Original Researcher Article

The Moderating Effect of Stocks Selling Volume on The Impact of Accounting Information on Public Welfare

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ABSTRACT

Purpose – This study aims to examine how public welfare, proxied by the number of national strategic projects, can be influenced by accounting information, which is proxied by net income and audit opinion in financial statements. It investigates the effects of net income and audit opinions on public welfare, as well as the moderating role of stock trading volume in these relationships.

Research methodology – Using data from 134 companies listed on the Indonesia Stock Exchange (IDX) and national statistics on national strategic projects cases from 2019 to 2024, the study applies multiple regression and data panel regression. The analysis is grounded in signaling theory.

Findings – The results show that during the pandemic, post-pandemic, and the new normal period of 2019–2024, the interaction between net income and stock trading volume significantly increases the number of strategic projects, which in turn means that public welfare also improves. Accounting information, when characterized by strong transparency and accountability—as described by signaling theory—plays a vital role in enhancing public welfare.

Research limitations – The study focuses only on Indonesian listed companies during the pandemic and post-pandemic until the new era period. Future research could include other countries and longer time spans.

Practical implications – The results provide insights for regulators to strengthen accounting standards and national strategic project policy.

Originality/Value – This study uniquely identifies the accounting information in affecting public welfare, which is proxied by national strategic projects in Indonesia.

Keywords: Audit Opinion, Net Income, National Strategic Project, Stocks Selling Volume

INTRODUCTION

Welfare is a benchmark used to determine whether an individual or a community group is in a decent economic condition. Various factors influence public welfare, including the level of education, market price levels, and the availability of employment (Sultan et al., 2023). In relation to employment availability, Scott and O'Brien (2020) state that public welfare can be proxied by the number of national strategic projects. This means that the greater the number of strategic projects, the more labor will be absorbed, which in turn will lead to an increase in people's welfare.

Did the global economic crisis during the 2019–2024 period affect public welfare, particularly in Indonesia? As we know, during 2019–2024, there were significant changes in the business world driven by various external factors, such as the COVID-19 pandemic, followed by the post-pandemic era, and the energy crisis in Europe resulting from the Russia–Ukraine conflict (Kilfoyle,

2023). These events triggered a global economic recession, which also affected Indonesia's economy.

This economic crisis had a direct impact on the financial performance of companies listed on the IDX. Do changes in corporate financial performance, as presented in accounting information, affect the broader economy and public welfare? This issue is highly interesting and warrants further research.

Signaling theory (Nagar & Sen, 2016; Scott & O'Brien, 2019) states that net income serves as the primary signal in financial statements. IFAC (2016) also affirms that net income reflects a company's main financial performance. Therefore, in this study, accounting information is proxied by net income, which is used as the independent variable, with the research period focused on 2019–2024. Furthermore, considering users' perception that financial statements are more reliable when audited, audit opinion is also employed as an independent variable (IFAC, 2016).

According to Scott & O'Brien (2020), financial statements contribute to improving a country's public welfare. They state that high-quality managerial performance within a company produces credible financial statements because managers do not engage in shirking. Investors and the capital market respond positively to such financial reports (Kurniawati & Pamungkas, 2023; Baker & Wurgler, 2007).

An increase in investors' stock purchases is reflected in higher stock trading volume. As an intermediary for public funds, the capital market contributes by channeling

funds into potentially profitable strategic projects, thereby enhancing the welfare of both investors and the public. In this study, stock trading volume is used as a moderating variable, while public welfare is proxied by the number of strategic projects (Scott & O'Brien, 2020) as the dependent variable.

As discussed in signaling theory, the signals conveyed through financial statements enable the market to recognize a company's positive prospects (Nagar & Sen, 2016; Scott & O'Brien, 2019). The above explanation, when illustrated in schematic form, appears as follows.
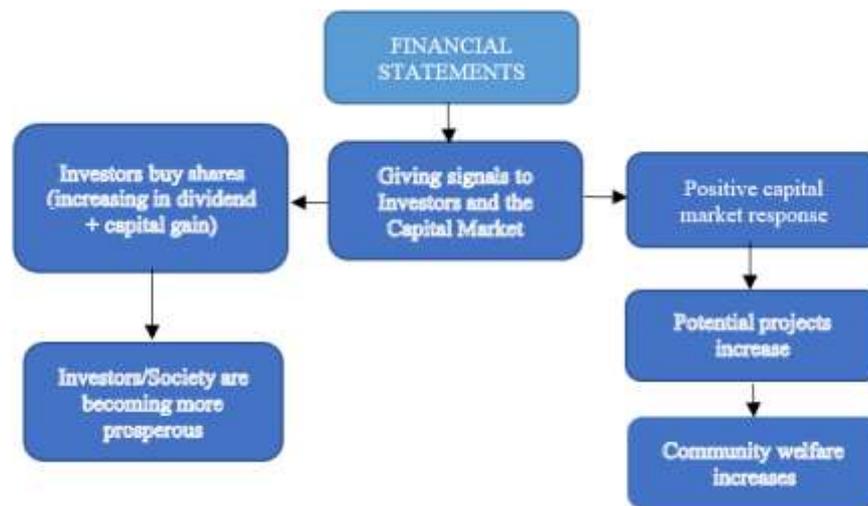

Figure 1 Scheme of the influence of financial reports on community welfare

Source: Scott & O'Brein, 2020

The view expressed by Scott & O'Brien (2020) serves as one of the motivations for conducting further research to examine more deeply the validity of the claim that financial statements can contribute to improving public welfare in Indonesia.

Net income reflects a company's performance (IFAC, 2016). Research conducted in the United States indicates that net income has a significant effect on improving public welfare, as evidenced by an increase in U.S. GDP. When net income rises, GDP also increases (Konchitchki and Patatoukas, 2014).

This also suggests that stock trading volume tends to increase, since higher net income influences investors to purchase shares (Beer et al., 2018; Da et al., 2018). In Zimbabwe, research by Chikwira and Mohammed (2023) likewise concludes that stock trading volume has a positive effect on the country's GDP growth.

The number of national strategic projects can serve as an indicator of public welfare (Scott & O'Brien, 2020). The more such projects are developed, the greater the improvement in people's welfare. In Indonesia, these projects are indeed intended to enhance public welfare.

According to Presidential Regulation No. 66 (2020), infrastructure projects designated as national strategic projects are implemented by the government and established through Presidential Regulation, with the primary objective of improving public welfare and

promoting economic growth. Arjawa and Senimantara (2022) further state that economic growth is represented by the economic welfare of society.

Various previous studies have shown inconsistent findings regarding the relationship between net income, audit opinion, stock price/stock trading volume, and GDP or public prosperity. Therefore, further research is needed to provide stronger empirical evidence. These inconsistencies can be seen in the following discussion.

This study is motivated by the argument that recent research has attempted to address research design problems that previously resulted in contradictory findings. For example, research conducted in the United States concludes that net income increases GDP, thereby enhancing prosperity (Konchitchki & Patatoukas, 2014).

However, other studies report different results, stating that net income does not affect stock prices, as found in the studies by Fatmawatie (2023) and Mareza et al. (2025). Research in Zimbabwe (Chikwira & Mohammed, 2023) indicates that stock trading volume has a positive effect on GDP growth, thereby increasing prosperity.

Studies on the audit opinion variable also show inconsistent conclusions. Research in Tunisia finds that audit opinion does not affect stock prices or stock returns (Salim, 2021) and therefore does not contribute to investor prosperity. In contrast, research in Vietnam concludes that audit opinion and audit firm reputation have a significant

effect on stock prices (Thuy et al., 2025). Furthermore, Badlaoui et al. (2023) find that a modified audit opinion has a significant negative effect on stock prices, leading to a decline in stock trading volume..

This study adopts a novel approach by examining the opinion of Scott & O'Brien (2020), namely that a company's financial performance, as reflected in net income, affects public welfare, which is proxied by the number of national strategic projects.

At the same time, this study integrates two less-explored variables—audit opinion (IFAC, 2016) and stock trading volume—within the underrepresented context of the Indonesian business environment.

This study contributes to the financial accounting literature by enriching theoretical insights into community welfare as an outcome of changes in corporate financial performance in Indonesia, and by supporting the development of a more comprehensive analytical model.

From a practical perspective, the findings provide guidance for listed companies to maintain financial performance through improved reporting strategies, while also offering investors valuable information to support more informed decision-making.

1. Literature Review

1.1. Signaling Theory

Signaling theory (Spence, 1973; Brigham & Houston, 2011) explains how management's disclosure of growth prospects influences investors, with net income serving as a key performance signal (Ball & Brown, 1968; Scott & O'Brien, 2019). While net income conveys firm quality and supports transparency, it can also be manipulated through earnings management (Nagar & Sen, 2016; Scott & O'Brien, 2019).

1.2. Agency Theory

Agency theory (Jensen & Meckling, 1976; Scott & O'Brien, 2019) describes how shareholders delegate authority to managers, creating potential conflicts when managers pursue personal gains, such as inflating earnings. Agency theory supports examining net income and audit opinion to ensure unbiased financial reporting (Jensen & Meckling, 1976; Hoesada, 2020).

1.3. Stakeholder Theory

This theory states that all stakeholders have the right to obtain information about organizational activities that may affect them, whether they directly play a constructive role in the organization's survival (Puspita & Wahyudi, 2021).

From the company's perspective, firms seek to report their performance in managing the impacts arising from their business operations to stakeholders (Yulianti & Nugrahanti, 2020).

This theory supports further examination of net income and audit opinion as important factors that provide assurance that financial statements can be trusted by stakeholders.

2. Hypothesis Development

2.1. Relationship between Net Income and National Strategic Project

Konchitchki and Patatoukas (2014) conclude that in the United States, net income serves as an indicator of increases in Gross Domestic Product (GDP). Net income is an account commonly used by investors in making investment decisions. The higher the net income, the greater the dividends and capital gains investors expect, thereby improving their welfare (Kurniawati & Pamungkas, 2023).

Similarly, Lamont and Frazzini (2007) find that stock prices increase around the time of net income announcements. Rising stock prices indicate an increase in stock trading volume.

H_{A1}: Net income affects the national strategic project

2.2. Relationship between Opini Audit and National Strategic Project

Market reactions to audit opinions are not always consistent across countries or different markets. For example, research in Tunisia by Ghorbel (2012) and Salim (2021) shows that audit opinion does not affect stock prices or stock returns.

However, this differs from findings in Vietnam, where research concludes that audit opinions and audit firm reputation have significant positive effects on stock prices within the Vietnamese context (Thuy et al., 2025). Meanwhile, a study conducted in Oman concludes that a qualified opinion does not affect stock trading volume (Flees & Mouselli, 2021) and therefore does not contribute to improving investor welfare.

H_{A2}: Audit opinion influences the national strategic project

2.3. Relationship between Net income and audit opinion on the national strategic project

This study also aims to examine the simultaneous impact of net income and audit opinion on the number of national strategic projects, specifically whether changes in net income and audit opinion significantly affect the number of national strategic projects (Scott & O'Brien, 2019; Thuy et al., 2025).

H_{A3}: Net income and audit opinion influence national strategic project

2.4. The moderating effect of stocks selling volume on the relationship between Net Income and National Strategic Project

The interaction of stocks selling volume which is considered to increase positive investor sentiment with net income, which is considered to company performance, is thought to increase national strategic project.

H_{A4}: stocks selling volume strengthens the influence of net income on national strategic project

2.5. The moderating effect of stock selling volume on the relationship between audit opinion and National Strategic Project

The interaction of stocks selling volume which is considered to increasing positive investor sentiment with

audit opinion, which is considered to fairly stated financial statements, is thought to increase national strategic project.

H_{A5}: stock selling volume strengthens the influence of audit opinion on national strategic project

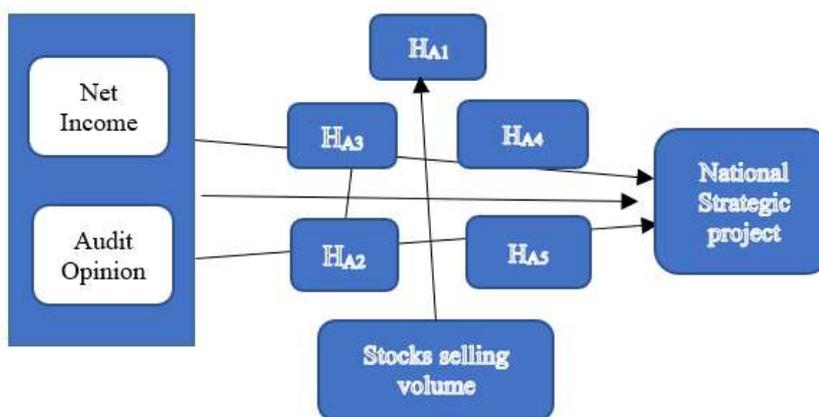The comprehensive research model of this study is presented in Figure 2 as follows.

Figure 2. Research Model

Source: Author, 2025

3. Methodology

This study uses a quantitative method (Duli, 2019). The study uses numbers and statistics to collect, analyze, and interpret data. The objective is to explain, improve understanding, or explore new aspects of the variables that influence the hypothesis being tested (Sekaran & Bougie, 2020).

Primary data were collected through expert discussions. Using purposive sampling, 75 IDX-listed companies across 11 sectors and 33 subsectors with audited financial statements from 2019–2024 were selected, yielding 440 observations over the four-year period.

The measurement of variables is presented in Table 1 as follows.

Table 1 Operationalization of Variables

Variable	Definition	Scale	Indicator
Net Income *(independent variable)*	The net income represents the company's performance (Scott & O'Brain, 2020; Manurung et al., 2019; OJK, 2017).	Ratio	The natural logarithm value of net income is listed in the company's income statement
Audit Opinion *(independent variable)*	Audit opinion indicates whether financial statements contain material misstatements resulting from fraud (UU RI, 1999).	Ratio	The weight of the opinion type is multiplied by the ranking weight of the public accounting firm (Janan,2023; Manurung et al.,2025).
Stocks selling volume *(moderating variable)*	The company's stock selling volume per year. (at investing.com; https://www.investing.com/equities/bumi-resources).	Ratio	Total stock selling volume each year from investing.com
National welfare (dependent variable)	As Scott & O'Brein (2020) say increasing in net income will increase stocks prices then will increase national strategic project as the proxy of national welfare.	Ratio	The total of national strategic projects per year (Data Indonesia)

Source: processed by researchers

The Regression of Data Panel

Panel Data Regression Equation

The multiple panel data regression equation is formulated as follows:

Equation: The effect of Net Income and Audit Opinion, moderated by the Stock Trading Volume variable, on National Strategic Projects.

$NSPit = \alpha + \beta_1 \ln NIit + \beta_2 Opinit + \beta_3 \ln NIit*VPS + \beta_4 \ln Opinit*VPS + \varepsilon$

NSP	= National strategic project
α	= Constanta
β	= Regression coefficient independent variable
LnNI	= Lon Net income
Opin	= Opini audit
LnNIit*VPS	= Ln Net income x stocks selling volume
LnOpinit*VPS	= Ln Opini audit x stocks selling volume
ε	= *Error term*
i	= company
t	= year/ time

Panel data regression analysis can be conducted using the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM) approaches.

To determine the most appropriate model, the Chow test, Hausman test, and Lagrange Multiplier (LM) test are performed.

The Chow test is used to determine the best model between the Common Effect Model (CEM) and the Fixed Effect Model (FEM).

The hypotheses of the Chow test are as follows:

H₀: The regression model is the Common Effect Model.
H₁: The regression model is the Fixed Effect Model.

The Hausman test is a statistical test used to determine whether *the Fixed Effect Model or the Random Effect Model* is more appropriate for use

H₀: The regression model is the Random Effect Model.

H₁: The regression model is the Fixed Effect Model

The Lagrange Multiplier (LM) test is used to determine whether the Random Effect Model or the Common Effect Model is more appropriate.

H₀: The regression model is the Random Effect Model.

H₁: The regression model is the Common Effect Model.

Multiple Linear Regression

The second data analysis model used in this study is multiple linear regression. Multiple linear regression is intended to examine the effect of independent variables on the dependent variable (Ghozali, 2018; Sekaran & Bougie, 2019).

This method is selected because it can explain whether there is a significant effect of net income, audit opinion, and stock trading volume on national strategic projects.

The following is the multiple linear regression equation used in this study:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 NI*SSV + \beta_4 Opin*SSV + e$$

Y	= National strategic projects
α	= Constant
β_1	= Coefficient Multiple Regression
β_2	= Coefficient multiple Regression
X_1	= Net income; NI*SSV = Net income x stocks selling volume
X_2	= Audit opinion; Opin*SSV = Audit opinion x stocks selling volume
e	= Error

4. Result

Result of Partial test

The panel data regression analysis is conducted through the following stages:

CEM. The Common Effect Model is the most basic estimation method in panel data regression, as it applies to the ordinary least squares (OLS) principle.

REM. The Random Effect Model arises from variations in the value and direction of relationships across subjects, which are assumed to be random and specified in the form of residuals. The REM is estimated using the Generalized Least Squares (GLS) method

FEM. The Fixed Effect Model is an approach that assumes the intercept and slope (β) of the regression equation are constant across cross-sectional units and overtime-series units. The most used estimation technique for this approach is the Least Square Dummy Variables (LSDV) method.

The Chow, Hausman, and Lagrange Multiplier (LM) tests are conducted to determine the most appropriate model among the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM) for panel estimation. In this study, the Chow test results indicate that the CEM is the best model, with Prob > F = 1.0000, which is greater than α (0.05). The Hausman test results suggest that the REM is the preferred model, with Prob > chi² = 0.1229. Meanwhile, the LM test result shows Prob > chibar² = 1.0000, which is greater than α (0.05), indicating that the accepted model is CEM. Based on the results of these three tests, the conclusion is that the Common Effect Model (CEM) is the most appropriate model for this study.

Classical assumption tests are conducted prior to performing the regression analysis.

The normality test is conducted to test H₁: $\varepsilon_i \nsim N(0, \sigma^2)$. The results indicate that the residuals are not perfectly normally distributed, as the p-value for skewness is 0.0000 and the p-value for kurtosis is 0.0000, both of

which are below $\alpha = 0.05$. The joint test yields an Adjusted chi²(2) = 47.01 with a p-value of 0.0000, confirming non-normality. The multicollinearity test concludes that there is no multicollinearity problem, as the VIF values for all variables are below 10. The autocorrelation test is conducted using the Wooldridge test. The results indicate the presence of autocorrelation because the significance value (p-value) is less than $\alpha = 0.05$. The heteroskedasticity test using the Breusch–Pagan test shows that there is no heteroskedasticity problem, as the value of Prob > chi² = 0.7797.

The Common Effect Model (CEM) is selected as the best model, specifically in its robust form. In this study, the CEM regression with Driscoll–Kraay robust standard errors is employed to analyze the panel data, as this method can address the autocorrelation problem. The results of the data analysis are as follows in Table 2.

Table 2 Xtscc y_project_strategic Ln_NetIncome OpiniAudit modX1_z modX2_z

Regression with Driscoll-Kraay standard Errors

Number of obs	=	440
Number of groups	=	75
F (4, 5)	=	16.79
Prob > F	=	0.0042
R-squared	=	0.0058
Root MSE	=	75.6337

Drisc/Kraay

Y_projec_s-s	Coefficient	Std. errs.	t	P>|t|	[95% conf.]	[interval]
x1_netincome-e	-3.943837	5.277556	-0.75	0.489	-17.51023	9.622553
x2_OpiniAudit-a	1.285627	.269125	4.78	0.005	.5938188	1.977434
mod_x1_z	.6850911	.3322715	2.06	0.094	-.16904	1.539222
mod_x2_z	-.1549041	.026895	-5.89	0.002	-.2224835	- 0873246
_cons	81.24504	40.77406	1.99	0.103	-23.56802	186.0581

Source: Stata processed.

The R-squared value is 0.0058. This indicates that the independent variables—Net Income, Audit Opinion, the interaction between Net Income and stock trading volume, and the interaction between Audit Opinion and stock trading volume—simultaneously explain only about 0.58% of the variation in the Number of National Strategic Projects. The remaining 99.42% is influenced by other variables that were not examined in this study.

The F-test results show an F (4, 5) = 16.79 with Prob > F = 0.0042. Since the probability value is smaller than $\alpha = 0.05$, H₀ is rejected. This means that, simultaneously, the four independent variables have a significant effect on the Number of National Strategic Projects, or on the improvement of public welfare in Indonesia.

Partial Hypothesis Significance Test (t-test)

Net Income has a significant value of $0.489 > \alpha\ 0.05$. This means that an increase in Net Income is not proven to have a significant effect on the Number of National Strategic Projects and therefore does not directly improve public welfare. This finding supports the conclusions of Fatmawatie (2023) and Mareza et al. (2025), which state that net income does not affect stock prices and consequently does not enhance investor welfare.

In contrast, Audit Opinion has a p-value of 0.005, indicating a significant effect. This means that better audit opinions are proven to significantly increase the number of national strategic projects. The interaction between

stock trading volume and Net Income is also found to have a significant effect in increasing the number of national strategic projects, with a significance value of $0.094 < \alpha$ 10%. Likewise, the interaction between stock trading volume and Audit Opinion has a significant negative effect on national strategic projects, with a significant value of $0.002 < \alpha\ 0.05$. In other words, the stock trading volume variable plays a moderating role in strengthening the influence of Net Income and Audit Opinion on the number of national strategic projects. As a result, investor prosperity may increase, more labor can be absorbed, and ultimately, public welfare improves.

5. Discussion

The next stage is to conduct a robustness test to verify whether the results of the panel data regression can be considered reliable. For this purpose, the data are re-estimated using an alternative method, namely multiple linear regression (Allison, 1977). The results of the robustness test using this alternative method—multiple linear regression—are presented as follows:

Table 2

The result of the variables Net income, Audit opinion, NI*Ssv, Opinaud*Ssv Process on the National strategic project

Variables	Coefficient	Sign. value	Conclusion	

LnNI	0.369	1.672	H$_{A1}$: Rejected	+
OpinAud	3.767	4.000	H$_{A2}$: Rejected	+
LnNI*Ssv	0.0943	0.090	H$_{A4}$: **Accepted** ($\alpha = 0.1$)	+
Opinaud*Ssv	-247	0.245	H$_{A5}$: Rejected	-
Constanta	53.20**	26.20	not significant	+

Sources: Data processed by Stata

Notes: Observations: 440; R-squared: 0.007.

LnNI   : lon net income

Opinaud : audit opinion

lnNI*Ssv : Interaction between lon net income and lon stocks selling volume

Opinaud*Ssv: Interaction between audit opinion and lon stocks selling volume

In Table 2, a significant effect is observed in the interaction between Net Income and Stock Trading Volume on National Strategic Projects, or public welfare. In other words, stock trading volume, as a moderating variable, significantly strengthens the effect of net income on national strategic projects, with a significance value of $0.09 < \alpha = 10\%$. This means that the higher the net income of publicly listed companies, accompanied by an increase in stock trading volume, the greater the number of national strategic projects. Indirectly, this contributes to an improvement in public welfare. This conclusion is consistent with the previous findings obtained using the Common Effect Model (CEM) regression with Driscoll–Kraay standard errors. It is also aligned with Scott & O'Brien's (2020) theory, which states that net income influences public prosperity. This is evident in the Indonesian context, where economic growth ranged from 3.69% to 5.02% (PWC-Indonesia, 2024). Therefore, it can be concluded that an increase in credible net income will lead to higher stock trading volume, which ultimately increases the number of national strategic projects and, in turn, enhances public welfare. This finding is consistent with research conducted in the United States, which concludes that net income increases GDP, thereby improving prosperity (Konchitchki & Patatoukas, 2014).

Implications of the Research Findings

International Impact. Different countries experienced varying levels of economic growth during the 2019–2024 period. Countries with economic growth rates comparable to Indonesia's—approximately 3.69%–5.02% (PWC-Indonesia, 2024)—include Brunei Darussalam, the United States, Vietnam, Cambodia, Thailand, and Malaysia (Uly & Pratama, 2023). These countries, particularly those in the ASEAN region with relatively similar institutional and cultural characteristics, may benchmark the findings of this study according to their respective national contexts. The key lesson from this research that may be relevant internationally is that:

a) Credible net income,

b) Audit opinion quality,

c) The interaction between net income and stock trading volume, and

d) The interaction between audit opinion and stock trading volume significantly influences improvements in public welfare.

This suggests that strengthening financial reporting credibility and capital market mechanisms can serve as an important channel linking corporate financial performance to broader economic welfare. For ASEAN countries, where capital markets are developing and institutional trust is crucial, enhancing audit quality and market transparency may contribute not only to investor confidence but also to national economic development and public prosperity.

According to Fauziah (2025), a decline in public welfare may lead to the worst possible outcome—large-scale social unrest. Economic deterioration reduces trade and industrial activity, increases unemployment, and widens social inequality. These conditions can trigger major social disturbances. Therefore, economic stability and growth must be continuously maintained. In line with the findings of this study, if the business sector can improve net income and obtain credible audit opinions, accompanied by stronger stock trading volume interactions, public welfare can be enhanced. Improved welfare may help reduce unemployment, narrow social inequality, and ultimately lower the likelihood or frequency of social unrest. Thus, strengthening corporate financial performance, ensuring high-quality audits, and fostering active capital market participation are not only important for investors and companies but may also contribute to broader social stability and sustainable economic development.

When considered partially, the audit opinion, the interaction between net income and stock trading volume, and the interaction between audit opinion and stock trading volume all have a significant effect on public welfare. This, in turn, can reduce the economic losses faced by the country. The underlying reason is that a prosperous society experiences improvements in multiple areas: better health, higher quality of life, increased productivity, stronger national competitiveness, and a significant reduction in poverty rates. Collectively, these factors contribute to minimizing the country's economic losses (Catalano et al., 2013).

Conclusion

The study demonstrates how accounting information, as presented in financial statements, can enhance public welfare. Net income, when considered individually, does not significantly affect public welfare; in other words, an increase in net income is not proven to influence the number of national strategic projects, and therefore does not directly improve investor or public welfare. In

contrast, audit opinions have a p-value of 0.005, indicating a significant effect. This means that higher-quality audit opinions are proven to positively influence the number of national strategic projects. The interaction between stock trading volume and net income also has a significant effect on increasing the number of strategic projects, with a significant value of $0.094 < \alpha$ 10%. Similarly, the interaction between stock trading volume and audit opinion has a significant effect on national strategic projects, with a significant value of $0.002 < \alpha$ 0.05. In other words, stock trading volume acts as a moderating variable that strengthens the impact of net income and audit opinion on the number of national

strategic projects. As a result, investor prosperity increases, more labor is absorbed, and ultimately, public welfare is enhanced.

Countries with economic growth rates comparable to Indonesia's—approximately 3.69%–5.02% (PWC-Indonesia, 2024)—include Brunei Darussalam, the United States, Vietnam, Cambodia, Thailand, and Malaysia. These countries, particularly those in the ASEAN region with relatively similar institutional and cultural characteristics, may benchmark the findings of this study according to their respective national contexts.

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