Impact of Management Discussion and Analysis

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Abstract

This research aims empirically test the influence management's discussion and analysis on investor reactions and market reactions to manufacturing companies listed on the Indonesian Stock Exchange. The population in this research is all manufacturing companies listed on the Indonesia Stock Exchange (BEI). Using method purposive sampling with a research sample of 133 companies. The type and source of data in this research uses secondary data taken directly from the official website of the Indonesia Stock Exchange (BEI). The analytical method in this research uses simple linear regression analysis. The test results and discussion prove that management's discussion and analysis has no effect on investor reactions. management's discussion and analysis has no effect on market reactions, and partial test results show that management's discussion and analysis has no effect on investor reactions and market reactions. In manufacturing companies listed on the Indonesian Stock Exchange.

Keywords: *Management's Discussion and Analysis, Investor Reaction, Market Reaction.*

Introduction

Good financial reports will provide investors with the information and confidence they need to invest in global capital markets. Investors use information in company financial reports to evaluate and rank a company to determine investment decisions. According to the US SEC (1989), information in the form of numbers in financial reports and brief financial notes alone is not enough for investors to decide on the quality of earnings and the possibility of past performance being used as an indicator for future predictions. Therefore, other types of information are needed to be taken into consideration when assessing the future of a company. In a company's annual financial report there are usually sessions*Management Discussion and Analysis* (MD&A). Company management can use the narrative part of financial reports to communicate honest and reliable information (Kristi et al., 2002). MD&A is a narrative explanation of financial reports to make it easier for users of financial reports to understand the contents of the report. MD&A is able to provide an additional point of view about the company, namely the point of view of the company's management. Management is in a better or better position to provide information about the company than other parties. The MD&A report can be a powerful tool for management in communicating how the company creates value and how to ensure that the process of creating value continues. MD&A in combination with financial reports provides the company with the opportunity to communicate its effectiveness in managing its resources and future steps to achieve the company's previously determined strategic goals. The role of MD&A is very important in the decisions that will be taken by investors and how the market reacts in the capital market.

According to Tandelilin (2010) there are two main functions of the capital market, first, namely as a means of business funding for companies to obtain funds from the investor community for the purpose of business development, additional working capital, or others. The second function is as a means for the public to invest in financial instruments such as shares, bonds, mutual funds, etc. to obtain returns in the future. Maximum capital market returns must efficiently allocate funds from unproductive sectors to more productive sectors. This is an efficient market that must be created. Creating an efficient market is one way of protecting investors' interests, namely by providing open and complete information to investors, so that investors can know and understand all company conditions from various aspects (Suwito & Herawaty,

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2005). An example of a phenomenon related to investor reactions and market reactions is PT. Surya Esa Perkasa Tbk (BBKP), where the company experienced a decline in share prices throughout May 2021 and this caused a decrease in investors' confidence to invest in the company and of course made PT. Surya Esa Perkasa Tbk (BBKP) experienced a very significant decline in its share price from shares correcting 9.23% to Rp. 354. Volume of IDR 1 billion shares and transaction value of IDR. 365.6 billion.

The reports presented are not only about financial reports but also reports about corporate governance, corporate social activities and other activities such as management. The management report here is in the form of a report on various information starting from the company's liquidity position, capital resources, business results and others. These reports are summarized in management discussion analysis discussions or *management's discussion and analysis* (MD&A), and if management presents a complete annual report, investors will be interested in investing because they have sufficient knowledge about the investment potential to be invested. According to (Lindrianasari et al., 2017), this condition is greatly influenced by the information published by management*(internal information)* and information originating from outside the company which also influences management policies*(external information).* The information investors need is not only financial reports but also information about management (Durnev & Mangen, 2020), management information that can be published includes corporate governance, corporate social activation and Management Discussion, and company analysis or MD&A. Public companies must report MD&A because it is an integral part of the company's annual report (SEC, 1980 in Muslu et al., 2015), but the contents of MD&A are still largely voluntary (Beyer et al., 2010). The content of MD&A information in the annual report provides considerations for investors to evaluate the share price of companies that present MD&A completely and openly. This will bias investors' expectations relatively low, because the information conveyed by management is more open, accurate and complete, thereby reducing the risk of the shares concerned. As a result, investors will respond positively to MD&A information. The increase in stock prices and stock trading volume is the cause of buying action by investors which ultimately also affects the average *abnormal return* and the occurrence of average trading volume activity (Lindrianasari et al., 2017).

A complete and open MD&A report can provide information with relatively low bias so that you can understand the stock risks involved and can increase accuracy in making investment decisions. The relevance of annual reports is still doubtful, Francis & Schipper (2013) found regarding the relevance of financial reports in their research which shows that the relevance of financial reports has decreased when comparing companies operating in the technology sector with companies operating in the non-technology sector. Koonce*et al.* (2016) in their research found that investors were misled by partial explanations from management in the MD&A section when management explained the evaluation of the company so that the income predictions made by investors were higher.

Mayew, Sethuraman and Venkatachalam, (2015) in their research stated that MD&A is able to provide information about the company's business continuity and is able to predict the bankruptcy of a company three years earlier. An example that supports Mayew's statement is PT. Grand Kartech TBK was indicated as bankrupt in 2018 because the company was unable to pay its debts. Viewed from that perspective *management's discussion and analysis* (MD&A) contained in the annual report of PT. Grand Kartech TBK this company only reports production, marketing and financial performance, which is less than the index determined by *annual report award* (FIG). Meanwhile, in the index issued by*Annual report Award* (ARA) about *management's discussion and analysis* There are 17 elements that must be fulfilled by every company, and PT. Grand Kartech TBK only reports 3 elements. PT. Grand Kartech TBK only reports annual reports until 2018 and in the following year PT. Grand Kartech TBK does not report an annual report, while the annual report is very influential on investors' decision making to invest their capital. After being declared bankrupt in 2018, PT. Grand Kartech TBK was declared bankrupt in 2021. (Source: merdeka6.com). Even though MD&A provides useful information, it is important to remember that MD&A does not present all material company information because the type of information that must be contained in MD&A is regulated in KEP-431/BL/2012.

Based on previous research, MD&A is only used in making investment decisions for wealthy but inexperienced investors (Epstein and Pava, 1995). Few users use it *annual report* especially MD&A is also

supported by (Apriyanti & Sidanti 2018; Sriwidodo & Sumaryanto 2017) who found that the market did not respond *annual report award* seen as no difference *abnormal return* and *trading volume activity* before and after the announcement date. This is truly unfortunate for decision makers considering that the complete and open information content in the MD&A will be useful for predicting future company performance along with the increasing number of voluntary disclosures in the MD&A.*annual report* (Sriwidodo and Sumaryanto, 2017). The content in MD&A is a repetition of information in the company's annual report that management feels is important so that the information is informative enough for investors (Li, 2017), and the more complex the content of the MD&A of a company's annual report, the greater the possibility of the company beating profits in the previous period. (Lo*et al.*, 2017). MD&A is stated as a financial performance report which is mostly related to the disclosure of information submitted by the company which will certainly make it easier for investors to invest their capital in the company, as the signal theory put forward (Ross, 1977) states that companies must have a storefront as a place to attract investors. For investors, this MD&A report is an attractive showcase for investors because it clearly describes the company's condition. The large number of investors who invest illustrates that the company has good performance, good company performance is determined to be accompanied by increased profits, as research conducted (Bochkay & Levine, 2019) states that textual reports in MD&A are more accurate in predicting the future. This opinion is in line with (S. Pisano, F. Alvino, 2015) (Amel-zadeh & Faasse, 2016) who consider all dimensions in MD&A disclosures to be important and able to predict future profits. A study by (Dav`is & Tama-Sweet 2012) found that managers disclose additional information in MD&A to minimize negative market reactions, but the evidence shows that there is no significant relationship between MD&A disclosure and market response. The same result was found by (Thingard, Jappensen, and Madsen 2015) that MD&A disclosure did not have a significant effect on market reactions, which seems that most investors do not appreciate MD&A disclosure as relevant information that needs to be considered. There are many reasons that investors need to think about before making a decision to invest, and each investor may see different content according to their preferences, so MD&A information may not influence the general market reaction (Tailab & Burak, 2018). It is further said that investors usually combine quantitative and qualitative information in making investment decisions. Therefore, this research is intended to determine whether MD&A disclosure influences shareholder reactions and market reactions.

Theoretical Studies

Shareholder Theory

Shareholder theory states that companies are founded and run for the purpose of maximizing the welfare of owners/shareholders as a result of the investments they make (Smerdon in Sutedi, 2011). According to this theory, the most basic responsibility of directors is to act in the interests of increasing value (*value*) from shareholders. If the company pays attention to the interests of its suppliers, customers, employees and the environment. So*value* shareholders are getting less and less, so management by directors must take into account the interests of shareholders to ensure the long-term health of the company, including increasing *value* shareholders (Semerdon in Sutedi, 2011). This theory explains the relationship between company management and shareholders, with the aim of assisting company management in increasing value creation as a result of the activities they carry out and minimizing losses that may arise for*Shareholder* they. In creating value for the company, company management must be able to manage all the resources owned by the company, both employees (*human capital*), physical assets (*physical capital*) or *structural capital*. If all the resources owned by the company can be managed and utilized well, it will create *value added* for the company so that it can improve the company's financial performance. All these actions are carried out in the interests of shareholders.

Signal Theory (Signaling Theory)

Signaling is a manager's funding activity that is believed to reflect the value of the company's shares. This theory was developed by (Ross 1977). Ross advises the company with *leverage* Managers can use large amounts as an optimistic signal about the company's future. This theory emphasizes the importance of information released by the company on the investment decisions of parties outside the company. Information is an important record of a company in the past, present and future.*Signaling theory* shows the

existence of information asymmetry between company management and parties with an interest in this information and explains how companies provide signals to users of financial reports. Information published as an announcement will provide signals for investors in making investment decisions. If the announcement contains positive value, it is hoped that market players will react at the time of the announcement and it will be accepted by market players. Signals can be in the form of promotions or other information that states that the company is better than other companies (Hartono, 2000). The same is true if it is related to the relationship between performance and social or environmental disclosure, namely if a company has performance *financial* If it is high, it can provide a positive signal to investors or the public through financial reports or annual reports that will be disclosed. This signaling theory is used to see signals of success or failure by *agent* which must be conveyed to *principal*. According to (Scott 1997) an important requirement for signals is that they must be less expensive for high-level managers compared to low-level managers. This shows the credibility of the company's signals, because low-level managers will not rationally imitate high-level managers so the market will know this. When investors have received information, investors will immediately analyze the good or bad signals that appear which will later have an impact on changes in stock trading volume. And this theory explains that management must take action to guide investors regarding the company's prospects. The assumption of this theory is that managers and shareholders have different access to company information.

Management's Discussion and Analysis (MD&A)

Disclosure *management discussion and analysis* (MD&A) is part of the company's annual report. The company provides an overview of the previous year's operations and how the company is now. Management will usually also explain performance projections and outline future goals and approaches for new projects. MD&A is an important part of the annual report, especially for story users in analyzing fundamentals. While this section contains useful information, investors should be aware that this section is unaudited. Then investors will not know how company management can overcome the company's external factors (challenges and opportunities). In general, MD&A reflects a company's position of liquidity, capital resources, business results, causes of material changes in annual report items (such as asset impairments and restructuring charges), unusual events or an infrequent nature (such as mergers and acquisitions or buyouts). return stock). Positive and negative trends, the impact of inflation, domestic and international market risks, and significant uncertainty (Gultom et al., 2015). According to the SEC, MD&A is the narrative that investors need. It can help readers understand an entity's financial position and operating results with an understanding of management and perspective. This can provide added value to the company's financial reports. MD&A provides an overview of the company that will influence prospects. MD&A explains a company's financial results and allows management to discuss topics that may not be visible in the financial statements.

Management disclosures in MD&A can help investors to clarify and add value to the financial statements. MD&A and other narrative disclosures can provide additional information that is useful in explaining the likelihood of bankruptcy that a company will experience in the future (Tennyson et al., 1990). Narrative disclosure in MD&A regarding inventory is able to reveal unreasonable increases in inventory amounts so that it is useful in predicting future performance. (Mayew, 2012) also stated the same thing as (Sun, 2010) and (Tennyson, Ingram and Dugan, 1990) that MD&A is useful in predicting bankruptcy three years earlier than predicting using financial ratios. (Mayew et al. 2015) found that MD&A disclosures have additional explanatory information to predict bankruptcy when used for a period of more than one year. (Lindrianasari et al. 2017). The purpose of MD&A is to provide the information needed to understand a company's seasonal conditions, changes in seasonal conditions and operating results. In the draft Commission Regarding Discussion *management's discussion and analysis* financial condition of a company. (Commission 2003). MD&A has three primary goals: providing a narrative explanation of a company's annual report that allows investors to see the company through management's eyes, increasing transparency in disclosing annual information, and providing a context in which annual data should be analyzed. And to provide information about quality, potential variability, company profitability, and cash flow, investors can ascertain the likelihood that past performance is a projection of future performance.

Management Analysis and Discussion is a part of the annual report that describes aspects of financial reports and other statistical data, both past and present. The purpose of MD&A disclosures is to increase readers' understanding of fundamental (economic) analysis. These aspects include the company's liquidity position, capital resources, operating results, causes of material changes in annual report items (such as asset impairment and restructuring costs), unusual or infrequent events (such as mergers and acquisitions or share buybacks).), positive and negative trends, the impact of inflation, domestic and international market risks, and significant uncertainties. This research uses a disclosure index *management's discussion and analysis* (MD&A) according to the organizer's criteria *Annual report award* (ARA), namely the Financial Services Authority, there are 17 elements that must be included in MD&A as follows:

Elements That Must Be Present In management's Discussion and Analysis

No.	Elements that must be present in *management's discussion and analysis*
1.	Operational objectives per business segment.
2.	Description of the company's financial performance
3.	Discussion and analysis of the ability to pay debts and the level of collectibility of the company's receivables
4.	Discussion of capital structure (*capital structure*) and management policy on capital structure
5.	Discussion regarding material ties for investment in capital goods
6.	Discussion regarding investment in capital goods realized in the last financial year
7.	Comparative information between targets and results achieved (realization) in the financial year, and targets or projections to be achieved for the next year
8.	Material information and facts that occur after the date of the accountant's report
9.	Description of the company's business prospects
10.	Description of marketing aspects
11	Description of dividend policy and the amount of cash dividends per share and the amount of annual dividends declared or paid during the last 2 (two) financial years
12	Share ownership program by employees and/or management implemented by the company (ESOP/MSOP)
13	Realization of the use of proceeds from the public offering (in the event that the company is still required to convey report actual use of funds)
14	Information material about investment, expansion, divestment, business merger/consolidation, acquisition or debt/capital restructuring
15	Material transaction information that contains conflicts of interest and/or transactions with affiliated parties
16	Description of changes in laws and regulations that have a significant impact on the company
17	Description of changes in accounting policies implemented by the company in the last financial year

Source: http://www.ojk.go.id/kriteria-annual-report-award-2013

Research Methods

The research method used in this research is a quantitative method, where this research uses data in the form of numbers. The quantitative approach is an approach in research that aims to determine the relationship between two or more variables whose data is expressed in numbers and analyzed using statistical techniques. The type of research used in this research is associative research. In this research, the design used is a causality research design. Causality research design is a research design designed to examine the possibility of a cause-and-effect relationship between variables. There are 2 types of variables in this research, namely the dependent variable and the independent variable. The independent variables in this research are *Management Discussion and Analysis* (X), and the dependent variables are Investor Reaction (Y1) and Market Reaction (Y2).

This research was conducted on all manufacturing companies listed on the Indonesia Stock Exchange (BEI) by obtaining annual report data on all manufacturing companies for 2017-2021. The data source used in this research is secondary data. Secondary data for this research was obtained from the annual reports of all manufacturing companies listed on the Indonesia Stock Exchange (BEI) for 2017-2021. The data used by the author is the annual report which was downloaded from www.idx.co.id. and from each company website.

Each research variable has a different indicator or measurement, where investor reactions are measured by looking at Trading Volume Activity (TVA), which is by looking at the number of shares traded by dividing the number of shares in circulation. this year and dividends. Whereas for *Management Discussion and Analysis* (MD&A) itself is measured by dividing the total MD&A disclosure index disclosed by the company and the total index is the total disclosure (MD&A). For disclosure that must be in *Management Discussion and Analysis* (MD&A) According to organizer criteria *Annual Report Award* (ARA) or Financial Services Authority (OJK) are as follows.

In processing the data, this research uses simple linear regression. The simple linear regression equation is an equation model that describes the relationship between one independent variable/predictor (X) and one dependent variable/response (Y), which is usually depicted with a straight line, and the equation is: using a simple linear regression equation:

$$Y_1 = \alpha + \beta(MD\&A) + e \quad Y_2 = \alpha + \beta((MD\&A) + e$$

Information   :

Y1   : Investor Reaction

Y2   : Market Reaction

X1   : MD&A

a   : Constant

Results and Discussion

This research uses manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2021 period. The sample used in this research is 665 data obtained from 133 x 5. The data used in this research is quantitative data obtained from the company's annual report. To see the initial picture and characteristics of this research, the following descriptive statistics are used:

Table 1. Descriptive Statistics

	N	Min	Max	Mean	Std. Deviation
MD&A	665	.04	1.00	.3051	.20205
Investor Reaction	665	.00	1.13	.0218	.07669
Market Reaction	665	-.92	18.10	.2069	1.04862
Valid N (listwise)	665				

Based on the calculation results from the table above, it can be seen that N or the amount of data for each variable is 665 which comes from a sample of manufacturing companies listed on the Indonesia Stock Exchange (BEI).

Management Discussion and Analysis

Based on the table above, variable*Management Discussion and Analysis* The mean value is 0.3051 and the standard deviation (Std. Deviation) is 0.20205, which means that the mean value is greater than the standard deviation value, thus indicating that the results are quite good. This is because the standard deviation reflects very high deviations, so the data that shows normal and abnormal results causes bias. The minimum value is 0.04, which in this case means that there were companies during the observation period that only reported 40%*Management Discussion and Analysis* in its annual report and the maximum value is 1.00 or 100%, this shows that there is a company that reports all components*Management Discussion and Analysis* required by Bapepam/OJK.

Investor Reaction

Based on the table above, the Investor Reaction variable has a mean value of 0.0218 and a standard deviation (Std. Deviation) of 0.07669, which means that the mean value is smaller than the standard deviation, thus indicating that the results are not good. This is because standard deviation reflects very high deviations, so the data shows abnormal results and causes bias. The minimum value is 0.00 and the maximum value is 1.13.

Market Reaction

Based on the table above, the Market Reaction variable has a mean value of 0.2069 and a standard deviation (Std. Deviation) of 1.04862, which means that the mean value is smaller than the standard deviation, thus indicating that the results are not good. This is because standard deviation reflects very high deviations, so the data shows abnormal results and causes bias. The minimum value is -92 and the maximum value is 18.10.

Regression and Hypothesis Testing

The simple linear regression equation is an equation model that describes the relationship between one independent variable / predictor (X) and one dependent variable / response (Y), which is usually depicted with a straight line, and for the equation, a simple linear regression equation is used. In processing data using simple linear regression, several stages are carried out to find the relationship between the independent variable and the dependent variable, through the influence*Management Discussion and Analysis* (X) to investor reactions (Y1), and influence*Management Discussion and Analysis* (X) to market reaction (Y2).

Table.2 Simple Linear Regression Test Results Investor Reactions

<table>
<tr><td colspan="7" align="center">**Coefficients^a**</td></tr>
<tr><td rowspan="2" colspan="2" align="center">Model</td><td colspan="2" align="center">Unstandardized Coefficients</td><td align="center">Standardized Coefficients</td><td rowspan="2" align="center">T</td><td rowspan="2" align="center">Sig.</td></tr>
<tr><td>B</td><td>Std. Error</td><td>Beta</td></tr>
<tr><td>1</td><td>(Constant)</td><td>.004</td><td>.000</td><td></td><td>8.109</td><td>.000</td></tr>
<tr><td></td><td>*Management'sDiscussion and Analysis*</td><td>.000</td><td>.001</td><td>.009</td><td>.196</td><td>.845</td></tr>
</table>

a. Dependent Variable: Investor Reaction

Based on the results of the simple linear regression test in table 2, it can be seen that the constant value obtained is 0.004, while the value*Management Discussion and Analysis* of 0.000. These results can be included in the following equation:

$$Y = a + bX + e$$

$$Y = 0.004 + 0.000 \, (MD\&A) + e$$

simple linear regression equation model above, it can be translated as follows: The constant is 0.004, which means that the consistency value of the Investor Reaction variable is 0.004. Regression coefficient*Management Discussion and Analysis* (X) is 0.000 which states that for every additional 1 value*Management Discussion and Analysis* , then the participation value increases by 0.000. This coefficient is positive, so it can be said that the direction of influence of variable X on Y is positive. The results of this research are in line with research conducted by (Peter and Robin 2014) which states that Trading Volume Activity (TVA) does not have a significant influence on stock prices. This indicates that investors when buying shares pay less attention to the amount of trading volume that occurs. In addition, this indicates that an increase in trading volume does not always affect share prices. Where if the price increases, but is not followed by an increase in trading volume, technical analysts are generally skeptical about the trend of increasing prices. An upward price movement with a certain pattern, followed by a very high increase in sales volume generally means that market conditions will experience a decline in prices. Based on the research results in table 2, the β coefficient value is 0.000, indicating a positive direction, then the calculated t value is 0.196 with a significance value of 0.845. Based on the t distribution table, the t table result is 1.96490 because t count < t table (0.196 < 1.96490) and the sig value is > 0.05 (0.196 > 0.05). So it can be concluded that H1 which means*Management Discussion and Analysis* has no effect on Investor reactions.

The results of this research are in line with research conducted by (Soriton et al., 2021) which states that non-financial information for manufacturing companies such as*Management Discussion and Analysis* as part of the annual report does not have a significant influence on investors in Indonesia. The purpose of disclosing information on manufacturing companies for the Indonesian capital market does not work as expected because there is no significant difference in trading volume activity before and after the disclosure*Management Discussion and Analysis* MD&A. Disclosure*Management Discussion and Analysis* MD&A for manufacturing companies is not fully prepared by management. The next research that is in line with this research is According to (Rettob, 2019) an event is considered to have information content if the event causes market players to carry out trading reactions. This research shows that market players do not react to trading through changes in TVA after the publication of financial reports occurs. This can happen because financial reports as accounting information are not strong enough to be used as a basis for decision making. Accounting uses more financial information and does not disclose non-financial information,

accounting information focuses more on companies as individuals and does not present information about the industry and the economy as a whole.

Table 3. Market Reaction Simple Linear Regression Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.042	.019		-2.193	.029
	Management Discussion and Analysis	.055	.053	.047	1.039	.300

a. Dependent Variable: Market Reaction

Based on the results of the simple linear regression test in table 3, it can be seen that the constant value obtained is -0.042, while the valueManagement Discussion and Analysis of 0.055. These results can be included in the following equation:

$Y = a + bX + e$

$Y = -0.042 + 0.055 \ (MD\&A) + e$

In the simple linear regression equation model above, it can be translated as follows: The constant is -0.042, which means that the consistency value of the Investor Reaction variable is -0.042. Regression coefficient*Management Discussion and Analysis* (X) is 0.055, which states that for every 1 additional management's discussion and analysis value, the participation value increases by 0.055. This coefficient is negative, so it can be said that the direction of influence of variable X on Y is positive. The research results in table 4.3 show that the β coefficient value is 0.055, indicating a positive direction, then the calculated t value is 1.039 with a significance value of 0.300. Based on the t distribution table, the t table result is 1.96490 because t count < t table (1.039 < 1.96490) and the sig value is > 0.05 (1.039 > 0.05). So it can be concluded that which means*Management Discussion and Analysis* has no effect on market reaction.

The results of this research are in line with the results of research conducted by (Rizki 2015) in (Surata et al., 2019) which states that voluntary disclosure or*Management Discussion and Analysis* The issuer's annual report has no effect on share prices even though the research stated that there was a difference in the average abnormal return before and after the disclosure of the annual report. The results of this research support the results of research from (Paramita & Rizal 2015) and (Widiastuti 2004) that information disclosure in annual reports and voluntary disclosures are reacted by the market. Research that is in line with this research was conducted by (brown and tucker 2011) in (Surata et al., 2019) stating that disclosure*Management Discussion and Analysis* must be modified according to the company's economic conditions from time to time and most companies do not submit MD&A disclosures, therefore the use of MD&A disclosures is that they have little influence on market decisions. The next research which is in line with this research was conducted by (Rettob, 2019). Financial and annual reports as accounting information are not strong enough to be used as a basis for decision making. Financial reports cannot reflect various factors that can influence the company's financial position or condition because these factors cannot be expressed in monetary terms. Other factors that can influence stock price fluctuations can be non-financial information such as internal factors, namely announcements by the management board of directors and external factors in the form of announcements from the government, legal announcements, securities industry announcements, domestic political turmoil and exchange rate fluctuations as well as issues that occur. both from within and outside the country.

Conclusion

Based on the results of the analysis and discussion explained in the previous chapter regarding the influence of disclosure*Management Discussion and Analysis* on investor reactions and market reactions in manufacturing companies listed on the Indonesia Stock Exchange (BEI) for the 2017-2021 period. This research used 485 samples. Based on the analysis of this research, the conclusions that can be drawn are as follows:*Management Discussion and Analysis* has no effect on investor reactions. This means that every disclosure*Management Discussion and Analysis* what was expressed by each company was not able to cause investor reactions in making decisions to invest.*Management Discussion and Analysis* has no effect on market reaction. This means that every disclosure*Management Discussion and Analysis* what was expressed by each company was unable to cause a market reaction.

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