THE EFFECT OF GOOD CORPORATE GOVERNANCE ON COMPANY VALUE MODERATED BY INTEGRATED REPORTING

Sandi Permana*)1, Aruddy*), Siti Jahroh*)

*)School of Business, IPB University
Jl. Pajajaran Bogor 16151, Indonesia

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Abstract: This research examined the influence of good corporate governance (GCG) mechanisms and their relation to Integrated Reporting (IR) on company value in the BUMN sub-sector, consisting of banking and non-banking. The data used in this study were secondary in the form of time series sourced from the Central Statistics Agency (BPS) and the Indonesia Stock Exchange (IDX) in the period of 2017-2021. The number of companies analyzed in this study was 23 companies. The GCG components analyzed consisted of managerial ownership (KM), institutional ownership (KINS), and independent commissioners (KIND), as well as integrating reporting (IR) as moderating variables. Data processing in this study employed Structural Equation Modeling (SEM) with the Partial Least Square (PLS) approach. The findings show that non-bank and accumulative firms, institutional ownership variables, and independent commissioners all have a significant impact on firm value. Meanwhile, in banking firms, the variable of managerial ownership has a significant impact on firm value. The impact of GCG on company value has shifted significantly after being moderated by IR. In banking firms, one variable (KM) has a significant effect on firm value, whereas KINS and KIND have no significant effect, and even KINS has a negative interaction. KINS and KIND have a significant effect in non-bank companies, but only KINS has a positive effect. In absolute terms, the influence of IR is positive for KM and KIND, but has no significant implications for KINS.

Keywords: company values, good corporate governance, integrated reporting, shareholders, state-owned enterprises

Abstrak: *Penelitian ini menguji pengaruh mekanisme good Corporate Governance (GCG) dan kaitannya dengan Integrated Reporting (IR) terhadap nilai perusahaan pada sub sektor BUMN yang terdiri dari perbankan dan non perbankan. Data yang digunakan dalam penelitian ini adalah data sekunder berupa time series yang bersumber dari Badan Pusat Statistik (BPS) dan Bursa Efek Indonesia (BEI) periode 2017-2021. Jumlah perusahaan yang dianalisis dalam penelitian ini adalah 23 perusahaan. Komponen GCG yang dianalisis terdiri dari kepemilikan manajerial (KM), kepemilikan institusional (KINS), dan komisaris independen (KIND), serta mengintegrasikan pelaporan (IR) sebagai variabel moderasi. Pengolahan data pada penelitian ini menggunakan Structural Equation Modeling (SEM) dengan pendekatan Partial Least Square (PLS). Temuan menunjukkan bahwa perusahaan non bank dan akumulatif, variabel kepemilikan institusional, dan komisaris independen semuanya mempunyai pengaruh yang signifikan terhadap nilai perusahaan. Sedangkan pada perusahaan perbankan, variabel kepemilikan manajerial mempunyai pengaruh yang signifikan terhadap nilai perusahaan. Dampak GCG terhadap nilai perusahaan telah berubah secara signifikan setelah dimoderasi oleh IR. Pada perusahaan perbankan, salah satu variabel (KM) berpengaruh signifikan terhadap nilai perusahaan, sedangkan KINS dan KIND tidak berpengaruh signifikan, bahkan KINS mempunyai interaksi negatif. KINS dan KIND berpengaruh signifikan pada perusahaan non bank, namun hanya KINS yang berpengaruh positif. Secara absolut pengaruh IR positif terhadap KM dan KIND, namun tidak berimplikasi signifikan terhadap KINS.*

Kata kunci: *BUMN, good corporate governance, integrating reporting, nilai perusahaan, shareholders*

[1] Alamat Korespondensi:
Email: permana_sandi@yahoo.com

INTRODUCTION

State-Owned Enterprises (BUMN) are forms of business entities whose shares are partly controlled by the state. The demands on the kinerja of SOEs are getting bigger and bigger, unfortunately there are still many problems faced by SOEs in Indonesia. The results of the study of Prihastuti et al. (2021) showed that there were 12 companies experiencing losses based on financial statements in 2020. One of them is influenced by the pandemic that has hit various sectors of the economy, including state-owned companies (Meliala and Jahroh, 2022). Moreover, the dependence of SOEs on the government is still relatively high, causing SOEsto compete with private companies (Wahyuningati, 2022). This fact shows that the system and governance of state-owned enterprises still need to get improvements in the future, one of the efforts is to carry out good corporate governance,so that the company's performance will improve and investors will come to provide an injection of funds (Istighfarin and Wirawati, 2015; Hapsari et al. 2019; Febriana and Octrina, 2022).

Corporate governance or commonly known as good ccorporate governance (GCG) is one of the factors that can affect the value of the company, but it is large its influence is debatable (Arora and Sharma, 2016; Siddiqui, 2015). Implementation of GCG GCG is here to ensure a balance between various interests that can be utilized by the company as a whole so as to increase the value of the company (Retno and Priantinah, 2012). GCG was present in Indonesia in1997, where the economic crisis hit the company's performance and chaos occurred everywhere (Juwita, 2019). Initially, the main objective of GCG in Indonesia was to ensure that the company was more responsive to the will of shareholders and to attractinvestors in the company by increasing the company's profit (Nuswandari, 2009).

Since the GCG-related regulations are implemented in Indonesia through Law No. 40 of 2007, the implementation of GCG is still not running optimally. The breadth of GCG variables is suspectedto be one of the causes. Some studies show that only a few GCG variables have a positive influence on company value, while others tend to have a negative effect (Amanti, 2012; Haat et al. 2008; Muryati and Suardikha, 2014; Purbopangestu and Subowo, 2014; Putra and Kurniawati, 2017). The research of Mulyani et al. (2022) and Widyaningsih (2018) implies that there are three GCG variables that have a significant influence on company value, namelyonal institutional ownership, managerial ownership and independent commissioners. The two research bases are the basis for the GCG variables analyzed are the variables of institutional ownership, managerial ownership and independent commissioners.

Furthermore, to strengthen the influence of GCG, moderating variables are also needed. Several previous studies mentioned several GCG moderating variables, such as the Accounting Report System (SLA), leverage, intellectual capital and integrated reporting (I R) (Verawaty et al. 2017). Research by Hasibuan (2022) and Wahyudin et al. (2020) stated that integrated reporting (IR) is a relatively effective GCG moderating variable to increase company value. IR is a mechanism in communicating strategies, governance, performance and prospects related to one another in a report (Hsiao and Kelly, 2018; McNally et al. 2017; Sarafeim, 2015; Utami, 2016). Transparency problems can be minimized by implementing GCG as a means for regulation and supervision of company management (Wulandari and Kiswanto, 2016). The complexity of the phenomenon of transparency elements in state-owned companies in Indonesia is interesting to study. This is motivated by individual shareholding and government intervention. Putri and Sitabuana (2022) also highlights the importance of financial supervision managed by SOEs which includes inherent supervision, internal supervision and external supervision.

IRs also have an important role in improving corporate value as well as sustainable financial reporting management (Bollou et al. 2012). Unfortunately,many company shareholders in Indonesia are not aware of the importance of company sustainability in the long term, even though this point is the consideration of investors to invest their shares (Hapsari et al. 2019). Furthermore, the applicationof IR in Indonesia is still voluntary and not mandatory, although there have been many studies that state that IR has a positive influence on company value (Utami et al. 2022). Therefore, IR testing as a GCG moderating variable was used in this study to determine its effect on the value of state-owned companies.

Integrated Reporting (IR) was initiated by the International Integrated Reporting Council (IIRC) in December 2011. Integrated Reporting aims to provide effective communication for shareholders regarding the creation of corporate value in the short, medium and long term (Cheng et al. 2014). According to the International Integrated Reporting Council, IR is an integrated report by communicating how the organization's strategy, governance, performance and prospects in the context of its external environment. According to Stubbs and Higgins (2018), IR is an appropriate mechanism for dealing with complaints and weaknesses of sustainability reporting. The use of IR in increasing company value has proven effective in several European countries. Hichri (2022) shows that IR potentially could provide a holistic picture of the capacity to create value over time, capable of mitigating the information asymmetry problems and reducing agency costs.

Research related to GCG on the value of companies that use IR as a moderating variable is still relatively rare, especially in the SOE sub-sector category. This study has two main objectives, namely: 1) analyzing the influence of GCG (institutional ownership, managerial ownership and independent commissioners) on company value; and 2) analyzing IR as a moderating variable in the testing of GCG (managerial ownership, institutional ownership and independent commissioner) of company value. GCG studies of the SOE sub-sector are very minimal in literature, so it is interesting to study in more depth. Given that there are inconsistencies in the implementation of GCG in several companies, so this study divides the study unit into three, namely a) banking sector, b) non-bank, and c) accumulative (Amanti, 2012; Haat et al. 2008; Muryati and Suardikha, 2014; Purbopangestu and Subowo, 2014; Putra and Kurniawati, 2017). Furthermore, the results of this study can also be used as consideration for stakeholders to formulate new policies so that the performance and value of state-owned enterprises can increase.

METHODS

This research was conducted by collecting information from the Indonesia Stock Exchange, the website of the Central Statistics Agency and the company's official website. Data collection was carried out for three months, starting from May 2022 to Juli 2022.

The population of this study is state-owned companies listed on the Indonesia Stock Exchange (IDX). The population of SOEs listed on the IDX in the 2017-2021 period is 28 companies, but there are five companies that have incomplete data. This fact is the basis for the selection of samples from this study, namely the number of companies analyzed is 23. In total, there are 115 basic data used to calculate dependent, independent and moderation variables. Data analyzed are secondary data from audited financial statements, company annual reports and other documents related to the needs of this research.

The variables used in this study consisted of exogenous variables (independent) and endogenous variables (dependent). The dependent variable in this study is company value, while the independent variable in this study is the good corporate governance component consisting of managerial ownership (KM), institutional ownership (KINS) and Independent Commissioner (KIND) and Integrated Reporting (IR) as a moderating variable.

In this study the control variables used were Return on Assets (ROA) and Debt to Equity Ratio (DER). ROA is the ratio used to measure a company's efficiency in managing its assets. While DER is the ratio used to evaluate a company's financial leverage and is calculated by dividing a company's total liabilities by its shareholder equity.

The approaches used to assess the influence of GCG on company value are quite diverse, including multiple regression (Azhari et al. 2022), multiple linear regression (Widyaningsih, 2018), and the most recent is Structural Equation Modelling with a Partial Least Square approach (SEM-PLS) (Furqoni and Ratmono, 2022; Pronosokodewo et al. 2022). SEM-PLS is a statistical technique used to test and estimate relationships between variables using continuous and categorical data, and allows researchers to test complex models involving many dependent and independent variables. One of the advantages of the SEM-PLS Model was chosen as an analysis technique of the effect of GCG on company value because it can simultaneously estimate the relationship between all variables in the model, providing a more comprehensive view of the relationship between variables. Furthermore, through the blindfolding process SEM-PLS can carefully predict each latent variable independent against the dependent latent variable, and this cannot be done by other methods such as regression (Hair, 2017). Chatchawanchanchanakij et al. (2019) also found that SEM-PLS is better than multiple regression because it can handle operations simultaneously by generating relationships with all direct and intervening phenomena, so SEM-PLS was chosen as an analysis technique in this study.

The basic data obtained from the IDX website is processed with a statistical approach, which is carried outwith descriptive statistical tests, validity tests and reability tests. Data processing in this study used Structural Equation Modeling (SEM) with a Partial Least Square (PLS) approach. The device used for data analysis is WarpPLS 7.0. WarpPLS is the application with the smallest partial square and is a non-linear analysis method that is not based on many assumptions (Kock, 2017; Hanggara and Anthony, 2022). Evaluation of the determination and feasibility of the model was carried out with R-Square analysis and goodness of fit (GoF). Test the significance of the path coefficient using the strable3 method which produces consistent conjectures, through the bootstrap resampling algorithm.

The hypothesis that can be drawn in this study is that there is an influence of managerial ownership, institutional ownership and independent commissioners on the value of banking and non-banking BUMN companies. There is a moderating influence of integrated reporting on managerial ownership, institutional ownership and independent commissioners on the value of banking and non-banking companies. Research framework in Figure 1.

RESULTS

Descriptive Statistics

According to the findings of the descriptive statistical analysis conducted for this study, the smallest data value of the 115 that were studied was -45.09 (ROA), and the highest data value was 100 (KINS). KIND has the widest range, with a minimum value of 0.00 and a maximum value of 80.00. A financial statistic called return on assets (ROA) gauges how effectively a company’s assets have been used to produce profits (Heikal et al. 2014). A greater ROA indicates that the company’s performance is improving as a result of a higher return on invested capital. In addition, all medians have positive values. Detailed results of the descriptive analysis test in this study can be seen in Table 1.

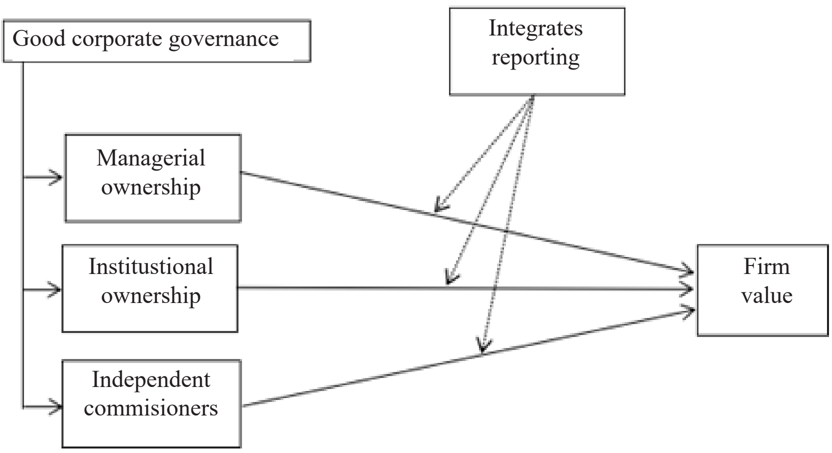

Figure 1. Research framework

Table 1. The results of the accumulative SOE descriptive statistical analysis

Variable	N	Min	Max	Median
Managerial ownership (KM)	115	0.00	0.83	0.00
Institutional ownership (KINS)	115	32.28	100	94.48
Independent Commissioner (KIND)	115	0.00	80.00	42.86
NP	115	0.45	29.03	1.33
Return on assets (ROA)	115	-45.09	22.25	1.83
Debt to Equity Ratio (DER)	115	0.42	17.07	2.22
Integrated Reporting (IR)	115	0.58	0.93	0.79

Validity and Reliability Test

All of the variables being explored have a loading factor value of greater than 0.07, and as a result, it consistently pass the validity test based on the loading factor. The validity test findings based on the average variance extracted (AVE) value also demonstrate validity because the AVE value is greater than 0.5. All variables analyzed have values more than 0.70, according to the findings of the composite reliability test, which places all variables in the reliable class (Narendra, 2018). Cronbach alpha, a coefficient that can illustrate how well the correlation between items is, is used to assess the next reliability test. According to the test findings, each variable's croncbach alpha value is greater than 0.70, indicating that all of the questionnaire's variables are reliable (Ghozali and Latan, 2015; Jahroh and Suprapti, 2019). Since every variable in this study has a value of 1, it can be deduced from the results of the Cronbach alpha and composite reliability tests that each variable is regarded as trustworthy. Table 2 provides specifics of the validity and reliability test findings.

Determination Test and Model Feasibility Test

The average path coefficient (APC) test is run within the initial stage to determine whether the direction of the hypothesis is positive or negative by demonstrating the link between the variables (range -1 to 1). The analysis's findings indicate that the resulting APC value is 0.179, indicating that the direction of the six hypotheses under consideration is positive. The average R-squared, which illustrates how the independent variable affects the dependent variable, is examined in the following stage. The findings from the analysis demonstrate that the average R-squared analysis in this study is 0.33, suggesting that GCG influences 33% of firm value and IR as a moderating variable in testing the relationship of GCG to firm value. The average R-squared analysis results in this study are in the moderate range.

The following stage of this research is to test the tenenhaus GoF (goodness of fit) value, which is done to see if the resulting model is robust and accurate. GoF is the square root of the model's average communality index and R-squared (Tenenhaus et al. 2005). The Tenenhaus GoF test result in this study was 0.57, indicating that the model value was relatively large because it was greater than 0.36. Table 3 shows the detailed results of the R-square test and GoF analysis.

As shown in the table above, the average path coefficient for banks, non-banks, and the cumulative P value are 0.09, 0.003, and 0.012, respectively, which means that it is still less than the tolerance threshold of 0.1, indicating that the model fit. The average R-square value for banks was indeed recognised to be 1.00, indicating that it is included in the strong scale >= 0.67. while the non-bank and accumulative categories are included in the moderate 0.33 R-square 0.67 category. Tanenhaus goodness of fit for all categories is greater than 0.36, which falls into the large category, implying that the three model categories are feasible and fit.

Table 2. Validity and reliability tests

Category	Variable	Loading Factor	Av. Var Extr (AVE)	Composite Reliability	Croncbach Alpha
Bank	Managerial ownership (KM)	1	1	1	1
	Institutional ownership (KINS)	1	1	1	1
	Independent Commissioner (KIND)	1	1	1	1
	Return on assets (ROA)	1	1	1	1
	Debt to Equity Ratio (DER)	1	1	1	1
Non Bank	Managerial ownership (KM)	1	1	1	1
	Institutional ownership (KINS)	1	1	1	1
	Independent Commissioner (KIND)	1	1	1	1
	Return on assets (ROA)	1	1	1	1
	Debt to Equity Ratio (DER)	1	1	1	1
Accumulative	Managerial ownership (KM)	1	1	1	1
	Institutional ownership (KINS)	1	1	1	1
	Independent Commissioner (KIND)	1	1	1	1
	Return on assets (ROA)	1	1	1	1
	Debt to Equity Ratio (DER)	1	1	1	1

Table 3. R-square test results and godness of Fit

Variable	Bank	Non bank	Accumulative
Average Path Coefficient	0.157; P=0.090	0.264; P=0.003	0.179; P=0.012
Average R-squared (ARS)	1.00; P<0.001	0.352; P<0.001	0.321;P<0.001
Average Adjust R-squared (AARS)	1.00; P<0.001	0.284; P<0.001	0.270; P<0.001
Tenenhaus GoF	1.00	0.593	0.575

The Effect of Good Corporate Governance on Company Value

The presence of good corporate governance (GCG) is very important for a company because GCG implies a good management system. A good management system can help increase shareholder confidence and ensure equal treatment from all stakeholders. A good system provides effective protection for shareholders to recover their investments fairly, efficiently and effectively and ensures that management acts in the best interests of the company.

The results of testing the hypothesis of GCG's influence on the value of non-bank SOE companies show that institutional ownership and independent commissioners have a significant effect on firm value with a path coefficient value of 0.37 and a P value of 0.001. In line with the inference for institutional ownership, a 1% increase in managerial ownership increases firm value by 37%. In the case of independent commissioners, however, a 1% increase in independent commissioners reduces the company's value by 35%. Figure 2 illustrates that managerial ownership has no discernible impact.

The outcomes of the hypothesis test of the influence of GCG on the value of SOE companies in the banking sector show that managerial ownership has a positive and significant effect, with a path coefficient of 0.83 and a P value of 0.001. According to this interpretation, every one percent increase in managerial ownership increases the company's value by 83%. The number of shares owned by a company's commissioners and directors is referred to as managerial ownership value. In broad, a high level of managerial ownership can boost investor and market confidence, increasing firm value. The value of managerial ownership is assumed to have a substantial and beneficial impact on FIRM because it indicates management's commitment to the company and their belief in the company's future prospects. Furthermore, investors in Indonesia tend to be more confident in investing in banking companies, so regardless of the number of shares released to the market, they are likely to be sold more easily than non-bank companies.

Bank financial statements differ slightly from those prepared by non-bank companies. When determining whether sales are increasing or decreasing, there are no accounts receivable or inventory. However, investors have a clear understanding and focus on how banks generate income, as well as how to earn it and how to analyze a financial report. With good performance, the company's profit will rise, and the bank's stock price may rise as well.

The independent commissioner and institutional ownership variables typically have a P value of 0.321 and 0.431, respectively, indicating no statistically significant impact. The value of independent commissioners has a positive effect, but it is not significant, indicating that there is a positive correlation between the level of institutional ownership and the value of independent commissioners, but it is not strong enough to be considered a significant relationship. That is, while independent commissioners may have a positive impact on firm value, they are not the most important factor influencing firm value. When compared to the values of other variables, the path coefficient value of managerial ownership is the highest, indicating that the relationship between managerial ownership and banking firm value is strong. The SEM-PLS of SOE bank research model is presented in Figure 3.

The incremental analysis results show that institutional ownership has a significant positive impact on firm value. The institutional ownership path coefficient value is 0.33, and the P value is 0.001. According to the interpretation, a 1% increase in institutional ownership increases firm value by 33%. The positive and significant influence of institutional ownership can increase market confidence in the company's prospects, causing the stock price and firm value to rise. Additionally, institutional ownership can focus on company performance and good corporate governance in order to improve company performance and increase company value. Furthermore, companies with a high level of institutional ownership typically have long-term investment goals, making them less reliant on short-term profits. Indirectly, this can boost managers' roles in increasing short-term profits, reducing the risk of agency conflicts. The findings of this study support Wahyudi and Perwestri's (2011) theory, which states that the higher the institutional ownership, the stronger the company's external control and lower agency costs, resulting in low dividends. Managers use debt at a low level to avoid potential financial difficulties and the risk of bankruptcy through strict controls. The findings of this study differ slightly from the findings of Tambalean et al. (2018). Tambalean et al. (2018) discovered that institutional ownership has no positive effect on company value, particularly for companies focused on the industry on the IDX. Because of the lack of monitoring of manager actions, Tambalean et al. (2018) discovered that KINS has no significant effect on company value in the industrial sector. Because institutional shareholders are not involved in managerial decision making, institutional ownership has no effect on firm value. Figure 4 depicts the accumulative SOE SEM-PLS research model.

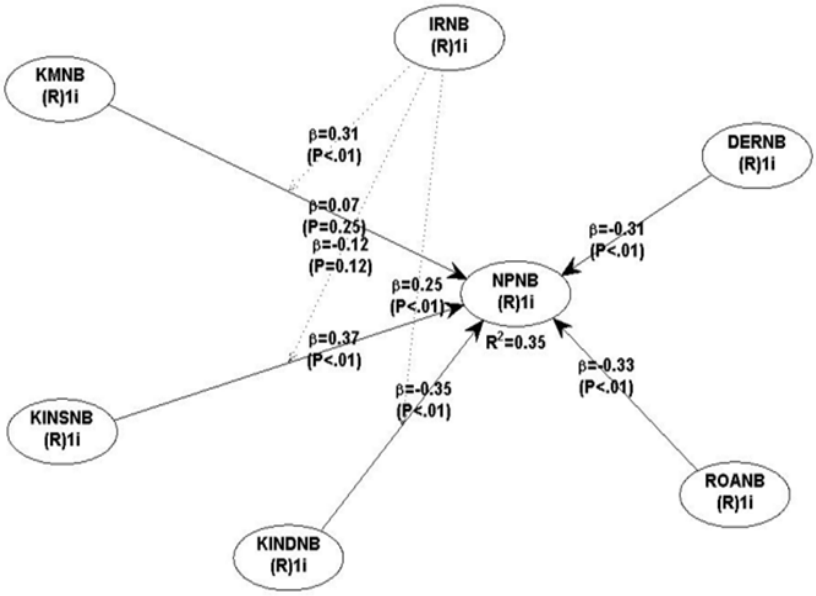

Figure 2. Non-bank SOEs research model

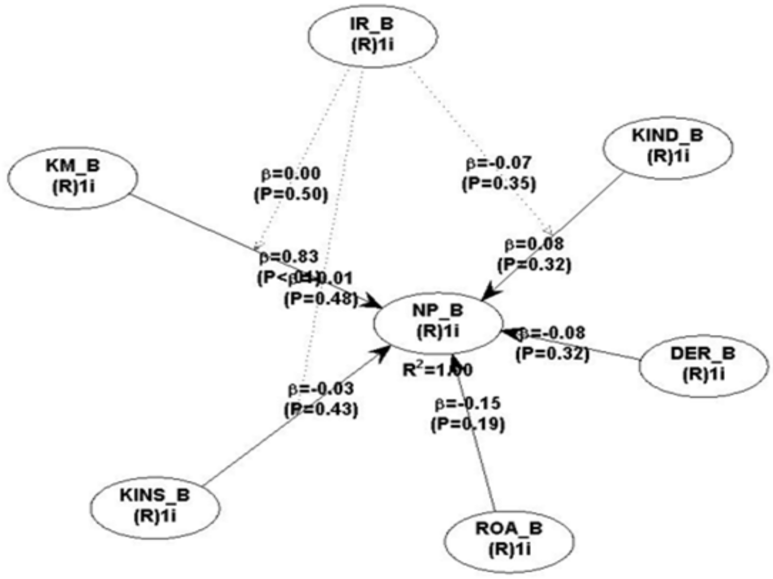

Figure 3. The research model of banking SOE

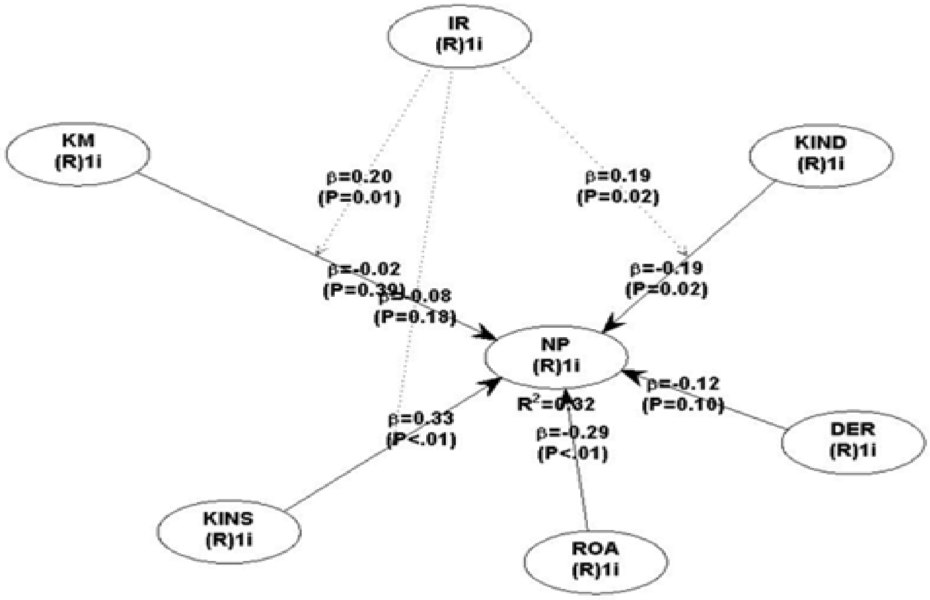

Figure 4 Accumulative SOE research model

The study's findings differ from Marini and Marina's (2017) research. According to Marini and Marina (2017) one of the four variables studied has no significant effect on company value. The three variables that have a positive effect on firm value are (a) the size of the board of commissioners; (b) the independent commissioner; and (c) the size of the board of directors, while the variable in the form of an audit committee has no effect. The variables that have no significant effect in this study are managerial ownership and independent commissioners. Detailed analysis of the effect of institutional ownership, managerial ownership and independent commissioners on firm value is presented in Table 4.

Integrated Reporting as a Moderating Variable in Testing the Relationship of Good Corporate Governance to Corporate Values

Integrated reporting (IR) is an encouraging system that aims to overcome the criticisms and drawbacks of sustainability reporting (Stubbs and Higgins, 2018). Given the rapid changes in public policy and organizational practice, IR provides a quick way to learn about regulatory and standard developments. In this study, IR is used as a moderating variable to test the relationship between GCG and firm value. According to the results of hypothesis testing in non-bank companies, integrated reporting is able to significantly moderate the impact of managerial ownership and independent commissioners on firm value, with path coefficient values of 0.31 and 0.25 and P values of 0.001 and 0.008, respectively. This demonstrates that for every 1% increase in integrated reporting moderation of managerial ownership, firm value increases by 0.31 percent. Every 1% increase in integrated reporting moderation for independent commissioners increases company value by 0.25%.

IR*KM, which has a path coefficient value of 0.001 and a P value of 0.497, is the only variable that, according to the results of hypothesis testing on banking companies, has a positive but not statistically significant effect. This indicates that the IR integration banking company with KM is capable of increasing the company's value optimally. Two other variables, IR*KINS and IR*KIND, have a negative and insignificant effect, with path coefficient values of -0.009 and -0.066 and P values of 0.481 and 0.355, respectively. According to these findings, the relationship between IR*KINS and IR*KIND on firm value in banking companies is weak.

The changes in the analysis results show that the effect of IR moderation on banking companies is not very good. One variable studied has a positive, but not significant (KIND) effect before being moderated by using integrated reporting. The KIND variable has a negative and insignificant effect after being moderated with the IR variable, ranging from 0.082 to -0.06. This finding is consistent with the findings of Wahyudin et al. (2020), who discovered that IR moderation does not always have a positive effect on firm value.

Table 4 .Test the hypothesis of the effect of GCG on firm value

SOE Sector	Influence	Path Coefficient	P Values
Non-Bank	Managerial ownership (KM) → NP	0.07	0.248
	Institutional ownership (KINS) → NP	0.37	<0.001
	Independent Commissioner (KIND) → NP	-0.35	<0.001
Bank	Managerial ownership (KM) → NP	0.83	<0.001
	Institutional ownership (KINS) → NP	-0.03	0.431
	Independent Commissioner (KIND) → NP	0.08	0.321
Accumulative	Managerial ownership (KM) → NP	-0.02	0.394
	Institutional ownership (KINS) → NP	0.33	<0.001
	Independent Commissioner (KIND) → NP	-0.19	0.015

The effects of IR*KM and IR*KIND are favorable and significant in non-bank companies. The IR*KM variable has a path coefficient of 0.31 (P value = 0.001) and is greater than IR*KIND, implying that IR*KM has the greatest influence on GCG with IR moderation. IR*KINS, with a path coefficient value of -0.12 and a significance value of 0.12, is one variable that has no significant effect on non-bank companies. These findings show that IR integration with institutional ownership does not increase firm value in non-bank companies. The research findings are consistent with the findings of the study by Wahyudin et al. (2020), which revealed that integrating IR with KINS did not increase company value.

In non-bank companies, the moderating effect of IR on the GCG variable is classified as fluctuating, which means that some variables increase while others decrease. The effect of IR moderation on firm value increases in the KM and KIND variables while decreasing in the KINS. IR*KM integration, which had a positive but insignificant effect at first, became positive and significant. After being moderated, the influence value of KM (path coefficient) increased from 0.07 to 0.31. The KIND variable, which initially had no effect, increased to a positive and significant effect after being moderated, with a path coefficient value of 0.25 and a P value of 0.008. After being moderated by IR, the KINS value, which had initially had a positive and significant effect on the company, actually turned negative. This fact supports the findings of Tambalean et al. (2018) and Wahyudin et al. (2020) that institutional ownership has no significant positive effect on company value.

The cumulative analysis of the effect of IR as a moderating variable in examining the relationship between GCG and firm value shows that incorporating IR with the KM variable has a significant effect on firm value. The IR with KM integration path coefficient value on firm value is 0.19, with a P value of 0.015. After being moderated by integrated reporting, the level of managerial ownership has a positive and significant effect, indicating that management believes in the future appreciation of the company's shares and is willing to take risks by investing large amounts of company shares. Stock prices rise due to high managerial ownership because investors believe managers will perform well. This might boost investor and market confidence in the company's prospects, resulting in higher firm value. Furthermore, state-owned enterprises are less risky than private enterprises because they sometimes receive government assistance. High managerial ownership value can also improve company performance because management is more motivated to increase company value because their personal interests are linked to company performance.

This finding is consistent with Hasibuan (2022) on mining companies, which found that integrating IR and KM has a positive effect on company value. Furthermore, Mulyani et al. (2022) stated the same thing, namely that KM has a positive effect on firm value after it has been moderated. In aggregate, IR's role as a moderating variable in SOE firms is quite good, as it can raise the path coefficient value from -0.025 to 0.20 with a significance level of 0.015. According to the interpretation, integrated reporting allows companies to provide more complete and holistic information about their performance, including financial and non-financial aspects. Integrated reporting also improves management communication with company stakeholders, such as shareholders, creditors and potential investors, thereby opening up great opportunities to increase the value of the company.

Integration of IR and KINS has no effect on firm value. For all SOE companies listed on the IDX, the integration path coefficient value of IR with KINS is 0.08 with a P value of 0.183. This finding agrees with the findings of Wahyudin et al. (2020), who found that IR*KINS has a negative and insignificant effect. The KINS value, which was 0.33 before being moderated by IR, was reduced to 0.08 with a significance level of 0.183. These findings suggest that the presence of IR interventions is not always beneficial, particularly when combined with the KINS variable. Among the possible causes is that the large number of institutional shareholders can lead to different points of view in decision making and less coordination between management and institutional shareholders. One possible point of view difference is that institutional shareholders may be more concerned with short-term profits and financial performance, whereas management may be more concerned with long-term development and risk management. Furthermore, if the institutions involved in managing the company have little expertise but a lot of power, it can lead to losses for the company being managed.

IR*KINS has no consistent meaningful effect on business value. This can be caused by divergences in institutional ownership, resulting in poor decisions and a loss of institutional shareholder excitement. Other variables, such as low competency from institutional ownership, might also have a large influence and create losses to the the firm.

Firm value is significantly affected by IR integration with the KIND variable. With a P value of 0.017, the integration path coefficient value of IR and KIND on firm value is 0.19. The findings of the study are supported by the findings of Wahyudin et al. (2020), who found that IR*KIND has a positive and significant effect. The cumulative effect of moderating IR with the KIND variable is quite good because it initially has no significant effect and then becomes positive after being moderated. Before being moderated, the KIND path coefficient was -0.19 with a significance of 0.015, increasing to 0.19 with a significance of 0.017. This finding corroborates the statement of Mulyani et al. (2022) which states that KIND tends to increase after being moderated. Detailed analysis of IR integration with GCG on firm value is presented in Table 5.

The role of IR as a moderating variable is not performing smoothly among the companies analyzed. According to research conducted in Sri Lanka by Cooray et al. (2020), there is inadequate support from the corporate governance structure for providing excellent information to stakeholders on the value creation process through IR. A comparable problem may arise in Indonesia as a result of numerous associated parties failing to completely comply with the regulations that have been drafted. Hichri's investigation, which was carried out in France in 2022, produced different results. Hichri (2022) shows that GCG and IR play an important role in company value. This viewpoint is supported by Velte (2022), which show that both IR adoption and IR quality are associated with favorable effects on business valuation since they lead to greater total performance indicators. Given the many obstacles in studies connected to this issue, the role of IR as a moderating variable that is still inconsistent in improving firm value needs to be studied more fully in Indonesia.

Table 5. Test the hypothesis of the effect of IR as a moderating variable in testing the relationship of GCG to firm value

SOE Sector	Influence	Path Coefficient	P Values
Non-Bank	Integrated Reporting (IR) *Managerial ownership (KM) → NP	0.31	0.001
	Integrated Reporting (IR) *Institutional ownership (KINS) → NP	-0.12	0.119
	Integrated Reporting (IR) *Independent Commissioner (KIND) → NP	0.25	0.008
Bank	Integrated Reporting (IR) *Managerial ownership (KM) → NP	0.00	0.497
	Integrated Reporting (IR) *Institutional ownership (KINS) → NP	0.01	0.481
	Integrated Reporting (IR) *Independent Commissioner (KIND) → NP	-0.06	0.355
Accumulative	Integrated Reporting (IR) *Managerial ownership (KM) → NP	0.19	0.015
	Integrated Reporting (IR) *Institutional ownership (KINS) → NP	-0.08	0.183
	Integrated Reporting (IR) *Independent Commissioner (KIND) → NP	0.19	0.017

Managerial Implication

Managerial implications that banking companies can pursue include increasing the role of managerial ownership, which has a significant impact on firm value. Managerial ownership indicates that managers and company shareholders will align their interests in order to reduce agency conflict. For investors, the better the bank's performance, the greater the prosperity for shareholders, and the share price is expected to rise.

Before being moderated by integrated reporting, the KIND value in non-bank companies tends to be negative, necessitating an increase in the function of the independent commissioner. Companies must be able to ensure that independent commissioners have the freedom to make decisions without being pressured by any party, as well as develop an effective monitoring system to ensure that independent commissioners carry out their duties properly and provide shareholders with transparent reports. The effect of institutional ownership on non-bank companies tends to diminish after it has been moderated, so that the managerial implication that can be carried out is that companies must create good financial transparency and company operations, allowing institutional ownership to carry out good analysis and make wise investment decisions.

The managerial implication that can be carried out is that companies must consistently implement IR integration with managerial ownership and independent commissioners because the effect is positive and significant based on the results of the analysis. The combination of integrated reporting and managerial ownership will boost investor and stakeholder confidence in company performance, thereby increasing company value. Companies can increase corporate transparency and accountability by integrating integrated reporting reports with independent commissioners. Independent commissioners can ensure that the company's integrated reporting reports are accurate, relevant, and accountable. This might boost stakeholder trust in the company and increase its value. Concerning the integration of IR*KINS, which has no significant effect, more research is needed to determine what dominant factors cause the effect to be negative. Special interventions are also required to boost the effect of IR*KINS so that the value becomes positive.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The purpose of this research is to investigate the effect of GCG on firm value before and after it has been moderated by integrated reporting. The objects under consideration are state-owned enterprises listed on the IDX from 2017 to 2021. Furthermore, the objects of study are classified as a) banking companies, b) non-banking, and c) accumulative. The following description summarizes the research findings.

The impact of GCG on the value of SOE companies varies depending on the company object studied. Institutional ownership and independent commissioners have a significant impact on firm value in non-bank companies. This happened to accumulative SOE companies as well. Meanwhile, only managerial ownership variables have a significant effect on firm value in banking firms. In non-bank companies, after being moderated by integrated reporting, managerial ownership and independent commissioners have a significant effect on company value. The same effect also occurs in accumulative SOE companies. However, for banking companies, none of the variables has a significant effect on firm value after being moderated by integrated troubleshooting. In light of the findings of this study, it can be assumed that integrated reporting has not been able to serve as a significant moderating factor.

As a regulator, the government has actually planned effectively to adopt GCG and IR to raise the value of firms, particularly SOE. Unfortunately, because these guidelines are non-binding and solely voluntary, they do not maximize reporting and application. The government can adopt a more aggressive approach or reach out to businesses to underline the importance of GCG and IR in improving corporate value.

Recommendations

The limitation of this study is that only three GCG objects were studied: managerial ownership, constitutional ownership, and independent commissioners, despite the fact that good corporate governance can take many forms. Other GCG objects that may affect company value can be examined in further research. Furthermore, after being moderated by IR, the values of several variables tend to decrease. This fact should be investigated further to determine why moderation through IR is unable to play a maximum and consistent role in increasing company value.

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