

Financial Performance and Employee Education Expenditure Effect on the Market Responses of Stock Price: A Study on the Mining Companies in Indonesia.

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Abstract: In the contemporary environment, the financial education could increase the more responses in the market about the stock prices. Because, when the organization could increase their budget for the education of the employees then the technical knowledge skills of the employees could be improve that will help to the organizations for the predictions of the stocks prices in the future. Along with these, financial performance is external user information that could also reflect to the stock prices because the positive sentiment of the financial statements could increase the stock prices response. Therefore, this study aimed to examine the influence of company financial performance and employee education expenditure on the market responses of the stock price through the timeliness financial reporting in Indonesian mining companies. Additionally, the study has also examined the role of the physical geography education. This study utilized the ratios of the return on equity (RoE) and debt to equity (DoE) as proxies of financial performance and total assets as a proxy for company size. In addition, earning response coefficient (ERC) and the length of days for submission of financial statements are used as a proxy for the market responses of stock prices and timeliness financial reporting. Data was observed from an unbalanced data panel consisting of 232 years of observation from 32 Indonesian mining companies listed on the Indonesia Stock Exchange for 2010-2016. This study was analyzed using the e views program and employing the mediation regression analysis to test the mediation effect. The results discovered that the better the company's financial performance (i.e., profitability and leverage), the more on time for the Indonesian mining companies to submit their financial statements to regulatory agencies of the capital market. In addition, this study shows that the better profitability and larger company size, the higher market responses of stock price. The results of the study has revealed that the physical geography education is a vital factor that can influence the mining companies' financial performance. Furthermore, this study also observed that the timeliness of financial reports submitted to regulatory agencies of the capital market mediates a significant positive relationship between a company's profitability and market responses of stock price.

Keywords: financial education, stock price, physical geography education, financial performance