Determinants of Investment Efficiency: Financial Reporting, Accounting Conservatism, and Debt Maturity

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Abstract

Main Purpose - This study aims to examine the influence of financial reporting quality, accounting conservatism, and debt maturity on investment efficiency in manufacturing companies listed on the Indonesia Stock Exchange.
Method - A quantitative approach was employed to analyze secondary data from 20 companies selected through purposive sampling, resulting in 100 observations. SPSS version 25 was used as the data analysis tool for regression analysis.
Main Findings - The phenomenon of investment efficiency has become increasingly crucial following a 16.32% annual decline in manufacturing investment from 2017 to 2019. Market uncertainty and limited incentives hinder economic growth, making fund optimization essential to support this sector.
The research findings reveal that the quality of annual financial reports, accounting conservatism, and debt maturity have a significant impact on investment efficiency.
Theory and Practical Implications - These findings highlight the importance of financial reporting quality, accounting conservatism, and debt maturity structure in enhancing investment efficiency. They suggest that companies should manage these three aspects optimally to support better investment decision-making.
Novelty - This study utilizes the latest data (2019–2023) and a larger sample, enabling a more comprehensive analysis of the dynamics, challenges, and opportunities in the manufacturing industry.
Keywords: Investment Efficiency, Financial Statement Quality, Accounting Conservatism, Debt Maturity, Manufacturing Companies

Abstrak

Tujuan Utama - *Penelitian ini bertujuan untuk menguji pengaruh kualitas pelaporan keuangan, konservatisme akuntansi, dan debt maturity terhadap efisiensi investasi pada perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia.*
Metode - *Menggunakan pendekatan kuantitatif untuk menganalisis data sekunder dari 20 perusahaan yang dipilih melalui purposive sampling, sehingga menghasilkan 100 observasi. SPSS versi 25 digunakan sebagai alat analisis data untuk analisis regresi*
Temuan Utama - *Fenomena efisiensi investasi semakin krusial seiring penurunan investasi manufaktur sebesar 16,32% per tahun (2017–2019). Ketidakpastian pasar dan minimnya insentif menghambat pertumbuhan ekonomi, sehingga optimalisasi dana diperlukan untuk mendukung sektor ini.*
Hasil penelitian mengungkapkan bahwa kualitas laporan keuangan tahunan perusahaan, konservatisme akuntansi dan debt maturity berpengaruh signifikan terhadap efisiensi investasi
Implikasi Teori dan Kebijakan - *Temuan ini menyoroti pentingnya kualitas laporan keuangan, konservatisme akuntansi, dan struktur jatuh tempo utang dalam meningkatkan efisiensi investasi, menyarankan bahwa perusahaan harus mengelola ketiga aspek ini secara optimal untuk mendukung keputusan investasi yang lebih baik.*
Kebaruan Penelitian – *Penelitian ini menggunakan data terbaru (2019–2023) dan sampel lebih besar, memungkinkan analisis lebih komprehensif terhadap dinamika, tantangan, dan peluang di industri manufaktur.*
Kata Kunci: *efisiensi investasi, Kualitas Laporan Keuangan, Konservatisme Akuntansi, jatuh tempo utang, perusahaan manufaktur*

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INTRODUCTION

Investment plays a crucial role in a company, as it reflects its prospects and sustainability. The absence of new investments may indicate a lack of a promising future. Therefore, investment decisions are a key factor in determining a company's success and form the core of financial analysis. (Musliq & Biduri, 2022) In the era of globalization, investment is essential for companies to expand their businesses and generate additional revenue in the future. (Hasanah & Sutjahyani, 2021) Investment refers to the allocation of funds over a specific period to generate profit or increase value, thereby supporting a company's operations and profitability. (Marsya & Dewi, 2022) The significance of efficient investment for companies is evident in the Jiwasraya case. The OJK report (2024) states that Jiwasraya's investment decline resulted from decisions that did not adhere to prudential principles, leading to a financial deficit and subsequent restructuring through the transfer of policies to IFG Life. This underscores the crucial role of investment efficiency in maintaining a company's financial stability.

Investment efficiency in the manufacturing sector is essential, as the industry plays a key role in driving economic growth. According to the Indonesian Ministry of Industry (2024), the country’s Manufacturing Value Added (MVA) reached 1.46% in 2021, positioning Indonesia competitively in the global market. However, between 2017 and 2019, the sector experienced an average annual investment decline of 16.32% (BKPM & Industry Information Booklet, 2020), largely due to market uncertainty and limited investor incentives. This trend not only indicates a reduction in investment volume but also reflects potential inefficiencies in capital allocation. Companies were either reluctant to invest due to financing and information constraints (underinvestment), or they directed funds into unproductive projects without proper analysis (overinvestment). These symptoms point to agency problems and weak financial governance, highlighting the urgent need to examine how financial reporting quality, accounting conservatism, and debt maturity can improve investment efficiency in this sector.

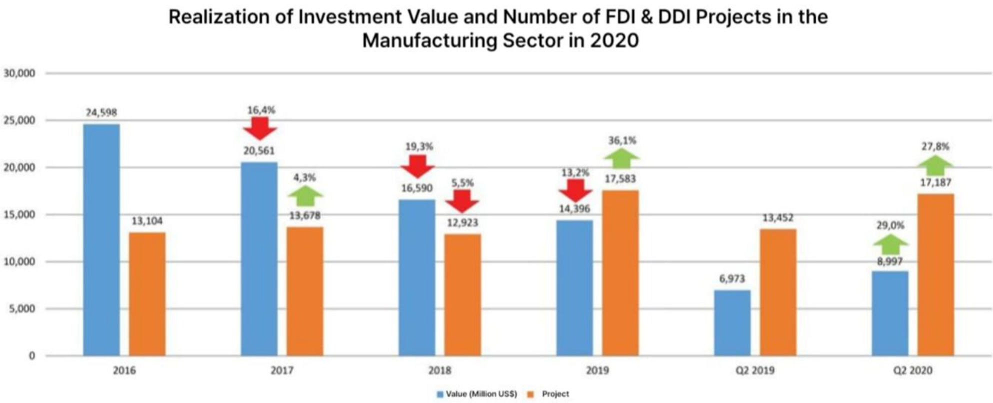

Figure 1. Realization of Investment Value and Number of FDI & DDI Projects in the Manufacturing Sector in 2020

Source : BKPM, processed by Pusdatin, 2020 (https://www.kemenperin.go.id/brosur).

The COVID-19 pandemic in 2020 significantly disrupted economic activity, causing widespread revenue declines across various industries due to reduced operational efficiency and limited business mobility. In the manufacturing sector, this disruption was reflected in a sharp deterioration of industrial performance indicators. Kurniati et al. (2023) reported that Indonesia's Manufacturing Purchasing Managers’ Index (PMI) dropped from 51.9 in February 2020 to 45.3 in March 2020, and further plummeted to a record low of 27.5 in April 2020. This drastic decline indicates a severe contraction in manufacturing activity, highlighting the challenges companies faced in maintaining investment efficiency during periods of economic uncertainty and restricted cash flows.

Previous studies have shown that investment efficiency in manufacturing companies is influenced by the quality of annual financial reports. Investors assess investment efficiency based on financial report quality and debt maturity (Marsya & Dewi, 2022). Accurate financial reports serve as a crucial source of information for investors, helping mitigate the risks of overinvestment and underinvestment (Suaidah & Sebrina, 2020). Similarly, high-quality financial reports reflect a company's performance, enhance supervision, and provide benefits to shareholders (Hariyanto et al., 2020). Research by Firawan & Dewayanto (2021), Hariyanto et al. (2020), Hasan et al. (2024), and Hardiyanti & Nurcholisah (2023) concluded that financial report quality has a positive impact on investment efficiency, with higher quality leading to greater efficiency. However, studies by Widowati and Lasdi (2021) and Pratomo et al. (2024) found that financial report quality does not influence investment efficiency.

Accounting conservatism is a prudent approach in recognizing profits and liabilities. Widowati & Lasdi (2021) explained that this principle promotes conservative revenue recognition and the accelerated recognition of expenses or losses, leading to lower reported profits and higher liabilities. Its primary objective is to prevent excessive optimism in financial reporting. Saputra & Wicaksono (2022) further stated that conservatism helps disclose losses from poor investment decisions, enabling shareholders to assess managerial performance more objectively. Thus, the application of accounting conservatism can mitigate inefficiencies in investment decision-making. Previous studies by Devi et al. (2023), Natalia et al. (2024), Saputra & Wicaksono (2022), and Rosalina et al. (2024) found that accounting conservatism positively influences investment efficiency by enhancing decision quality and optimizing capital utilization. However, research by Fitriyah & Suwarno (2024) and Kurniati et al. (2023) concluded that accounting conservatism has no significant impact on investment efficiency.

Debt maturity is the last factor influencing investment efficiency. It impacts a company's risk, as high debt levels elevate business risk and lead investors to exercise greater caution (Pratama & Jayusman, 2022). Investment efficiency is also linked to debt maturity, as debt can serve as a mechanism to discipline investment decisions (Suaidah & Sebrina, 2020). A shorter debt maturity compels companies to repay their obligations promptly, reducing conflicts of interest between shareholders and creditors, mitigating excessive risk-taking, and reinforcing stricter financial controls. Research by Wijaya & Cahyati (2021), Suaidah & Sebrina (2020), Pratama & Jayusman (2022), and Lindary et al. (2022) suggests that debt maturity positively affects investment efficiency, as effective debt maturity management enables companies to allocate investments more efficiently. However, studies by Novyarni et al. (2023), Hasan et al. (2024), and Rahayu et al. (2023) concluded that debt maturity does not significantly influence investment efficiency.

This study builds upon the work of Marsya and Dewi (2022), which previously investigated the relationship between profitability performance and investment efficiency. Distinct from the prior research, this study does not merely replace the main variable but introduces accounting conservatism as a more theoretically grounded approach to evaluating the quality of financial reporting and its influence on investment efficiency. Accounting conservatism is deemed more representative due to its emphasis on prudence, which fosters transparency, mitigates information asymmetry, and encourages more cautious investment decisions. Christine and Yanti (2021) demonstrated that accounting conservatism can enhance investment efficiency by reducing the risk of overinvestment and strengthening corporate accountability. This theoretical shift moves the focus from financial performance indicators to the qualitative attributes of financial information as key determinants of investment efficiency. Moreover, this research offers a novel contribution by integrating three core variables, financial reporting quality, accounting conservatism, and debt maturity into a unified analytical model, thereby facilitating a more comprehensive understanding of how corporate financial mechanisms collectively affect investment efficiency. While previous studies have predominantly examined these variables in isolation, this study emphasizes their concurrent influence and adopts a more holistic analytical perspective. By focusing on the period from 2019 to 2023, during which the manufacturing sector faced substantial post-pandemic challenges, this research also provides updated insights that are reflective of current industry dynamics. Accordingly, the contribution of this study lies not only in the advancement of a more refined theoretical framework but also in its methodological rigor and contextual relevance, addressing a notable gap in the existing literature.

LITERATURE REVIEW

Agency Theory

Jensen and Meckling (1976) define the agency relationship as a contract between a principal and an agent, whereby the agent is authorized to perform tasks or make decisions on behalf of the principal (Marsya & Dewi, 2022). Agency theory provides a foundational framework for understanding the dynamics between the principal (capital owner) and the agent (management), emphasizing potential conflicts that arise due to their differing objectives. Within this relationship, managers, as agents, are entrusted by principals and often possess superior information regarding the company's potential profits and risks (Natalia et al., 2024). This information asymmetry, coupled with divergent goals, can result in inefficiencies in investment decisions. Consequently, to enhance investment efficiency, managers apply accounting conservatism principles in their financing decisions, which help to reduce information risk and better align managerial actions with the interests of the principals.

Agency theory thus serves as an overarching framework linking key variables such as the quality of annual financial reporting, accounting conservatism, and debt maturity. These variables function as mechanisms within the agency contract to mitigate conflicts of interest by promoting transparency, ensuring prudent financial reporting, and structuring debt terms that align incentives between both parties. Therefore, agency theory effectively underpins the analysis of these factors in the pursuit of investment efficiency.

Investment Efficiency

Investment efficiency refers to the optimal level of investment that maximizes a company's benefits. To achieve this, investments must be aligned with the company's actual needs to prevent overinvestment and underinvestment (Arifia et al., 2022). Investment is the use of company funds to obtain future profits, so the right investment decisions are needed to ensure efficiency (Yunita & Yuniningsih, 2020).

Investment efficiency can be achieved by considering profitable opportunities and appropriate managerial decisions. In this case, accounting conservatism becomes an important principle that emphasizes immediate recognition of debts and costs, while profits and assets are recognized more cautiously. The principle of prudence in profit reporting is a crucial aspect in investment efficiency (Saputra & Wicaksono, 2022). The dependent variable in this study, investment efficiency, is measured using the residual value of a regression equation that represents the relationship between sales and investment levels (Fitriyah & Suwarno, 2024).

Financial Statements

According to PSAK No. 1 (2015), financial statements are a structured representation of an entity's financial position and performance, documenting its history in relevant monetary values. The Indonesian Institute of Accountants (2015) emphasizes that financial statements are a crucial component of the financial reporting process, encompassing the balance sheet, income statement, cash flow statement, and accompanying notes and explanations. Additionally, financial statements provide information on industry segments, geographical factors, and the impact of price changes (Rusmiati et al., 2022).

The quality of financial statements reflects the accurate representation of a company's operational activities and serves as a crucial source of information for managers and investors (Saputra & Wicaksono, 2022). Well-prepared financial reports enhance the efficiency of investment decision-making, mitigate the risk of information asymmetry, and attract investors to provide funding, thereby minimizing the risks of overinvestment and underinvestment (Hariyanto et al., 2020). The quality of company's anuual financial statements is measured based on changes in cash flow from operating activities and changes in operating profit (Marsya & Dewi, 2022).

Accounting Conservatism

Accounting conservatism is the principle of prudence in the face of business uncertainty, taking into account the risks in the company's operations (Saputri & Mulyati, 2020). Conservatism is a prudent approach in business decision-making, particularly in managing risks (E. Hariyanto, 2021). This principle emphasizes the immediate recognition of losses and liabilities, while assets and profits are recognized with greater caution. The application of conservatism in financial statements contributes to investment efficiency, as supported by previous research findings (Natalia et al., 2024). The degree of conservatism can be measured through the accumulation of non-operating accruals (Widowati & Lasdi, 2021).

Debt Maturity

According to the Statement of Financial Accounting Concepts No. 6, as cited in Chariri & Ghozali (2005), debt represents a sacrifice of future economic benefits arising from current obligations to transfer assets or provide services to other entities as a result of past transactions (Kurniati et al., 2023). The use of short-term debt enables lenders to monitor the company more effectively, as debt policies are reviewed and updated annually. This mechanism helps prevent both overinvestment and underinvestment by enhancing managerial oversight, thereby improving investment efficiency (Hardiyanti & Nurcholisah, 2023). This study focuses on short-term debt maturity, defined as debt obligations that are due within one year (Kurniati et al., 2023).

HYPOTHESlS DEVELOPMENT

The Influence of Financial Statement Quality on Investment Efficiency

Financial statements are prepared to provide stakeholders with reliable information about a company's financial performance and business strategy. Managers are responsible for ensuring the transparency and accuracy of these reports. In the context of agency theory, accurate financial information enables investors to monitor managerial actions in investment decision-making. High-quality financial reports help mitigate opportunistic behavior arising from conflicts of interest between agents and principals.

Previous studies (Firawan & Dewayanto, 2021; Hariyanto et al., 2020; Hasan et al., 2024; Hardiyanti & Nurcholisah, 2023) have demonstrated that financial statement quality positively influences investment efficiency.

H_1 : The quality of Financial Reports influences investment efficiency

The Influence of Accounting Conservatism on Investment Efficiency

The principle of conservatism expedites cost and debt recognition while delaying revenue recognition, resulting in lower reported profits and assets (Kurniati et al., 2023). If investors perceive conservatism as an indication of financial stability and lower risk, they are more likely to invest with confidence, thereby increasing investment efficiency. In the context of agency theory, accounting conservatism mitigates risk by recognizing potential losses early, thereby reducing agency conflicts between management and shareholders.

Previous studies (Devi et al., 2023; Natalia et al., 2024; Saputra & Wicaksono, 2022; Rosalina et al., 2024) have shown that accounting conservatism has a positive effect on investment efficiency by enhancing the quality of investment decision-making.

H_2 : Accounting conservatism influences investment efficiency

The Influence of Debt Maturity on Investment Efficiency

Debt maturity refers to a company's policy regarding the timing of debt repayment prior to its due date (Pratama & Jayusman, 2022). Short-term debt can help reduce agency costs by allowing closer oversight from creditors, minimizing conflicts between debt holders and management, and promoting more efficient investment decisions. Debt maturity is commonly measured using the ratio of short-term debt to total debt (Widowati & Lasdi, 2021).

Within the framework of agency theory, shorter debt maturities serve as a monitoring mechanism, tightening creditor supervision and thereby reducing potential conflicts of interest between managers and creditors. Increased oversight incentivizes managers to make more prudent and efficient investment decisions, aligning their actions more closely with the interests of external stakeholders.Previous studies (Wijaya & Cahyati 2021; Suaidah & Sebrina, 2020; Pratama Jayusman, 2022; Lindary et al., 2022) have shown that debt maturity has a positive affect on investment efficiency.

H_3 : Debt Maturity influences investment efficiency

The Influence of Financial Statement Quality, Accounting Conservatism, and Debt Maturity on Investment Efficiency

According to Agency Theory, differences in access to information between managers and shareholders can lead to information asymmetry, where managers possess superior information and may prioritize personal interests (Widowati & Lasdi, 2021). This asymmetry can be mitigated by enhancing the transparency of high-quality financial statements, adopting accounting conservatism to mitigate the risk of overinvestment, and utilizing shorter debt maturities to strengthen external monitoring and encourage prudent resource allocation. Shorter debt maturities enable lenders to periodically assess the company's performance, thus mitigating the risk of investment inefficiency.

Prior studies (Saputra & Wicaksono, 2022) have demonstrated that financial statement quality, accounting conservatism, and debt maturity have a positive and significant impact on investment efficiency.

H_4 : Financial statement quality, accounting conservatism, and debt maturity collectively influence investment efficiency

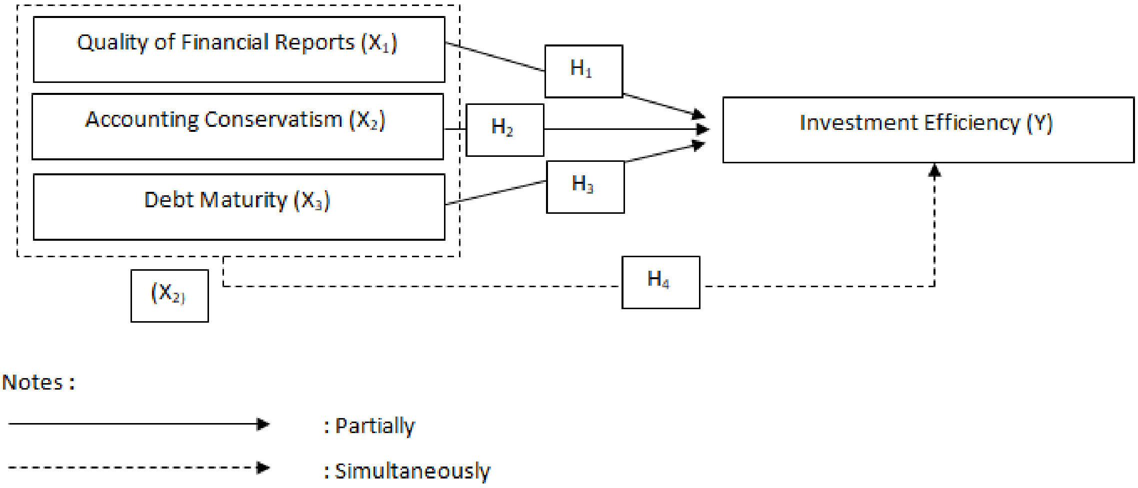

Figure 2. Conceptual Framework
Source : Data Processed, 2025

RESEARCH METHOD

This study employs a quantitative methodology grounded in the positivist paradigm, emphasizing objective observation and rational analysis. The sample was selected using purposive sampling to ensure its relevance to the research objectives. Secondary data were obtained from the annual reports of manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the period 2019–2023.

The dependent variable, investment efficiency, was measured using the residuals from the regression between sales levels and investment (Fitriyah & Suwarno, 2024). These residuals act as a proxy for investment efficiency, with the absolute value of the residual multiplied by -1. A higher resulting value signifies greater investment efficiency, whereas a lower value indicates reduced efficiency.

Data analysis in this study was performed using SPSS version 25.0. Prior to hypothesis testing, a series of classical assumption tests, including normality, multicollinearity, heteroscedasticity, and autocorrelation, were conducted to ensure the validity and reliability of the regression model. Subsequently, multiple linear regression analysis was employed to examine the effect of the independent variables on investment efficiency. Hypothesis testing was carried out using the simultaneous significance test (F-test) to evaluate the joint effect of the independent variables, and the partial significance test (t-test) to assess the individual contribution of each independent variable. Additionally, the coefficient of determination (R^2) was utilized to determine the extent to which the independent variables explain the variation in the dependent variable, namely investment efficiency.

Table 1. Research Sample Criteria

No	Criteria	Amount
1.	Manufacturing companies listed on the Indonesia Stock Exchange (IDX)	220
2.	Companies that were not continuously listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023	(39)
3.	Companies that did not publish financial statements consecutively during the 2019 – 2023 period	(19)
4.	Companies that did not use the rupiah (Rp) currency in their financial	(28)

	statements from 2019 to 2023	
5.	Companies that do not generate a profit	(69)
6.	Companies that do not have the required variable data criteria	(45)
Total Sample Companies		20
Observation Period 2019- 2023		5
Total Observations		100

Source : Data Processed, 2024

The data analysis in this study was performed using panel data regression with SPSS version 25. The operationalization of the research variables is presented in Table 2.

Tabel 2. Operational Variables

Variabel	Indicator	Source
Investment Efficiency (Y)	$Investment_{i,t} = \beta 0 + \beta 1\ Sales\ Growth_{i,t-1} + \varepsilon\mathrm{i,t}$	(Lindary et al., 2022)
Quality of Financial Statements (X1)	$\text{Financial Statement Quality} = \frac{Cash\ flow\ form\ Operating\ Activites}{Earnings\ before\ interest\ and\ taxes\ (EBIT)}$	(Marsya & Dewi, 2022)
Accounting Conservatism (X2)	$CONACC = \frac{(\mathrm{NIO{+}DEP{-}CFO})\times(-1)}{TA}$	(Widowati & Lasdi, 2021)
Debt Maturity (X3)	$Short\ Term\ Debt\ Maturity = \frac{short{-}term\ debt}{Total\ liabilities}$	(Kurniati et al., 2023)

Source : Data Processed, 2024

RESULTS

Descriptive Statistical Analysis

The descriptive statistics results of this study can be seen in Table 3.

Table 3. Descriptive Statistics

Variables	N	Minimum	Maximum	Mean	Std. Deviation
X1	100	-7869.82	14735.69	1527.6600	2407.59587
X2	100	-1107.00	152.00	-403.0300	257.78197
X3	100	76.00	938.00	625.6500	215.09844
Y	100	-73.11	-28.11	-45.1200	9.58843
Valid N (listwise)	100				

Source : Data Processed with SPSS 25 (2024)

Based on the results of descriptive statistical analysis of 100 observations from 20 companies during the period (2019 – 2023), the following results are obtained :

a. Quality of Financial Statements (X1): The highest value is 14,735.69, and the lowest is -7,869.82. The mean value is 1,527.66, and the standard deviation is 2,407.60. Because the standard deviation is higher than the mean, this indicates a large variation in the financial report data.
b. Accounting Conservatism (X2): The highest value is 152.00, and the lowest is -1,107.00. The mean is -403.03, while the standard deviation is 257.78. The standard deviation being smaller than the mean suggests moderate variation, though the negative mean indicates some outliers or potentially negative assessments.

c. Debt Maturity (X3): The maximum value is 938.00, the minimum is 76.00, and the mean is 625.65. With a standard deviation of 215.10, variation is moderate to high, but data remains relatively concentrated around the mean.
d. Investment Efficiency (Y): The highest value is -28.11, and the lowest is -73.11, with a mean of -45.12 and standard deviation of 9.59. The standard deviation is relatively small compared to the mean, indicating minimal variation in investment decisions across the sample.

A series of diagnostic assessments were conducted to ensure the regression model's robustness, focusing on normality, multicollinearity, heteroskedasticity, and autocorrelation.

Table 4. The Regression Model's Robustness

Test Type	Result	
Normality Test		
Kolmogorov-Smirnov Sig.	0.090	
Multicollinearity Test	**Tolerance**	**VIF**
Quality of Financial Statements	0.849	1.178
Accounting Conservatism	0.891	1.122
Debt Maturity	0.948	1.055
Heteroskedasticity Test		
Quality of Financial Statements	0.141	
Accounting Conservatism	0.264	
Debt Maturity	0.708	
Autocorrelation Test		
Durbin-Watson	2.182	
a. Dependent Variable: Investment Efficiency		

Source : Data Processed with SPSS 25 (2024)

The Kolmogorov-Smirnov test showed a significance value of 0.090, which exceeds the threshold of 0.05. This indicates that the data follow a normal distribution. Multicollinearity was assessed using the Variance Inflation Factor (VIF) and Tolerance values. All independent variables—quality of financial statements, accounting conservatism, and debt maturity—displayed VIF values of 1.178, 1.122, and 1.055, respectively, all of which are far below the critical limit of 10. Their corresponding Tolerance values were 0.849, 0.891, and 0.948, all above 0.10, confirming the absence of multicollinearity. Furthermore, the heteroskedasticity test yielded significance values of 0.141, 0.264, and 0.708 for each independent variable, which are all above 0.05, suggesting that the variance of residuals is constant across levels of the predictors. Finally, the Durbin-Watson statistic of 2.182 indicates no autocorrelation in the residuals. These results collectively affirm the robustness, reliability, and validity of the regression model.

Table 5. Resullts of the Multiple Linear Regression Test

	Variable	Unstandardized Coefficients		Standardized Coefficients (Beta)	T	Sig.
		B	Std. Error			
1	(Constant)	-55.800	0.007		-8322.471	0.000
	Quality of Financial Statements	0.000	0.000	0.064	331.168	0.000
	Accounting Conservatism	0.025	0.000	0.674	3551.070	0.000

Debt Maturity	0.033	0.000	0.731	3897.977	0.000
a. Dependent Variable: Investment Efficiency					

Source : Data Processed with SPSS 25 (2024)

After examining the aforementioned data processing outcomes, the following equation is produced:

$$Y = \alpha + \beta 1.X1 + \beta 2.X2 + \beta 3.X3 + \varepsilon \qquad (1)$$

Investment Efficiency : - 55.800 + 0.000 Quality of Financial Statements + 0.025 Accounting Conservatism + 0.033 Debt Maturity + e

Explanation:
Y = Investment Efficiency
α = Constant
β1 β2 β3 = Regression Coefficients
X1 = Quality of Financial Statements
X2 = Accounting Conservatism
X3 = Debt Maturity
ε = Error

The information derived from the multiple regression equation reveals that the constant term is -55.800. This implies that if the values for quality of financial statements, accounting conservatism, and debt maturity are all zero, the investment efficiency would be -55.800%. According to the regression coefficient for quality of financial statements (X1), which is 0.000, a 1% increase in the value of financial statements would lead to a 0.064% increase in investment efficiency.Similarly, the regression coefficient for accounting conservatism (X2), which is 0.025, indicates that a 1% rise in the value of accounting conservatism would result in a 0.674% increase in investment efficiency. Lastly, with a regression coefficient for debt maturity (X3) of 0.033, a 1% increase in debt maturity would cause a 0.731% increase in investment efficiency.

Table 6. Results of the t-Statistic Test

	Variable	Unstandardized Coefficients		Standardized Coefficients (Beta)	T	Sig.
		B	Std. Error			
1	(Constant)	-55.800	0.007		-8322.471	0.000
	Quality of Financial Statements	0.000	0.000	0.064	331.168	0.000
	Accounting Conservatism	0.025	0.000	0.674	3551.070	0.000
	Debt Maturity	0.033	0.000	0.731	3897.977	0.000
	a. Dependent Variable: Investment Efficiency					

Source : Data Processed with SPSS 25 (2024)

The study's findings reveal the following results based on the t-statistic test :

a. The quliaty of financial statements variable (X_1) has a significance value of 0.000, which is less than the 0.05 threshold, and a calculated t-value of 331.168, which is well above the t-table value of 1.6895. **This indicates that the quality of financial statements significantly influences investment efficiency. Therefore, H1 is accepted.**

b. The accounting conservatism variable (X_2) has a significance value of 0.000, which is also less than 0.05, and a calculated t-value of 3551.070, which is significantly higher than the t-table value of 1.6895. **This shows that accounting conservatism significantly impacts investment efficiency. Therefore, H2 is accepted.**
c. The debt maturity variable (X_3) has a significance value of 0.000, which is less than 0.05, and a calculated t-value of 3897.977, which exceeds the t-table value of 1.6895. **This indicates that debt maturity significantly influences investment efficiency. Therefore, H3 is accepted**.

Table 7. Simultaneous Significance Test (F Statistic Test)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	9101.837	3	3033.946	9780472.704	.000[b]
1	Residual	.030	96	.000		
	Total	9101.866	99			

Dependent Variable: Investment Efficiency
Predictors: (Constant), Quality of Financial Statements, Accounting Conservatism, Debt Maturity
Source : Data Processed with SPSS 25 (2024)

According to the ANOVA table, the F-test results show that the calculated F-value is 9,780,472.704 with a significance value (Sig.) of 0.000, which is lower than the alpha level of 0.05. This indicates that the regression model is statistically significant. Therefore, the null hypothesis (H_0), which states that the independent variables (Quality of Financial Statements, Accounting Conservatism, and Debt Maturity) do not simultaneously affect the dependent variable (Investment Efficiency), is rejected. In contrast, the alternative hypothesis (H_1) is accepted, indicating that the independent variables jointly have a significant effect on Investment Efficiency. These results suggest that changes in the quality of financial statements, accounting conservatism, and debt maturity can significantly influence the efficiency of investment decisions.

Table 8. Results of the Coefficient of Determination (R^2) Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	1.000[a]	1.000	1.000	.01761

Dependent Variable: Investment Efficiency
Predictors: (Constant), Quality of Financial Statements, Accounting Conservatism, Debt Maturity
Source : Data Processed with SPSS 25 (2024)

The coefficient of determination test (R^2) in the model summary table shows an Adjusted R-Square value of 1.000, indicating that 100% of the variation in Investment Efficiency can be explained by the independent variables: Quality of Financial Statements, Accounting Conservatism, and Debt Maturity. This extremely high value suggests that the regression model has a very strong explanatory power. In other words, the combined influence of these three variables fully accounts for the variability in investment efficiency among the observed companies. Consequently, there is virtually no variation left unexplained by the model, implying a perfect fit to the data.

DISCUSSION

The Effect of Financial Reporting Quality on Investment Efficiency

The results of the t-test indicate that financial reporting quality has a positive and significant effect on investment efficiency (t = 331.168; sig. = 0.000). This finding implies that higher-quality financial statements are associated with more efficient investment decisions. Theoretically, this result aligns with Agency Theory, which posits that high-quality financial reporting reduces information asymmetry between managers (agents) and investors (principals), thereby minimizing agency conflicts through enhanced transparency and accountability.

The findings of this study are consistent with those of Bushman et al. (2020) and Foster et al. (2021), who argue that high-quality accounting information facilitates more efficient capital allocation by external investors. Similarly, Chen et al. (2022) emphasize that reliable financial statements reduce the risk of misinvestment by enabling more effective stakeholder monitoring. Orazalin & Mahmood (2021) also highlight the crucial role of transparency in financial reporting in mitigating agency conflicts, supporting the results of this study.

In the Indonesian context, Pradipta & Lestari (2023) affirm that improved reporting quality enhances investor confidence and contributes to more optimal investment decisions. Furthermore, Liu et al. (2020) and Fernandes & Gonçalves (2021) suggest that transparent and reliable financial reporting serves as a mechanism for disciplining management and improving the efficiency of resource allocation. Nguyen & Truong (2021) add that firms with stronger reporting practices are better positioned to avoid both overinvestment and underinvestment. Additionally, Alzoubi & Selamat (2020) emphasize that in emerging markets such as Indonesia, where investor protection is relatively weaker, financial reporting quality plays an even more critical role in fostering investor trust. Nonetheless, it is important to consider contrasting evidence. Su & Wang (2022) contend that the benefits of high-quality financial reporting may be limited in environments with weak enforcement of accounting standards, potentially undermining its effectiveness.

The key finding of this study is that high financial reporting quality significantly enhances corporate investment efficiency by reducing information asymmetry and reinforcing monitoring mechanisms. This underscores the strategic role of financial reporting in addressing agency problems and highlights the need for stronger oversight and regulatory enforcement, particularly within emerging market contexts such as Indonesia.

The Effect of Accounting Conservatism on Investment Efficiency

The results of the t-test indicate that accounting conservatism has a positive and significant effect on investment efficiency (t = 3551.070; sig. = 0.000). This finding suggests that conservative accounting practices, which emphasize the earlier recognition of losses relative to gains, encourage prudent managerial decision-making and help limit overinvestment.

Theoretically, this result aligns with Agency Theory, which posits that accounting conservatism serves as an effective governance mechanism to reduce information asymmetry and mitigate managerial opportunism. By restricting the scope for earnings manipulation, conservatism helps align managerial behavior with long-term firm value and fosters greater investor confidence in reported financial outcomes.

The findings of this study are consistent with those of Gormley et al. (2021) and Ahmed & Duellman (2020), who argue that conservatism mitigates excessive risk-taking. Lobo et al. (2020) further demonstrate that firms adhering to conservative accounting tend to avoid inefficient acquisitions and unproductive capital expenditures. In the Indonesian context, Widyaningsih et al. (2021) and Saputra et al. (2023) affirm that conservatism enhances the credibility of financial reporting and helps reduce investment inefficiencies. Additional evidence from García Lara et al. (2020), Wang et al. (2021), and Mulyani et al. (2022) supports the view that accounting conservatism improves the reliability of financial information and encourages value-oriented decision-making.

Nonetheless, contrasting perspectives should also be considered. Cheng et al. (2022) caution that excessive conservatism may suppress innovation by discouraging managers from undertaking high-risk, potentially high-return investments. Similarly, Siregar & Arifin (2023) observe that in high-growth sectors, overly conservative reporting practices can result in underinvestment due to the understatement of firm performance.

In conclusion, this study finds that accounting conservatism contributes to enhanced investment efficiency by promoting cautious financial reporting and aligning managerial behavior with shareholder interests. However, the application of conservatism should be carefully balanced to avoid excessive risk aversion, particularly in dynamic and innovation-driven industries.

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The Effect of Debt Maturity on Investment Efficiency

The results of the t-test indicate that debt maturity has a positive and significant effect on investment efficiency (t = 3897.977; sig. = 0.000). This suggests that firms with longer debt maturities experience improved investment efficiency, likely due to reduced rollover risk and enhanced alignment between funding structure and investment planning.

From the theoretical lens of Agency Theory, this finding partially supports the view that appropriate debt structures serve as a monitoring tool by reducing short-term refinancing pressures. Longer maturities offer managers greater flexibility for long-term projects, potentially mitigating agency conflicts when paired with adequate oversight.

This study supports previous findings by Ortiz-Molina & Penas (2020), Bharath et al. (2022), Zhang & Zhao (2020), and Daryaei & Fadaei (2021), who found that longer debt maturities promote better capital allocation and lower financial constraints. In Indonesia, Andriani et al. (2022) also reported that optimal debt maturity structures help improve capital budgeting practices and long-term investment efficiency.

However, not all studies agree. Custódio et al. (2021) and Kim & Lee (2023) caution that excessive reliance on long-term debt may reduce managerial discipline, especially in the absence of strong monitoring mechanisms. Ariyanti & Hadi (2023) further argue that the benefits of long-term debt depend on internal governance quality, as weak oversight may lead to inefficiencies and complacency.

In conclusion, the main finding of this study confirms that debt maturity positively affects investment efficiency by offering stability and reducing liquidity pressure. Nonetheless, its effectiveness depends on the presence of complementary governance mechanisms. These results highlight the importance of balancing debt structure and control systems, particularly in emerging market contexts like Indonesia.

CONCLUSION

Based on multiple linear regression analysis, this study concludes that financial reporting quality, accounting conservatism, and debt maturity structure have significant positive effects on investment efficiency (Sig. = 0.000). The F-test also confirms their joint significance, with an F-value of approximately 9,780,472,704 (Sig. = 0.000). The model explains 100% of the variance in investment efficiency (R^2 = 1.000) with a minimal prediction error (SEE = 0.01761). Among the variables, debt maturity has the strongest influence (β = 0.731), followed by accounting conservatism (β = 0.674) and financial reporting quality (β = 0.064). These results suggest that firms with reliable reporting, conservative accounting, and well-managed long-term debt tend to make more efficient investment decisions.

SUGGESTION

1. Practical Advice

Companies are encouraged to enhance the quality of financial reporting and adopt accounting conservatism principles, as both variables have been shown to significantly improve investment efficiency (Sig. < 0.05). Additionally, management should strategically manage debt maturity structures, given that this variable exhibits the most dominant effect on investment efficiency (β = 0.731). Furthermore, regulators are advised to strengthen reporting standards and promote prudence-based corporate governance to support more efficient capital allocation.Theoretical Suggestions

2. Future research should explore other variables that may influence investment efficiency, such as corporate governance, risk management, and market competition. Longitudinal studies could also offer deeper insight into how changes in accounting practices and debt structures impact investment behavior over time. Additionally, using other measurement models or incorporating qualitative insights from corporate decision-makers could enrich the understanding of this complex topic.

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