



DOES GOVERNANCE DISCLOSURE IN INTEGRATED REPORTING CREATE VALUE? EVIDENCE FROM INDONESIA

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Abstract

Corporate reporting has undergone a paradigm shift, where investors increasingly demand non-financial information, particularly governance disclosure, to support informed decision-making. However, studies on the value relevance of governance disclosure in Integrated Reporting (IR) have shown inconsistent results, especially in the context of developing countries. This study is grounded in voluntary disclosure theory, which suggests that governance disclosure within IR can reduce information asymmetry and signal management quality, thereby influencing investor market perceptions. This study used panel data consisting of 60 observations over the period 2021–2024, derived from companies listed in the ESG indices on the Indonesia Stock Exchange. Governance disclosure is measured using the Governance Disclosure Index (GDI), constructed through content analysis of integrated reports based on the IIRC framework and the Ohlson (1995) as our value relevance model. The regression result indicated that GDI has a positive effect on firm market value, supporting that governance disclosure in IR has value for investors. Our finding suggests that comprehensive governance disclosure enhances investor confidence and firm value within the context of voluntary IR adoption in Indonesia.

Keywords: Governance Disclosure; Integrated Reporting; Value Relevance; Market Value; Indonesia



INTRODUCTION

This study aims to examine the value relevance of governance disclosures within the framework of Integrated Reporting (IR). This objective is driven by the increasingly complex business environment, which has triggered a paradigm shift in corporate reporting practices. In this evolving context, companies no longer focus solely on financial performance but are also expected to address non-financial dimensions such as environmental, social, and governance (ESG) aspects (IAPI, 2023). However, traditional financial reporting is often considered inadequate in providing a comprehensive understanding of a company's strategy, risks, and sustainability. Consequently, Integrated Reporting (IR) has emerged as an innovative approach that integrates financial and non-financial information to demonstrate the interconnections between strategy, governance, performance, and prospects in creating long-term value (Permatasari & Narsa, 2022; Radwan & Xiongyuan, 2024).

Governance disclosure is one of the core components of Integrated Reporting, as it provides an overview of the mechanisms, structures, and practices through which companies are directed and controlled in creating sustainable value. According to the International Integrated Reporting Council IIRC (2021), governance information in IR should describe how an organization's governance framework enables it to sustain value creation over the long term. This includes disclosures related to board structure, independence, oversight mechanisms, and decision-making processes. By integrating governance information with financial and non-financial aspects, IR enables stakeholders to better understand how governance contributes to strategy execution, risk management, and long-term performance (Landau et al., 2020; Tirado-Valencia et al., 2021).

Investors demand high-quality, relevant, and timely information, particularly regarding corporate governance disclosures, which reflect oversight mechanisms, decision-making processes, and the protection of stakeholder interests (Dey, 2020). Empirical evidence suggests that corporate governance disclosure generally has value relevance, as it is directly associated with the quality of financial reporting and monitoring mechanisms. Governance information disclosed in annual reports has been shown to have a positive and significant correlation with stock prices (Alomair & Al Naim, 2025; Khan et al., 2013). In Indonesia, governance variables have been shown to explain 25.8% of stock price variation in energy sector companies, indicating their relevance for investors (Irawan et al., 2025). However, other studies reveal inconsistent



findings, where certain governance indicators such as independent boards of commissioners and audit committees do not always enhance value relevance, reflecting variations in disclosure quality and effectiveness (Hutauruk & Fitri Puspa, 2023).

In the broader context of sustainability reporting, governance disclosure within ESG frameworks also demonstrates diverse but generally strong value relevance. A cross-country study using Bloomberg ESG scores across 38 countries found that governance components exhibit the highest value relevance compared to environmental and social dimensions (Zuraida et al., 2016). Similarly, corporate governance practices in Brazil have been positively perceived by the market, particularly in sensitive industries (Miralles-Quirós et al., 2018). Despite the growing adoption of IR globally, research findings remain mixed. Studies by Barth et al. (2016) and Lee & Yeo (2016) indicate that higher IR quality, including governance aspects, positively affects firm valuation. However, evidence from developing countries shows contrasting results. Priyadarshani et al. (2023) found that IR disclosure does not always increase firm value in Sri Lanka, while Landau et al. (2020) reported that IR may even have a negative impact unless disclosure quality is high. Furthermore, although ESG disclosure has increased in quantity, its consistency and quality remain major challenges (Serafeim & Grewal, 2017). These inconsistencies raise questions about the extent to which governance disclosure in IR consistently provides value-relevant information.

Value relevance is a key concept in accounting that refers to the ability of information to explain or influence a company's market value, particularly its share price (Ohlson, 1995). In the context of IR, value relevance emphasizes that non-financial information, including governance disclosure, can provide additional insights for investors in assessing long-term prospects (Lutfiani et al., 2024). Governance disclosure encompasses aspects such as board structure, independence, audit committees, remuneration policies, and transparency mechanisms, which collectively reflect the quality of corporate governance. Previous research has shown that high-quality governance disclosures can reduce information asymmetry and increase investor confidence (Healy & Palepu, 2001). From a capital market perspective, the more relevant the information disclosed, the greater its influence on investor perceptions and investment decisions (Iqbal et al., 2025). Therefore, measuring governance disclosure through an index such as the Governance Disclosure Index (GDI) becomes essential to assess its value relevance in explaining firm market value.



To achieve its objective, this study employed a value relevance model to examine the relationship between governance disclosure and firm market value. The model is based on the framework developed Ohlson (1995), which measures the extent to which accounting and non-accounting information is reflected in stock prices. The sample consists of companies listed in the IDXESGL, ESGSKEHATI, and ESGQKEHATI indices on the Indonesia Stock Exchange (IDX) for the period 2021–2024. These firms are selected due to their relatively high commitment to sustainability and transparency practices, making them suitable for analyzing the role of governance disclosure within the IR framework.

This study offers both theoretical and practical contributions. Theoretically, it extends voluntary disclosure theory in the context of Integrated Reporting and enhances understanding of how governance disclosure affects firm valuation. Practically, the findings offer insights for companies to improve the quality and consistency of governance disclosure, as well as for regulators and investors in evaluating the effectiveness of IR as a tool for enhancing transparency and accountability.

This paper is structured as follows. Section 1 presents the research background and explains the concepts of Integrated Reporting (IR) and governance disclosure. Section 2 reviews literature and formulates hypotheses. Section 3 describes the research methodology, including the sample of ESG-indexed companies in Indonesia, the measurement of governance disclosure using the Governance Disclosure Index (GDI), and the application of Ohlson's (1995) value relevance model. Section 4 presents the results and discussion of the empirical findings. Finally, Section 5 concludes this study and provides implications, limitations, and suggestions for further research.

LITERATURE REVIEW

Voluntary Disclosure Theory and Governance Disclosure in Integrated Reporting

The theory of voluntary disclosure explains that companies may disclose information beyond their statutory obligations to reduce information asymmetry between management and external parties. Companies have the discretion to determine the type, form, and scope of the information disclosed, thereby enabling the provision of information that is more relevant, transparent, and useful for investor decision-making (Dye et al., 2001; Healy & Palepu, 2001; Verrecchia, 2001). From this perspective, voluntary disclosure serves as a strategic mechanism to signal a company's quality, enhance credibility, and strengthen



market confidence. The OECD also emphasizes that comprehensive disclosure policies are an important oversight mechanism in supporting investor decision-making (Setiany et al., 2017). In the context of this study, voluntary disclosure theory is relevant because Integrated Reporting (IR) is an advanced form of voluntary disclosure that integrates financial and non-financial information. Through IR, companies seek to reduce uncertainty, increase transparency, and attract long-term investors; thus, this theory serves as an appropriate foundation for explaining how governance disclosures can influence investor perceptions and firm value (Healy & Palepu, 2001; Permatasari & Tjahjadi, 2024).

As part of the non-financial information disclosed within the IR framework, corporate governance is a key aspect that reflects the quality of a company's management and oversight mechanisms. Consequently, corporate governance disclosures receive special attention in literature due to their role in supporting corporate transparency and accountability. Corporate governance disclosure, as one of the main components of IR, refers to the provision of information describing how corporate governance principles are applied in a transparent, accountable, and effective manner. This disclosure covers various aspects such as board structure and independence, ownership structure, audit committees, compensation policies, and internal control mechanisms (Firmansyah et al., 2021). According to the IIRC (2021), governance disclosure in IR aims to explain how governance structures and oversight processes support strategy execution, risk management, and sustainable value creation. By providing this information, companies can enhance stakeholder trust, reduce information asymmetry, and strengthen their legitimacy in the capital markets (Gitahi, 2019).

To assess whether governance disclosures provide useful information to investors, the concept of value relevance is employed. Value relevance refers to the ability of both accounting and non-accounting information to explain or influence a company's market value, particularly its stock price (Cantika et al., 2019; Ohlson, 1995). Information is said to have value relevance if it can significantly explain variations in stock prices or returns, indicating that investors use such information in their decision-making. In this context, governance disclosures are expected to have value relevance because they provide insights into management quality, the effectiveness of oversight, and the company's long-term prospects.

This study used the Ohlson (1995) model to measure value relevance, as this model is widely recognized for its ability to link a company's market value



to fundamental accounting variables, namely book value per share (BVPS) and earnings per share (EPS). This model posits that a company's market value is driven by its book value and earnings, thereby serving as a robust framework for assessing whether additional information, such as disclosures related to corporate governance, helps explain the company's value. The use of the Ohlson model in this study is considered appropriate because it allows for the integration of financial and non-financial information within a single valuation framework, thereby providing a more comprehensive assessment of the relevance of governance disclosure in Integrated Reporting.

Hypothesis Development

Research on the value relevance of Integrated Reporting (IR) has attracted considerable attention in accounting and capital market studies, as IR is considered capable of providing a more comprehensive representation of corporate value creation. Prior studies generally suggested that the quality of IR influences investor perception and firm valuation. Lee & Yeo (2016) documented a positive association between IR quality and firm market value in Singapore, indicating that comprehensive and integrated disclosures enhance investor confidence in corporate performance and prospects. This finding is reinforced by Cortesi & Vena (2019), who demonstrated that IR disclosure quality exhibits strong value relevance in the European context, where firms with higher transparency tend to receive more favorable market valuations. However, contrasting evidence is provided by Landau et al. (2020) who found that the impact of IR on firm value is not consistently significant. Positive effects emerge only when disclosure quality is high and reflect a strong alignment between strategy, governance, and value creation, whereas symbolic or formalistic disclosures lack meaningful value relevance.

In contrast to findings in developed markets, evidence from developing countries reveals greater variability. Priyadarshani et al. (2023) reported that the level of IR disclosure among firms in Sri Lanka did not significantly influence firm value, suggesting that capital markets in such contexts may not fully respond to integrated information despite improved transparency. Conversely, Radwan & Xiongyuan (2024) showed that IR quality in Asia demonstrates stronger value relevance in firms with robust governance practices compared to those merely complying with reporting requirements, highlighting the critical role of corporate governance in strengthening the relationship between IR quality and market value.



Related research further emphasizes the importance of governance disclosure Fernando & A. Hermawan (2019) argued that governance disclosure serves as a positive signal to investors, reflecting management's commitment to transparency and accountability. Similarly, Serafeim & Grewal (2017) found that enhanced ESG disclosure, particularly governance aspects, strengthens corporate legitimacy and reputation among stakeholders. Nevertheless, both studies acknowledged that the consistency and quality of governance information remain challenging, particularly in developing economies where reporting systems are still evolving.

In Indonesia, the implementation of IR remains voluntary, as no specific regulation mandates the preparation of integrated reports. This contrasts with Johannesburg Stock Exchange, which has required IR for all listed companies since 2011. Indonesian firms, therefore, adopt IR on a limited and voluntary basis (Dosinta, 2023; Saminem et al., 2022). Although the Financial Services Authority has issued POJK No. 51/POJK.03/2017 on Sustainable Finance, requiring financial institutions and listed companies to publish sustainability reports, the regulation does not mandate full integration of financial and non-financial information as prescribed by the (IIRC, 2021).

Sari & Kusuma (2016) found that the level of IR disclosure in financial sector firms is moderate, with governance, performance, and outlook being the most frequently disclosed elements, while the connectivity between financial and non-financial information remains weak. Furthermore, Moeljadi et al. (2022) reported that governance mechanisms, such as independent commissioners and institutional ownership, did not significantly influence the extent of IR disclosure, suggesting that governance practices tend to be symbolic. Although governance disclosure in Indonesia shows a positive trend, it is still largely limited to formal aspects, such as board structure and ethical policies, with limited emphasis on the strategic linkage between governance, value creation, and sustainability (Dosinta, 2023).

Accordingly, although IR adoption in Indonesia remains voluntary, governance disclosure has the potential to enhance the value relevance of information for investors, depending on the quality and depth of disclosure. Based on this argument, the proposed hypothesis is as follows:

H₁: Governance disclosure in Integrated Reporting has value relevance for investors.



RESEARCH METHOD

This study employed archival research and panel data to examine the value relevance of governance disclosure in integrated reporting. The data obtained from integrated reports published on the official website of the Indonesia Stock Exchange and respective company websites. The sampling process began by identifying all companies included in the IDXESGL, ESGSKEHATI, and ESGQKEHATI indices during the 2021–2024 period. After applying the selection criteria, the final sample consists of 60 observations.

Table 1.
Sample Selection Process

Description	Sample
Number of companies listed in the IDXESGL, ESGSKEHATI, and ESGQKEHATI indices for the period 2021–2024	291
Non-integrated reports	(231)
Total Sample	60

Source: Author’s work.

The independent variable, governance disclosure, is measured using a Governance Disclosure Index (GDI) based on the IIRC through content analysis. This approach allows for a systematic evaluation of how organizations disclose governance-related information in supporting long-term value creation. To enhance measurement objectivity, a structured checklist was developed by referring to the IIRC and prior literature. The coding process was conducted carefully to minimize subjectivity, following established content analysis procedures (Krippendorff, 2019). The GDI is calculated as the ratio between the actual score obtained and the maximum possible score, reflecting the extent of governance disclosure. The measurement criteria are presented in Table 2.

Table 2.
Governance Disclosure Checklist

Dimensions	Attributes	Measurement
Governance	1. Governance structure	0 = provides information on the organization's governance structures, policies, and practices, including the roles and responsibilities of the board of directors, management team, and other stakeholders (qualitative information)



- 1 = provides information on the organization's governance structure, policies, and practices, including the roles and responsibilities of the board of directors, management team, and other stakeholders (accompanied by quantitative information)
- 2. Governance of remuneration
 - 0 = none
 - 1 = qualitative remuneration information available
 - 2 = quantitative remuneration information is available

Source: Bastian & Permatasari (2025)

The dependent variable, value relevance, is assessed using the Ohlson Model, which explains the market value of equity through book value per share and earnings per share. This model is widely recognized for its robustness in capturing the association between accounting information and firm valuation in capital markets (Ohlson, 1995; Santos & Coelho, 2018). To test the proposed hypotheses, the study employed a regression model specified as follows:

$$MVE_{it} = \alpha_0 + \alpha_1 BVPS_{it} + \alpha_2 EPS_{it} + \alpha_3 GDI_{it} + \sum_{j=4}^6 a_j Controls_{it} + a_7 INDUSTRY_i + \alpha_8 YEAR_t + \epsilon_{it}$$

MVE_{it} represents the market value of the company's equity at the end of fiscal year t. BVPS_{it} refers to the book value per share of company i in year t, while EPS_{it} represents the earnings per share of company i in year t. GDI_{it} denotes the Governance Disclosure Index of company i in year t. Controls_{it} refers to the control variables included in the model. INDUSTRY_i represents the industry dummy variable, YEAR_t represents the year dummy variable, and ε_{it} denotes the error term.

This study employed several control variables to reduce potential model bias and to strengthen the reliability of the relationship between governance disclosure and value relevance. First, firm size is included as it reflects the scale and operational capacity of a company, which significantly influences the level and quality of disclosure (Ahmed, 1994; Chen & Jaggi, 2000). Larger firms tend to disclose more comprehensive information due to greater public scrutiny and stakeholder pressure. Firm size is measured using the natural logarithm of total



assets to ensure comparability and reduce scale bias (Embong et al., 2012; Verrecchia, 1999). Second, audit quality is included because it reflects the credibility and reliability of financial reporting. High-quality auditors are generally better able to detect and report material misstatements, thereby reducing information asymmetry and enhancing investor confidence (DeAngelo, 1981; Palmrose, 1988). Third, leverage is used as a control variable because a firm’s debt level may influence its disclosure behavior. Firms with higher leverage tend to face greater pressure from creditors, encouraging them to increase transparency to signal their ability to meet financial obligations (Iqbal et al., 2025; Permatasari & Tjahjadi, 2024). Furthermore, this study also used industry and year dummies to control differences caused by variations in the time period and industry characteristics.

RESULTS AND DISCUSSION

Reliability Test

Reliability reflects the consistency of the research instrument when repeatedly applied to the same topic. In this study, reliability is categorized as low if < 0.61 , good if ≥ 0.61 , and very good if ≥ 0.81 .

Table 3.

Reliability Test Cohen’s Kappa				
Dimensions		Attributes	Before Cohen’s Kappa	After Cohen’s Kappa
GDI	Governance Structures		0.735	0.932
	Governance remunerasi		0.537	0.893

Source: Author’s work.

The results in Table 3 show that before calibration, Governance Structures had a Cohen’s Kappa of 0.735, while Governance Remuneration was 0.537, indicating some inconsistency among raters. After calibration, both values increased significantly to 0.932 and 0.893, respectively, indicating very good agreement. This shows that the calibration process improved the consistency and reliability of the assessment.

Multivariate Analysis

Table 4 presents descriptive statistics for the variables used in this study. The Governance Disclosure Index (GDI) variable has a minimum value of 0.333 and a maximum value of 1.000, with a mean of 0.722 and a standard deviation of 0.275. This indicates that, on average, the companies in the sample disclose approximately 72.2% of the governance disclosure items, although there is still



variation among firms. The market value of equity per share (MVES) has a minimum value of 22 and a maximum value of 1,205.010, with an average value of 410.234 and a standard deviation of 304.255.

The remaining variables show generally moderate variability. BVPS and EPS indicate higher dispersion, suggesting differences in firms’ financial performance, whereas SIZE remains relatively stable across observations. LEV reflects moderate differences in capital structure. Overall, variability is more pronounced in financial performance variables, while others remain relatively consistent.

Table 4.
Summary of Descriptive Statistics

Variable	N	Mean	Std. dev.	Min	Max
MVES	60	410.234	304.255	22	1,205.010
BVPS	60	340.550	181.939	52.510	753.860
EPS	60	32.790	31.060	-37.971	113.150
GDI	60	0.722	0.275	0.333	1.000
SIZE	60	16.126	1.136	13.694	17.829
LEV	60	0.759	0.397	0.165	1.776

Notes: Abbreviations: MVES = market value of equity; BVPS = book value of equity per share; EPS = earnings per share; GDI = governance disclosure index; SIZE = natural logarithm of total assets; LEV = debt-to-equity ratio.

Source: Author’s work.

Table 5 presents the frequency distribution of the audit quality (KA) variable. Of the 60 observations, 38 observations, or 63.3%, are classified in category 0, while 22 observations, or 36.7%, are classified in category 1. This finding indicates that most firms in the sample are not associated with the higher audit quality category, although the proportion of firms with higher audit quality remains relatively substantial.

Table 5.
Frequency Distribution of Audit Quality

KA	Frequency	Percent
0	38	63.3
1	22	36.7
Total	60	100.0

Source: Author’s work.



Based on the results of the correlation test in Table 6, the relationship between the Governance Disclosure Index (GDI) and Market Value of Equity (MVES) showed a negative direction with a correlation coefficient of -0.097 and is not statistically significant. This finding indicated that the level of corporate governance disclosure has not yet been able to exert a significant influence on a company’s market value. In other words, investors did not yet appear to fully consider governance disclosure as a primary factor in determining market valuation, thus these results do not provide initial support for the hypothesis expecting a positive relationship between the two variables.

Table 6.
Pearson Correlation

Variable	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. MVES	1.000						
2. BVPS	0.257	1.000					
3. EPS	0.785**	0.475**	1.000				
4. GDI	-0.097	0.318*	0.007	1.000			
5. SIZE	0.089	0.325*	0.117	-0.198	1.000		
6. KA	0.589**	-0.002	0.258*	-0.186	0.260*	1.000	
7. LEV	-0.017	0.081	-0.040	0.010	0.480**	0.192	1.000

Notes: Abbreviations: MVES = market value of equity; BVPS = book value of equity per share; EPS = earnings per share; GDI = governance disclosure indeks; SIZE = natural logarithm of total assets; KA = Audit Quality; LEV = debt-to-equity ratio. ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively (two-tailed).

Source: Author’s work.

Meanwhile, the relationships among the other variables generally show varied trends. Financial performance variables such as MVES, BVPS, and EPS tend to have positive relationships with one another, reflecting the interconnection between market value, book value, and corporate profitability. On the other hand, variables such as SIZE, KA, and LEV exhibit relatively more limited relationships and are not always significant with respect to the main variables. Overall, there are no very strong relationships among the variables, so



it can be concluded that this research model does not indicate the presence of serious multicollinearity issues.

Hypothesis Testing

This study employed the Generalized Least Squares (GLS) method due to the presence of heteroscedasticity and autocorrelation issues in the model. Heteroscedasticity leads to non-constant error variance, rendering the Ordinary Least Squares (OLS) estimator inefficient. To address this issue, GLS transforms the model so that the error variance becomes homoscedastic, after which OLS is applied to the transformed model.

Table 7.
Results of GLS Regression Analysis

Variables	Coeff.	z-stat	p-value
BVPS	0.266	0.670	0.502
EPS	2.687	2.530	0.011**
GDI	241.538	2.030	0.043**
SIZE	123.683	2.550	0.011**
KA	49.471	0.600	0.549
LEV	-270.042	-3.090	0.002***

Number of Observation: 60
F- Statistic: 22.88
Prob > F: 0.0000
R-squared: 0.7215
Adjusted R-squared: 0.6899

Notes: ***significant at 1%. **significant at 5%. *significant at 10%.
Abbreviations: BVPS = book value of equity per share; EPS = earnings per share; GDI = governance disclosure index; SIZE = natural logarithm of total assets; KA = Audit Quality; LEV = debt-to-equity ratio

Source: Author’s work.

The hypothesis examines whether governance disclosure in IR has value relevance for investors. This hypothesis is tested through the significance of the GDI (Governance Disclosure Index) coefficient as presented in Table 7. The regression results showed that GDI has a positive and statistically significant coefficient ($\beta = 241.538$; p-value = 0.043), indicating significance at the 5% level. This finding suggests that governance disclosure is positively associated with the market value of equity, implying that investors perceive governance-related information disclosed in integrated reports as relevant for decision-making.



The model is statistically robust, as indicated by the Prob > F value of 0.0000, confirms that the independent variables collectively explain the variation in firm value. The R-squared value of 0.7215 indicates that the model is able to explain approximately 72.15% of the variation in firm value, suggesting that it has a relatively strong explanatory power. This finding reinforces that the integration of financial and non-financial information, including governance disclosure, plays an important role in explaining firm value.

Governance Disclosure in Integrated Reporting has Value Relevance for Investor

The empirical result indicated that the governance disclosure index (GDI) has a positive and statistically significant effect on market value and supports the hypothesis. This finding suggests that investors consider governance-related information disclosed in IR as relevant and useful in their decision-making process. In other words, better governance disclosure is associated with higher firm valuation, reflecting increased investor confidence in the company's transparency and accountability.

From the perspective of voluntary disclosure theory, this result can be explained by the notion that firms voluntarily provide additional information such as governance practices to reduce information asymmetry between external stakeholders and management. By disclosing comprehensive governance information, companies signal their commitment to good corporate governance, risk management, and ethical practices. This signal reduces uncertainty and enhances investor trust, which is ultimately reflected in stock prices. Thus, governance disclosure in IR serves as a credible mechanism to convey firm quality beyond mandatory financial reporting.

This result is consistent with prior studies suggesting that non-financial disclosure, including governance information, enhances the usefulness of earnings information for investors. Permatasari & Narsa (2022) found that information contained in IR can reinforce the relevance of accounting information when combined with financial variables. Similarly, Albitar et al. (2020) showed that ESG disclosure, including governance aspects, improves firm performance and supports better investor evaluation.

CONCLUSION

This study aims to examine the value relevance of governance disclosure in the context of Integrated Reporting (IR), specifically to determine the extent to



which corporate governance information is able to explain firm value when presented within an integrated reporting framework.

Based on the regression analysis, it was found that governance disclosure (GDI) has a positive and significant effect on firm value. This finding indicates that governance information is relevant to firm value and can therefore be utilised by investors in making economic decisions. From a theoretical perspective, these results support the view that non-financial information, particularly governance disclosure, has value relevance when presented in an integrated manner. Practically, this study implies that companies need to improve the quality of governance disclosure within integrated reports in order to enhance transparency and investor confidence. For regulators, these findings provide a basis for encouraging broader adoption of integrated reporting.

This study had several limitations. The relatively small sample size of 60 ESG-indexed firms limited the generalizability of the findings and increased sensitivity to outliers, while the exclusive focus on ESG firms may have introduced sample selection bias and led to an overestimation of the relationship between the GDI and firm value. Additionally, the measurement of GDI was based on content analysis, which involved a degree of subjectivity despite reliability testing and focused more on the presence rather than the depth, credibility, and strategic integration of disclosures. The Indonesian context, where IR was still voluntary, also led to variability in disclosure practices. Future research is recommended to adopt a longer longitudinal approach, include both ESG and non-ESG firms for comparative analysis, develop more comprehensive measures of disclosure quality, incorporate moderating variables, and extend the research context across countries, particularly in emerging markets, to enhance the generalizability of the findings.

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