among other from William (1978), Dopuch and Syam Sunder (1980), and other experts. Periodic measurement of the elements of financial statements helps investors, creditors, and other external users to make decision in accordance with interests of each user. Use of accounting measurement concepts are largely influenced by various factors.

Accounting focuses on the use of accounting information for decision making by linking accounting information to capital market activities called positive accounting

theory, so research of positive accounting theory to understand the need of users of financial statements give input to financial accounting standard setter.

Research Problem

Are investors/analysts in making decision on the basis of accounting measurement concept is influenced by: Understanding investors/analysts on the accounting measurement concept, Length of experience, Type of financial service industry, Type of transaction instrument, and Characteristic of the job.

Purpose of the Research

It analyzes the influences of: "Understanding investors/analysts on the accounting measurement concept, Length of experience, Type of financial service industry, Type of transaction instrument, and Character of the job" on decision making on the basis of accounting measurement concept.

The Benefit of Research

This provides inputs to accounting standard setter regarding the role of accounting measurement concept in decision making by user of accounting information, especially investors

THEORETICAL FRAMEWORK AND HYPOTHESIS

Previous Research

Gassen (2009), in his research, has the purpose to examine factors influence using of accounting measurement concepts in making investment decision. Study was conducted in May 15, 2007 until October 30, 2007 at Germany. Some of conclusion are: (1) Investors/analysts better understand of accounting measurement concept Historical Cost (HC) and Market Price (MP), (2) Market Price (MP) accounting concept for a liquid asset and non operating asset are more useful in investment decision, (3) Accounting measurement concept HC and MP for illiquid assets and operating assets showed no difference benefit in making investment decision, (4) Accounting measurement con-

cept NPV for all asset and liability are less useful in making investment decisions compared with accounting measurement concept HC and MP. But for assets of financial accounting measurement concept NPV is more useful than accounting measurement concept HC.

Accounting Measurement Concept

The main theory underlying the research is FASB accounting measurement, was adopted by Indonesian Accounting Standard Board. In accordance with FASB (SFAC number 5 paragraph 67: 1984, 2008) there are five accounting measurement concept to present the elements of financial statements, namely: (1) Historical Cost (HC), amount of cash or cash equivalent needed to acquire asset, liability, or equity, (2) Current Cost, amount of cash or cash equivalent needed to acquire asset, liability, or equity, (3) Market Value (MP), amount of cash or cash equivalent can be obtained if asset is sold, paid off debt, or equity dilution, (4) Net Realizable Value, amount of expected collectable of cash or cash equivalent at maturity, (5) Net Present Value (NPV), the present value of net cash received in the future.

Benefit of Financial Statement

Scott (2006, p. 157): "The measurement perspective on decision usefulness is an approach to financial reporting under which accountants undertake a responsibility to incorporate fair value in to the financial statement proper, providing that this can be done with reasonable reliability, thereby recognizing an increased obligation to assist investors to predict firm value".

Essentially, the accounting measurement concept is an approach in which the accountant takes responsibility for using the fair value into financial statements, as long as it is done with a high level of reliability, and therefore the accountant realized that the greater obligation to assist investors in order to predict value of the company.

Of course, the accounting measurement concept is expected to be beneficial with

reliability should not be sacrificed. The main reason is the use of accounting information in capital markets. Initially, the company earnings information dominating role in the decision making (income approach), so the accounting measurement concept of assets and liabilities (balance sheet approach) is not required. This led to the accounting measurement concept HC remained in use, because high level of reliability. According to Scott (2006, p. 158) use the information approach of income or profit-base accounting profit with accounting measurement concept HC need a lot of additional explanation, only useful in an efficient market.

Capital Market Efficiency

Scott (2006, p. 90) "An efficient market securities is one where the prices of securities traded on that market at all times fully all information that is publicly known about those securities".

There are three important points: first, efficient capital markets with respect to information held by public. This definition therefore is eliminating the possibility of insider information. Second, that capital markets are efficient is a relative concept. No claimed that capital market always knows what will happen, and that stock market prices always reflect the true value of the company. Third, that investing in the stock market is a fair game. Means that investors can not expect to earn in excess of this normal estimate. Gassed (2009): (1) The investors/analysts are really understand about the decision making differences caused by different accounting measurement, (2) Investors/analysts are concerned with accounting information, understand the benefits of accounting measurement concept HC and MP in making investment decisions, while the concept on NPV is less useful, (3) For financial assets and non operating assets more useful when considered with MP, (4) For an assets rather than financial assets and non operating assets investors/analysts argue that accounting measurement concept HC and MP has the same benefits in investment

decisions, (5) in general a good measurement of assets and liabilities, accounting measurement concept NPV had a benefit that is less than the accounting measurement concept MP and HC, (6) For financial assets, investors/analysts view that the accounting measurement concept NPV is more useful than accounting measurement concept HC, (7) Clearly it is proved that accounting measurement concept NPV is useless, (8) Also, it proved that the accounting measurement concept of fair value was varied and the level of decision making also varied, (9) That the differences in accounting measurement concept base on classification of assets and liabilities is required.

Length of Experience

Investors/analysts with more experience are better able to provide guidance for investors/analysts to make decision. Gassen (2009) provide that: different benefit between accounting measurement concept NPV and MP for greater investment decisions when investors/analysts have higher experience. It is not for beginners investors/analysts.

Focus of Work of Investors/Analysts

Gassen (2009) proves that the investors/analysts who work in financial institution or not in financial institution can differentiate between accounting measurement concept MP and NPV of the investment decision. Mean, the result of research show the work focus investors/analysts influential decisions making based on accounting measurement concept NPV and MP.

Type of Transaction Instrument

Gassen (2009) proved that the investment decision on accounting measurement concept is not affected debt & equity or other capital market instruments transaction. Mean, the results of research show the investors/analysts who transact in the stock market and investment decision based on accounting measurement concept MP and NPV is not affected by capital instruments are traded.

The Position of Transaction

Investors/analysts who take a position certain transaction (the position of selling or buying or other positions (such as fund managers only) will give priority to evaluate performance of the company (issuer), investors/analysts retrieval transaction position is also alert to the possibility of information asymmetry.

Hypothesis

Model 1: Investors/analysts decision making use the accounting measurement concept HC (KPHC) influenced by: "Understanding investors/analysts on the accounting measurement concept HC, Length of experience, Type of financial service industry, Type of transaction instrument, and Character of the job."

Model 2: Investors/analysts decision making use the accounting measurement concept MP (KPMP) influenced by: "Understanding investors/analysts on the accounting measurement concept MP, length of experience, type of financial service industry, type of transaction instrument, and character of the job".

Model 3: Investors/analysts decision making using the accounting measurement concept NPV (KPNPV) influenced by: "Understanding investors/analysts on the accounting measurement concept NPV, Length of experience, Type of financial service industry, Type of transaction instrument, and Character of the job"

RESEARCH METHOD

Research Design

The empirical research to estimate the effect of accounting measurement concepts in decision making by investors/analysts is needed. Therefore this study is a research survey of investors/analysts on the role of accounting measurement concepts in decision making perception.

Research Variables

Dependent Variables

The perception of investors/analysts on the benefits role of accounting concepts in the

Table 1
The perception of investors/analysts on the benefits role of accounting measurement concepts in the retrieval decision

Assets	Accounting measurement concepts		
	KPHC (1)	KPMP (2)	KPNPV(3)
Intangible assets	A	F	K
Goodwill	B	G	L
Plant, machines and equipments	C	H	M
Inventories	D	I	N
non-operasional assets	E	J	O

retrieval decision, with the following indicators is shown in Table 1.

Description:

Indicator KPHC: the perception of investors/analysts on the benefit role of accounting measurement concept HC in the decision making.

Indicator KPMP: the perception of investors/analysts on the benefit role of accounting measurement concept MP in decision making.

Indicator KPNPV: the perception of investors/analysts on the benefit role of accounting measurement concept NPV in decision making.

The perception of investors/analysts for each dependent variable is:

A: The perception of investors/analysts on the benefit of accounting measurement concept KPHC of Intangible Asset account in the decision making.

B: The perception of investors/analysts on the benefit role of accounting measurement concept KPHC of Good will account in the decision making.

C: The perception of investors/analysts on the benefit role of accounting measurement concept KPHC of Plant, Machinery & Equipment account in the decision making.

D: The perception of investors/analysts on the benefit role of accounting measurement concept KPHC of Inventory account in the decision making.

E: The perception of investors/analysts on the benefit role of accounting measurement concept KPHC of Non Operating Asset account in the decision making.

F: The perception of investors/analysts on the benefit role of accounting measurement concept KPMP of Intangible Asset account in the decision making.

G: The perception of investors/analysts on the benefit role of accounting measurement concept KPMP of Good will account in the decision making.

H: The perception of investors/analysts on the benefit role of accounting measurement concept KPHC of Plant, Machinery & Equipment account in the decision making.

I: The perception of investors/analysts on the benefit role of accounting measurement concept KPMP of Inventory account in the decision making.

J: The perception of investors/analysts on the benefit role of accounting measurement concept KPMP of Non Operating Asset account in the decision making.

K: The perception of investors/analysts on the benefit role of accounting measurement concept KPNPV of Intangible Asset account in the decision making.

L: The perception of investors/analysts on the benefit role of accounting measurement concept KPNPV of Good will account in the decision making.

M: The perception of investors/analysts on the benefit role of accounting measurement concept KPNPV of Plant, Machinery & Equipment account in the decision making.

N: The perception of investors/analysts on the benefit role of accounting measurement concept KPNPV of Inventory account in the decision making.

O: The perception of investors/analysts on

Table 2
Summary

Variables		Types	Notations
Y	KPA	Independent	Ykpa
X1	EX	Dependent	Xex
X2	EF	Dependent	Xef
X3	WF	Dependent	Xwf
X4	AF	Dependent	Xaf
X5	PT	Dependent	Xpt

the benefit role of accounting measurement concept KPNPV of Non Operating Asset account in the decision making.

Measurement of the variables by 5 (five) scale) indicators uses lickert scale with interval of 5 (five):

Scale 1: Very useful, Scale 2: Useful, Scale 3 Moderate useful, Scale 4: Marginally useful, Scale 5: Not useful

Independent Variables

a) Understanding (P) investors/analysts on the accounting concept KPHC, KPMP, KPNPV

Measurement of the variables of P using lickert scale with 5 (five) scales:

Scale 1: Very familiar, Scale 2: Familiar, Scale 3 Somewhat familiar, Scale 4: Lack of familiar, Scale 5: Not familiar

b) Length of experience (EX) of investors/analysts

Measurement of the variable EX using Guttman Scale with two scales:

Scale 0: Experience 5 (five) years or less, Scale 1: More than 5 (five) years

c) Type of financial service industry (WF) investors/analysts in financial institution or not

Measurement of the variable WF using Guttman Scale with two scales:

Scale 0: Experience 5 (five) years or less, Scale 1: More than 5 (five) years

d) Type of transaction instrument (AF) of investors/analysts, whether debt instrument, or not debt instrument

Measurement of variable AF using Guttman Scale with two scales:

Scale 0: Experience 5 (five) years or less, Scale 1: More than 5 (five) years

e) Character of the job (PT) investors/analysts, whether on or not on selling/buying position.

Table 2 show the measurement of the variable PT using Guttman Scale with two scales:

Scale 0: Experience 5 (five) years or less, Scale 1: More than 5 (five) years

All data are the perception of investors/analysts was taken by using a list of questioners.

Population and Sample

In accordance with the purposes of research, the study population is investors/analysts who conduct the transaction activities in Indonesia stock Exchange and incorporated in the Securities Analysts Association of Indonesia (AAEI), with total membership of 320 people analysts. The samples used for using the Slovin formula (Umar, 1997) as follow:

$$n = \frac{N}{N \times d^2 + 1} \quad (1)$$

Description:

N : Population

n : Sample

d : The tolerance standard error rate

Slovin formula is based on the number of samples obtained by 76 respondents. Sample was taken at random, assuming all investors/analysts have a uniformity in the way of looking at the factors that influence the price of shares on the stock exchange. Study was conducted between May until October 2010 in Indonesia.

Model Analysis

To perform the test of the factors influence investors/analysts decision on the basis of

Table 3
Partial Testing

Variabel	Sig.	Simplan
Understanding investors/analysts on the accounting measurement concept HC	0.001	Significant
Length of experience	0.970	insignificant
Type of financial service industry	0.806	Insignificant
Type of transaction instrument	0.006	Significant
Character of the job	0.107	Insignificant

Source: Data, processed.

accounting measurement concept used multiple regressions. Furthermore, to test the effect of partially used t test and effect simultaneously used the F test, with statistical formula as follow:

$$Y_{kpa} = a + bX_p + bX_{ex} + bX_{wf} + bX_{af} + bX_{pt} + e \quad (2)$$

Y_{kpa}: The perception of investors/analysts on the benefit role of accounting measurement concept in the decision making

X_p: understanding (P) investors/analysts on the accounting measurement concept KPHC, KPMP, KPNPV

X_{ex}: Length of experience (EX) as investors/analysts

X_{wf}: Type of financial service industry (WF) investors/analysts, whether in financial institution or not

X_{af}: Type of transaction instrument (AF) if debt instruments, equity instruments, derivative instruments

X_{pt}: Position of transaction investors/analysts (PT) in position buying or selling.

DATA ANALYSIS AND DISCUSSION

Hypothesis Model 1

Simultaneous Testing

At the 0.05 level and degree of freedom is at 5 and 54 (df=5 and 54), than obtain F table of 2.37 and F estimate of 3.805 > F table of 2.37 and a significance level of 0.005 < level of significance 0.05. It can be concluded that variables "Understanding investors/analysts on the accounting measurement concept HC, Length of experience, Type of financial service industry, Type of transaction instrument, and Character of the job" influence

simultaneously to the investors/analysts decision making using the accounting measurement concept HC

The ability of independent variables in explaining or describing changes in the dependent variable can be seen from the coefficient of multiple determinations (R²). The value of R² ranging from 0 to 1 the better ability of independent variables in explaining the dependent variable in the model. The value of the coefficient of determination from the calculation is 0.261. It means, 26.1% change in the dependent variable can be explained by the independent variable included in the model, while the remaining 73.9% is explained by other variables non included in the model (error factor).

Partial Testing

The effect of each independent variable on the dependent variable is shown in Table 3.

Understanding investors/analysts on the accounting measurement concept (P)

Based on calculation, the significance value 0.001 is less than the level of significance (α) 0.05, it can be concluded that the understanding of investors/analysts to the accounting measurement concept have a significant influence on the investors/analysts decision making using accounting measurement concept HC.

Length of work experience of investors/analysts (EX)

Based on calculation, the significance value of 0.970 is greater than the level of significance (α) 0.05, it can be concluded that

Table 4
Partial Testing

Variables	Sig.	Results
Understanding investor/analysts on the accounting measurement concept HC	0.006	Significant
Length of experience	0.416	Insignificant
Type of financial service industry	0.249	Insignificant
Type of transaction instrument	0.313	Insignificant
Character of the job	0.162	Insignificant

Source: data, processed.

length of work experience as an investor/analyst has no significance influence on the investors/analysts decision making using accounting measurement concept HC.

Type of financial service industry (WF)

Based on calculation, the significance value of 0.806 is greater than the level of significance (α) 0.05, it can be concluded that focus of work as an investor/analyst has no significant influence on the investors/analysts decision making using accounting measurement concept HC.

Type of transaction instrument (AF)

Based on calculation, the significance value of 0.006 is less than the level of significance (α) 0.05, it can be concluded that Type of transaction instrument has a significant influence on the investors/analyst decision making using accounting measurement concept HC.

Character of the job (PT)

Based on calculation, the significance value of 0.107 is greater than the level of significance (α) 0.05, it can be concluded that Character of the job has no significant influence on the investors/analyst decision making using accounting measurement concept HC.

Hypothesis Model 2

Simultaneous Testing

At the 0.05 level and degree of freedom at 5 and 54 ($df=5$ and 54), than obtain F table of 2.37 and F estimate of $2.546 > F$ table of 2.37 and a significance level of $0.039 < \text{level of}$

significance 0.05, it can be concluded that variables "Understanding investors/analysts on the accounting measurement concept MP, Length of experience, Type of financial service industry, Type of transaction instrument, and Character of the job" influence simultaneously to the investors/analysts decision making using the accounting measurement concept MP.

To determine the ability of independent variables in explaining or describing changes in the dependent variable, it can be seen from the coefficient of multiple determinations (R^2). The value of R^2 ranging from 0 to 1 the better ability of independent variables in explaining the dependent variable in the model. The value of the coefficient of determination from the calculation is 0.191. The mean is 19.1% that changes in the dependent variable that can be explained by the independent variable included in the model, while the remaining 80.9% is explained by other variables not included in the model (error factor).

Partial Testing

The effect of each independent variable on the dependent variable is shown in Table 4.

Understanding investors/analysts on the accounting measurement concept (P)

This study assumed that the variable understanding of investors/analysts on the accounting measurement concept MP has an influence partially on investors/analysts decision making using of accounting measurement concept MP. Based on calculation, the significance value 0.006 is less than the

Table 5
Partial Testing

Variabel	Sig.	Results
Understanding investors/analystss on the accounting measurement concept HC	0.009	Significant
Length of experience	0.114	Insignificant
Type of financial service industry	0.094	Insignificant
Type of transaction instrument	0.241	Insignificant
Character of the job	0.177	Insignificant

Source : data, processed.

level of significance (α) 0.05, it can be concluded that the understanding of investors/analysts to the accounting measurement concept MP has a significant influence on the investors/analysts decision making using accounting measurement concept MP

Length of work experience as investors/analysts (EX)

Based on calculation, the significance value of 0.416 is greater than the level of significance (α) 0.05, it can be concluded that length of work experience as an investor/analyst has no significance influence on the investors/analysts decision making using accounting measurement concept MP

Type of financial service industry (WF)

Based on calculation, the significance value of 0.249 is greater than the level of significance (α) 0.05, it can be concluded that focus of work as an investor/analyst has no significant influence on the investors/analysts decision making using accounting measurement concept MP.

Type of transaction instrument (AF)

Based on calculation, the significance value of 0.313 is greater than the level of significance (α) 0.05, it can be concluded that Type of transaction instrument has a significant influence on the investors/analysts decision making using accounting measurement concept MP.

Character of the job (PT)

Based on calculation, the significance value of 0.162 is greater than the level of signifi-

cance (α) 0.05, it can be concluded that Character of the job has no significant influence on the investors/analysts decision making using accounting measurement concept MP.

Hypothesis Model 3 **Simultaneous Testing**

At the 0.05 level and degree of freedom at 5 and 54 (do=5 and 54), than obtain F table of 2.37 and F estimate of $2.775 < F$ table of 2.37 and a significance level of $0.027 > \text{level of significance}$ 0.05. It can be concluded that variables Understanding investors/analysts on the accounting measurement concept NPV, Length of experience, Type of financial service industry, Type of transaction instrument, and Character of the job” influence simultaneously to the investors/analysts decision making using the accounting measurement concept NPV.

The ability of independent variables in explaining or describing changes in the dependent variable can be seen from the coefficient of multiple determinations (R^2). The value of R^2 ranging from 0 to 1 the better ability of independent variables in explaining the dependent variable in the model. The value of the coefficient of determination from the calculation is 0.204. This means that 20.4% change in the dependent variable can be explained by the independent variable included in the model, while the remaining 79.6% is explained by other variables not included in the model (error factor).

Partial Testing

The effect of each independent variable on

the dependent variable is shown in Table 5.

Understanding investors/analysts on the accounting measurement concept (P)

Based on calculation, the significance value 0.009 is greater than the level of significance (α) 0.05, it can be concluded that the understanding of investors/analysts to the accounting measurement concept MP have a significant influence on the investors/analysts decision making using accounting measurement concept NPV.

Length of work experience as an investor/analyst (EX)

Based on calculation, the significance value of 0.114 is greater than the level of significance (α) 0.05, it can be concluded that length of work experience as an investor/analyst has no significance influence on the investors/analysts decision making using accounting measurement concept NPV

Type of financial service industry (WF)

Based on calculation, the significance value of 0.094249 is greater than the level of significance (α) 0.05, it can be concluded that focus of work as an investor/analyst has no significant influence on the investors/analysts decision making using accounting measurement concept NPV.

Type of transaction instrument (AF)

Based on calculation, the significance value of 0.241 is greater than the level of significance (α) 0.05, it can be concluded that Type of transaction instrument has a significant influence on the investors/analysts decision making using accounting measurement concept NPV.

Character of the job (PT)

Based on calculation, the significance value of 0.177 is greater than the level of significance (α) 0.05, it can be concluded that Character of the job has no significant influence on the investors/analysts decision making using accounting measurement concept NPV.

Discussion

Model 1

Simultaneous Testing

Variables "Understanding investors/analysts on the accounting measurement concept HC, Length of experience, Type of financial service industry, Type of transaction instrument, and Character of the job" influence simultaneously to the investors/analysts decision making using the accounting measurement concept HC. About 26.1% change in the dependent variables can be explained by independent variables included in the model, while the remaining 73.9% is explained by other variables not included in the model. Means are other factors such as macro economic conditions that may affect the dependent variables, but not entered into the model.

Partial Testing

In order to prove the partial effect, how much influence each variable:" independent on decision making using the accounting measurement concept HC, which this seen from the coefficient of multiple regression analysis.

Understanding investors/analysts on the accounting measurement concept (P)

Understanding of investors/analysts to the accounting measurement concept MP has a significant influence on the investors/analysts decision making using accounting measurement concept HC. This means that the investors/analysts to understand the accounting measurement concept HC increasingly considering the accounting measurement concept in making investment decision. Gassen (2009) proves (1) The investors/analysts to understand the decision making are well informed about the differences caused by different accounting measurement concept, (2) Investors/analysts better understand the concept of accounting measurement concept HC and MP in making investment decision, while the accounting measurement concept NPV is less useful. This research is consistent with Gassen, that

in general accounting measurement concept is considered in investment decision, including the accounting measurement concept HC

Length of work experience as investors/analysts (EX)

Investors/analysts have no significant difference on the investors/analysts decision making using accounting measurement concept HC. This means, how long investors/analysts work or carry out transaction and investment advice does not take into accounting measurement concept HC in making investment decision, or in other words consider the other concept of accounting measurement or consider non fundamental factors. Gassen (2009) proved that different of benefits between the accounting measurement concept NPV and MP for greater investment decision when investors/analysts increasingly experienced. It will not appear for beginner investors/analysts. This research is contrary to Gassen (2009), in Indonesia has experience an investors/analysts increasingly abandon the accounting measurement concept, means that more likely on technical analysis (non fundamental) and global macroeconomic.

Type of financial service industry (WF)

Type of financial service industry as an investor/analyst has no significant difference on the investors/analysts decision making using accounting measurement concept HC, means an investors/analysts who works at a financial institution or non financial institution not consider the accounting measurement concept HC in investment decision making, or in other words consider the other concept of accounting measurement concept or consider non fundamental factors. Gassen (2009) prove that the investors/analysts work in financial institution more able to distinguish between the accounting measurement concept MP and NPV of the investment decision. It means that the results of research show the work focus investors/analysts influential in making investment decision base on accounting measure-

ment concept NPV and MP. This research is consistent with Gassen (2009), that accounting measurement concept HC is not affected by the work Type of transaction instrument.

Type of transaction instrument (AF)

Type of transaction instrument has not a significant influence on investors/analysts decision making using the accounting measurement concept HC. It means Character of the job investors/analysts does not consider the accounting measurement concept HC in making investment decision. In other words consider the other concept of accounting measurement or consider non fundamental factors. Gassen (2009) proved that the investment decision based on proven accounting measurement concept that is not influenced by whether the investors/analysts debt equity transaction or other capital market instruments.

Character of the job (PT).

Character of the job has no significant influence on the decision making using accounting measurement concept HC. In other words consider the other concept of accounting measurement or consider non fundamental factors Investors/analysts who take a position certain transaction) the position of selling/buying or other position, (such as fund manager only) will give priority to evaluate the performance of the company (issuer). Investors/analysts who take a transaction position also alert to the possibility of information asymmetry. Gassen (2009) proved that investors/analysts who took a position to buy/sell more view the income information than the accounting measurement concept assets and liabilities. Actually, when income is measured by accounting income, it means using the concept of accounting measurement HC. It evident that position of transaction consider the accounting measurement concept HC.

Model 2

Simultaneous Testing

Variables “Understanding investors/analysts

on the accounting measurement concept MP, Length of experience, Type of financial service industry, Type of transaction instrument, and Character of the job" influence simultaneously to the investors/analysts decision making using the accounting measurement concept MP. 19.1% change in the dependent variable can be explained by independent variables included in the model, while the remaining 80.9% is explained by other variables not included in the model. Means are other factors such as macro economic conditions that may affect the dependent variable, but not entered into the model.

Partial Testing

In order to prove the partial effect, how much influence each variable on decision making using the accounting measurement concept MP, in which this can be seen from the coefficient of multiple regression analysis.

Understanding investors/analysts on the accounting measurement concept (P)

Understanding of investors/analysts to the accounting measurement concept MP have a significant influence on the investors/analysts decision making using accounting measurement concept MP. It means that the investors/analysts to understand the accounting measurement concept MP are considered the accounting measurement concept in making investment decision. Gassen (2009) proves (1) The investors/analysts to understand the decision making are well informed about the differences caused by different accounting measurement concept, (2) Investors/analysts are concerned with accounting information, understand the benefit of accounting measurement concept HC and MP in making investment decision, while the accounting measurement concept NPV is less useful. Gassen also state that the accounting measurement concept in general is a consideration in investment decision, including the accounting measurement concept MP.

Length of work experience as investors/analysts (EX)

Investors/analysts has no significant difference on the investors/analysts decision making using accounting measurement concept MP. It means, how long investors/analysts work or carry out transaction and investment advice does not take into accounting measurement concept MP in making investment decision, or in other words consider the other concept of accounting measurement or consider non fundamental factors. Gassen (2009) proved that different of benefits between the accounting measurement concept NPV and MP for greater investment decision when investors/analysts increasingly experienced. It will not appear for beginner investors/analysts. This research is contrary to Gassen (2009), in Indonesia has experience an investors/analysts increasingly abandon the accounting measurement concept, means that more likely on technical analysis (non fundamental) and global macroeconomic.

Type of financial service industry (WF)

Type of financial service industry as an investor/analyst has no significant difference on the investors/analysts decision making using accounting measurement concept MP, means an investors/analysts who works at a financial institution or non financial institution not consider the accounting measurement concept MP in investment decision making, or in other words consider the other concept of accounting measurement concept or consider non fundamental factors. Gassen (2009) prove that the investors/analysts work in financial institution more able to distinguish between the accounting measurement concept MP and NPV of the investment decision. It means that the research show the work focus investors/analysts influential in making investment decision base on accounting measurement concept NPV and MP. This research is contrary with Gassen (2009), in Indonesia, investors/analysts work both at the financial institution or not does not consider the accounting measurement concept MP, meaning

more likely on technical analysis (non fundamental) and global macroeconomic.

Type of transaction instrument (AF)

Type of transaction instrument has not a significant influence on investors/analysts decision making using the accounting measurement concept MP. This means, focus investors/analysts does not consider the accounting measurement concept MP in making investment decision. In other words, they consider the other concept of accounting measurement or consider non fundamental factors. Gassen (2009) proved that the investment decision based on proven accounting measurement concept that is not influenced by whether the investors/analysts debt equity transaction or other capital market instruments. It also means that the research shows the investors/analysts who transact in the stock market and investment decision does not base on accounting measurement concept including accounting measurement concept MP. Gassen (2009), those investors/analysts who choose to transact loans do not consider the accounting measurement concept.

Character of the job (PT)

Taking the Character of the job has no significant influence on the decision making using accounting measurement concept MP. Mean Character of the job investors/analysts does not consider accounting measurement concept MP in making investment decision, or in other words consider the other concept of accounting measurement or consider non fundamental factors. Investors/analysts who take a position certain transaction) the position of selling/buying or other position, such as fund manager only) will give priority to evaluate the performance of the company (issuer). Investors/analysts who take a transaction position also alert to the possibility of information asymmetry. Gassen (2009) proved that investors/analysts who took a position to buy/sell more view the income information than the accounting measurement concept assets and liabilities. Actually,

when income is measured by accounting income, mean using the concept of accounting measurement HC. If true, it is evident that the position of transaction considers the accounting measurement concept MP.

Model 2

Simultaneous Testing

Variables “Understanding investors/analysts on the accounting measurement concept NPV, Length of experience, Type of financial service industry, Type of transaction instrument, and Character of the job” influence simultaneously to the investors/analysts decision making using the accounting measurement concept NPV. 20.4% change in the dependent variable can be explained by independent variables included in the model, while the remaining 79.6% is explained by other variables not included in the model. This means are other factors such as macro economic conditions that may affect the dependent variable, but not entered into the model.

Partial Testing

In order to prove the partial effect, how much influence each variable on decision making using the accounting measurement concept NPV, it can be seen from the coefficient of multiple regression analysis.

Understanding investors/analysts on the accounting measurement concept (P)

Understanding of investors/analysts to the accounting measurement concept NPV have a significant influence on the investors/analysts decision making using accounting measurement concept NPV. It means that the investors/analysts to understand the accounting measurement concept NPV are considered the accounting measurement concept in making investment decision. Gassen (2009) proves (1) The investors/analysts to understand the decision making are well informed about the differences caused by different accounting measurement concept, (2) Investors/analysts are concerned with accounting information, understand the

benefit of accounting measurement concept HC and MP in making investment decision., while the accounting measurement concept NPV is less useful. Gassen also state that the accounting measurement concept in general is a consideration in investment decision, including the accounting measurement concept NPV.

Length of work experience as investors/analysts (EX)

As investors/analysts has no significant difference on the investors/analysts decision making using accounting measurement concept NPV. It means, how long investors/analysts work or carry out transaction and investment advice does not take into accounting measurement concept NPV in making investment decision, or in other words, they consider the other concept of accounting measurement or consider non fundamental factors. Gassen (2009) proved that different of benefits between the accounting measurement concept NPV and MP for greater investment decision when investors/analysts increasingly experienced. It will not appear for beginner investors/analysts. This research is contrary to Gassen (2009), in Indonesia the accounting measurement concept NPV has not been popular.

Type of financial service industry (WF)

Type of financial service industry as an investor/analyst has no significant difference on the investors/analysts decision making using accounting measurement concept NPV, this means an investors/analysts who works at a financial institution or non financial institution not consider the accounting measurement concept NPV in investment decision making, or in other words consider the other concept of accounting measurement concept or consider non fundamental factors. Gassen (2009) prove that the investors/analysts work in financial institution more able to distinguish between the accounting measurement concept MP and NPV of the investment decision. This re-

search is contrary with Gassen (2009). In Indonesia the accounting measurement concept NPV has not been popular. In Indonesia, investors/analysts work both at the financial institution or not does not consider the accounting measurement concept NPV, meaning more likely on technical analysis (non fundamental) and global macro economic.

Type of transaction instrument (AF)

Type of transaction instrument has not a significant influence on investors/analysts decision making using the accounting measurement concept NPV. It means focus investors/analysts does not consider the accounting measurement concept NPV in making investment decision, In other words consider the other concept of accounting measurement or consider non fundamental factors. Gassen (2009) proved that the investment decision based on accounting measurement concept NPV are not influenced by whether the investors/analysts debt equity transaction or other capital arket instruments. It also means that the research shows the investors/analysts who transact in the stock market and investment decision does not base on accounting measurement concept including accounting measurement concept NPV. Also show investors/analysts who transact in the stock market and investment decision based on accounting measurement NPV and MP is not affected by capital market instrument are traded. Gassen (2009), as investors/analysts who trade in debt instrument more focus on corporate performance as measured by income.

Character of the job (PT)

Character of the job has no significant influence on the decision making using accounting measurement concept NPV. Mean Character of the job investors/analysts does not consider accounting measurement concept NPV in making investment decision, or in other words consider the other concept of accounting measurement or consider non fundamental factors. Investors/analysts who

take a position certain transaction) the position of selling/buying or other position, such as fund manager only) will give priority to evaluate the performance of the company (issuer). Investors/analysts who take a transaction position also alert to the possibility of information asymmetry. Gassen (2009) proved that investors/analysts who took a position to buy/sell more view the income information than the accounting measurement concept assets and liabilities. Actually, when income is measured by accounting income, it means using the concept of accounting measurement HC.

CONCLUSION, IMPLICATION, SUGGESTION AND LIMITATIONS

Making decision on the accounting measurement concept HC, MP, and NPV is generally considered in making investment decision and greatly influenced the understanding of investors/analysts on this concept. Also influenced by the length of experience of investors/analysts, investors/analysts focus on work at financial institution or non financial institution, the focus of capital market instrument are traded, and the position of selling or buying transaction,

The analysts in providing advice to investors tend to use technical analysis rather than fundamental analysis. This indicates that fundamental company's information, including accounting information is still unable to compete with information rather than fundamental, even the quality of management is not a consideration in making investment decision. However the finding indicates that the fundamental data are also taken into consideration in investment decision making process.

The accounting measurement concept NPV are not understood, so the accounting measurement concept HC of asset and the nominal value of debt is useful for making investment decision. These findings can be understood because the financial statement in Indonesia is prepared on the basis of Indonesia financial accounting standard (cost based not value based). However, some cur-

rent assets are valued at fair value.

Investors/analysts who focus on debt instrument more emphasis on corporate financial performance and alert to the possibility of information asymmetry.

The shorter financial statement has a high relevancy and reliability is sufficient, where as for an annual financial report have low relevancy and reliability in relation to making investment decision

Accounting measurement concept understood by investors/analysts, but in the investment decision is not yet a dominant factor, still more dominant is no fundamental factors. It is a challenge of its internal accountants to create financial statement according to generally accepted accounting standard, so the company's financial statement are the responsibility of director to be credible

Public accountant also play a role in creating the public trust of investors/analysts to improve the credibility of financial statement, so as independent auditor are required to continuously improve the quality of audit financial report, through improving of human resources, understanding of accounting standard, and implementation of auditing standard.

If point a and b are neglected, accounting information is not important information, thus resulting in the Indonesian capital market always in unhealthy condition.

The conclusion states that non fundamental information is more dominant and the level of understanding of investors/analysts to the accounting measurement concept is quite high, but is not enough understanding of the role of contribute to investment decision, it is recommended:

Increase the credibility of accounting information in the financial statement

With the implementation of IFRS at the beginning 2012 shows the accounting shift from cost based to value based, so that the mandatory disclosure of the account of financial statement extended to the information that can be used as a basis for prediction of economic benefit of the company in the

future.

The socialization benefit of accounting measurement concept other than HC in investment decision.

The research has limitation as follows:

- (1) As behavioral research, this study uses respondent perception as the basic of data. Perception can be biased because many respondents are influenced by knowledge of object perception. Therefore, this research used respondent's investors/analysts to minimize bias. Investors/analysts considered having sufficient understanding of the factors that influence on investment decision.
- (2) research is directed only to study the effect of stretching to the accounting measurement concept in making investment decision by an investors/analysts is not gear to look causes not in use or the use of accounting measurement concept in making investment decision.

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