**INTEGRATED REPORTING**

**An Approach from Annual Report Lag of Non Financial Report at Indonesia Stock Exchange**

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**Abstract**

**Purpose -** This study aimed to examine the effects of an integrated reporting that includes financial and non-financial reports on company value. The lack of integrated reporting in real form of reports in Indonesian stock exchange in Indonesia makes the disclosure of financial statements and non-financial reports were used in explaining the phenomenon. This study provided an insight into explaining the importance of integrated reporting as a format of financial statements in two separate reports.

**Design / Methodology** - The research was conducted by using variable of firm value on the date of publication of non annual report. Integrated reporting is represented in four variables : non-financial performance (CSR and GCG disclosure) used as independent variable and financial performance ROA and annual-financial report lag as moderating variable.

**Result -** The results of the study found that the non financial information GCG had significant effect on firm value but CSR was not significant. Interaction of ROA and GCG also had a significant effect on firm value, while interaction of ROA and CSR was not significant. However, annual report lag had no significant effect on moderating CSR and GCG on firm value.

**Implications and Limitations of the Research** - This paper provides insights for academics, regulators and organizations regarding the issues and aspects of integrated reporting needed for further development and needs strong evidence to help inform policy and practice improvements. The limitation is that it refers to a limited sample.

*Keywords: Non-financial information, financial information, abnormal return*

**BACKGROUND**

Principal are concerned that their investments have the minimum risk while the agent is concerned to get a good assessment from the principal. For this reason agent sometimes will cheat in the management with the financial statements, while principal consider that the financial reporting have any weaknesses due to lack of other important information from the company. This weakness leads to demand for greater disclosure, especially or the non-financial segments of annual reports to ensure they are free of accounting fraud.

Based on several facts show that financial reporting is still considered failed in providing information about the company's performance in full, especially related to corporate risk. While sustainability reporting is intended to fill the lack, there is criticism that sustainability reports are not considered good enough because the lack of credibility, problems of inaccuracy and so its relevance is questionable. This is because the data contained in the sustainability report is often unaudited not based on accounting standards. In addition, the general financial reporting objectives are for investors, whereas sustainability reporting is generally directed to other stakeholders (Ecless and Serafeim, 2014).

The lack of relevance and timeliness problem makes a thought to integrate all financial statements and other information into one document as an integrated report. The International Integrated Reporting Council (IIRC) has a vision that integrated thinking will be applied in key business practices facilitated by integrated reporting as a corporate reporting norm. In general, integrated reporting will contains information on corporate strategy, corporate governance, performance and prospects, which describe the commercial, social and environmental context in which the company operates. Thus the report describes how the company operates and how the company creates and keeps the value (International Integrated Reporting Committee, IIRC, 2011). At the end of 2013 the International Integrated Reporting Council (IIRC) publishes the Integrated reporting framework (IR Framework).

Unfortunately there has been no official guidance on integrated reporting or no official format of the integrated reporting. Besides, the empirical researches on integrated reporting were still not widely found. Most of the research on integrated reporting is more controlled by practitioners and is dominated by case studies of experimental practice. Auditing firms and consultants such as PwC, Ernst & Young and KPMG, and interest groups such as Accountability, IIRC and GRI much controlled the discussion on integrated reporting.

However, the stages that communicate more complete information sometimes become problematic, especially in terms of disclosure narrative. The difficulties in such disclosures arise from the existence of sensitive-commercial information, which means that disclosure of non-financial information may result in strategic exploitation by competitors as well as the fact that information at real risk of its existence may be able to encourage investors to prosecute the company. The third party which has no interest in harmony with the enterprise may use the information in inconsistent way with the company's welfare objectives. Some companies may be hesitant to provide sensitive information, such as details on strategy control and firm value (Adams and Simnett, 2011).

The concept of integrated reporting is a combination of financial statements and non-financial reports such as environmental aspects, social and governance (ESG) intended to provide broader information that is generally reported in the annual report and sustainability report. Sustainability and financial reports have been published separately with little relation to each other. The IR framework basically describes that in order to create value, companies need to manage their various intangible assets such as intellectual capital, research and development costs, brand value, natural resources and human resources to become important tangible assets in the company. However, within the framework, these intangible assets are not universally valued, although often associated with market value. (Ernst & Young, 2013).

The benefits of integrated reporting on corporate value has been voiced by several international audit firms such as PwC, Ernst & Young and Delloite, but the empirical research are still unclear because not many companies have used the IR. The effects of IRs are more closely approximated from several aspects contained in the IR such as the impact of voluntary disclosure, CSR disclosure / sustainability, GCG disclosure, risk management disclosure as well as a combination of some forms of exposure on firm value.

Ecless, et.al (2012) found that disclosure of non-financial information on American firms related to better stock interests in the stock market and accounting performance. Eccles and Serafeim (2014) found that sustainability reporting can increase profitability in the long run and allow companies to differentiate themselves from their competitors. Other studies provide evidence that companies can benefit from the issuance of sustainability reports, as their capital costs decrease for better ESG performance (Dhaliwal et al, 2011). Similarly, event study research shows that stock price changes occur as reaction to the good news about environmental performance (Karpoff et al, 2005). Nevertheless Goss and Robert (2011) found that ESG performance can lead to higher costs. By using a different concept, Sarvaes and Tamayo (2012) found that CSR disclosure had a positive effect on firm value. Instead Crisostomo (2011) get negative effects from CSR on the value of the company. Esfesalari and Zarei (2013) finds that firms get undervalued ​​due to increased voluntary disclosure information. But, Ghorbel and Triki (2016) found that increased voluntary disclosure would increase the firm value.

Inconsistencies over the effect of the integrated reporting resulted in two different views on the relationship between integrated reporting and company valuation. The first view reveals that, if IRs provided benefits to shareholders, then the firm valuation firm will be positively related to the IR. The IR supporters argue that IR can improve the quality of information for more efficient and productive capital allocation calculations. The IR aims to provide better articulation of the relationship between strategy business model and value creation by the company. Better disclosure quality under IR is assessed to reduce the cost of processing information by investors (Healy and Palepu 2001). The second view holds that IR can actually harm shareholders. The exclusive cost disclosure theory explains that when valuable information is valuable (information about competitors in the product market, trade unions, or regulators), the company will reveal it less (Verrecchia 1990). Based on this theory, if IR forces the company to disclose information owned by the company, then the company's valuation will be negatively related to IR. IR disclosure can be costly in disclosing information. So if companies use IR to adopt expensive organizational processes but with few benefits for companies, then IRs will negatively affect the company's valuation. Ultimately, the relationship between IR and firm value becomes an empirical problem (Lee and Yeo, 2015).

Previous research about the impact of sustainability reporting relevance has shown that the effects are not always positive. Carnevale and Mazzuca (2014) found that European banks disclosing sustainability information showed lower net asset value relevance than banks that did not disclose the information, while the value of profit relevance did not differ in both groups. Some evidence suggests that capital market participants do not fully treat ESG information rationally for two reasons. First, stocks can show high anomalous profits (Derwall et al., 2011; Kempf and Osthoff, 2007). An anomaly shows that not all of the information is relevant to the value reflected in stock prices because capital market actors do not fully understand the disclosed ESG information (Edmans 2011). Second, the study of event study found that stock prices not only react to information about environmental performance but will also react after good news and bad news (Karpoff et al, 2005). While the asymmetry of capital market reactions that occur can be the result of content and information characteristics, both from good ESG information and bad ESG (Kruger, 2009). It can also be interpreted that good ESG information will be assessed in a different way than bad ESG information.

The current format used in the disclosure of financial statements is non-financial disclosures are reported later. The conditions can lead to so-called heuristic anchoring-adjustment (Tversky and Kahneman, 1974). Heuristic anchoring-and-adjustment assume that the initial information, or so-called anchor information will tend to lead to the subsequent adjustment process, leaving the final assessment close to the initial anchor. These anchor effects have been demonstrated in a variety of contexts, including financial reporting (Arnold, et al., 2012). As long as the financial performance is assessed as the most important and reported first, the assessment of financial performance will be viewed as anchor information, because individuals are likely to commit to previous assessments (Staw, 1981). they will be less able to adjust their judgments after assessing ESG information in sustainability reports after they judge a company solely on the basis of financial data. Thus, the final value of probing may be systematically leaning to a preliminary assessment, which is based solely on financial data because they will tend to seek information that is inclined to information consistent with the provided external anchor (Epley and Gilovich, 2005).

Based on the anchoring-adjusting heuristics then the financial and non-financial information that have a shorter lag time should be more likely to make the financial statements are not as an anchor. Thus, if financial and nonfinancial information are reported in the near future, it is desirable that financial information is an anchor and non-financial as customized information is not the case, so that the non-financial information reported is relevant to firm value. We assume that the time lag of financial statements and non-financial reports as a representation of the heuristic anchoring-adjustment phenomenon. So corporation that reports the financial performance and non financial performance with a zero lag time should be report the integrated reporting, and shorter lag time between financial performance and non financial performance can reduce anchoring-adjusting phenomenon,

**Literature Review and Hypotheses**

Integrated reporting (IR) is a simultaneous disclosure of financial and non financial reports. IR is a new form of reporting that tries to alleviate any shortcomings that exist from previous information. Eighty percent of investors believe that IRs will be useful or very useful for improving the reliability and relevance of information sustainability (GRI, 2012). The relevance of the reported information is not the only potential benefit of IR. It can increase the credibility of sustainability because the IR is made by regulators and auditors. By incorporating sustainability data in the annual report does not mean that the audit opinion that provides the financial figures also includes sustainability data as well. The integrated reporting process will enhance the credibility and accuracy of sustainability information due to improvements of information systems management and control procedures related to sustainability data (Eccles and Krzus 2010).

Because integrated reporting is a combination of some information sources of capital in the company, the creation of firm value by integrated reporting can also be derived from the creation of firm value derived from financial and non financial information previously reported separately. Dhaliwal et al. (2011) indicates that the company has decreased the cost of equity capital after issuing a sustainability report. Yu, Du and Bhattacharya (2014) have shown that the disclosure of sustainability has an economic effect, where an abnormal stock price reaction takes place around the disclosure of sustainability information.

Wang (2015) found that financial information has a positive influence on firm value. In addition, the environment disclosure has a positive relationship with firm value, and in addition CGG has a positive moderation effect on the relevance value of the environment disclosure. The results support the existing of relevance value of environmental disclosure. Information of corporate governance has a positive correlation with the relevance value of environmental disclosure. Zuraida, at.al (2012) examines the financial and non-financial influences ESG disclosure of market value. The results support for ESG disclosure relevance values ​​in both aggregate and individual forms.

These findings support that the disclosure of some non-financial aspects can increase the value of the company either directly or as a moderator variable. This means more nonfinancial disclosures will give a higher value.

**H1: The broader ESG non-financial information provides higher stock valuations**

**H2: In good financial information, broader nonfinancial information will award higher stock valuations**

Based on the information economic perspective, if the information is done separately as financial statements are published first whereas nonfinancial information follows then, the identical information content may lead to an identical assessment independent of the way the information is presented. Thus, the company's valuation may be affected by whether relevant value information is provided in an integrated manner or in a separate (independent) report. Research in cognitive psychology provides evidence that information processing and assessment can be strongly influenced by the management and manner of presenting the information (Kahneman et al, 1982).

Tversky & Kahneman, 1974) show that the reported information separately will result in anchor and adjustment phenomenon, in which an assessment of financial performance is often role as an anchor in assessing firm performance in terms of non-financial aspects contained in the annual report presented separately after the financial statements. The anchoring theory says that individuals tend to be very committed to previous decisions (Staw, 1981), they will adjust their judgments lower after assessing nonfinancial information included in sustainability reports after they have previously rated the company solely on the financial data basis. Thus, the final value of the valuation may be systematically inclined to the initial assessment, which is based solely on financial data alone because its earlier self-generated estimate is a strong anchor for further estimates (Arnod, et.al, 2012).

Anchors and adjustments are most likely to occur when the anchor is strong. However, this effect can be overcome by integrating non-financial data into integrated financial reporting where users of financial statements will be able to assess financial and non-financial data at the same time. Under the conditions of the information provided concurrently with the financial statements, non-financial information will strengthen the existing financial information so that both of information will provide a higher value of the company.

**H3: lower lag time of Non-financial information reported to the financial statements will increase higher stock valuations**

**Methodology**

**Sample**

The sample of study is the corporate listed Indonesia Stock Exchange in observation of 2012 until 2014. Because the research used multidimensional GCG variables and CSR disclosure, the research sample was taken for company companies that have information on audit fees that became one of GCG measurement.

**Variable**

The Lack of integrated reporting are found in the financial statements in Indonesian Stock Exchange, so the researchers simulate the annual report as an integrated reporting form. This study used a separated report from financial report and annual report that contains ESG (Environment, Social and Governance) information which practically be represented in different variables: CSR Disclosure adopts GRI version 1 which consists of 79 items and GCG disclosure uses 19 item modified Bhuiyan, et.al (2013) items for availability on the Indonesia Stock Exchange.

Limitations on indicators for measuring ESG performance are the time required to publish ESG data. Data on ESG is usually published in ongoing reports or annual reports. Companies that report an annual report (ESG) that is faster and closer to financial information will reduce the time value between financial information that is generally used as an anchor of information with its ESG information so that the shorter it will be close to the integrated integrated reporting conflicts.

The measurement of annual - financial lag is measured by using a common concept commonly used in audit report lag measurements (Afify, 2009). By adjusting slightly, annual-financial report lag was measured using the time difference between the annual report submission and the financial report. Thus this research using LAG variable formulated as the lag days between date of annual report and date of financial statement.

**Tabel 1 Summary of measurement variables**

|  |  |  |
| --- | --- | --- |
| Variabel | Simbol | Pengukuran |
| Firm value | Tobins Q` | (closing price x number of share saham) + Total Liability  Total Asset |
| GCG disclosure | GCG | Adopted from Bhuiyan, et.al (2013) as many as 19 items |
| CSR disclosure | CSR | Adopted from GRI of 79 items |
| Annual report lag | LAG | Annual report date - financial statement date (Afify, 2009) |
| Financial performance | ROA | Net income divided by total assets |
| **Control** |  |  |
| Firm size | SIZE | Natural logarithm of total assets |
| Leverage | LEV | Total debts divided by total assets |
| Listing tenure | LISTING | Sum of the years since IPO (Bhuiyan, et.al, 2013) |
| Operating tenure | OPERATE | Sum of years from the time of first operation (Bhuiyan, et.al, 2013) |

**Model**

Dhaliwal et al. (2012), argues that environmental, social and corporate governance information (ESG) has a potential relationship with financial performance. This explains that IR provides useful information for capital market users. The IR supporters claim that linking of the environment, social and corporate governance (ESG) to financial performance through an integrated report can provide a more holistic understanding of the company. Thus we would expect that the firm value will increase as the company is closer to the IR implementation.

Arnold et al (2012) previously used an experimental approach to research this topic. But we adopt a cross sectional regression approach to test our hypothesis. We do so with some of the reasons expressed by Pope and McLeay (2011) that the experimental design that necessary to elaborate the effects of accounting change can be difficult because the economic characteristics may affect some of the results variables that can also change over time. Consequently, the observations of changes in the outcome variables over time can be attributed to accounting changes, or changes in the firm and relevant economic characteristics.

This research was tested by using three multiple linear regression models. To test the hypotheses are done by examining the 3 models

TOBINSQ = bo + b1 GCG + b2 CSR + b3 LEV + b4 SIZE + b5 LISTING

           + b6 OPERAT + e (1)

TOBINSQ = bo + b1 GCG + b2 CSR + b3 ROA + b4 GCG \* ROA + b5 CSR \* ROA

          + b6 LEV + b7 SIZE + b8 LISTING + b9 OPERAT + e (2)

TOBINSQ = bo + b1 GCG + b2 CSR + b3 LAG + b4 GCG \* LAG + b5 CSR \* LAG

           + b6 LEV + b7 SIZE + b8 LISTING + b9 OPERAT + e (3)

In summary, the variable interpretation is presented in table 3 below:

**Tabel 2 Summary of measurement variables**

|  |  |  |
| --- | --- | --- |
| Variabel | Simbol | Pengukuran |
| Firm value | Tobins Q` | (closing price x number of share saham) + Total Liability  Total Asset |
| GCG disclosure | GCG | Adopted from Bhuiyan, et.al (2013) as many as 19 items |
| CSR disclosure | CSR | Adopted from GRI of 79 items |
| Annual report lag | LAG | Annual report date - financial statement date (Afify, 2009) |
| Financial performance | ROA | Net income divided by total assets |
| **Control** |  |  |
| Firm size | SIZE | Natural logarithm of total assets |
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| Operating tenure | OPERATE | Sum of years from the time of first operation (Bhuiyan, et.al, 2013) |

**RESULTS AND DISCUSSION**

**Sample Descriptive Statistic**

The object of this study is non-financial companies and listed on the Stock Exchange in 2012-2014 who have information audit fees. Two thousand and nineteen observation are found and used to be the sample.

**Table 3 Deskriptive Statistic**

|  | Obs | Minimum | Maximum | Mean |
| --- | --- | --- | --- | --- |
| ROA | 219 | -0.35 | 0.29 | 0.05 |
| GCG.score | 219 | 0.05 | 0.79 | 0.35 |
| CSR | 219 | 0.02 | 0.37 | 0.10 |
| LAG | 219 | 21.00 | 70.00 | 46.25 |
| SIZE | 219 | 20.21 | 32.51 | 29.02 |
| LEV | 219 | 0.03 | 2.73 | 0.39 |
| LISTINGAGE | 219 | 1.00 | 35.00 | 12.28 |
| OPERATIONAGE | 219 | 2.00 | 115.00 | 33.15 |
| TOBINS Q | 219 | 0.38 | 7.05 | 1.45 |

The result of correlation analysis between variables shows that there are not many variables that have correlation which has significant relationship.

**Table 4 Result of analysis**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Model 1 | |  | Model 2 | |  | Model 3 | |  |
|  | T | Prob |  | sig | Prob |  | sig | prob |  |
| (Constant) | -0.86 | 0.39 |  | -2.50 | 0.01 |  | -0.76 | 0.45 |  |
| GCG | 2.93 | 0.00 | \*\*\* | 1.21 | 0.23 |  | 2.71 | 0.01 | \*\* |
| CSR | 0.06 | 0.95 |  | 1.84 | 0.07 | \*\* | -0.09 | 0.93 |  |
| ROA |  |  |  | 11.31 | 0.00 | \*\*\* |  |  |  |
| GCG \* ROA |  |  |  | 2.16 | 0.03 | \*\* |  |  |  |
| CSR \* ROA |  |  |  | -0.73 | 0.47 |  |  |  |  |
| LAG |  |  |  |  |  |  | -0.73 | 0.47 |  |
| GCG \* LAG |  |  |  |  |  |  | 0.26 | 0.80 |  |
| CSR \* LAG |  |  |  |  |  |  | 0.92 | 0.36 |  |
| SIZE | 0.68 | 0.50 |  | 1.89 | 0.06 | \*\* | 0.73 | 0.47 |  |
| LEV | 2.09 | 0.04 | \*\* | 4.62 | 0.00 | \*\*\* | 2.09 | 0.04 | \*\* |
| LISTING | -2.39 | 0.02 | \*\* | -4.17 | 0.00 | \*\*\* | -2.17 | 0.03 | \*\* |
| OPERATION | -1.03 | 0.30 |  | -0.65 | 0.52 |  | -1.01 | 0.31 |  |
| F | 3.71 |  |  | 21.60 |  |  | 2.62 |  |  |
| Sig F | 0.00 |  |  | 0.00 |  |  | 0.00 |  |  |
| Adj R2 | 6.90 |  |  | 46.00 |  |  | 6.30 |  |  |

\*\*\* significant at 1% ,\*\* significant at 5%, \* significant at 10%

**The influence of non-financial information ESG on the firm value**

The effect of the GCG disclosure on firm value measured with Tobins Q as in Model 1 shows the significance value <0.05 with a positive coefficient. Conversely, the CSR information shows significance > 0.05. This means that ESG information that includes CSR and GCG information does not appear to be responded equally by investors.

These results indicate that CSR activities can reduce the value of the company for the company because of the large costs incurred by the company to conduct CSR. Researchers have previously reported that analyst perceptions have changed over time regarding the impact of CSR on creating firm value. In the early years of their samples, it appears that CSR strategies are still perceived as destroying firm value, and thus have a negative impact on investment. However, in the last years of their samples, Ioannou and Serafeim (2010) reported that CSR strategy is considered a factor that can increase firm value positively associated with investment recommendations.

The empirical results of this study found no effect of CSR on firm value in Indonesian firms. This result is consistent with Crisotomo et.al (2011) in Brazil. The existence of these negative influences appears to be influenced by relative social action over concerns about relationships with employees and the environment. Both social activities are a focus that is often focused in CSR in Indonesia.

Looking at the CSR-value relationship of firms in Indonesia and in Brazil shows that the emerging market still seems to see that the CSR strategy undertaken by the company is still regarded as something that is perceived as adding to the financial burden by investors. In this case it seems that CSR strategy has not been assessed as an activity combined with corporate strategy to increase public confidence. On the contrary, as expected, we found that GCG disclosure is positively related to firm value. This result is consistent with most previous studies conducted by Black, et.al (2002) in a study in South Korea.

These findings imply that not all ESG performance is positively correlated with firm value because there is a difference of direction over the influence of CSR and GCG on firm value. This is enough to support the argument from research that good ESG can positively affect the performance of operations through different channels, such as by increasing revenue through reputation benefits, or through competitive advantage as well as through cost reduction and risk reduction.

The value of the firm reflects investors' perceptions (Derwall, 2007). Thus, companies with high ESG can provide performance benefits from higher market valuations. This is in line with previous findings by Derwall (2007). The positive relationship of ESG firm values ​​is explained by investor confidence that firms with high ESG values ​​have low risk leading to lower discount rates, and thus, they benefit from higher valuations (Derwall, 2007).

These findings have significant implications for regulators and the investment community as it will appear that investors may benefit from additional ESG disclosure as input for important investment decisions, although these results still have consistent be- tams between GCG and CSR, our results are consistent with Newer research results thus support the idea that social, environmental, and information governance is gaining importance for investors.

**Effect of financial andnonfinancial information interaction on firm value**

The result indicates that financial performance to moderate the non financial information on firm value in Model 2 in the form of GCG\*ROA interaction on firm value shows significance <0,05 with positive coefficient direction. Conversely, CSR \* ROA interaction shows significance> 0.05. This means that better financial information will strengthen the non-financial effects of good GCG on firm value. However, this does not occur in the effects of non-financial information of CSR.

These results indicate that the effect of non-financial information on firm value for companies that have higher financial performance will be higher than in companies with a lower performance. This also shows that the level of non-financial information (ESG) in companies with better financial performance will have a greater role in creating corporate value. In other words, financial and non financial information especially GCG has a benefit for investors in creating company value.

This happens because some combination of ESG components sometimes appear as a relatively large complement, such as human resources and business behavior to customers and suppliers, demonstrating mutual benefits and reducing conflict between stakeholders. In contrast, the environmental and business behavior aspects of customers and suppliers often appear as relative substance to show more conflict or over-investment between such types of stakeholders.

**Effect of annual lag – non financial interaction on firm value**

The results indicate that interaction between non-financial and annyal lag on firm value as in Model 3 shows that GCG \* LAG has probability > 0.05. Likewise the CSR \* LAG interaction also shows significance> 0.05. This means that the lag time of delivering non-financial information faster is not able to moderate the effects of non-financial information both CSR and GCG on the value of the company.

This result explains that the influence of ESG non-financial information on firm value is no different for companies reporting the annual report more quickly than those who report more slowly. This result explains that the anchor effect does not appear in the annual report or sustainability report issued by the company after the financial statements are disclosed. This can be because the time period of the lag has not been perfectly able to reveal the existence of an anchor phenomenon in the reporting of financial statements considered as information for the non-financial statements. Perhaps investors' discrepancy in disclosure of financial statements with annual reports (non-financial) even differing only 1 day is considered to have the same anchor effect in which the financial statements are still regarded as anchor information and nonfinancial information will obtain a captured appraisal as separate information (Arnold, Et.al, 2012). In other words, integrated reporting should be reported simultaneously to eliminate the effect of anchors that occur, so even if financial and non financial information is reported only 1 day difference or with a short period then the anchor effect will still occur.

This study also uses firm size variables, leverage ratio, tenure listings, operational tenure. The results of this study found that the control of leverage and tenure listings show as a variable that significantly influence the firm valuation.

**Checking of the unbiased estimate model**

The regression model has minimized the bias effect of using OLS regression model. The models has fulfilled several assumptions for an unbiased regression model estimation, where residual of the models were distributed normally (p> 0.05), all independent variables of the models did not indicate the nature of multicollinearity, and the error variance of the models did not lead to have heteroscedasticity.

**CONCLUSIONS AND IMPLICATIONS**

**Conclusion**

The results of this study find that ESG information has a different effect of environment and Social disclosure and corporate governance disclosure. This implies that although ESG information has relevant information but has different directions. The results of this study also provide results that the relevance of financial information will be smaller precisely in companies that disclose wider environmental and social information, while GCG information cannot moderate the effects of financial information on the assessment company.

Non-financial information indicates a significant influence on corporate values ​​but with varying directions, for example GCG information can have a positive effect but CSR information can have a positive effect. If financial information is used in unison with non-financial information then it is obtained that the financial information obtained will only minimize the effect of non-financial information. In addition, annual report lag obtained cannot increase the influence of financial information on the value of the company.

**Implications and Limitations of Research**

Finally, we consider that this paper may have implications for academics, managers and for other stakeholders. For academics, the effort to extend the integrated reporting study that links the relationship between financial and non-financial information and the timeliness of disclosure should be approached with a more in-depth approach to the disclosure effects of financial statements and a separate annual report leaving two different corporate valuation conditions.

This result complements ambiguous empirical evidence on the relevance of ESG information in investment judgments or to stock market reactions in the presence of information asymmetry on ESG performance. The results of this study imply that ignoring ESG information may not always indicate irrelevant in the assessment of investment but may result in a cognitive bias arising from the presentation of the sustainability report format. These results also indicate that simultaneous granting of financial and ESG data in integrated reports is less able to help avoid the anchor effect in investment valuation, since the potential attention seems to be that integrated reporting lacks more useful information.

However, the financial and ESG information available in the integrated reporting or in the annual report does not affect the total amount of information published by the company but rather the intersection of time when different information is published. In this study there is no evidence that financial and ESG data information seems to lack information that supports each other significantly.

Research also has a number of limitations. First, we limit financial and ESG information from information typically contained in financial statements and sustainability reports. These limitations may limit the generalization of research results, in more complex environments, to investors for the categories of information they are more used to, such as financial data. Future research can examine how more complex environments can influence the use of ESG information. Second, the instrument is measured only by the ESG indicator and does not include general narrative content in the company's sustainability report. Further research may be possible to explore by processing different quantitative ESG and narrative information.

The absence of the form of integrated reporting in real for research makes the research using simulation integrated reporting with approach of financial report - non financial report and lag period of financial statement submission can give problem because financial statement have provision of deadline of submission, while non financial report has a deadline clear. For that approach the research by simulation through experimental design seems to be a good approach in subsequent research.

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