

Corporate Governance and Integrated Reporting: An Empirical Analysis of Mining Companies Listed on the Indonesia Stock Exchange

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ABSTRACT

This study aims to determine the effect of Corporate Governance proxied by Managerial Ownership, Institutional Ownership, Board of Directors, and Audit Committee on Integrated Reporting in mining companies listed on the Indonesia Stock Exchange. This study uses a quantitative research type associative approach, using the panel data regression analysis method with Eviews version 12. The population in this study are mining companies listed on the Indonesia Stock Exchange from 2019 to 2023. The sample was determined based on purposive sampling method, with a total sample size of 18 mining companies and 5 years of research period, so that the total observations in this study were 90 observations. The data collection technique uses the documentation method through the website www.idx.co.id and the company's official website. Hypothesis testing using the t test. The results showed that (1) Managerial Ownership has a significant positive effect on Integrated Reporting (2) Institutional Ownership has no effect on Integrated Reporting (3) The Board of Directors has a significant positive effect on Integrated Reporting (4) The Audit Committee has a significant positive effect on Integrated Reporting. The results of this study have implications for increasing manager involvement in the ownership structure and strengthening governance functions to improve reporting quality. This research also opens up opportunities to explore the reasons behind why institutional ownership has no effect, as well as identify other factors that could potentially affect the quality of integrated reporting.

Keywords: Corporate Governance, Institutional Ownership, Board of Directors, Audit Committee, Integrated Reporting

ABSTRAK

Penelitian ini bertujuan untuk mengetahui pengaruh Corporate Governance yang diproksikan dengan Kepemilikan Manajerial, Kepemilikan Institusional, Dewan Direksi, dan Komite Audit terhadap Integrated Reporting pada perusahaan pertambangan yang terdaftar di Bursa Efek Indonesia. Penelitian ini menggunakan jenis penelitian kuantitatif pendekatan asosiatif, dengan menggunakan metode analisis regresi data panel dengan Eviews versi 12. Populasi dalam penelitian ini adalah perusahaan pertambangan yang terdaftar di Bursa Efek Indonesia tahun 2019 sampai tahun 2023. Sampel ditentukan berdasarkan metode purposive sampling, dengan jumlah sampel sebanyak 18 perusahaan pertambangan dan 5 tahun periode penelitian, sehingga total observasi dalam penelitian ini sebanyak 90 observasi. Teknik pengumpulan data menggunakan metode dokumentasi melalui situs www.idx.co.id dan situs resmi perusahaan. Pengujian hipotesis dengan menggunakan uji t. Hasil penelitian menunjukkan bahwa (1) Kepemilikan Manajerial berpengaruh positif signifikan terhadap Integrated Reporting (2) Kepemilikan Institusional tidak berpengaruh terhadap Integrated Reporting (3) Dewan Direksi berpengaruh positif signifikan terhadap Integrated Reporting (4) Komite Audit berpengaruh positif signifikan terhadap Integrated Reporting. Hasil penelitian ini memiliki implikasi untuk meningkatkan keterlibatan manajer dalam struktur kepemilikan serta memperkuat fungsi tata kelola guna meningkatkan kualitas pelaporan. Penelitian ini juga membuka peluang untuk mendalami alasan di balik mengapa kepemilikan institusional tidak berpengaruh, sekaligus mengidentifikasi faktor lain yang berpotensi memengaruhi kualitas pelaporan terintegrasi.

Kata Kunci: Corporate Governance, Kepemilikan Institusional, Dewan Direksi, Komite Audit, Integrated Reporting

1. Introduction

Indonesia's economy has experienced significant growth, accompanied by increasing competition among companies. This necessitates that companies establish clear objectives to ensure long-term stability. Companies are obligated to prepare financial statements as tools for performance evaluation and planning, as well as to

demonstrate credibility and accountability. Additionally, companies are responsible for providing relevant information to stakeholders. However, financial statements alone are insufficient to comprehensively reflect a company's condition and meet the information needs of interested parties. Therefore, companies need to complement these reports with comprehensive and integrated non-financial information to support

stakeholder decision-making (Lasdi & Oematan, 2021). To ensure that a company is managed effectively, transparently, and responsibly in the interest of all stakeholders, a mechanism known as corporate governance is essential.

A phenomenon reported by <https://www.cnbcindonesia.com> (03/04/2023) highlighted a statement by Mahfud MD, the Coordinating Minister for Political, Legal, and Security Affairs, who revealed that the mining sector is one of the largest sectors prone to fund embezzlement, commonly referred to as corruption. Mahfud MD further stated that eliminating loopholes for such practices in the mining sector could potentially benefit every Indonesian citizen with approximately IDR 20 million per person without requiring them to work. This underscores the significant and detrimental impact of corruption in the mining sector on the national economy. As a result, this phenomenon gives rise to a serious issue, as it reduces state revenue, leading to substantial losses.

As stated by Minister Arifin Tasrif, managed mining activities can cause significant losses to the state. In 2019, Indonesia incurred losses of up to IDR 1.6 trillion, which drastically increased to IDR 3.5 trillion by 2022. This indicates a concerning trend that requires serious attention from both the government and society. Furthermore, Minister Arifin noted that there are 2,741 illegal mining sites, while only approximately 1,092 sites are registered within the People's Mining Area (WPR). This highlights a lack of compliance and inadequate oversight in the management of natural resources in the country.

This issue is further reinforced by research which reported a case of alleged corruption in tin management within the mining business license (IUP) area of PT Timah Tbk from 2015 to 2022, estimated to have caused state losses of IDR 271 trillion. This figure includes environmental (ecological) losses of IDR 157.83 trillion, economic losses due to environmental damage of IDR 60.27 trillion, and environmental restoration costs of IDR 5.26 trillion.

Additionally, for environmental damage caused by tin mining activities outside forest areas or other designated use areas (APL), the total environmental loss amounted to IDR 25.87 trillion, with economic losses due to environmental damage at IDR 15.2 trillion and restoration costs reaching IDR 6.62 trillion. A total of 16 individuals have been named suspects in this illegal tin corruption case. These losses accumulated from 2015 to 2022, and the staggering amount has become a topic of public analysis and even jest.

This highlights the severity of the corruption issue and the urgent need for strict law enforcement to prevent further losses. This case also illustrates the vulnerability of financial reporting integrity in the mining sector. The lack of clarity and accountability in such companies' financial reports emphasizes the importance of sound management practices for the benefit of both business and the state. Consequently, integrated reporting is necessary to provide a comprehensive overview of how a company

operates from the perspectives of governance, environment, and social aspects. The implementation of integrated reporting is also a critical step toward creating a more transparent and sustainable business environment.

The reference study for this research is Mandalika et al. (2020) titled *The Influence of Corporate Governance on the Extent of Integrated Reporting Disclosure and Its Implications for Firm Value*. This study differs from previous research in the following ways: (1) Differences in independent variables. While the previous study examined corporate governance through the proportion of independent commissioners, audit committee expertise and meeting frequency, and institutional and foreign ownership, this study uses managerial ownership, institutional ownership, board of directors, and audit committee. (2) The companies studied differ. The previous study focused on publicly listed companies, whereas this study focuses on mining companies. (3) The time period differs.

The previous study covered 2017–2018, while this study covers 2019–2023, the 2019–2023 period is significant for companies adapting to new regulations, transparency, and accountability requirements. A relevant new regulation is OJK Regulation No. 51/POJK.03/2017 on the Implementation of Sustainable Finance for Financial Institutions, Issuers, and Public Companies, which mandates companies to present more comprehensive and integrated information, including relevant non-financial information. The year 2019 marked the beginning of this adaptation, while the 2020–2023 period presented significant challenges due to the COVID-19 pandemic, which affected companies' operations and performance reporting.

Many companies had to adjust their corporate governance strategies to address new challenges, including enhancing integrated information disclosure. Therefore, this period is relevant for analyzing the relationship between corporate governance and integrated reporting, particularly in navigating regulatory dynamics and the increasing need for transparency (Mais & Indah, 2023).

2. Theoretical Framework

Agency Theory

Agency theory describes the relationship between a company's management as the agent and the company's owners as the principal. The principal is the party that delegates authority to the agent to carry out various activities on their behalf. The company's owners (principal) consistently seek information regarding all company activities, including the management of funds invested in the company by the management.

The principal receives the necessary information through accountability reports prepared by the management as the agent. These reports also serve as a tool for evaluating the agent's performance over a specific period (Purba, 2023:24).

Stakeholder Theory

Octoviany (2020) states that this theory pertains to how a company communicates with parties that have an interest in the company. These stakeholders can originate from within or outside the company. All involved parties require clear and detailed information regarding the company's activities, its contributions, and other relevant information about how the company meets the needs of its stakeholders.

Integrated Reporting

According to Adriana, as cited in Masruroh et al. (2024) integrated reporting enables management to communicate with stakeholders in a transparent and accountable manner. This allows stakeholders to understand the entity's strategy and role in creating sustainable value. Integrated reporting aims to demonstrate to financial capital providers how an organization incrementally creates value (Kurniawan et al., 2020).

Corporate Governance

Corporate governance is a management system designed to enhance company performance, protect the interests of stakeholders, and strengthen compliance with applicable regulations and ethical norms (Suroso, 2022:16). Companies implement corporate governance to improve financial performance, maximize firm value, mitigate risks faced by the board, and fulfill responsibilities to shareholders in order to establish Good Corporate Governance (Newell & Wilson, 2002; Dwiridotjahjono, 2009, as cited in (Afifah et al., 2022).

Conceptual Framework

Based on the theoretical discussion above, the conceptual framework for the study titled "The Influence of Corporate Governance on Integrated Reporting in Mining Companies Listed on the Indonesia Stock Exchange for the Period 2019–2023" is as follows:

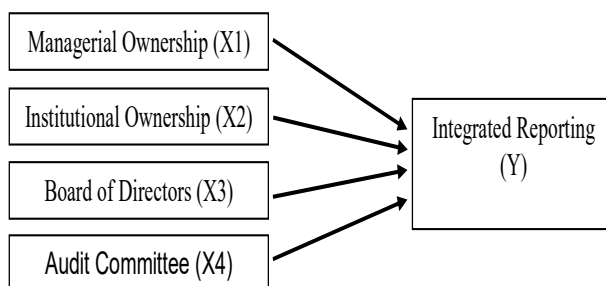


Figure 1. Conceptual Framework

Hypotheses

Hypotheses are essential in research because they provide a clear, testable statement that guides the study. They help focus the research objectives, determine the appropriate methodology, and offer a basis for interpreting results. By predicting relationships between variables, hypotheses structure the investigation and contribute to scientific reasoning and theory development.

The Influence of Managerial Ownership on Integrated Reporting

Companies increase managerial ownership to align managers' interests with those of shareholders, enabling managers to act in accordance with shareholders' interests and reduce agency conflicts (Adiwibowo & Ifnapiya, 2020). These conflicts can be minimized by enhancing information disclosure, such as through integrated reporting, which provides a platform for managers to demonstrate how their strategic decisions impact long-term value creation. This not only benefits shareholders but also provides advantages for employees, customers, and the broader community contributing to the company's ecosystem.

Strong managerial ownership can motivate managers to commit to robust reporting practices in the form of integrated reporting, as they have a direct interest in the company's success, sustainability, and social responsibility, which are central to integrated reporting. This is supported by the research of Zouari & Dhifi (2022) which found that managerial ownership has a positive but insignificant effect on integrated reporting. In contrast, Raimo et al. (2020) showed that managerial ownership negatively affects the quality of integrated reporting, meaning that the higher the proportion of shares held by managers, the lower the quality of integrated reporting produced by the company.

This occurs because managers sometimes prioritize presenting favorable and positive information, overlooking risks and challenges faced by the company and neglecting key elements of reporting focused on sustainability and social responsibility, resulting in lower-quality integrated reporting that fails to provide a comprehensive and transparent overview of the company's performance. Based on the above discussion, the proposed hypothesis is:

H₁: Managerial Ownership affects Integrated Reporting

The Influence of Institutional Ownership on Integrated Reporting

Institutional ownership plays a significant role in reducing agency conflicts by strengthening oversight of management performance. Companies with high institutional ownership demonstrate greater capacity to monitor management; the larger the proportion of institutional ownership, the stronger the influence and pressure from institutions to oversee management (Suwisma et al., 2023). Companies with high institutional ownership are required to provide complete and comprehensive information, which can be presented through integrated reporting (Sundari et al., 2020).

A large number of institutional shareholders also encourages companies to present higher-quality integrated reporting. This is because institutional investors generally expect companies to provide transparent and comprehensive reports on their performance, covering not only financial aspects but also environmental, social, and governance (ESG) factors.

The above statement is supported by Raimo et al. (2020) who found that institutional ownership positively affects the quality of integrated reporting. In contrast, Rahayuningsih & Pujiono, as cited in Permata et al. (2020) stated that institutional ownership negatively affects integrated reporting, meaning that an increase in the proportion of institutional ownership in a company tends to lead to a decrease in the quality or level of information disclosure in integrated reporting. This may be due to factors such as lack of active involvement, conflicts of interest, or agency issues that result in reduced disclosure quality in integrated reporting. Based on the above discussion, the proposed hypothesis is:

H2: Institutional Ownership affects Integrated Reporting

The Influence of the Board of Directors on Integrated Reporting

The Board of Directors represents the principles of transparency, fairness, accountability, and responsibility (Febrina & Sri, 2022). The board of directors holds a highly significant role and function within a company. They are responsible for establishing company policies, both long-term and short-term, and are accountable for the company's progress. Additionally, the board of directors serves as the company's representative in both internal and external environments (Yuliyanti & Cahyonowati, 2023). A larger number of board members can assist company management in implementing integrated reporting (Wijaya & Agustina, 2021). This implies that the better the performance of the board of directors, the higher the quality of information disclosure in integrated reporting.

The above statement is supported by Damayanti et al. (2022) who found that the board of directors positively affects integrated reporting. In contrast Utami et al. (2022) showed that the board of directors negatively affects the implementation of integrated reporting, meaning that the characteristics or presence of the board of directors may hinder or reduce the effectiveness of integrated reporting in a company. This occurs due to the board's lack of ability to communicate and coordinate effectively, which can impede the company's efforts to achieve transparency and accountability, the primary objectives of integrated reporting. Based on the above discussion, the proposed hypothesis is:

H3: The Board of Directors affects Integrated Reporting

The Influence of the Audit Committee on Integrated Reporting

According to Octoviany (2020), the audit committee is a committee established by the board of commissioners and is accountable to it, supporting the execution of its duties and functions. The audit committee can work effectively if its members possess specialized expertise, particularly in finance and accounting, enabling more optimal oversight. This allows for a reduction in information asymmetry while helping to align differing interests between principals and agents (Mandalika et al.,

2020). The presence of an audit committee is expected to enhance the effectiveness and efficiency of oversight over management, while also encouraging the company to be more transparent in sharing information with stakeholders. This step supports the issuance of integrated reporting, which aims to create value for the company and all stakeholders in the short, medium, and long term (Murdianingsih et al., 2022).

The larger the number of audit committee members, the greater the level of information disclosure in integrated reporting. This is due to the audit committee's role as the primary overseer in the reporting process, aiming to enhance the transparency and accountability of information provided to stakeholders. A larger number of audit committee members enables the company to leverage diverse expertise and perspectives, allowing for a more in-depth evaluation of the information to be disclosed. The above statement is supported by Widhiastuti & Harto (2022) who found that the audit committee positively affects integrated reporting.

In contrast, Lasdi & Oematan (2021) showed that the audit committee negatively affects integrated reporting, meaning that a larger number of audit committee members in a company tends to reduce the amount of information presented in integrated reporting. This is because an excessively large audit committee can increase the complexity of communication and coordination among members, slowing down and reducing the efficiency of decision-making processes. As a result, critical information that should be included in integrated reporting may be overlooked or not agreed upon, reducing the completeness of the report. Based on the above discussion, the proposed hypothesis is:

H4: The Audit Committee affects Integrated Reporting

3. Methodology

To produce scientific work, research strategies can be employed to identify, collect, obtain, or record primary and secondary data. These methods or techniques are used to compile scientific work and subsequently analyze factors related to the subject matter. The research strategy used in this study is an associative research strategy, which, according to Sugiyono (2022:37) is a type of research that examines the relationship between two or more variables.

In this associative research, a causal relationship is applied, reflecting a cause-and-effect relationship, where there is an independent variable (the influencing variable) and a dependent variable (the influenced variable). The variables to be tested for the significance of their influence are the independent variables, namely Corporate Governance, proxied by Managerial Ownership, Institutional Ownership, Board of Directors, and Audit Committee, on the dependent variable, namely Integrated Reporting.

3.1 Data

The population refers to the generalization area consisting of objects or subjects with specific qualities

and characteristics selected by the researcher for study and subsequently used as the basis for drawing conclusions (Sugiyono, 2022:80) The population in this study consists of mining companies listed on the Indonesia Stock Exchange from 2019 to 2023.

A sample is a portion of the population that possesses the same characteristics and quantity. The sampling technique used in this study is purposive sampling, which is a sampling technique with specific purposes and criteria.

This technique is typically applied due to various considerations, such as time constraints, human resources, and costs, to avoid selecting an excessively large and difficult-to-reach sample. The specific criteria used for sampling include:

1. Mining companies listed on the Indonesia Stock Exchange during the period 2019–2023.
2. Companies that publish and present complete financial statements and annual reports consecutively during the period 2019–2023.
3. Companies that did not experience losses during the period 2019–2023.
4. Companies that have complete data related to the independent and dependent variables.

Table 1. Sample Selection Procedure

No	Description	Total
1	Mining companies listed on the Indonesia Stock Exchange during the period 2019–2023	94
2	Companies that did not publish and present complete financial statements and annual reports consecutively during the period 2019–2023	(17)
3	Companies that experienced losses during the period 2019–2023	(42)
4	Companies that do not have complete data related to the independent and dependent variables	(17)
	Total Number of Companies Studied	18
	Years of Study	5
	Total Sample Size	90

Based on the sample selection criteria, 18 mining companies were obtained for a research period of 5 years, from 2019 to 2023, resulting in a total sample size of 90. The following is a list of the 18 companies that will be used as samples in this study:

Table 2. List of Sample Companies

No	Code	Company Name	No	Code	Company Name
1	AK RA	AKR Corporindo Tbk	10	PTIS	Indo Straits Tbk

2	AN TM	Aneka Tambang Tbk	11	BSS R	Baramulti Suksessarana Tbk
3	MY OH	Samindo Resources Tbk	12	MB AP	Mitrabara Adiperdana Tbk
4	PT BA	Bukit Asam Tbk	13	SOC I	Soechi Lines Tbk
5	RA JA	Rukun Raharja Tbk	14	MD KA	PT Merdeka Copper Gold Tbk
6	RUI S	Radiant Utama Interinsco	15	PSSI	Pelita Samudera Shipping Tbk
7	IT MG	Indo Tambangraya Megah Tbk	16	IFSH	Ifishdeco Tbk
8	AD RO	Adaro Energy Indonesia Tbk	17	BES S	Batulicin Nusantara Maritim Tbk
9	HR UM	Harum Energy Tbk	18	SGE R	Sumber Global Energy Tbk

3.2 Analysis Method

Panel data regression analysis is used in this study to test the hypotheses, aiming to determine whether managerial ownership, institutional ownership, the board of directors, and the audit committee influence integrated reporting in mining companies listed on the Indonesia Stock Exchange. This study employs the EViews v12 software for Windows. The analysis methods include data testing, encompassing descriptive statistics, classical assumption tests, and hypothesis testing.

4. Results and Discussion

4.1. Research Result

Panel Data Regression Estimation Method

Common Effect Model (CEM)

The Common Effect Model is the simplest model for panel data parameters, combining time series and cross-sectional data as a single unit without considering differences in time or individual entities. The Common Effect Model disregards differences in individual or temporal dimensions, meaning that the data behavior across individuals is assumed to be the same across various time periods.

Table 3. Results of Panel Data Regression with Common Effect Model

Dependent Variable: IR
Method: Panel Least Squares
Date: 11/26/24 Time: 10:56
Sample: 2019 2023
Periods included: 5
Cross-sections included: 18
Total panel (balanced) observations: 90

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	7.971220	1.359304	5.864191	0.7801
KM	-0.777832	1.697886	0.458118	0.6480
KI	-0.883969	1.003934	0.880504	0.3811
DD	0.025438	0.059935	0.424419	0.6723
KA	-0.009780	0.252601	0.038717	0.9692
Mean dependent var				
R-squared	0.225445			7.411111
Adjusted R-squared	0.200416			0.859768
S.E. of regression	0.868500			2.609855
Sum squared resid	64.11487			2.748733
Log likelihood	-112.4435			2.665859
F-statistic	0.554832			2.457326
Prob(F-statistic)	0.696025			

Based on Table 3, the results of the regression analysis using the Common Effect Model (CEM) indicate a constant value of 7.971220 with a profitability of 0.7801. The regression equation shows an Adjusted R-squared value of 0.200416, which indicates that managerial ownership, institutional ownership, the board of directors, and the audit committee influence integrated reporting by 20.0416%, while the remaining 79.9584% is influenced by various other factors not examined in this study. Therefore, the assumption of using the Common Effect Model is deemed unsuitable.

Fixed Effect Model (FEM)

The Fixed Effect Model is a method used to estimate panel data, where the disturbance variables may be interrelated across time and individuals. The Fixed Effect Model (FEM) is a panel data estimation method that controls for unobserved, time-invariant characteristics of individual units by allowing each entity to have its own intercept.

FEM is appropriate when these characteristics may be correlated with the explanatory variables, ensuring consistent estimates. It is particularly useful for analyzing the effects of time-varying variables while accounting for individual heterogeneity across entities.

Table 4. Results of Panel Data Regression with Fixed Effect Model

Dependent Variable: IR
Method: Panel Least Squares
Date: 11/26/24 Time: 10:55
Sample: 2019 2023
Periods included: 5

Cross-sections included: 18				
Total panel (balanced) observations: 90				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	6.209979	3.401620	1.825595	0.0023
KM	4.013327	5.140410	0.780741	0.0377
KI	-1.103896	2.466626	0.447533	0.6559
DD	0.045503	0.191814	0.237225	0.0132
KA	0.458193	0.861737	0.531708	0.0267
Effects Specification				
Cross-section fixed (dummy variables)				
Mean dependent var				
R-squared	0.690828			7.411111
Adjusted R-squared	0.623770			0.859768
S.E. of regression	0.927502			2.895943
Sum squared resid	58.49767			3.507008
Log likelihood	-108.3174			3.142360
F-statistic	3.403600			2.652338
Prob(F-statistic)	0.000009			

Based on Table 4, the results of the regression analysis using the Fixed Effect Model (FEM) indicate a constant value of 6.209979 with a profitability of 0.0023. The regression equation shows an Adjusted R-squared value of 0.623770, which indicates that managerial ownership, institutional ownership, the board of directors, and the audit committee influence integrated reporting by 62.3770%, while the remaining 37.6230% is influenced by various other factors not examined in this study. Therefore, the assumption of using the Fixed Effect Model is deemed suitable.

Random Effect Model (REM)

The Random Effect Model is a method used to estimate panel data where the disturbance variables (residuals) may be interrelated across time and individuals (entities). This model assumes that the error term is always present and may be correlated across time-series and cross-sectional data.

Table 5. Results of Panel Data Regression with Random Effect Model

Dependent Variable: IR
Method: Panel EGLS (Cross-section random effects)
Date: 11/26/24 Time: 10:56
Sample: 2019 2023
Periods included: 5

Cross-sections included: 18			
Total panel (balanced) observations: 90			
Swamy and Arora estimator of component variances			
Variable	Coefficient	Std. Error	t-Statistic Prob.
C	7.971220	1.4516495	4911490.7060
KM	-0.777832	1.8132320	4289750.6690
KI	-0.883969	1.0721370	8244920.4120
DD	0.025438	0.0640070	3974200.6921
KA	-0.009780	0.2697620	0362540.9712
Effects Specification			
		S.D.	Rho
Cross-section random		0.0000000	0.0000
Idiosyncratic random		0.9275021	0.0000
Weighted Statistics			
R-squared	0.325445	Mean dependent var	7.411111
Adjusted R-squared	0.310416	S.D. dependent var	0.859768
S.E. of regression	0.868500	Sum squared resid	64.11487
F-statistic	0.554832	Durbin-Watson stat	2.457326
Prob(F-statistic)	0.696025		
Unweighted Statistics			
R-squared	0.025445	Mean dependent var	7.411111
Sum squared resid	64.11487	Durbin-Watson stat	2.457326

Based on Table 5, the results of the regression analysis using the Random Effect Model (REM) indicate a constant value of 7.971220 with a profitability of 0.7060. The regression equation shows an Adjusted R-squared value of 0.310416, which indicates that managerial ownership, institutional ownership, the board of directors, and the audit committee influence integrated reporting by 31.0416%, while the remaining 68.9584% is influenced by various other factors not examined in this study. Therefore, the assumption of using the Random Effect Model is deemed unsuitable.

Panel Data Seleccction Analysis

Chow Test

The Chow Test, or likelihood ratio test, is a test used to select the best approach between the Common

Effect Model (CEM) and the Fixed Effect Model (FEM) in estimating panel data.

Table 6. Results of the Likelihood Ratio Test

Redundant Fixed Effects Tests			
Equation: Untitled			
Test cross-section fixed effects			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	2.384097	(17,68)	0.0000
Cross-section Chi-square	28.25204617		0.0009

H_0 : The appropriate model is the Common Effect Model

H_1 : The appropriate model is the Fixed Effect Model

Based on Table 6 above, the Cross-section Chi-Square value is 28.252046, which is greater than the Chi-Square critical value at $\alpha = 0.05$ and degrees of freedom (df) = 17, which is 27.58711 (28.252046 > 27.58711). Furthermore, the probability value of the Cross-section Chi-Square (0.0009) is less than α (0.05). Therefore, it can be concluded that H_0 is rejected. This indicates that the appropriate model used in this study is the Fixed Effect Model.

Hausman Test (Random Effect)

Table 7. Result of the Hausman Test

Correlated Random Effects - Hausman Test			
Equation: Untitled			
Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	10.3200734		0.0080

H_0 : The appropriate model is the Random Effect Model

H_1 : The appropriate model is the Fixed Effect Model

Based on Table 7 above, the Cross-section random (Chi-Square Statistic) value is 10.320073, which is greater than the Chi-Square critical value at $\alpha = 0.05$ and degrees of freedom (df) = 4, which is 9.48773 (10.320073 > 9.48773). Additionally, the probability value of the Cross-section random (0.0080) is less than α (0.05), thus it can be concluded that H_0 is rejected. This indicates that the most appropriate model to be used in the panel data analysis is the Fixed Effect Model.

Based on the Chow test, the Fixed Effect Model is selected. Furthermore, the results of the Hausman test also indicate that the Fixed Effect Model is the appropriate

choice. These findings confirm that the panel data model chosen is the Fixed Effect Model.

Panel Data Regression Analysis

Analisis regresi data panel dimaksudkan untuk menguji sejauh mana dan arah pengaruh variabel-variabel independen terhadap variabel dependen. Variabel independen dalam penelitian ini adalah kepemilikan manajerial (X_1), kepemilikan institusional (X_2), dewan direksi (X_3) dan komite audit (X_4). Sedangkan variabel dependen dalam penelitian ini *integrated reporting* (Y) dengan menggunakan model *Fixed Effect*.

The panel data regression analysis is intended to examine the extent and direction of the influence of independent variables on the dependent variable. The independent variables in this study are managerial ownership (X_1), institutional ownership (X_2), board of directors (X_3), and audit committee (X_4). Meanwhile, the dependent variable in this study is integrated reporting (Y), using the Fixed Effect Model.

Table 8. Result of the Panel Data Regression Equation

Dependent Variable: IR				
Method: Panel Least Squares				
Date: 11/26/24 Time: 10:55				
Sample: 2019 2023				
Periods included: 5				
Cross-sections included: 18				
Total panel (balanced) observations: 90				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
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DD	0.045503	0.191814	2.237225	0.0132
KA	0.458193	0.861737	2.531708	0.0267

Based on the panel data regression equation above, the influence of each independent variable on the dependent variable can be analyzed as follows:

$$IR = 6,209979 + 4,013327KM - 1,103896KI + 0,045503DD + 0,458193KA + \varepsilon$$

The panel data regression model above can be explained as follows:

1. The constant α of 6.209979 indicates that if there is no change in the independent variables, the value of integrated reporting remains constant at 6.209979.
2. The regression coefficient for X_1 (managerial ownership) has a positive relationship of 4.013327, meaning that every 1-unit increase in managerial ownership will increase integrated reporting by 4.013327 units, assuming other factors remain constant.

3. The regression coefficient for X_2 (institutional ownership) has a negative relationship of -1.103896 , meaning that every 1-unit increase in institutional ownership will decrease integrated reporting by 1.103896 units, assuming other factors remain constant.
4. The regression coefficient for X_3 (board of directors) has a positive relationship of 0.045503, meaning that every 1-unit increase in the board of directors variable will increase integrated reporting by 0.045503 units, assuming other factors remain constant.
5. The regression coefficient for X_4 (audit committee) has a positive relationship of 0.458193, meaning that every 1-unit increase in the audit committee variable will increase integrated reporting by 0.458193 units, assuming other factors remain constant.

Hypothesis Testing

Based on the results of the Chow test, the Fixed Effect Model was selected. On the other hand, the results of the Hausman test also indicate that the Fixed Effect Model was chosen. These findings confirm that the panel data model selected is the Fixed Effect Model.

Partial Testing (t-test)

Table 9. Result of the Partial Test (t)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	6.209979	3.401620	1.825595	0.0023
KM	4.013327	5.140410	2.780741	0.0377
KI	-1.103896	2.466626	0.447533	0.6559
DD	0.045503	0.191814	2.237225	0.0132
KA	0.458193	0.861737	2.531708	0.0267

First Hypothesis (H_1)

The t-test can be observed from the results of partial significance testing. As shown in Table 9, the significance probability (p-value) of the t-statistic is $0.0377 < 0.05$. This result indicates that H_1 is accepted, meaning that managerial ownership has a positive and significant partial effect on integrated reporting (Y). Thus, hypothesis H_1 is supported.

Second Hypothesis (H_2)

The t-test can be observed from the results of partial significance testing. As shown in Table 9, the significance probability (p-value) of the t-statistic is $0.6559 > 0.05$. This result indicates that H_2 is rejected, meaning that institutional ownership has no partial effect on integrated reporting (Y). Thus, hypothesis H_2 is not supported.

Third Hypothesis (H₃)

The t-test can be observed from the results of partial significance testing. As shown in Table 9, the significance probability (p-value) of the t-statistic is $0.0132 < 0.05$. This result indicates that H₃ is accepted, meaning that the board of directors has a positive and significant partial effect on integrated reporting (Y). Thus, hypothesis H₃ is supported.

Fourth Hypothesis (H₄)

The t-test can be observed from the results of partial significance testing. As shown in Table 9, the significance probability (p-value) of the t-statistic is $0.0267 < 0.05$. This result indicates that H₄ is accepted, meaning that the audit committee has a positive and significant partial effect on integrated reporting (Y). Thus, hypothesis H₄ is supported.

Coefficient of Determination (R²)

Table 10. Results of the Coefficient of Determination Test

<i>Adjusted R-squared</i>	0.623770
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Based on Table 10 above, the regression equation shows an Adjusted R² value of 0.623770, indicating that managerial ownership, institutional ownership, board of directors, and audit committee influence integrated reporting by 62.3770%. The remaining 37.6230% is influenced by many other factors that were not examined in this study.

4.2. Discussion of Research Findings**The Influence of Managerial Ownership on Integrated Reporting**

The analysis results indicate that the significance probability (p-value) of the t-statistic for variable X₁ is $0.0377 < 0.05$. This finding suggests that managerial ownership has a significant positive effect on integrated reporting. This implies that the greater the managerial ownership—represented by the percentage of company shares owned—the greater the management's attention to their ownership stake, which can motivate managers to commit to good reporting practices in the form of integrated reporting. This is because they have a direct interest in the company's success, sustainability, and social responsibility, which are the core elements of integrated reporting.

The relationship between managerial ownership and integrated reporting is strongly influenced by the principle of accountability. Managers who are also shareholders tend to have a higher level of responsibility and exhibit greater transparency in disclosing information, thereby improving the quality of integrated reporting. However, the potential for conflicts of interest remains a challenge that must be addressed to ensure that the information presented truly reflects the company's condition objectively.

The connection between managerial ownership and integrated reporting aligns with agency theory, which aims to reduce conflicts of interest. By owning shares, managers gain direct motivation to promote the success of the company, including through the implementation of high-quality reporting practices such as integrated reporting. This also supports stakeholder theory, whereby managerial attention to integrated reporting not only aligns with the interests of shareholders but also fulfills the information needs of various other stakeholders.

The findings of this study are consistent with the research conducted by Zouari & Dhifi (2022), which stated that managerial ownership has a positive but not significant effect on integrated reporting. However, it contradicts the study by Akmal & Lestari (2023), which found that managerial ownership has no partial effect on integrated reporting.

The Influence of Institutional Ownership on Integrated Reporting

The analysis results indicate that the significance probability (p-value) of the t-statistic for variable X₂ is $0.6559 > 0.05$. This result suggests that institutional ownership has no significant effect on integrated reporting. It implies that the level of control or oversight exercised by institutions does not meaningfully influence the extent of information disclosure practices in integrated reporting. This may be due to several factors, such as a primary focus on short-term profits, fear of reputational risks, and a lack of attention to non-financial aspects, all of which contribute to the insignificance of institutional ownership's influence on integrated reporting practices.

High institutional ownership does not necessarily lead to broader disclosure in integrated reporting. This could also be attributed to a lack of understanding or concern on the part of institutional investors regarding the key elements of such reports, thereby causing the potential oversight role they hold to be underutilized.

Agency theory describes the relationship between owners (principals) and managers (agents) in the context of corporate governance. Institutional ownership is expected to enhance monitoring of management activities to prevent actions that may harm the company. However, when institutional ownership does not significantly influence outcomes, it suggests that, despite holding a majority of shares, institutions may be less active in monitoring or lack sufficient motivation to promote more transparent information disclosure.

In the context of stakeholder theory, attention must be given to the interests of all parties associated with the company, including shareholders, employees, customers, and the wider community. In this regard, although institutional investors may have voting power in corporate decision-making, if their focus remains on short-term profits without regard to non-financial aspects, integrated reporting practices may be neglected. This situation indicates that institutional ownership does not always guarantee attention to a company's social and environmental responsibilities.

The findings of this study are consistent with the research conducted by Moeljadi et al. (2022) and Sundari et al. (2020) both of which state that institutional ownership has no effect on integrated reporting. However, it contradicts the study by Permata et al. (2020) which found that institutional ownership has a significant effect on integrated reporting.

The Influence of the Board of Directors on Integrated Reporting

The analysis results indicate that the significance probability (p-value) of the t-statistic for variable X_3 is $0.0132 < 0.05$. This finding suggests that the board of directors has a significant positive influence on integrated reporting. According to the OJK Regulation Number 33/POJK.04/2014, the board of directors of an issuer or public company must consist of at least two members. Meanwhile, Government Regulation No. 28 of 1984 concerning the Transformation of the State-Owned Coal Mining Company into a Public Corporation (PERUM) states that the company is to be led and managed by a board of directors consisting of one president director and up to four directors according to their respective business areas.

This indicates that the greater the number of board members, the higher the quality of information disclosure in integrated reporting. This is due to the board of directors' responsibility to oversee and ensure that the report reflects both the financial and non-financial performance of the company comprehensively. An effective board of directors fosters a more transparent and accountable decision-making process, thereby enhancing stakeholder trust in the company.

The board of directors plays a crucial role in improving corporate information disclosure through integrated reporting. A larger board size may influence managerial decisions, strengthen managerial authority, and increase attention to corporate disclosures. In other words, companies with more board members tend to be better equipped to improve transparency in integrated reporting (Damayanti et al., 2022).

From the perspective of agency theory, a greater number of board members can enhance oversight and reduce conflicts of interest between principals and agents. This supports more transparent decision-making, reduces information asymmetry, and results in more accurate and reliable reports. In the context of stakeholder theory, the board of directors acts as a bridge between the company and its stakeholders. An effective board increases transparency and accountability, strengthens relationships with various parties, and creates long-term value for the company.

The findings of this study are consistent with the research conducted by Damayanti et al. (2022) which found a positive influence of the board of directors on integrated reporting. However, this contrasts with the study by Utami et al. (2022) which concluded that the board of directors has a negative effect on the implementation of integrated reporting.

The Influence of the Audit Committee on Integrated Reporting

The analysis results indicate that the significance value of the t-statistic for the probability of variable X_4 is $0.0267 < 0.05$. This result suggests that the audit committee variable has a significant positive effect on integrated reporting. This indicates that the greater the number of audit committee members, the higher the level of disclosure within integrated reporting. Based on the Financial Services Authority Regulation No. 55/POJK.04/2015 regarding the establishment and work guidelines of audit committees, it is stated that the audit committee must consist of at least three (3) members from independent commissioners and external parties of the issuer or public company.

This aligns with the findings of the current study, which observed that mining companies listed during the 2019–2023 period had an average of three (3) audit committee members. The audit committee plays a key supervisory role in the reporting process, aiming to enhance the transparency and accountability of the information disclosed to stakeholders.

By overseeing transparency and accountability, the audit committee helps companies disclose both financial and non-financial performance to stakeholders in a comprehensive manner. A larger number of audit committee members enables companies to draw upon diverse expertise and perspectives, which supports deeper evaluation of the information to be disclosed—thus promoting the issuance of integrated reports that are designed to create value for the company and its stakeholders in the short, medium, and long term.

According to agency theory, the audit committee helps reduce information asymmetry between management and shareholders and ensures that the reports presented reflect the company's actual condition, thereby supporting improved information transparency in integrated reporting. In the context of stakeholder theory, the audit committee plays a vital role in providing relevant information to all stakeholders. Clearer disclosure through integrated reporting enhances stakeholder trust, ultimately supporting the company's sustainability and reputation.

The findings of this study are consistent with those of Widhiastuti & Harto (2022), who found that the audit committee has a positive influence on integrated reporting. However, the results differ from those of Pramaisella & Lestari (2023) who concluded that the audit committee does not have an effect on integrated reporting.

5. Conclusion

Managerial ownership has a significant positive effect on integrated reporting in mining companies listed on the Indonesia Stock Exchange during the 2019–2023 period. This proves that the greater the managerial ownership represented by the percentage of company shareholding, the greater the management's attention to their ownership portion, which can motivate managers to commit to good reporting practices in the form of

integrated reporting. This is due to their direct interest in the company's success, sustainability, and social responsibility, which are the core of integrated reporting.

Institutional ownership has no effect on integrated reporting in mining companies listed on the Indonesia Stock Exchange during the 2019–2023 period. This indicates that the level of control or supervision exercised by institutions does not significantly affect the extent of information disclosure in integrated reporting. This may be due to several factors, such as a short-term profit focus, reputational risk aversion, and a lack of attention to non-financial aspects, which render institutional ownership insignificant in influencing integrated reporting practices.

The board of directors has a significant positive effect on integrated reporting in mining companies listed on the Indonesia Stock Exchange during the 2019–2023 period. This means that the larger the board size, the higher the quality of information disclosure in integrated reporting. This is because the board is responsible for overseeing and ensuring that the report reflects both the financial and non-financial performance of the company. An effective board enhances transparency and accountability in decision-making, thereby increasing stakeholder trust in the company.

The audit committee has a significant positive effect on integrated reporting in mining companies listed on the Indonesia Stock Exchange during the 2019–2023 period. This proves that the higher the number of audit committee members, the greater the extent of information disclosure in integrated reporting. The audit committee serves as the main overseer in the reporting process, aiming to enhance transparency and accountability of the information presented to stakeholders. By monitoring these aspects, the audit committee helps the company communicate both financial and non-financial performance comprehensively to stakeholders, thereby creating value for the company in the short, medium, and long term.

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