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The Influence of Board of Directors, Audit Committee, and Firm Attributes on the Integrated Reporting Quality

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A B S T R A C T
The purpose of this study is to examine the effects of firm characteristics, audit committee characteristics, and board of directors characteristics on the caliber of integrated reporting in Indonesian companies. The population used in this study consists of non-financial companies listed in the Bloomberg Database for 2021 and 2022. This study used purposive sampling, resulting in 150 samples. Multiple linear regression was used for data analysis. According to the study's findings, the size of the board of directors significantly improves integrated reporting quality, while the board's independence, gender diversity, and financial expertise significantly worsen integrated reporting quality. Additionally, the study demonstrates that while audit committee attributes like size and financial expertise have no effect on integrated reporting quality, audit committee attributes like audit committee meetings have a significant positive impact. Furthermore, integrated reporting quality is significantly impacted negatively by business profitability, whereas firm factors such as firm size, firm age, and firm growth have no effect.

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INTRODUCTION

Integrated reporting is a type of reporting that combines information such as financial and non-financial data related to economic, environmental, and social aspects simultaneously, with the aim of meeting the information needs of stakeholders. Companies prepare integrated reports to demonstrate their commitment to ensuring that all stakeholders' information needs are covered within the integrated report (Erin and Adegboye, 2021).

The implementation of integrated reporting in Indonesia remains an aspect that has not yet been fully adopted. This reflects the findings of Kustiani (2016), who concluded that, on average, approximately 50% of the elements of integrated reporting have been implemented and disclosed by companies in Indonesia. These results indicate that the implementation of integrated reporting in Indonesia is still not optimal and does not cover all the elements of integrated reporting. Milenxi and Murwaningsari (2023) stated that in 2017, the International Integrated Reporting Council (IIRC) revealed that only 16 of the 64 countries had aligned regulations regarding the implementation of integrated reporting. Countries that have done so include South Africa, Botswana, Brazil, Sweden, Ireland, the Netherlands, Switzerland, China, Japan, India, Sri Lanka, Malaysia, Singapore, the Philippines, New Zealand, and Turkey. In Indonesia, as in the other 48 countries that have not implemented similar regulations, companies are allowed to use an integrated reporting framework as the basis for issuing their annual reports. However, the obligation to disclose integrated reporting information is not yet strictly regulated by applicable laws or regulations (Milenxi and Murwaningsari, 2023).

Previous literature reviews have found that several factors influence the quality of integrated reporting. Erin and Adegboye's (2021) found that board of directors' attributes (size, independence, financial expertise, gender diversity), audit committee attributes (size, independence, meeting frequency, financial expertise), and firm attributes (size, age, profitability) significantly affect the integrated reporting of 100 South African companies. Chouaibi, Chouaibi, and Zouari (2021) found that the size, independence, and gender diversity of the board of directors significantly and positively impact the quality of integrated reporting. Appiagyei, Djajadikerta, and Roni (2022) discovered that the effectiveness of the board of directors is a determinant of the quality of integrated reporting. Chouaibi et al. (2021) also found a positive correlation between board independence and board diversity with the quality of integrated reporting. Ahmed (2023) showed that the size and independence of the board of directors positively influence integrated reporting practices.

Several studies have examined various aspects of integrated reporting, but few have emphasized quality and the factors influencing it, resulting in varying results. The gaps in the literature indicate the need for further empirical research on the quality of integrated reporting, especially regarding the factors that influence this quality, which remain poorly understood. Therefore, this study uses the variables of board of directors' attributes, audit committee attributes, and firm attributes as factors that are suspected to influence the quality of integrated reporting.

This study uses a sample of non-financial companies operating in Indonesia that are listed in the Bloomberg Database for the years 2021-2022. Non-financial companies were selected by excluding financial companies because reporting in financial companies has different policies and regulations compared to non-financial companies, making them incomparable.

LITERATURE REVIEW

Theoretical Foundation

This study is based on agency theory (Jensen and Meckling, 1976) and stakeholder theory (Freeman, 1984). Agency theory posits that companies with good governance are encouraged to implement high-quality reporting and maximize their shareholder value. Preparing integrated reports can help reduce conflicts of interest by providing principals with access to more complete financial and non-financial company information and increasing management transparency and accountability (Ahmed, 2023). According to stakeholder theory, companies have the responsibility to provide positive participation for society, the government, and the social environment, not just focusing on maximizing profits for investors and owners. Stakeholder theory develops corporate responsibility to involve all stakeholders, not just company shareholders. Integrated reporting is one way to meet the needs of all stakeholders and help companies manage the differences in the interests of various stakeholders (Ngatia in Erin and Adegboye, 2021).

Independent Directors

According to Supriatna and Ermond (2019), independent directors are board of director members who have no affiliation with other board of director members, commissioners, or controlling shareholders. Independent directors are also not bound by business relations or other affiliations that could affect their ability to perform their roles independently in the best interest of the company.

According to the Decision of the Directors of the Indonesia Stock Exchange (IDX) Number KEP-00001/BEI/01-2014 of 2014, every listed company must have at least one independent director on its board of directors. However, in 2019, the obligation to have an independent director was no longer mandatory for public companies, in accordance with the results of the socialization of changes in Regulation No. I-A in January 2019, which indicated that the provision to have an independent director was no longer explicitly regulated. Therefore, companies appoint freedom to decide whether or not to have an independent directors (Waluyo et al., 2020).

Integrated Reporting Quality

According to The International Integrated Reporting Framework 2013, the principles underlying the preparation of integrated reports are strategic focus and future orientation, connectivity of information, stakeholder relationships, materiality, conciseness, reliability and completeness, consistency, and comparability. The elements of integrated reporting that a company's report must fulfill to be recognized as an integrated report are organizational overview

and external environment, governance, business model, risks and opportunities, strategy and resource allocation, performance, outlook, and the basis of presentation.

Relationship between the Variables and Research Hypotheses

Board of Directors Attributes and Integrated Reporting Quality

Erin and Adegboye (2021) show that board attributes include board size, independence, financial expertise, and gender diversity. Chouaibi, Chouaibi, and Zouari (2021) found that board size, independence, and gender diversity are positively correlated with the quality of integrated reporting. Ahmed (2023) concludes that board size and independence positively impact on integrated reporting practices. Erin and Adegboye (2021) found that board size, independence, financial expertise, and gender diversity are positively and significantly related to the quality of integrated reporting.

According to agency theory, companies with good governance, such as those with large boards of directors, independent directors, female directors, and directors with financial expertise, are driven to implement high-quality reporting and deliver the best value to shareholders. Based on this theory and these findings, the following hypothesis is proposed:

H1: Board of director attributes have a positive effect on the integrated reporting quality

Audit Committee Attributes and Integrated Reporting Quality

According to Haji and Anifowose (2016), integrated reporting quality and audit committee size are significantly positively correlated. This is because audit committees that are large and diverse are less likely to be swayed by management. Haji and Anifowose (2016) also discovered that the audit committee's habit of meeting an average of four times a year reflects the committee's performance. Furthermore, a strong favorable association between integrated reporting and the audit committee's financial expertise was discovered by Perego and Kolk (2012). According to research by Erin and Adegboye (2021), the audit committee's size, meeting frequency, and financial knowledge have a major and favorable influence on the caliber of integrated reporting.

According to agency theory, companies with a good governance structure, namely a large audit committee, more frequent meetings throughout the year, and an audit committee with financial expertise, tend to implement high-quality reporting. Based on this theory and these findings, the following two hypotheses are proposed.

H2: Audit committee attributes have a positive effect on the integrated reporting quality

Firm Attributes and Integrated Reporting Quality

Iredele (2019) concluded that firm size affects the quality of integrated reporting. Haji (2015) found that long-established companies tend to disclose and present more information in their reports. Older companies aim to maintain their reputation by complying with the relevant regulations. Atkins and Maroun

(2015) find a positive relationship between profitability and integrated reporting disclosure. Steyn (2014) found that if a firm experiences high growth in market share, stock price, and industry competition, integrated reporting becomes a priority. Erin and Adegboye (2021) found that firm size, age, and profitability significantly and positively impact integrated reporting quality. However, firm growth does not affect the quality of integrated reporting.

According to stakeholder theory, large companies, those that are older, and those with high profitability and growth have more complex information, which makes them more likely to produce high-quality integrated reporting to meet the needs of their stakeholders. Based on this theory and these findings, the following hypothesis is proposed for this study:

H3: Firm attributes positively affect integrated reporting quality

Research Framework

Based on the hypotheses formed in accordance with the above literature review of the previous studies the following conceptual framework is formed for the present research.

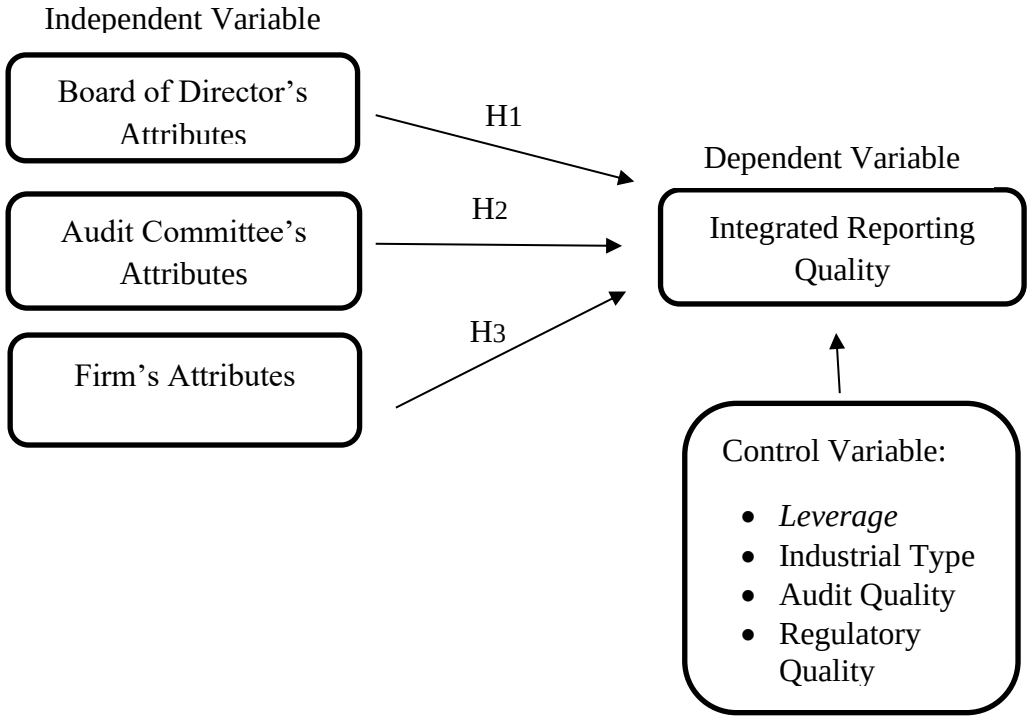

Figure 1. Conceptual Framework

METHODOLOGY

This study aims to determine whether the attributes of boards of directors, audit committees, and firms influence integrated reporting quality. The data sources for this study are secondary data collected from the Bloomberg Database and Annual Reports. The population used in this study consists of non-financial companies in Indonesia listed in the Bloomberg Database for 2021 and 2022. Non-financial company samples were selected by excluding financial companies because they have different reporting policies from non-financial companies, making them incomparable. A purposive sampling method was used in this

study, in which samples were selected based on established criteria to ensure alignment with the research objectives. Sample selection was based on several criteria, including the following:

1. Non-financial public companies listed in the Bloomberg Database published fully audited annual reports for the years 2021-2022.
2. Companies that provide the necessary research data related to the size, independence, gender diversity, and financial expertise of the board of directors; size, age, profitability, and growth of the company; and the size, number of meetings, and financial expertise of the audit committee were included.

This study uses four control variables: leverage, industry type, audit quality, and regulatory quality. Previous research (Erin and Adegboye, 2021) has shown that these four variables are likely to influence the quality of integrated reporting. The operational definitions and measurements of these variables are listed in Table 1.

Table 1 Operational Definitions of Variables

Variable	Variable Definition	Measurement	Adaptation
Integrated Reporting Quality (IRQ)	Based on IIRC 2013, the elements of integrated reporting in the IIRC framework that must be met by a company's financial report to be considered a good integrated report are organizational overview and external environment, governance, business model, risk and opportunities, strategy and resource allocation, performance, outlook, basis of presentation.	(Number of applicable item scores)/68	Oktorina et al. (2021)
Board Size (BSIZE)	The number of members sitting on a company's board of directors.	Total number of board members	Erin and Adegboye (2021), Ahmed (2023)
Board Independence (BIND)	Board members who have no affiliation with other members of the board of directors, board of commissioners, or controlling shareholders.	(Number of independent board members)/(Total number of board members)	Erin and Adegboye (2021)

Variable	Variable Definition	Measurement	Adaptation
Board Gender Diversity (BGDIV)	The diversity of the board of directors can be defined as the differing characteristics of the members.	(Number of female board members)/(Total number of board members)	Erin and Adegboye (2021)
Board Financial Expertise (BEXP)	Board members who have financial expertise, meaning they have experience or educational background related to finance.	Number of board members with experience or educational background related to finance	Erin and Adegboye (2021)
Audit Committee Size (ACSIZE)	Total number of members on the audit committee within the company.	Total number of audit committee members	Pertiwi and Husaini (2017), Erin and Adegboye (2021), Ahmed (2023)
Audit Committee Meetings (ACMEET)	Internal meetings held by members of the audit committee.	Number of meetings held by the audit committee in a year	Erin and Adegboye (2021), Ahmed (2023)
Audit Committee Financial Expertise (ACEXP)	Competence that audit committee members must have, including relevant knowledge and experience in finance, accounting, and auditing.	Number of audit committee members with experience or educational background related to finance	Erin and Adegboye (2021)
Firm Size (FSIZE)	A measure distinguishing whether a company is large or small.	Natural log of the company's total assets	Iredele (2019), Erin and Adegboye (2021), Ahmed (2023)
Firm Profitability (FPROF)	The company's ability to generate profit over a certain period using the given level of sales, assets, and equity.	(Net Income)/(Total Equity)	Erin and Adegboye (2021)

Variable	Variable Definition	Measurement	Adaptation
Firm Growth (FGROWTH)	Increase in the company's total assets, where past asset growth indicates future profitability.	(Net income t - Net income t-1)/(Previous year's net income)	Erin and Adegboye (2021)
Leverage (LEV)	The total amount of long-term debt used to finance company operations.	(Long-Term Debt)/(Book Value of Equity)	Erin and Adegboye (2021)
Industry Type (IND)	The classification of the economic sector in which the company operates.	Value of 1 if the company is in an environmentally sensitive industry sector and a value of 0 if the company is in a non-environmentally sensitive industry sector	Haji and Anifowose (2016), Erin and Adegboye (2021)
Regulatory Quality (RQ)	The effectiveness, efficiency, and fairness of regulations and laws enacted by government authorities or regulatory bodies in a country or region.	Index 0-10	Erin and Adegboye (2021)
Audit Quality (AQ)	The reliability and accuracy of a company's financial statement examination conducted by an independent auditor.	Value of 1 if the company uses a big four audit firm and a value of 0 otherwise	Erin and Adegboye (2021)

Multiple linear regression analysis is the analytical methodology employed to examine how board, audit committee, and firm characteristics affect integrated reporting quality. In this investigation, the following regression models were employed.

$$IRQ = \beta + \beta BSIZE + \beta BINDP + \beta BGDIV + \beta BEXP + \beta LEV + \beta IND + \beta AQ + \beta RQ + \mu \quad (1)$$

$$IRQ = \beta + \beta ACSIZE + \beta ACMEET + \beta ACEXP + \beta LEV + \beta IND + \beta AQ + \beta RQ + \mu \quad (2)$$

$$IRQ = \beta + \beta FSIZE + \beta FAGE + \beta FPROF + \beta FGROWTH + \beta LEV + \beta IND + \beta AQ + \beta RQ + \mu \quad (3)$$

RESEARCH RESULT

Based on the purposive sampling technique or selection method with consideration of certain criteria, 150 samples were selected.

Table 2 Research Sample Results

No	Description	Amount
1.	Number of non-financial sector companies listed on the IDX and found in the Bloomberg Database in 2022.	797
2.	Number of non-financial sector companies that do not display data on the research variables, namely BSIZE, BIND, BGDIV, BEXP, ACSIZE, ACMEET, ACEXP, FSIZE, FAGE, FPROF, FGROWTH.	(717)
3.	Number of non-financial sector companies that did not publish their annual report for 2021-2022.	(5)
4.	Number of research sample companies.	75
5.	Number of samples that meet the criteria.	150

The classic assumption tests for the three regression models showed that the data followed a normal distribution and did not exhibit multicollinearity, heteroscedasticity, or autocorrelation issues. Therefore, this study successfully passed the classic assumption tests. After conducting the classic assumption tests, the descriptive statistical analysis for all the variables used are presented in Table 3.

Table 3 Descriptive Statistics

Variable	N	Min	Max	Mean	Standard Deviation
IRQ	150	0,53	0,74	0,66	0,04
BSIZE	150	2	15	6,51	2,18
BIND	150	0,00	0,83	0,04	0,12
BGDIV	150	0,00	0,75	0,16	0,17
BEXP	150	0	6	2,14	1,19
ACSIZE	150	3	6	3,22	0,53
ACMEET	150	0	80	11,13	12,94
ACEXP	150	0	3	1,91	0,69
FSIZE	150	19,36	33,66	29,19	3,66
FAGE	150	1	45	19,82	10,59
FPROF	150	-2,76	1,74	0,12	0,35
FGROWTH	150	-16,98	11,05	0,09	2,86
LEV	150	0,01	4,85	0,66	0,88
IND	150	0	1	0,24	0,43
AQ	150	0	1	0,57	0,49
RQ	150	5,42	5,58	5,50	0,08

Table 3 presents the results of the descriptive statistical analysis of 150 research samples. Based on the descriptive analysis results, the dependent variable, IRQ, had an average value of 0.66. This indicates that on average, the companies in the sample met 66% of the elements from the IIRC 2013 criteria. The variable Board Size (BSIZE) has an average of 6.51, which means that, on average, the companies in the sample have a board of directors consisting of 6 to 7

members. The variable Board Independence (BIND) has an average of 0.04, indicating that the majority of the 150 samples do not have independent directors. The variable Board Gender Diversity (BGDIV) has an average of 0.16, showing that the composition of the board of directors is predominantly male. The variable Board Financial Expertise (BEXP) has an average of 2.14, indicating that companies have at least two board members with financial knowledge or expertise.

The Audit Committee size (ACSIZE) variable has an average of 3.22, indicating that the companies in the sample have an average of three audit committee members. The variable Audit Committee Meetings (ACMEET) has an average of 11.13, meaning that, on average, the audit committees of the companies meet 11 times a year. The Audit Committee Financial Expertise (ACEXP) variable has an average of 1.91, meaning that companies have at least two audit committee members with knowledge or expertise in finance.

The variable Firm Size (FSIZE) has an average of 29.19, indicating that the companies in the sample have average assets exceeding 4 trillion rupiahs. The variable Firm Age (FAGE) has an average of 19.82, indicating that, on average, the companies in the sample have been listed on the Indonesia Stock Exchange (IDX) for 19 to 20 years. The variable Firm Profitability (FPROF) has an average of 0.12, indicating that the companies in the sample have an average return on equity of 0.12. The variable Firm Growth (FGROWTH) has an average of 0.09, indicating that, on average, the companies in the sample have experienced positive growth of 0.09.

The variable leverage (LEV) has an average of 0.66, indicating that the companies in the sample have long-term debt amounting to 0.66 of their total equity, on average. The variable Industry Type (IND) has an average value of 0.24, indicating that the companies in the sample are predominantly in industries that are not environmentally sensitive. The variable Audit Quality (AQ) has an average of 0.57, showing that the majority of the companies in the sample use external audit services from Big Four accounting firms. The variable Regulatory Quality (RQ) has an average of 5.50, indicating that the quality of regulations in Indonesia was relatively good in 2021 and 2022.

Table 4 Multiple Linear Regression Test Results

Model 1			
	Coefficient	t	Sig.
Constant	1,071	7,782	0,000
BSIZE	0,007	6,835	0,000
BIND	-0,180	-10,185	0,000
BGDIV	-0,030	-2,535	0,012
BEXP	-0,011	-5,349	0,000
LEV	0,008	2,944	0,004
IND	0,014	2,568	0,011
AQ	-0,024	-5,585	0,000
RQ	-0,076	-3,041	0,003
Adjusted R^2	0,637		
F-Statistic	33,614		

Sig. F	0,000		
Model 2			
	Coefficient	t	Sig.
Constant	1,187	6,535	0,000
ACSIZE	0,008	1,196	0,234
ACMEET	0,001	3,569	0,000
ACEXP	0,004	0,901	0,369
LEV	-0,007	-2,002	0,047
IND	0,029	3,962	0,000
AQ	-0,022	-3,721	0,000
RQ	-0,102	-3,073	0,003
Adjusted R^2	0,356		
F-Statistic	12,787		
Sig. F	0,000		
Model 3			
	Coefficient	t	Sig.
Constant	1,299	6,590	0,000
FSIZE	-0,001	-0,584	0,560
FAGE	0,000	0,836	0,405
FPROF	-0,024	-2,512	0,013
FGROWTH	0,001	1,036	0,302
LEV	-0,003	-0,857	0,393
IND	0,035	4,144	0,000
AQ	-0,015	-2,433	0,016
RQ	-0,114	-3,191	0,002
Adjusted R^2	0,260		
F-Statistic	7,554		
Sig. F	0,000		

Table 4 presents the results of the multiple linear regressions for the three regression models. In model 1, the variable Board Size (BSIZE) has a significance value of 0.000 and a coefficient of 0.007, indicating that BSIZE has a significantly positive impact on Integrated Reporting Quality (IRQ). The variable Board Independence (BIND) has a significance value of 0.000 and a coefficient of -0.180, indicating that BIND has a significantly negative impact on IRQ. Board Gender Diversity (BGDIV) has a significance value of 0.012 and a coefficient of -0.030, indicating that it has a significantly negative impact on IRQ. The variable Board Financial Expertise (BEXP) has a significance value of 0.000 and a coefficient of -0.011, indicating that BEXP has a significantly negative impact on IRQ.

In model 2, the variable Audit Committee Size (ACSIZE) has a significance value of 0.234 and a coefficient of 0.008, indicating that ACSIZE does not have a significant impact on Integrated Reporting Quality (IRQ). The variable Audit Committee Meetings (ACMEET) has a significance value of 0.000 and a coefficient of 0.001, indicating that ACMEET has a significantly positive impact on IRQ. The Audit Committee Financial Expertise (ACEXP) variable has a

significance of 0.369 and coefficient of 0.004, indicating that ACEXP does not significantly impact IRQ.

In model 3, the variable Firm Size (FSIZE) has a significance value of 0.560 and a coefficient of -0.001, indicating that FSIZE does not significantly impact Integrated Reporting Quality (IRQ). The variable Firm Age (FAGE) has a significance value of 0.405 and a coefficient of 0.000, indicating that FAGE does not have a significant impact on IRQ. The variable Firm Profitability (FPROF) has a significance value of 0.013 and a coefficient of -0.024, indicating that FPROF has a significantly negative impact on IRQ. Firm Growth (FGROWTH) has a significance value of 0.302 and a coefficient of 0.001, indicating that FGROWTH does not significantly impact IRQ.

DISCUSSION

Table 5 Summary of Research Result

Hypothesis	Hypothesis Statement	Results per Variable	Conclusion
H1	Board of directors attributes positively affect the quality of integrated reporting.	a. Board size has a positive effect. b. Board independence has a negative effect. c. Gender diversity has a negative effect. d. Financial expertise has a negative effect.	Supported
H2	Audit committee attributes positively affect the quality of integrated reporting.	a. Audit committee size has no effect. b. Audit committee meetings have a positive effect. c. Audit committee financial expertise has no effect.	Supported
H3	Company attributes positively affect the quality of integrated reporting.	a. Firm size has no effect. b. Firm age has no effect. c. Firm profitability has a negative effect. d. Firm growth has no effect.	Not Supported

The Influence of Board of Directors Attributes on the Quality of Integrated Reporting

The multiple linear regression analysis results show that the four independent variables representing board attributes influence the quality of integrated reporting. Board independence, gender diversity, and financial expertise have negative effects, whereas board size has a positive effect.

Therefore, the first hypothesis is supported. This result aligns with agency theory, which states that companies with good governance characterized by a larger board are more likely to issue high-quality integrated reports.

The positive effect of board size is consistent with Erin and Adegboye (2021); Chouaibi, Chouaibi, and Zouari (2021); and Ahmed (2023), who found that board size has a significant and positive impact on the quality of integrated reporting. The companies in this study had an average of 6.51 board members. This indicates that the boards of the sample companies are relatively large, allowing them to influence the integrated reporting process. Companies with larger boards tend to use integrated reporting to provide relevant and high-quality information (Erin and Adegboye, 2021).

The finding that board independence has a negative effect does not align with the studies conducted by Erin and Adegboye (2021), Chouaibi, Chouaibi, and Zouari (2021), and Ahmed (2023), who found a significant and positive relationship between board independence and the quality of integrated reporting. However, this result is consistent with Kılıç et al. (2021), who showed that board independence significantly and negatively impacts the quality of integrated reporting. The average number of independent directors in the sample companies was 0.04, indicating that only a minority of the sample companies had independent director. This is because the regulation requiring independent directors was abolished in 2019 (Waluyo et al., The finding that board gender diversity has a negative effect is inconsistent with the studies by Erin and Adegboye (2021) and Chouaibi, Chouaibi, and Zouari (2021), which showed a significant positive relationship between board gender diversity and the quality of integrated reporting.2020).

However, this result is consistent with the study by Kılıç et al. (2021), where board gender diversity negatively impacted the quality of integrated reporting. On average, there are 0.16 female directors per company in the sample, indicating that only a few women hold top positions, which means that women have limited influence on company decision-making (Sudana & Arlindania, 2011).

The finding that board financial expertise has a negative effect contradicts the findings of Erin and Adegboye (2021) and Wahyu et al. (2024), who found a significant positive relationship between board financial expertise and the quality of integrated reporting. However, this result is consistent with Ahmed (2023), who found that board financial expertise negatively impacts the quality of integrated reporting. On average, the sample companies have 2.14 directors with financial expertise. This result suggests that the composition of the board should not only include directors with financial expertise but also directors with other skills, such as legal, industry, and other relevant expertise that align with the company's activities.

The Influence of Audit Committee Attributes on the Quality of Integrated Reporting

Based on the multiple linear regression analysis that has been conducted, the results indicate that the variables of audit committee size and audit

committee financial expertise do not have a significant effect. However, the number of audit committee meetings has a significant and positive effect. Therefore, the second hypothesis was supported. These results are consistent with agency theory, which suggests that companies with good governance structures, specifically those with audit committees that meet more frequently throughout the year, improve their quality of integrated reporting.

The positive impact of audit committee meetings is consistent with Erin and Adegboye (2021) and Haji and Anifowose (2016), who found that audit committee meetings significantly and positively affect the quality of integrated reporting. Audit committees that hold more internal meetings within a year can improve the quality of their integrated reporting. The average number of meetings held by the companies in the sample was 11.13 per year. This suggests that the audit committee is actively involved in issues related to company activities, including integrated reporting (Erin and Adegboye, 2021). Therefore, regular audit committee meetings provide more time to discuss financial reporting and result in high-quality integrated reports.

The result that audit committee size does not have an impact is not in line with the findings of Erin and Adegboye (2021), who found that audit committee size affects the quality of integrated reporting. However, this study aligns with the research by Mangena and Pike (2005) and Haji and Anifowose (2016) also found no significant effect of audit committee size on the quality of integrated reporting. These findings suggest that a larger audit committee does not significantly improve integrated reporting quality. The size of the audit committee cannot be used as a benchmark for the quality of a company's information disclosure (Mangena & Pike, 2005).

The result that audit committee financial expertise does not have an impact differs from the findings of Erin and Adegboye (2021), who found a positive and significant relationship between audit committee financial expertise and IR quality. However, this result is consistent with Haji and Anifowose (2016), who found no significant relationship between audit committee financial expertise and IR quality. The average composition of audit committee members in the sample companies of this study includes 1.91 members with financial expertise. This finding suggests that financial expertise alone may be insufficient to implement the reporting practices. The audit committee requires additional expertise, such as industry knowledge, legal, and governance skills, to monitor the company's reporting practices more broadly and effectively (Baatwah et al., as cited in Haji and Anifowose, 2016).

The Influence of Firm Attributes on the Quality of Integrated Reporting

Based on the multiple linear regression analysis that has been conducted, the results indicate that only the firm's profitability variable has a significant but negative effect. Meanwhile, the variables firm size, firm age, and firm growth have no significant results in this study. Therefore, the third hypothesis is rejected. These results are inconsistent with legitimacy and stakeholder theories, which suggest that large, mature companies with high profitability and growth rates positively influence integrated reporting quality.

The negative impact of profitability contrasts with the findings of Erin and Adegboye (2021) and Iredele (2019), who found that profitability has a significant positive effect on the quality of integrated reporting. However, the results of this study are consistent with those of Dilling and Caykoylu (2019), who showed a significant negative relationship between profitability and the quality of integrated reporting. The sample companies in this study have an average positive return on capital of 0.12, indicating profitability. Companies with high profitability tend to increase stakeholder confidence because they are perceived to deliver the expected returns (Lasdi and Oematan, 2022). Consequently, companies may prioritize profitability as the main corporate information, leading to less comprehensive integrated reporting.

The result that firm size does not have an impact is inconsistent with Erin and Adegboye (2021) and Iredele (2019), who found a significant positive relationship between firm size and integrated reporting quality. However, this study's results align with the research by Karjono (2021) and Yvone and Jevyyanti (2023), which concluded that firm size does not have a significant effect on the quality of integrated reporting. The presence of total assets in a firm does not always reflect the extent to which it discloses information (Yvone and Jevyyanti, 2023).

The result that firm age does not have an impact is inconsistent with the findings of Erin and Adegboye (2021) and Iredele (2019), who show a significant positive relationship between firm age and the quality of integrated reporting. However, this result aligns with the study by Cojocaru (Bărbieru) et al. (2024), who found no significant relationship between firm age and integrated reporting quality. The average age of the companies in this study was 19.82 years, which can be considered relatively high. This indicates that newer companies may also tend to produce more comprehensive reports in line with their development (Cojocaru (Bărbieru) et al., 2024).

The result that firm growth does not have an impact aligns with Erin and Adegboye (2021), who also found no significant relationship between firm growth and integrated reporting quality. However, this study differs from the findings of Steyn (2014) and Haji and Anifowose (2016), who showed a significant relationship between firm growth and the quality of integrated reporting. The sample companies in this study had an average positive growth rate of 0.09. However, firm growth is not significantly correlated with the quality of information presented in the integrated reports.

CONCLUSIONS

The attributes of the board of directors—board size, board independence, gender diversity, and financial expertise impact integrated reporting quality. Board size positively affects the quality of integrated reporting. Meanwhile, board independence, gender diversity, and financial expertise of the board have a negative effect on the quality of integrated reporting. Companies with larger board sizes, smaller proportions of independent directors, smaller proportions of female directors, and smaller proportions of directors with financial expertise

present more comprehensive integrated annual reports with more important information, thus providing the information needed by stakeholders.

The attributes of the audit committee—namely, audit committee size and financial expertise—do not impact integrated reporting quality. Companies with large audit committees and audit committees with financial expertise cannot be assumed to provide more information in their integrated annual reports. However, the audit committee's attributes, specifically the frequency of meetings, positively affect IR quality. This indicates that companies with audit committees that hold more meetings or meet more frequently produce higher quality integrated annual reports.

Firm size, age, and growth do not affect the quality of integrated reporting. Firms with large asset bases, long histories, and high growth rates cannot always be used as benchmarks to determine their integrated annual reports quality. However, firm profitability negatively affects the quality of integrated reporting. Firms with lower profitability tend to present more comprehensive integrated annual reports. This is because firms with higher profitability are more likely to focus on profitability as their primary corporate goals.

RECOMMENDATIONS

To address the limitations of the literature, future research should explore a broader range of sources that examine the relationships between board financial expertise, firm growth, and the quality of integrated reporting. Including more relevant studies would provide a deeper understanding of the relationship between these variables. In addition, future research should consider adding new variables, such as risk management committees, external auditors, and good corporate governance, which could influence the quality of integrated reporting, to better capture the factors affecting integrated reporting quality.

ADVANCED RESEARCH

This study has several limitations that we hope will be addressed in future research. The limited literature examines certain independent variables, such as board financial expertise and firm growth, in relation to the dependent variable of integrated reporting quality. Additionally, the low coefficient of determination indicates that the independent and control variables in this study do not fully cover all factors that influence the quality of integrated reporting.

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