Integrated Reporting Implementation: Evidence from Indonesia

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ABSTRACT

The existence of mixed results and the low application of integrated reporting encourage researchers to re-examine the factors that influence the adoption of integrated reporting. This study examines the effects of the audit committee, profitability, firm size, leverage, and international activity on the implementation of integrated reporting. The population of this study consists of companies listed on the Indonesia Stock Exchange for the 2023 period, which totaled 934. The sampling technique is the purposive sampling method. Based on these methods, a sample size of 71 was obtained. The analysis method used was multiple linear regression using SPSS version 26. The results of the study indicate that profitability has a positive impact on the implementation of integrated reporting, while leverage has a negative effect on this implementation. Meanwhile, the audit committee, firm size, and international activity do not affect the implementation of integrated reporting.
Keywords: audit committee, firm size, international activity, leverage, and integrated reporting.

INTRODUCTION

In 2010, the International Integrated Reporting Council (IIRC) was formed to provide a solution for creating reports that integrated a company's financial and non-financial performance (Christian and Salim, 2022). This reporting trend is known as integrated reporting, commonly symbolized by <IR>. According to Chariri and Januarti (2017), integrated reporting demonstrated dissatisfaction with annual reports, leading to the emergence of integrated reporting, which provides holistic and integrated information about a company.

According to the IIRC (2021), the concept of integrated reporting is "an integrated report is concise communication about how an organization's strategy, governance, performance, and prospects, in the context of its external environment, lead to the creation, preservation, or erosion of value over the short, medium, and long term." There are eight elements in integrated reporting: (1) Organizational overview and external environment, (2) Governance, (3) Business model, (4) Risks and opportunities, (5) Strategy and resource allocation, (6) Performance, (7) Outlook, and (8) Basis of presentation (IIRC, 2021).

According to the IIRC (2020), the benefits of integrated reporting for organizations include helping them understand and communicate their impact and how they create value holistically, thereby improving relationships with all stakeholders, reducing the cost of capital, and facilitating long-term performance improvements, resilience, and sustainable development. Other benefits experienced by investors, employees, customers, and regulators include providing an understanding of the business and its prospects, enabling better decision-making (IIRC, 2020). For society, integrated reporting benefits business performance, and investors will enhance economic well-being, while proper consideration and management of all capital in the short, medium, and long term will promote sustainable development and financial stability (IIRC, 2020).

The numerous benefits offered by integrated reporting have encouraged various companies worldwide to adopt it. However, in Indonesia, its implementation remains very low. Of the 936 companies listed on the Indonesia Stock Exchange in 2023, only 71 companies, or approximately 7.6%, submitted annual reports using the integrated reporting model (https://www.idx.co.id/id). This is because the implementation of integrated reporting in Asia, particularly in Indonesia, is still voluntary due to the lack of mandatory government policies (Kurniawan

et al. 2020; Fuadah and Kalsum, 2021; Soegiarto et al. 2022; and Dosinta, 2023).

The significant benefits of integrated reporting, on the one hand, and the still low level of implementation in companies listed on the Indonesia Stock Exchange, are interesting to study. This relates to the factors underlying companies' need to disclose extensive information, which is assessed using integrated reporting elements. ¬

Previous research examining the influence of audit committees, profitability, company size, leverage, and international activity on the implementation of integrated reporting has been conducted by several researchers, including Novaridha (2017), Ahmad and Sari (2017), Rahayuningsih and Pujiono (2018), Marrone and Oliva (2019), Iredele (2019), Dilling and Caykoylu (2019), Permata et al. (2020), Sari et al. (2020), Utamie (2021), Dani and Purwanti (2021), Damayanti et al. (2022), and Rosyadi et al. (2022), and Naylufar and Syafruddin (2023).

This study replicates Utamie's (2021) study, which aimed to examine the influence of the audit committee, profitability, firm size, and leverage on the implementation of integrated reporting in manufacturing companies listed on the IDX. The difference between this study and Utamie's (2021) study is the addition of the independent variable of international activity. Therefore, this study examines the effects of the audit committee, profitability, firm size, leverage, and international activity on the implementation of integrated reporting.

Theoretical Framework

This study uses Freeman's (1984) Stakeholder Theory and Jensen & Meckling's (1976) Agency Theory. Stakeholder theory emphasizes organizational accountability far beyond simple financial or economic performance (Diono and Prabowo, 2017). This theory states that organizations will voluntarily disclose information about their environmental, social, and intellectual performance, above and beyond mandatory requests, to meet the actual or recognized expectations of stakeholders (Deegan, 2004) as cited in Khafid and Mulyaningsih, 2012). This is because companies are no longer solely responsible to their shareholders, but are shifting their responsibilities to encompass the broader social sphere (stakeholders), hereinafter referred to as social responsibility (Kurniawan et al., 2020).

Agency theory addresses two issues that can arise in agency relationships (Eisenhardt, 1989). The first agency problem arises when the desires or goals of the principal and agent conflict, and it is difficult or expensive for the principal to verify what the agent does (Eisenhardt, 1989). The second problem arises when the principal and agent have different attitudes towards risk, so that the actions taken will also differ depending on their respective risk preferences (Eisenhardt, 1989). Based on the agency theory of Jensen & Meckling (1976), the existence of an audit committee can minimize conflicts of interest between the agent (management) and the principal (company owner) (Utamie, 2021). The audit committee plays an active role in reviewing financial reports, including integrated reporting (Haji, 2015 in Yahaya and Onyabe 2022). The audit committee must also review the disclosure of sustainability information in integrated reporting to ensure that the disclosure does not conflict with other information (The Institute of Directors in Nigeria (2009) in (Yahaya and Onyabe, 2022).

Implementation of Integrated Reporting

According to the IIRC (2021), the concept of integrated reporting is "an integrated report is concise communication about how an organization's strategy, governance, performance, and prospects, in the context of its external environment, lead to the creation, preservation, or erosion of value over the short, medium, and long term." Integrated reporting is useful for stakeholders interested in an organization's ability to create value over time, including employees, customers, suppliers, business partners, local communities, legislators, regulators, and policymakers (IIRC, 2021). According to the IIRC (2021), there are seven guiding principles for presenting integrated reporting: strategic focus and future orientation, connectivity of information, stakeholder relationships, materiality, conciseness, reliability and completeness, and consistency and comparability. Integrated reporting encompasses eight fundamentally interrelated and mutually exclusive content elements (IIRC, 2021): organizational overview and external environment, governance, business model, risks and opportunities, strategy and resource allocation, performance, outlook, and basis of presentation.

Audit Committee

According to Financial Services Authority Regulation No. 55/POJK.04/2015 concerning the Establishment and Guidelines for the Implementation of the Audit Committee, an audit committee is a committee formed by and responsible to the board of commissioners to assist in carrying out the duties and functions of the board of commissioners. According to this regulation, the audit committee must consist of at least three members, consisting of independent commissioners and external parties from the issuer or public company. The establishment of an audit committee is carried out by a corporate entity to improve oversight of management performance, ensuring effective and efficient management performance and helping to improve comprehensive and transparent information disclosure to interested parties or stakeholders (Damayanti et al., 2022).

Profitability

Profitability is a company's ability to generate profits from invested capital (Sukmayanti and Triaryati, 2019). Profitability ratios provide information about a company's ability to generate profits using the amount of investment or capital invested (Hermawan, 2020). Several profitability measures exist, including return on assets, return on equity, net profit margin, and operating profit margin. This study uses Return on Assets (ROA) as a measure of profitability because it is more relevant to the implementation of integrated reporting. ROA is one element in calculating economic value added (EVA), which leads to value creation, where value creation is part of the definition of integrated reporting.

Company Size

According to Kartini et al. (2022), company size is a scale used to classify the size of a business entity. Company size can be measured by sales, assets, equity, or the number of employees within the company to determine the size of a company (Rahayuningsih and Pujiono, 2018). The measurement of company size in this study uses total assets. Considering that asset value is more stable than other company metrics such as sales and equity.

Hypothesis

Based on the description of agency theory and the results of previous research on the implementation of integrated reporting, the following research hypotheses are as follows:
Ha1: The Audit Committee has a positive effect on the implementation of integrated reporting
Ha2: Profitability has a positive effect on the implementation of integrated reporting
Ha3: Company size has a positive effect on the implementation of integrated reporting
Ha4: Leverage has a negative effect on the implementation of integrated reporting
Ha5: International activity has a positive effect on the implementation of integrated reporting

RESEARCH METHODS

The population of this study was companies listed on the Indonesia Stock Exchange in 2023. The sampling technique used was purposive sampling. Based on this method, a sample size of 71 was obtained using the following sampling process:

Table 1. Sample Selection Process

Description		Number
Population	Companies Listed on the IDX in 2023	936
Criteria	Companies on the IDX that did not publish an Integrated Annual Report in 2023	(865)
	Sample Size During the Observation	71

Source: https://www.idx.co.id/id (processed data, 2024)

This study uses secondary data in the form of annual reports of companies listed on the Indonesia Stock

Exchange (IDX) for the 2023 period. The data was obtained from the official IDX website, www.idx.co.id, and the official websites of each company. The data collection technique used in this study was documentation.

Implementation of Integrated Reporting

Each disclosed item is given a score of 1 and 0 if not disclosed. The total score is then compared to the total number of items that should be disclosed. The more items disclosed, the higher the index score. Studies (Ahmad and Sari, 2017) and (Permata et al., 2020) use the following formula to measure the implementation of integrated reporting.

$$Content\ Element = \frac{n}{k}$$

Description:
n = number of items implemented by the company
k = total number of items expected to be implemented by the company

Audit Committee
The audit committee is a committee formed by and responsible to the board of commissioners to help carry out the duties and functions of the board of commissioners (Financial Service Authority, 2015). The measurement used to measure the audit committee variable is (Naylufar and Syafruddin, 2023):

Audit Committee = Number of Audit Committees

Profitability
Profitability is the company's ability to generate profits from invested capital (Sukmayanti and Triaryati, 2019). The formula used to measure the profitability variable is as follows (Ebenhaezer and Rahayu, 2022):

$$\text{ROA} = \frac{\text{Earnings After Tax}}{\text{Total Assets}}$$

Company Size

According to Kartini et al. (2022), company size is a scale used to classify the size of a business entity. This study uses total assets calculated using the natural logarithm (Ln) as a measure of company size. The formula used to measure company size is as follows (Gunawan and Sjarief, 2022):

$$SIZE = Ln\ (Total\ Assets)$$

Leverage

Leverage is a financial ratio used to determine and assess a company's ability to pay off its long-term obligations. The formula used to measure leverage is as follows (Kasmir, 2019):

$$\text{DER} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

International Activities

International activities refer to company activities conducted abroad, such as foreign subsidiaries and foreign or export-oriented sales (Sari et al., 2017). The formula used to measure the international activity variable is as follows (Sari et al., 2017):

Has overseas activities = score 1 No overseas activities = score 0

Data Analysis Method

The data analysis method used descriptive statistics and classical assumption tests, including normality tests, multicollinearity tests, heteroscedasticity tests, and autocorrelation tests. Hypothesis testing used multiple linear regression analysis with a p-value <0.05 as the acceptance criterion (Ghozali, 2021). The multiple linear regression equation model used in this study is as follows:

$$Y = \alpha + \beta1X1 + \beta2X2 + \beta3X3 + \beta4X4 + \beta5X5 + \varepsilon$$

Y = Implementation of integrated reporting
α = Constant
β = Regression coefficient of each variable
X1 = Audit Committee
X2 = Profitability
X3 = Company Size
X4 = Leverage
X5 = International Activity
ε = Standard error

Research Model

The research model can be seen in Figure 1. below.

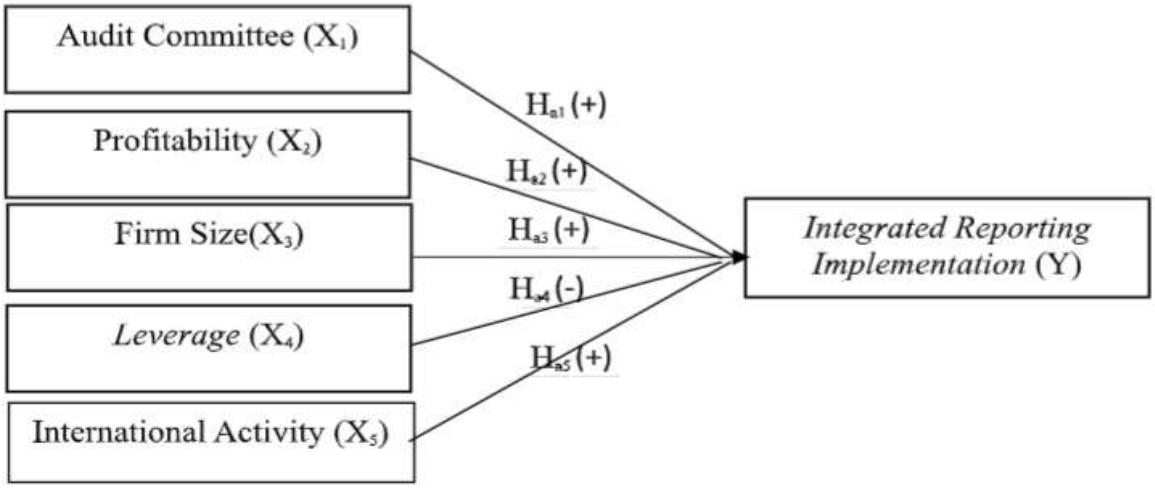

Figure 1. Research Model

RESEARCH RESULTS AND DISCUSSION

Descriptive Statistics of Research Variables

The descriptive statistics for this study can be seen in Table 2, as follows:

Table 2. Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
IRI	71	.63	.86	.7594	.04307
KA	71	2.00	5.00	3.0141	.39616
PROF	71	-1.19	1.53	.0261	.28337
SIZE	71	21.86	38.69	27.7938	2.27504
LEV	71	-8.84	13.03	.9827	2.38103
AI	71	.00	1.00	.3239	.47131
Valid N (listwise)	71				

Source: SPSS 26 Processing Results

Based on the above, the average Integrated Reporting Implementation score is 0.7594, meaning that the average sample company has implemented 75.94%, or 37 items out of a total of 49 integrated reporting items. The average audit committee score of 3.0141 indicates that the average sample company has an audit committee of three people. The number of audit committees complies with POJK No. 55/POJK.04/2015, which stipulates a minimum of three audit committee members. The average profitability score is 0.0261, or 2.61%, indicating that the average sample company has relatively low profitability. The average company size is 27.7938, indicating that the average sample company is categorized as a large company. The average leverage score is 0.9827, indicating that the leverage of the average sample company is still safe because total debt is still smaller than total equity. The average value for international activity was 0.3239, meaning that only 32.39% of sample companies had international activity.

Classical Assumption Test Results

The results of the One-Sample Kolmogorov-Smirnov normality test in Table 2 show an asymp. Sig. (2-tailed) value of 0.200, with c, d > 0.05. These results indicate that the data are normally distributed. The results of the multicollinearity test are shown in Table 3. The results indicate that all variables obtained tolerance values > 0.10 and VIF values < 10, indicating that all five independent variables are free from multicollinearity symptoms. The results of the heteroscedasticity test using the White Test can be seen in Table 4, which shows a calculated c2 value of 3.834 < the c2 value (0.05;4) in the table of 9.488, indicating no signs of heteroscedasticity in the regression model. The results of the autocorrelation test show a Durbin-Watson (DW) value of 1.653. This meets the criteria of -2 < 1.653 < 2, meaning there is no autocorrelation in the regression model.

Hypothesis Testing Results

The results of the multiple linear regression analysis can be seen in Table 3, as follows:

Table 3. Results of Multiple Linear Regression Analysis

Coefficients[a]						
Model		**Coefficients**	**T**	**Sig**	**Description**	**Conclusion**
1	(Constant)	.654	10.032	.000		
	AC	.006	.488	.627	Insignificant	hypothesis rejected
	PROF	.051	2.919	.005	Significant	hypothesis accepted
	SIZE	.003	1.536	.129	Insignificant	hypothesis rejected
	LEV	-.004	-2.132	.037	Significant	hypothesis accepted
	IA	-.009	-.919	.361	Insignificant	hypothesis rejected
	R^2 = 0.241					
	Adjusted R Square = 0.182					

Source: SPSS 26 Processing Results

Based on the results of the multiple linear regression analysis in Table 4.3, the regression equation can be formulated as follows:

IRI = 0.654 + -0.006X1 + 0.051X2 + 0.003X3 - 0.004X4 - 0.009X5 + ε

Where:

IRI = Implementation of Integrated Reporting
KA = Audit Committee
PROF = Profitability
SIZE = Company Size
LEV = Leverage
IA = International Activities

The Influence of the Audit Committee on the Implementation of Integrated Reporting

Based on the results of the hypothesis test, it was found that the audit committee did not affect the implementation of integrated reporting. This indicates that the number of audit committees does not determine the level of integrated reporting implementation. This occurs because the number of audit committees is insufficient to influence company management in disclosing complete non-financial information. Another reason is that some audit committees lack expertise in accounting or finance, thus lacking competence in overseeing the financial reporting process, especially in the implementation of the integrated reporting model.

The results of this study are inconsistent with agency theory, which argues that the existence of an audit committee can minimize conflicts of interest between management and company owners (Utamie, 2021) through its oversight function, particularly in the financial reporting process, particularly integrated reporting. These results are also inconsistent with the research of Ahmad and Sari (2017); Dani and Purwanti (2021), and Damayanti et al. (2022), which found that audit committees have a positive effect on the implementation of integrated reporting. The results of this study support the research of Widya and Sandra (2016) and Utamie (2021), which showed that the audit committee does not affect the implementation of integrated reporting.

The Effect of Profitability on the Implementation of Integrated Reporting

Based on the results of the hypothesis test, profitability has a positive effect on the implementation of integrated reporting. This indicates that greater profitability leads to higher levels of integrated reporting implementation.

These results align with agency theory and previous research conducted by Utamie (2021); Marrone and Oliva (2019); Iredele (2019), and Permata et al. (2020), which stated that profitability has a positive effect on the implementation of integrated reporting. However, these results do not support the research of Dilling and Caykoylu (2019), which stated that profitability has a negative effect on the implementation of integrated reporting. These results also do not support the findings of Novaridha (2017); Sundari et al. (2020); Sari et al. (2020); Permata et al. (2020); Rosyadi et al. (2022) and Soegiarto et al. (2022), which showed that profitability did not affect the implementation of integrated reporting.

The Effect of Company Size on the Implementation of Integrated Reporting

Based on the results of the hypothesis test, it was found that company size did not affect the implementation of integrated reporting. This indicates that company size does not influence the level of integrated reporting implementation. This occurs because companies do not want to incur agency costs and therefore choose not to disclose their information widely. Another reason is suspected to be that the elements in integrated reporting for both small and large companies use the same content elements.

The results of this study are inconsistent with agency theory, which states that information asymmetry and agency conflicts are prone to occur in large companies. These results also do not support the research findings of Ahmad

and Sari (2017); Rahayuningsih and Pujiono (2018); Iredele (2019); Utamie (2021); Rejeki and Ahmar (2022); Moeljadi et al. (2022), and Rosyadi et al. (2022) stated that company size has a positive effect on the implementation of integrated reporting. This study's results support previous research by Novaridha (2017), which showed that company size does not affect the implementation of integrated reporting.

The Effect of Leverage on the Implementation of Integrated Reporting

Based on the results of the hypothesis test, leverage negatively affects the implementation of integrated reporting. This indicates that the greater the leverage, the lower the level of integrated reporting implementation.

This study's results align with agency theory, which states that companies with high leverage will reduce their social responsibility disclosures to avoid attracting attention from debtholders (Zanirah, 2014). High leverage also increases the risk of debt default, leading creditors to closely monitor company activities (Belkaoui and Karpik, 1989) in (Yani and Suputra, 2020). Khafid and Mulyaningsih (2012) state that companies with higher debt levels have higher capital costs and therefore must reduce costs for disclosing social and environmental reports. Thus, companies will tend to focus on increasing company profits rather than disclosing information that is not commensurate with the costs incurred (Rahayuningsih and Pujiono, 2018) and Utamie (2021), which shows that leverage does not affect the implementation of integrated reporting.

The Influence of International Activities on the Implementation of Integrated Reporting

Based on the results of the hypothesis test, it was found that international activities did not affect the implementation of integrated reporting. This indicates that the presence or absence of international activities does not determine the level of integrated reporting implementation. This occurs because there are no regulations mandating the implementation of the integrated reporting model from regulators, and it remains voluntary.

The results of this study are inconsistent with Freeman's (1984) stakeholder theory. Stakeholder theory defines stakeholders in an organization as groups or individuals who can influence or be influenced by the achievement of organizational goals (Freeman, 1984). According to Indrawati et al. (2017), when a company has international activities, the proportion of foreign stakeholders increases. Therefore, the type of information requested is expected to increase, leading to increased voluntary disclosure (Choi and Muelle, 1992; Meek et al., 1995) in (Indrawati et al., 2017).

The results of this study also deviate from the research of Sari et al. (2017), which stated that international activities have a positive effect on the implementation of integrated reporting. The results of this study support the results of previous research conducted by Indrawati et al. (2017), which showed that international activity did not affect the implementation of integrated reporting.

CONCLUSION

Based on the analysis and discussion of the hypothesis test results, it can be concluded that:

1. The Audit Committee does not affect the implementation of integrated reporting.
2. Profitability has a positive effect on the implementation of integrated reporting.
3. Company size does not affect the implementation of integrated reporting.
4. Leverage has a negative effect on the implementation of integrated reporting.
5. International activity does not affect the implementation of integrated reporting.

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APPENDIX

Appendix 1: List of Companies Selected as Samples

NO.	CODE	COMPANY NAME	SECTOR
1	AGII	PT Samator Indo Gas Tbk	Basic Materials
2	AYLS	PT Agro Yasa Lestari Tbk	Basic Materials
3	BTON	Betonjaya Manunggal Tbk	Basic Materials
4	ESIP	PT Sinergi Inti Plastindo Tbk.	Basic Materials
5	FPNI	PT Lotte Chemical Titan Tbk.	Basic Materials
6	GDST	Gunawan Dianjaya Steel Tbk	Basic Materials

NO.	CODE	COMPANY NAME	SECTOR
7	KDSI	Kedawung Setia Industrial Tbk	Basic Materials
8	NICE	PT Adhi Kartiko Pratama Tbk	Basic Materials
9	NPGF	PT Nusa Palapa Gemilang Tbk	Basic Materials
10	SBMA	PT Surya Biru Murni Acetylene Tbk	Basic Materials
11	ENAK	PT Champ Resto Indonesia Tbk	Consumer Cyclicals
12	ESTI	Ever Shine Textile Industry Tbk	Consumer Cyclicals
13	GRPM	PT Graha Prima Mentari Tbk.	Consumer Cyclicals
14	IMAS	Indomobil Sukses Internasional Tbk	Consumer Cyclicals
15	JGLE	PT Graha Andrasentra Propertindo Tbk.	Consumer Cyclicals
16	JIHD	Jakarta International Hotels & Development Tbk	Consumer Cyclicals
17	KICI	Kedaung Indah Can Tbk	Consumer Cyclicals
18	LIVE	PT Homeco Victoria Makmur Tbk	Consumer Cyclicals
19	MARI	PT Mahaka Radio Integra Tbk.	Consumer Cyclicals
20	PGLI	Pembangunan Graha Lestari Indah Tbk	Consumer Cyclicals
21	RAFI	PT Sari Kreasi Boga Tbk	Consumer Cyclicals
22	SHID	Hotel Sahid Jaya Tbk	Consumer Cyclicals
23	SNLK	PT Sunter Lakeside Hotel Tbk.	Consumer Cyclicals
24	WOOD	PT Integra Indocabinet Tbk	Consumer Cyclicals
25	BWPT	Eagle High Plantations Tbk	Consumer Non-Cyclicals
26	DEWI	PT Dewi Shri Farmindo Tbk	Consumer Non-Cyclicals
27	ITIC	PT Indonesian Tobacco Tbk.	Consumer Non-Cyclicals
28	KLIN	PT Klinko Karya Imaji Tbk	Consumer Non-Cyclicals
29	TAYS	PT Jaya Swarasa Agung Tbk	Consumer Non-Cyclicals
30	BSML	PT Bintang Samudera Mandiri Lines Tbk	Energy
31	FIRE	PT Alfa Energi Investama Tbk.	Energy
32	INPS	PT Indah Prakasa Sentosa Tbk.	Energy
33	MCOL	PT Prima Andalan Mandiri Tbk	Energy
34	SURE	PT Super Energy Tbk.	Energy
35	TEBE	PT Dana Brata Luhur Tbk.	Energy
36	ARTO	PT Bank Jago Tbk.	Financials
37	BFIN	BFI Finance Indonesia Tbk	Financials
38	BMAS	PT Bank Maspion Indonesia Tbk.	Financials
39	FUJI	PT Fuji Finance Indonesia Tbk.	Financials
40	HDFA	Radana Bhaskara Finance Tbk	Financials
41	VICO	PT Victoria Investama Tbk.	Financials
42	IKPM	PT Ikapharmindo Putramas Tbk.	Healthcare
43	PEHA	PT Phapros Tbk	Healthcare
44	PEVE	PT Penta Valent Tbk	Healthcare
45	PRIM	PT Royal Prima Tbk.	Healthcare
46	SCPI	PT Organon Pharma Indonesia Tbk	Healthcare
47	APII	PT Arita Prima Indonesia Tbk.	Industrials
48	BNBR	Bakrie & Brothers Tbk	Industrials
49	HOPE	PT Harapan Duta Pertiwi Tbk.	Industrials
50	IBFN	PT Intan Baru Prana Tbk	Industrials
51	INTA	Intraco Penta Tbk	Industrials
52	KUAS	PT Ace Oldfields Tbk	Industrials
53	MARK	PT Mark Dynamics Indonesia Tbk.	Industrials

NO.	CODE	COMPANY NAME	SECTOR
54	NTBK	PT Nusatama Berkah Tbk	Industrials
55	ARKO	PT Arkora Hydro Tbk.	Infrastructures
56	BDKR	PT Berdikari Pondasi Perkasa Tbk.	Infrastructures
57	CASS	Cardig Aero Services Tbk	Infrastructures
58	EXCL	PT XL Axiata Tbk	Infrastructures
59	GMFI	PT Garuda Maintenance Facility Aero Asia Tbk.	Infrastructures
60	KBLV	First Media Tbk	Infrastructures
61	PORT	PT Nusantara Pelabuhan Handal Tbk.	Infrastructures
62	ATAP	PT Trimitra Prawara Goldland Tbk	Properties & Real Estate
63	BCIP	Bumi Citra Premarin Tbk	Properties & Real Estate
64	BIKA	PT Binakarya Jaya Abadi Tbk.	Properties & Real Estate
65	PUDP	Pudjiadi Prestige Tbk	Properties & Real Estate
66	EDGE	PT Indointernet Tbk.	Technology
67	KREN	PT Quantum Clovera Investama Tbk.	Technology
68	MSTI	PT Mastersystem Infotama Tbk.	Technology
69	RUNS	PT Global Sukses Solusi Tbk	Technology
70	HATM	PT Habco Trans Maritima Tbk	Transportation & Logistics
71	IMJS	PT Indomobil Multi Jasa Tbk.	Transportation & Logistics

Appendix 2 Descriptive Statistics Output

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
IRI	71	.63	.86	.7594	.04307
AC	71	2.00	5.00	3.0141	.39616
PROF	71	-1.19	1.53	.0261	.28337
SIZE	71	21.86	38.69	27.7938	2.27504
LEV	71	-8.84	13.03	.9827	2.38103
IA	71	.00	1.00	.3239	.47131
Valid N (listwise)	71				

Appendix 3 Output of Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		71
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.03753083
Most Extreme Differences	Absolute	.073
	Positive	.066
	Negative	-.073
Test Statistic		.073
Asymp. Sig. (2-tailed)		.200[c,d]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Appendix 4: Output of Multicollinearity Test

Coefficients[a]			
Model		Collinearity Statistics	
		Tolerance	VIF
1	AC	.947	1.056
	PROF	.900	1.111
	SIZE	.868	1.152
	LEV	.973	1.027
	IA	.990	1.010
a. Dependent Variable: IRI			

Appendix 5 Output of Heteroskedasticity Test – Glejser Test

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.057	.042		-1.337	.186
	AC	.001	.008	.012	.100	.920
	PROF	-.009	.011	-.103	-.818	.416
	SIZE	.003	.001	.268	2.087	.041
	LEV	-.001	.001	-.076	-.627	.533
	IA	-9.201E-5	.006	-.002	-.014	.989
a. Dependent Variable: ABS_RES1						

Appendix 6 Output of Heteroskedasticity Test – *White Test*

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.232[a]	.054	-.019	.00247
a. Predictors: (Constant), AI, KA, PROF, LEV, SIZE				

Appendix 7 Output of Autocorrelation Test

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.491[a]	.241	.182	.03895	1.653
a. Predictors: (Constant), AI, KA, PROF, LEV, SIZE					
b. Dependent Variable: IRI					

Appendix 8 Output of Hypotheses

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.654	.065		10.032	.000
	AC	.006	.012	.054	.488	.627
	PROF	.051	.017	.333	2.919	.005
	SIZE	.003	.002	.178	1.536	.129
	LEV	-.004	.002	-.234	-2.132	.037
	IA	-.009	.010	-.100	-.919	.361
a. Dependent Variable: IRI						