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Unlocking Corporate Value: How Integrated Reporting, Profitability, and External Financing Interact in Shaping Company Influence

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ABSTRACT

Purpose : Fluctuations in share prices in the capital market are related to company value, where when share prices fall, many shareholders tend to sell their shares to minimize losses. This can decrease the company's internal capital due to the loss of investors and creditors. As a result, companies may need to rely on external capital such as loans to meet long-term capital needs. The company's ability to return external capital can be analyzed through integrated reports and profitability. This research analyzes the effect of integrated reporting and profitability on company value which is moderated by external financing.
Method : Population in all financial sectors listed on the Indonesia Stock Exchange (BEI) in 2018-2022 and a sample of 51 companies was obtained. The moderation analysis technique uses Moderated Regression Analysis to test the hypothesis using Eviews 10.
Findings : The research results show that integrated reporting has a significant positive effect on company value and is moderated by external financing. Profitability has a significant negative effect on company value but cannot be moderated by external financing.
Novelty : The research can contribute to the development of accounting science and theory, especially IR disclosure in developing countries with a voluntary system such as Indonesia. This research also contributes to financial practitioners using IR in making investment decisions.

INTRODUCTION

Investors' and creditors' perceptions regarding the company's level of success in managing resources in each period are reflected in share prices (Dzahabiyya, 2020). The phenomenon of rising and falling share prices in the capital market is related to company value. If there is a decline in share prices, it will result in many shareholders releasing the shares they own to minimize the losses incurred (Saputra, 2019). Low share prices can trigger a lack of internal capital because investors and creditors have lost capital. To meet the company's needs, external party capital such as debt is needed to meet the company's long-term needs (Rahmadewi, 2018). Another factor that can influence company value is market capitalization/market value (Edo, 2022). Market capitalization in the financial sector on the Indonesia Stock Exchange (BEI) accounts for the largest share, namely 35.3% (Figure 1) (Puspadini, 2023).

From the data, it shows that the financial sector has a high market capitalization value in Indonesia, however, according to Sri Mulyani as Minister of Finance of Indonesia, it is revealed that market capitalization in the Indonesian financial sector is still low compared to other ASEAN countries. (Cantika, 2023). Of course, some problems underlie the low value of companies in Indonesia compared to ASEAN countries. This factor can be triggered by poor financial performance, changes in the external environment, low financial reputation, high debt, economic crisis, minimal profits, and poor-quality financial reports (Rahayudi, 2023).

Along with the increasing needs of stakeholders regarding company financial reporting information, an integrated annual financial reporting model has emerged which has evolved into IR or Integrated Reporting (BUMN, 2022). Before the development of integrated reports, the average company was more inclined to use traditional

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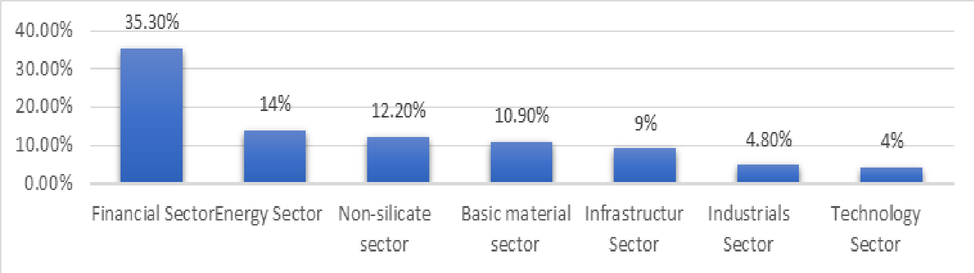

Figure 1. Sector Market Capitalization on the Indonesian Stock Exchange (BEI)
Source: Puspadini, 2023

reports with retrospective or backward-looking information that was considered irrelevant in making investment decisions (Widiastuti, 2015)Apart from that, traditional accounting has many weaknesses, including requiring large costs. Traditional financial reporting is costly because it relies on manual processes and does not take advantage of modern technology. New reporting technologies such as digital-based reporting can reduce operational costs by automating processes and improving accuracy, although they still require IT staff, but the results of non-traditional financial reporting more accurately reflect the use of results and are useful for long-term business decision making (Chu & Wei, 2023). On the other hand, the weaknesses of traditional financial reports are, difficulty in accessing because the information required is not updated enough about the company's financials, low level of supervision, company financial data is only held by one person, resulting in difficulties in controlling the company's finances, and the risk of data damage due to daily activities such as data theft and misuse by certain individuals (Kaban, 2019).

Due to these limitations, stakeholders recommend publishing an integrated report (IR) which provides a comprehensive view of the company to stakeholders in a detailed and integrated manner which is presented in the annual financial report (Geby, 2019). In Indonesia, the implementation of integrated reporting is still relatively minimal and voluntary, although several companies have implemented their annual reports entitled "Integrated Annual Report", in reality, it is not certain that these financial reports have fulfilled the complete content elements of the IIRC (International Integrated Reporting Council) which can be said to be integrated as a whole (Kusuma & Kusumadewi, 2020).

Creditors believe IR is useful because it can reduce information asymmetry, namely conditions where financial information can influence financial performance. The direct impact of implementing integrated reports will be an increase in the quality of financial reports, especially for stakeholders (Soriya, 2023). This argument is supported by the practice of integrated reporting in the Asian region called ESG or Environmental, Social, and Governance, which issued recommendations for integrated reporting guidelines in August 2012, and for reporting, namely on January 1, 2013, this certainly indicates that the benefits of IR are to encourage disclosure. information and the creation of corporate value are starting to be realized by companies and investors (Kurniawan, 2020). Research by Abogazia (2022) states that IR is positively related to company value, this is supported by other research by Moloi (2020) which states that IR has a positive and significant effect on company value, Akpan et al. (2022) and Ashilah & Suryani (2021) shows that integrated reporting has a positive and significant effect on company value.

On the other hand, the aim of establishing a company is to maximize profits to increase the company's value so that it can provide prosperity to the company owner (Widyantari & Yadnya, 2017). However, there was a decline in profitability in 2020-2021 due to the Covid-19 outbreak which caused the economy to be unstable (Ardelia, 2022). The profitability ratio will certainly provide information related to sales, total assets, and capital owned and can be used as a calculation for measuring the company's financial performance. The relationship between profitability and company value can be seen from the high profitability ratio which can support the company's high efficiency in utilizing facilities to generate profits so that high profitability will be directly proportional to high company value (Dwi, 2022). This research is in line with Cahyono et al., (2019); Lengga (2018); Sunny & Surjadi (2021) which shows that profitability has a positive and significant effect on company value.

Funding decisions are something that can influence company value because they will have a direct impact on financial performance (Amaliyah, 2020), as a result of the asymmetry between investors and managers, companies that require external financing tend to increase the company's costs. This company's external financing can provide a good signal to stakeholders so that it can increase trust in the community (Abogazia et al., 2022). External financing can strengthen the relationship between integrated reporting and profitability on company value. Companies need a diverse information environment to increase company value so that it is beneficial for stakeholders (shareholders) to create more transparent, accountable financial reports increase the attractiveness of foreign investors, and create sustainable communities in each country where the company operates (IAPI, 2022).

This research uses external financing as a moderating variable by strengthening the relationship between integrated reporting and company value. When determining a company's funding sources, requires a detailed analysis of finances and future opportunities. There are many factors that companies take into consideration when determining funding sources, one of which is related to the strategy to increase income so that they can meet debt obligations so that bankruptcy does not occur (Bahrun et al.,2020). The higher the company's loan debt, the higher the disclosure of its financial reporting, and will increase share prices which will have an impact on the resulting higher company value (Hertina et al., 2019). This research was supported by Abogazia (2022) who states that integrated reporting has an effect on company value, strengthened by external financing.

On the other hand, the relationship between profitability and company value is strengthened by external financing from third parties. This is because profitability is an analysis measuring the level of success and failure of a company in fulfilling its debt obligations, so high profitability can increase creditors' interest in providing funding for the company. High profitability can reflect that the company has great prospects in returning debts to creditors (Lengga, 2018). The high profitability of the company can provide good information for creditors to make loans. Thus, the company can use these costs to improve company performance and have an impact on increasing company value (Arsyada,2022). This research was supported by Arsyada et al. (2022), Chandra & Rini (2023), Lengga, (2018), and Santoso, (2018) show that profitability has a positive effect on company value, moderated by external financing.

The research object will focus on the financial sector because the financial sector has the highest market capitalization among other sectors. This large market capitalization makes stakeholder monitoring of the company higher compared to other sectors (Sari & Kusuma, 2022). The financial sector is also experiencing improvement and stability is being maintained, because many companies are competing to produce quality financial reporting output to attract creditors and investors to invest in the company. (OJK, 2022). On the other hand, according to Read Nigeria Network, the financial sector is the largest industry in the world with a market value of US$22.5 trillion. This industry is the most important in the global economy because its services are needed by several sectors (Zahara, 2022).

The financial sector differs significantly from non-financial sectors in its rationale for adopting integrated reporting. Financial companies face higher scrutiny due to their critical role in economic stability and their high market capitalization relative to other sectors. Additionally, the implementation of OJK Regulation No. 51/2017 has mandated financial institutions to provide integrated reports, enhancing transparency and accountability. Non-financial companies, in contrast, often adopt integrated reporting voluntarily, primarily driven by stakeholder demand or sustainability goals rather than regulatory compliance (OJK, 2022).

It is hoped that this research will be able to provide several contributions to knowledge by enriching the literature regarding integrated reporting (IR). Firstly, this research provides indicators that can be relied on by researchers and investors through any external party in measuring the level of IR disclosure and profitability. Second, this research was conducted in Indonesia a developing country, where there is still minimal research regarding the relationship between IR and company value. Some studies have only shown the effect of IR on the mining sector by using several variables such as firm size, capital structure, corporate diversification and profitability. These variables are considered as the main determinants of firm value because they describe internal factors (such as operational efficiency and funding strategies) that directly affect market perceptions and investment decisions. This analysis refers to research by (Ashilah & Suryani, 2021) and (Meivinia, 2018) that explain these variables in the mining sector. Third, this research is also expected to increase the disclosure of integrated reports (IR) in companies so that in the future there will be regulations governing the obligation to integrate reports in Indonesia so that it can increase the value of a company (Sari & Kusuma, 2022).

Research on integrated reports and company value is still minimal in Indonesia, because disclosure of integrated reports is also voluntary and not mandatory, as is the case in South Africa and Japan. Opportunities for further research are very diverse and become a literature review that has a positive impact in the hope that regulations governing integrated reporting can be made mandatory in Indonesia. This reason is also motivated by companies being able to disclose IR properly as a form of accountability towards stakeholders. This research examines the influence of the independent variable integrated report (IR) and profitability which is moderated by the external financing variable. This research uses agency theory to derive the logical hypothesis of the influence of integrated reporting on company value, and signal theory to derive the logical hypothesis of the influence of profitability on company value.

Integrated reporting (IR) provides comprehensive and integrated information to stakeholders about all aspects and dimensions of an organization, to create business value and maintain the company's long-term sustainability so that it consistently improves the quality of the company. Having complete, transparent, and accountable financial reports can provide good information to increase company value because it creates trust in stakeholders and the public. (Abogazia., 2022).

The influence of integrated reports on company value is supported by agency theory which is related to differences in interests between shareholders and management which can hurt company value, because management takes actions that sacrifice the interests of shareholders to obtain large profits in the long term of the company. so that management is more concerned with personal interests than company interests, personal interests rather than the interests of the company. Moeljadi et al. (2022), if this phenomenon occurs continuously, it will hinder the company from achieving positive performance, resulting in a decline in the company and an impact on shareholders. Resolving agency conflicts can be done by using information intermediaries as a solution that can resolve problems through integrated financial reports. Disclosure of information must be complete and adequate in terms of all types of Integrated Reporting (IR) elements so that the benefits can be felt by both parties (Kustiani, 2021). IR disclosure can reduce information asymmetry which can hinder the process of achieving goals. Complete and transparent information can describe the condition of the company in good or bad condition so that it can attract investors and creditors to invest their capital (Abogazia et al., 2022).

Good implementation of IR will produce accurate information that allows investors and creditors to be confident that they have received the same actual information as that provided by management. Apart from that, this integration report is used to provide accountable information that can give confidence to users so that it can increase company value (Pietoyo et al., 2022). This research was supported by Moeljadi et al. (2022) showing that integrated reporting has a positive and significant effect on company value

H_1: Integrated reporting has a positive effect on company value

Profitability is a ratio used to measure a company's ability to make a profit. According to signaling theory, companies that have high profitability tend to show good performance in the future. So, if the company's performance is good, it will easily gain the trust of stakeholders (Utami & Widati, 2022). This theory explains the profits of companies that can provide positive signals to external parties by the needs that have been implemented, such as creditors when analyzing company value (Bagaskara et al., 2021). When the trust that has been obtained can be maintained consistently, it will provide a good signal (good news) for creditors and investors when they want to provide capital financing or invest in a company, this will have a positive impact by increasing the value of the company (Utami & Widati, 2022).

High profitability in a company will have an impact on the demand for shares, thereby causing share prices to increase. This increase in share prices will automatically increase the value of the company and increase creditors' confidence in carrying out external financing. This affects the company's reputation so that it provides good feedback for the company (Sunny & Surjadi, 2021). Therefore, high profitability will motivate the company to provide positive signals, because the company wants to show the public and stakeholders that its profitability is higher than other companies (Prawesti, 2020).

Profitability is used to measure a company's ability to make a profit. Apart from that, this ratio is used to provide a measure of management efficiency and effectiveness (Dwi, 2022). From this statement, it is known that high profitability in a company tends to give a signal that the company is in good condition because it can reflect the company's values. So, the hypothesis that supports this statement is that profitability influences company value, and this research is supported by Abdillah et al., (2021), Mardianto, (2022); and Wulandari et al., (2021).

H_2: Profitability has a positive effect on company value

External financing is funding obtained from outside the company either through creditors who provide debt loans or from investors who invest capital in the company in material amounts to finance the company's operational activities in the long term (Abogazia et al., 2022). Signaling Theory explains that the annual financial reports published by companies have become a positive signal for stakeholders to provide accurate, timely, accountable, and transparent information. The information in these financial reports is very important for funding decisions and is an external party's assessment of the company's quality (Handayani et al., 2022).

Companies that have published integrated financial reports have a high chance of attracting the attention of creditors and investors because they can see the overall picture of the company's prospects. A creditor who will lend capital for financing needs must have assessed the extent to which the company can repay the obligations it has made. The higher the debt proposed by the company, the higher the share price, which will automatically increase the value of the company. This is because the company has maximized the ability of debt from external parties to be utilized as best as possible to generate profits for the company itself (Hertina et al., 2019).

A thorough financial report analysis is needed to minimize company bankruptcy due to external funding. External financing can strengthen the relationship between integrated reporting and company value because complete and integrated financial reports can provide a good signal for creditors to provide funding (Angela, 2021). Judging from previous literature, high external financing is good news, because the company can stimulate maximum performance to meet the balance of external financing as an increase in company value for creditors and stakeholders (Soriya, 2023). This research was supported by Abogazia (2022) which states that integrated reporting has an effect on company value which is strengthened by external financing, then the hypothesis is as follows:

H_3: External financing strengthens the relationship of Integrated Reports (IR) to company value

Based on the source, external funding comes from funds obtained outside the company's operational activities, these funds can be in the form of long-term debt and short-term debt. Signaling theory explains the role of companies in providing signals to external parties in carrying out financing as the role of investors or creditors in investing capital in companies to obtain maximum profits. The company has of course presented information, and a general overview of the prospects for the past, present, and future as an effort to stabilize the continuity of the company to provide good feedback to external parties (Mardevi et al., 2020).

When carrying out external financing, a company must pay attention to whether this will benefit the company in the future, or on the contrary, it will pose a big risk and threat of loss. If external financing can be managed well and balanced between debt and profits, it will provide benefits in the future and be able to increase the value of a company (Angela, 2021).

Companies that have high share prices tend to grow more rapidly because they can borrow and finance easily. This is because companies use the fixed assets and equity they own as collateral. Thus, the higher the growth value of a company, the greater the possibility of the company taking advantage of the situation by using debt as the first choice for external funding (Salam & Sunarto, 2022).

Meanwhile, on the other hand, to obtain external financing, of course, the company also needs proof of the quality of the company by analyzing the company in terms of profits and opportunities for the company to repay its obligations. If the company's profitability is low, it makes it easy for the company to take out loans because internal funds are insufficient to fund its activities. On the other hand, from the point of view of the creditor who will invest capital, of course, he will see the opportunity for profit resulting from the investment so that the investor does not experience losses (Santoso, 2018).

Profitability can be measured by return on equity (ROE), which measures the amount of profit achieved by management after deducting debts to creditors and investors from capital invested by shareholders (Arsyada et al., 2022). Companies can maximize company performance and value through external financing which can provide more benefits for the company's sustainability through good managers and corporate governance (Nisfianti & Handayani, 2017).

So this research formulates the hypothesis that profitability has a positive effect on company value because a profitable company will give a positive signal to external parties so that it can attract creditors to finance the company's needs which can directly increase the company's value. This research was supported by Arsyada et al., (2022), Chandra & Rini, (2023), Lengga, (2018), and Santoso, (2018) which shows that profitability has a positive effect on company value, moderated by external financing.

H_4: External financing strengthens the relationship between profitability and company value

RESEARCH METHODS

This study uses secondary data in the form of annual reports of financial sector companies listed on the Indonesia Stock Exchange (IDX) in 2018-2022. This research focuses on the financial sector, because the financial sector has a high market capitalization among other sectors. With this large market capitalization, stakeholders' monitoring of the company is higher than other sectors (Sari & Kusuma, 2022). The financial sector has also experienced an increase and maintained stability, because many companies are competing to produce quality financial reporting output to attract creditors and investors to invest in the company (OJK, 2022).The data source used is a secondary data source obtained through the annual financial report (Annual Report). The focus of this research sample uses purposive sampling criteria, with company data for 5 consecutive years. Based on the performance that has been determined, 51 companies from 86 financial sectors were obtained and the final sample was 255 during the research period (Table 1).

Outliers in this study were identified based on extreme values in key variables such as PBV, ROE, and DER that significantly deviated from the sample mean. These outliers were removed to ensure the robustness of statistical results. The final sample of 51 companies aligns with the unit of analysis, focusing on individual firms within the financial sector over a five-year period (2018–2022). Excluding outliers mitigates the risk of skewed findings while maintaining the study's representativeness of the financial sector

The Value of The Company (PBV)

The dependent variable used is company value as measured by PBV (Price Book Value). Company value is an investor's assessment of the level of success in managing resources and its relationship with the company's share price when analyzed based on its financial reports (Ita, 2019). Company value determined using stock market value indicators has a significant impact on investment opportunities. This can be a positive signal for the company's growth in the future by increasing company value (Ashilah & Suryani, 2021). Arsyada et al. (2022) states that the value of a company is the price that potential buyers (investors) and creditors are willing to pay if the company is sold.

The value of a company is not only measured by its price to book value (PBV). There are several other metrics

Table 1. Purposive Sampling

No	Criteria	Number of Companies
1	Financial sector companies listed on the Indonesia Stock Exchange in 2018-2022	86
2	Companies that have not reported Annual Reports for the last 5 years in a row (2018-2022)	(16)
3	Companies that do not present complete information in the Annual Report	(14)
4	Companies that have outlier data	(5)
Number of samples		**51**
Year of observation (year)		**5**
Total sample during the research period		255

Table 2. Descriptive Statistical Test

	Y_PBV	X1_IR	X2_ROE	Z_DER
Mean	1.495639	0.737690	0.022949	2.915255
Median	0.936000	0.750000	0.049000	1.859000
Maximum	9.530000	0.955000	0.291000	36.79500
Minimum	0.007000	0.432000	-0.890000	0.007000
Std. Dev.	1.554515	0.095109	0.156291	3.533297
Skewness	2.374467	-0.569994	-2.904499	3.880037
Kurtosis	9.405898	3.560080	14.74786	34.72895
Jarque-Bera	675.6215	17.14089	1824.913	11336.29
Probability	0.000000	0.000190	0.000000	0.000000
Sum	381.3880	188.1110	5.852000	743.3900
Sum Sq. Dev.	613.7955	2.297637	6.204416	3170.984
Observations	255	255	255	255

Source: The Processed Primary Data (2024)

that can be used to measure a company's value, depending on the purpose of the analysis, the type of company and the industry (Al-Najjar & Al-Najjar, 2017). In this study, the author uses the PBV formula because it is very relevant for large asset-based companies, such as those in the property, financial and manufacturing sectors. In the financial sector, book value may reflect investments in assets that can be valued more objectively (Wahab, 2022). The formula used to calculate The Value of The Company is PBV = Market Price per Share / Book Value per Share

Intregated Reporting (IR)

The independent variables in this research are Integrated Reporting and Profitability. Integrated Reporting IR is a financial report that provides comprehensive and integrated information about all company information that is used for long-term needs and sustainability (Handayani et al.,2022). This research develops integrated reporting (IR) which can be measured by giving value which is done by analyzing the presence or absence of each element by giving a value of 1 if the company discloses the integrated reporting elements, and if the company does not implement the IR elements it will have a value of 0 (if not) (Ashilah & Suryani, 2021). This binary approach is effective for assessing compliance but does not capture the depth or quality of disclosure. Alternative indices, such as the ESG (Environmental, Social, and Governance) index, or frameworks such as the Global Reporting Initiative (GRI), may provide a better evaluation of integrated reporting practices in future research. The formula used to calculate Intregated Reporting is IR = Number of Disclosure Elements / Total Elements

Profitability

Profitability is the ability to make a profit with the total capital invested, whether own capital or foreign capital in the form of loans/debts (Anita, 2018). *Return on equity* (ROE) is a measure of profitability from a shareholder's perspective. ROE shows how much profit the owner's investment generates (Sunny & Surjadi, 2021). Profitability is calculated using ROE with the formula Net Profit / Equity.

External Financing

The moderating variable in this research is external funding. External funding is the fulfillment of needs within the company that comes from third parties, namely short-term and long-term debt. External financing is calculated using DER (Debt to Equity Ratio) with the formula Total Debt / Total Equity.

Regression Equation:

Model 1: $PBV = \alpha + \beta_1 IR + \beta_2 ROE$

Model 2: $PBV = \alpha + \beta_1 IR + \beta_2 ROE + \beta_3 Z + \beta_4 IR*Z + \beta_5 ROE*Z$

RESULTS AND DISCUSSIONS

Based on the descriptive analysis (Table 2), it is known that the observation data totals 255. The dependent

Tabel 3. Multicollinearity Test Results

	X1_IR	X2_ROE	Z_DER
X1_IR	1.000000	0.132531	0.336913
X2_ROE	0.132531	1.000000	0.042498
Z_DER	0.336913	0.042498	1.000000

Source: The Processed Primary Data (2024)

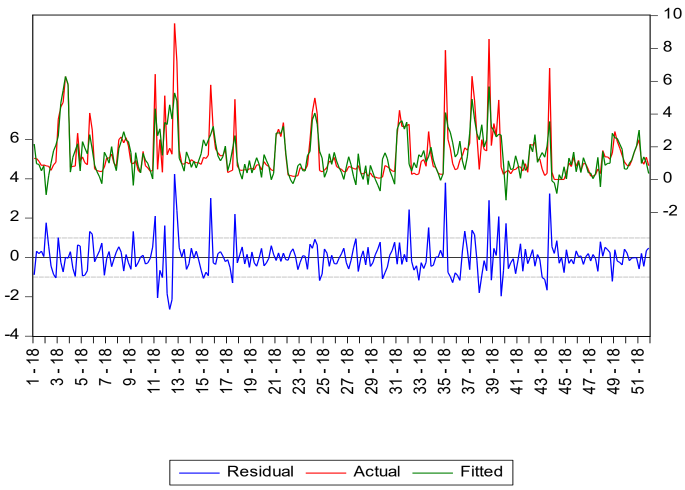

Figure 2. Heteroskedasticities Test Results
Source: The Processed Primary Data (2024)

variable projected with PBV (price book value) has a minimum value of 0.0070000 for the company PT Danasupra Erapacific Tbk (DEFI) and a maximum value of 9.530000 for PT Bina Artha Ventura Tbk (BINA), with an average value (mean) of 1.495693, a median value of 0.936000 and a standard deviation of 1.554515. This Standard Deviation indicates that the value of the company varies relatively from company to company, or that there is a significant difference in the market price to book value ratio of the companies being analyzed.

Large variations may indicate that some companies have a very high market value relative to their book value, while others may be trading at a lower price relative to their book value. This could be due to a variety of factors such as the financial performance of the company, expectations of future growth, or market conditions that affect investors' perception of the company's value.

The independent variable IR projected with IR scores 1 and 0 has a minimum value of 0.432000 by PT Bank Pan Indonesia Tbk (PNIN) and a maximum value of 0.955000 by PT Bank Rakyat Indonesia Tbk (BBRI). Apart from that, research data shows that the average Integrated Repotting disclosure is 0.737690, meaning that 73% of financial sector companies have implemented Integrated Reporting disclosures in their annual reports.

The independent variable profitability is projected with ROE having a minimum value of -0.890000 by PT Bank Yudha Bhakti Tbk (2021) and a maximum value of 0.291000 by PT Adira Dinamika Multi Finance Tbk in 2018-2019, with an average value of 0.022949, the median value 0.048700, and standard deviation 0.156291. Many companies experienced a decline in profitability to the point of losses in 2020-2021 due to Covid-19 which paralyzed the economy, especially in the financial sector. So, this phenomenon certainly has an impact on decreasing profits compared to previous years.

The external financing moderation variable is projected with DER to have a minimum value of 0.007000 by PT Bank Victoria International Tbk (DEFI) in 2020 and a maximum value of 36.79500 by PT. Banten Regional Development Bank Tbk (BEKS), obtained an average value (mean) of 2.915255, median value of 1.859000, and standard deviation of 3.533297. Many companies experienced an increase in external debt/financing in 2020-2021, triggered by COVID-19, which caused companies to borrow from external parties to stabilize the company's finances, thereby minimizing the occurrence of bankruptcy.

The multicollinearity test (Table 3) is used to determine the absence of correlation between variables to minimize the impact on the results obtained (Napitulu, 2021:143).

The correlation coefficient of X1 and X2 is 0.132531 < 0.85 and X1 and Z are 0.336913 <0.85, and X2 and Z are 0.042498 <0.85. So it can be concluded that it is free from multicollinearity or passes the multicollinearity test (Napitulu, 2021:142).

The heteroscedasticity test (Figure 2) is also used in panel data regression research because it is used to determine whether the residuals from the model formed have a constant variance or not (Napitulu, 2021:143).

From the results of the residual graph (blue), it can be seen that it does not exceed the limits (500 and -500),

Table 4. Hypothesis Test Result

Hypothesis	Statement	Coefficient	Value	Description
H_1	Integrated reporting has a positive effect on company value	17.84021	0.0000 < 0.05	Accepted
H_2	Profitability has a positive effect on company value	-2.368250	0.0001< 0.05	Rejected
H_3	External financing strengthens the relationship of Integrated Reports (IR) to company value	0.990496	0.0458 <0.05	Accepted
H_4	External financing strengthens the relationship between profitability and company value.	0.021476	0.9075>0.05	Rejected

meaning that the residual variance is the same. Therefore, there are no symptoms of heteroscedasticity or passing the heteroscedasticity test (Napitulu, 2021:143).

The Effect of Integrated Reporting on Company Value

Based on the results of the analysis, it can be seen that Integrated Reporting (IR) disclosure has a positive and significant influence on company value. The coefficient value shows that the value 17.84021 is positive and has a significance of 0.0000 less than 0.05 or 0.0000<0.05. This shows that IR disclosure with hypothesis H1 is accepted because it has a positive and significant effect on company value.

Based on agency theory, higher IR disclosure can reduce information asymmetry between shareholders and company management. The more IR elements that are disclosed will increase the company's value because it can form align This research has several limitations, namely that there are still many companies that have not fully disclosed the elements of integrated reporting as a whole, especially the main performance indicators (KPI). Apart from that, limited references to integrated reporting, profitability, and external financing variables as moderating variables limit understanding of the relationship between these variables in this research. Future research should add research objects other than the financial sector, such as the non-financial sector listed on the IDX. Future research can also add control variables, to increase the percentage of variables not explained in this study. This research can contribute to the development of accounting science and theory, especially IR disclosure in developing countries with a voluntary system such as Indonesia. This research also contributes to financial practitioners using IR in making investment decisions to achieve common goals. This theory was proven correct, based on the phenomenon that occurred from 2018 to 2022, the highest value of IR disclosure for financial companies was owned by PT Bank Rakyat Indonesia Tbk in 2020 with an IR disclosure value of 0.955 or around 95%. BRI has disclosed IR elements with company value. 2,242, when compared to the previous year, namely 2018-2021, the company's value experienced an increase accompanied by the number of integrated reporting elements disclosed, however in 2020 there was a decline which was possibly triggered by the Covid-19 outbreak, but PT BBRI remained consistent in improving quality report every year.

This shows that when a company implements almost all elements of IR, it will provide a comprehensive picture of the company in a concise, complete, and integrated manner so that the decision-making process can be carried out quickly and precisely, thus reflecting the company is in good condition even though it is affected by Covid-19. The results of this research support research conducted by Abogazia et al., (2022) Moeljadi et al., (2022), and Ashilah & Suryani (2021) which shows that disclosure of IR elements has a positive effect on company value. Disclosure of IR elements is considered to help management achieve long-term goals, and competitiveness, and ensure business continuity in an ever-changing environment. So, the higher the IR disclosure, the higher the impact on company value.

The Effect of Profitability on Company Value

Based on data analysis, it can be seen that profitability has a negative effect on company value. The regression coefficient value shows a value of -2.368250 and a significance of 0.0001, less than 0.05, or a value of 0.0001<0.05. This shows that H2 is rejected or ROE has a negative effect on company value. Signalling theory states that profitability can provide a signal for outside parties to find out whether a company is good or bad, but the research results show that profitability has an impact on decreasing company value. Based on the phenomenon that occurred in 2020, there was the COVID-19 outbreak which simultaneously reduced company profitability, thus making profitability research results have a negative effect on company value. In fact, as a result of this pandemic, many companies experienced losses which resulted in the paralysis of the economy. Apart from that, other influences are due to unstable profitability ratios from year to year, for example in the financial sector, namely the banking sub-sector at PT Bank Negara Indonesia (BBNI), which showed an extraordinary increase since 2018 of 15%, then decreased to 13%, and finally decreased drastically in 2020 from 13.4% to 2.6% then increased to 9.4% in 2021, and then increased again to 14% (2022).

The results of this research show that high profitability reduces the value of the company because profitability is used as an effort to develop the company's business or the company itself so that the profits obtained are not distributed as a whole to shareholders. The profitability ratio shows that the company is inconsistent in generating annual profits, and high profits are allocated as retained earnings for business development. This research is supported by Mercyana et al., (2022) and Meivinia (2018). So, this ratio is not able to describe the value of the company as a whole, this is the reason why profitability hurts company value because the company is less than optimal in managing the profits it earns.

The influence of Integrated Reporting on Company Value is moderated by External Financing

Based on the t-test analysis, the regression equation shown in the table shows that the moderating variable, namely the DER proxy for external financing, directly does not influence company value (independent to dependent relationship), this can be seen from the DER coefficient which is negative -0.798918 with significance 0.0450<0.05 so it shows a significant result but has a negative value, meaning that the higher the DER value, the company value will decrease by 0.798918.

This research discusses the relationship between the independent variable IR x DER (moderation) which has a positive coefficient value of 0.990496 with a significance of 0.0458 <0.05. The results of this research show that IR has an effect on company value and is strengthened by external financing. According to signaling theory, integrated reports or IR can inform stakeholders regarding the company's condition in good or bad condition if it has truly implemented IR in every element. Good reporting can be a tool to provide the necessary information to stakeholders so that they can inform about finances, responsibility issues, strategy, business models, and risks and opportunities in one complete report.

It can be concluded that the implementation of integrated reporting elements can have a positive impact on investors and creditors who will invest their capital because they can find out the level of performance efficiency and long-term prospects of the company. Capital providers can also make decisions quickly, and accurately and benefit both parties through analysis of the financial reports (IR) provided. This research is strengthened by the existence of external financing which is considered good news because the company can stimulate maximum performance to meet the balance of external financing as an increase in company value for creditors and stakeholders accompanied by an increase in the quality of IR elements. These results indicate that Hypothesis (H3) is accepted. This research is supported by research by Abogazia et al., (2022) which states that external financing moderates the relationship between IR and firm value.

The influence of profitability on company value is moderated by external financing

This research will discuss in more detail the relationship between the profitability variable ROE x DER (moderation) which has a positive coefficient value of 0.021476 with a significance of 0.9075>0.05. The results of this research show that profitability has no effect on company value, but is still strengthened by external financing. because it has a positive coefficient. This still shows that Hypothesis (H4) is rejected.

The test results for the profitability variable ROE x DER (moderation) have a positive coefficient value of 0.021476 with a significance of 0.9075>0.05. The results of this research show that profitability has no effect on company value, but is still strengthened by external financing because it has a positive coefficient. Data analysis for 2020 shows a drastic increase in financial sector companies making external loans. This was triggered by the COVID-19 case, so to maintain business continuity, capital is needed to stabilize the economy, especially in sectors that have high capitalization compared to other sectors.

The analysis reveals that external financing does not significantly moderate the relationship between profitability and company value. This may be attributed to the inherent risks associated with external funding, such as higher debt obligations and reduced profitability available to shareholders. Companies often prioritize retained earnings for reinvestment, which may dampen the positive impact of profitability on company value. Furthermore, investors appear to focus more on long-term growth prospects rather than the immediate effects of external financing. These findings suggest that external financing, while crucial for operational continuity during crises like COVID-19, does not enhance the signaling effect of profitability to stakeholders.

Apart from that, the level of risk obtained after external financing is much higher because it can experience difficulties in meeting interest and principal loan payment obligations and can reduce the company's level of profitability. External financing does not affect company value. These results show that investors are not so focused on the amount of debt they have, but rather consider the long-term debt borne by the company. This research is supported by Mardevi et al., (2020) and Afni et al. (2023) who state that external financing is unable to moderate profitability on company value.

CONCLUSIONS

From discussions conducted on financial sector companies listed on the Indonesia Stock Exchange in 2018-2022, it can be concluded that integrated reporting has a significant positive effect on company value and is moderated by external financing. Profitability has a significant negative effect on company value but cannot be moderated by external financing. IR disclosure can reduce information asymmetry so that the information produced is complete and transparent, able to attract investors and creditors to invest their capital, and company value will increase. This is reinforced by the existence of external financing which is considered good news because the company can stimulate maximum performance to meet the balance of external financing as an increase in company value.

Profitability has a negative influence on company value due to unstable profit income and high profitability tends to prioritize profits over retained earnings. If profits are higher, the company's retained earnings will also be higher, resulting in less profits being distributed to shareholders and reducing the value of the company. External financing also does not affect the relationship between profitability and company value because a high average of external financing tends to make profitability low, and companies tend to utilize external funding compared to their capital.

This research has several limitations, namely that there are still many companies that have not fully disclosed the elements of integrated reporting as a whole, especially the main performance indicators (KPI). Apart from that, limited references to integrated reporting, profitability, and external financing variables as moderating variables limit understanding of the relationship between these variables in this research. Future research should add research objects other than the financial sector, such as the non-financial sector listed on the IDX. Future research can also add control variables, to increase the percentage of variables not explained in this study. This research can contribute to the development of accounting science and theory, especially IR disclosure in developing countries with a voluntary system such as Indonesia. This research also contributes to financial practitioners using IR in making investment decisions.

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