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## THE CONFORMITY WITH INTEGRATED REPORTING ADOPTED BY INDONESIAN MINING COMPANIES IN THE EARLY STAGES OF NEW REGULATION

<sup>1</sup>Kenny Fernando

<sup>1</sup>kenny.fernando@sampoernauniversity.ac.id

Sampoerna University, Jakarta

### Abstract

Sustainability has become a pivotal issue ever since the world's environment has started declining. The economic aspect no longer stands alone; it must be accompanied by social and environmental aspects. Companies earn profit by ensuring that their operations always add value to the community (including global sustainability development), which eventually affects their stakeholders. This paper highlights an alternative means of communicating what companies have accomplished through integrated reporting (initiated by the International Integrated Reporting Council), which emphasizes value creation for the short, medium, and long term. By assessing such documents, we found that the Indonesian regulation in reporting and the International Integrated Reporting Framework fulfilled 40% and 90%, respectively, of the information needed by stakeholders. Another 22% was accounted for by reconciling both regulatory documents. Surprisingly, we found that seven LQ45 mining companies have exceeded the required information by half in conforming to international regulations.

*Keywords:* Corporate reporting, integrated reporting; sustainability information.

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In the context of global business and economics, long-term sustainability issues related to a company's operations have become important in establishing a basis for investment decisions, and consumers are growing more aware of the social and environmental performance of entities where they buy goods or services (Ho & Tylor, 2007). Companies use reports as a means to convey what has been done. They report on their global activity, being frequently updated with significant revisions and impelled by stakeholder demands and resource constraints that force companies to critically reevaluate how they can better communicate their operations in a transparent manner (Ernst & Young, 2012).

The International Integrated Reporting Council (IIRC), which is a combination of international institutions and professional associations, formed in August 2010, has officially issued the International Integrated Reporting Framework or the "International <IR> Framework" consisting of fundamental concepts, guiding principles, and content elements as a model for reporting business activity. Companies are thus able to communicate their details succinctly, in the context of organizational strategy, governance, performance, and prospects lead to the creation of short, medium, and long-term value as of December 9, 2013 (IIRC, 2013).

This reporting system focuses on the process of creating value, contributing to a more financially stable global economy, and strengthening global environmental preservation efforts. An appreciable step was taken by South Africa's Johannesburg Stock Exchange (JSE) when it required all the listed companies on the South African JSE to adopt an <IR> starting from March 1, 2010 (KPMG, 2012). When one considers reporting practices in Indonesia, although <IR> adoption is still not required as it is in JSE, many companies have already provided the information required by the IIRC in terms of <IR>. By foreseeing the probability of <IR> implementation in Indonesia, which is in its early stages of discussion, corporations and regulators would do well to begin preparing for its not-too-distant launch. The current research (Simnet & Huggins, 2015) has compared practices both before and after the implementation of IR in South Africa; however, the present study focuses on a developing country—Indonesia. Accordingly, this study aims to determine (1) how well the annual report standard in Indonesia will do in meeting the nonfinancial information needed by stakeholders,

(2) how well the International <IR> Framework will do in meeting the nonfinancial information requirements of stakeholders, (3) the circumstances in which annual standard reports in Indonesia may become comparable to the International <IR> Framework, and (4) just how well did Indonesian mining companies do with their annual reports on mining practices, as assessed by the International <IR> Framework.

## **1. LITERATURE REVIEW**

### **1.1. Stakeholder Theory and Integrated Reporting**

Stakeholder theory deals with how directors and managers are responsible to the company's owners (Freeman, 1984). Companies must maintain relationships with its shareholders in order to accommodate their needs and desires, especially those who hold power over available resources that are used to fund the company's operations, such as laborers, the market where the company's products are sold, and other areas.

Companies answer not only owners (shareholders), as we have discussed so far, but also a wider audience, i.e., the social sphere (social stakeholders), hereafter referred to as the social responsibility aspect. Such a relationship exists due to negative externality phenomena and social inequality, for which members of society demand rectification. To that end, corporate responsibility should not only be measured by economic indicators and thus focused on economic concerns in corporate financial statements but also must include social factors or dimensions to internal and external stakeholders.

Integrated reporting is closely tied with stakeholders, especially in terms of the role of value creation in the sustainability of the company. As noted earlier, value creation is a core element of the IIRC concept (IIRC, 2013). The concept contained within the <IR> framework is broader than shareholder value and involves more capital. Thus, the concept of IR is expressed in terms of value creation and distribution, and it is important to document whether management has carried out its responsibilities in managing resources and improving the welfare of all stakeholders. This effort reflects the success of a company in satisfying various stakeholders so that welfare is improved for both the general stakeholder and the national economy (Mauders & Foley, 1984; Schreuder, 1979). The <IR> concept provides the requirement to integrate all information related to social, economic, and environmental issues, as well as socio-political issues and any other issues related subsystems affecting the global economy. Such reporting will permit investors to be more informed and able to assess the economic value of a company (King III, 2009). Therefore, integrated reporting is a way to compel management to be accountable to stakeholders by integrating economic, environmental, and social aspects into their decisions.

## **2. RESEARCH METHODS**

### **2.1. Data Analysis Method**

This study uses the constant comparative method. Data are analyzed constantly by comparing one datum with another, and later comparing one category with another. The method of data analysis is also known as grounded research (Glaser & Strauss, 1967). Congruently, content analysis describes a group of analytic approaches ranging from impressionistic, intuitive, and interpretive to systematic analyses and strict textual analyses (Rosengren, 1981). The specific type of content analysis chosen by a researcher will vary with his theoretical and substantive interests and the problem being studied (Weber, 1990).

### **2.2. Sample Selection and Source of Data**

The research sample used included all LQ45 mining companies, given that those companies cover at least 70% of the capitalization in the Indonesian (IDX) stock market and its value transactions. In addition, these firms must have a more qualified and more updated corporate reporting format that permits following the company's reporting progress from anywhere in

the world. The LQ45 companies are also the most publicly-watched companies in Indonesia; thus, it is imperative that their business reporting models be able to communicate succinctly about organizational strategy, governance, performance, and prospects leading to short-, medium-, and long-term value creation. In that way, global market participants will be able to determine investment decisions and resource allocation as companies shape long-, medium-, and short-term plans.

The data analyzed were: (1) Regulation X.K.6, Appendix on the Decision of the Chairman of BAPEPAM-LK (Number Kep-431 / BL / 2012) regarding the submission of the annual report of a public company whose securities are listed on the stock exchange in Indonesia, (2) the International <IR> Framework published by the official website IIRC the IIRC (www.theiirc.org), and (3) mining company annual reports categorized within the LQ45, with announcement periods between February and August, 2013, found on the official website of IDX (www.idx.co.id). All data comes from the year in which integrated reporting was introduced in Asia and, since 2013, is being adopted voluntarily by several companies in Indonesia.

### 3. RESULTS AND DISCUSSIONS

The data used were a composite of the documents or data required in formulating a qualitative approach (as will be noted in the research methodology section). LQ45 mining companies were discovered by using purposive sampling techniques. The initial 40 mining companies considered (from www.idx.co.id) were subsequently reduced to include only those that are in the LQ45 during both announcement periods (February and August 2013), leaving just seven companies for our study sample: (1) PT Adaro Energy Tbk, (2) PT Aneka Tambang Tbk, (3) PT Bumi Resources Tbk, (4) PT Vale Indonesia Tbk, (5) PT Indo Tambangraya Megah Tbk, and (6) PT Tambang Batubara Bukit Asam Tbk.

**Table 1**  
*Summary of regulation number X.K.6*

No.	Regulation	Paragraph
1	Financial Highlights Overview	B (1 - 5)
2	Report of the Board of Commissioners Report of the Board of Commissioners	C (1 - 3)
3	Report of Board of Directors Report of Board of Directors	D (1 - 4)
4	Company Profile	E (1 - 17)
5	Analysis and Management Discussion	F (1 - 16)
6	Corporate Governance (Corporate Governance)	G (1 - 13)
7	Corporate social responsibility	H (1 - 2)
8	Annual Financial Reports Audited	I
9	Signatures of the Board of Commissioners and Board of Directors	J (1 - 4)

Source: Regulation Number X.K.6

**Table 2**  
*Summary of The International <IR> Framework*

No.	Regulation	Paragraph
1	Overview of Organization and External Environment	4A (4.4 - 4.7)
2	Governance	4B (4.8 - 4.9)
3	Business Model	4C (4.10 - 22)
4	Risks and Opportunities	4D (4.23 - 4.26)

5	Strategy and Resource Allocation	4E (4.27 - 4.29)
6	Performance	4F (4.30 - 4.33)
7	Prospects	4G (4.34 - 4.39)
8	Basic Preparation and Presentation	4H (4.40 - 4.48)

Source: The International <IR> Framework

Tables 1 and 2 summarize the features of both Regulation Number X.K.6 and the International <IR> Framework. The lists elucidate what information was required by regulators, which the companies provided in their reports. Clearly, the local regulation required more administrative information, such as company profile, annual financial reports, and signatures of the BOC/BOD than what international regulation compels.

### 3.1. The Need for Nonfinancial Information

The needs of the stakeholders, i.e., the investors, potential investors, or other parties in a company, are no longer propped up by financial information such as financial ratios, profit or loss, total assets, and other financial matters. Such considerations do not escape from the uncertainty that can befall even larger companies that appear to be healthy financially because, given the right circumstances, even they have collapsed earlier than firms with “ordinary” financial health. The results of the literature review (comprised from several sources such as journals, articles and open speech) suggest that stakeholders should also consider nonfinancial information in assessing a prospective company. Out of the 23-repeated information list, we prioritized ten very frequently mentioned items (i.e., exceeding 5% of tabulation of nonfinancial information) that were considered to be nonfinancial in nature.

From the information obtained from these 10 sources in Table 3, the researcher identified similarities between the content elements initiated by the IIRC, which occurred in 90% of the lists, all of which compared with the principles of preparation and presentation related to <IR> and 10 required information. These items were corporate strategy, governance, the nexus between financial and nonfinancial information, a company’s environment (overview), risk mitigation, opportunity disclosures, performance, future outlook, material importance, and value creation. It may be noted that each of the content elements and the principles encircle <IR> as a whole, such that the process of communicating and creating value, can be done effectively and efficiently.

Table 3  
*Ten required information by stakeholder*

No	Information	Amount	Percentage
1	Corporate Strategy	7	11%
2	Governance	6	10%
3	Linked between Financial and Nonfinancial Information	6	10%
4	Company's Environment / Overview	5	8%
5	Risk-Mitigation and Opportunity / Disclosures	5	8%
6	Performance	4	7%
7	Future Outlook	4	7%
8	Environment Issues	3	5%
9	Materiality	3	5%
10	Value Creation	3	5%

### 3.2. Rule Number X.K.6

The Indonesian Stock Exchange follows Law Number 40 (2007) regarding limited liability companies, which stipulates the manner in which annual reports must be prepared and published (in accordance with chapter IV of part two of the annual report, article 66), which is in turn refined by BAPEPAM-LK Regulation X.K.6 (appendix dealing with the Decision of the Chairman of BAPEPAM-LK Number: Kep-431/BL/2012 that concerns the submission of the issuer's annual report for a public company with securities listed on the stock exchange in Indonesia). The regulation details the minimum content provisions that should be included in the annual report submitted by a company. After looking over the regulation, we summarized it into several categories that have similarities, as follows:

Table 4  
Regulation Number X.K.6 information category

No	Content Elements	Content Summary (Frequency)
1	Highlights of Primary Financial Data	Primary Quantitative Information
2	Report of the Board of Commissioners	Information About Company Share (4) Assessment of the Performance of the Board of Directors Company Prospect Company Internal Information
3	Report of the Board of Directors	Assessment of Operations Company Prospect Governance Information Company Internal Information
4	Company profile	Business Model Company Internal Information (12) Information About Shareholders (2) Information on Company Share Information About Company Investment
5	Analysis and Discussion of Management	Business Model Financial Performance Information (6) Information on Investment Companies (2) Accounting Information (2) Company Prospects (2) External Environment Information (2) Information on Shareholders
6	Corporate governance	Governance Information (10) Company Internal Information (3)
7	Corporate social responsibility	Information Corporate Social Responsibility and / or Sustainability Report (2)
8	Audited Financial Statements	Financial Performance Information
9	Signatures of the Board of Commissioners and Board of Directors	Administrative Requirements (4)

Source: Regulation Number X.K.6

Tables 3 and 4 summarize Regulation Number X.K.6 by categories that the researcher obtained through data reduction and categorized them according to what kind of information a regulator would want to see. Generally, Regulation Number X.K.6 focuses on historical information and the current assessment of the firm (considering its internal environment). This content can be seen from the following:

1. Content element categorization level 1 (heading) made by BAPEPAM-LK, which requires that nine-line items be met, related to historical and actual results related to content elements such as key financial data overview, board of commissioners' report, board of directors' report, management's discussion and analysis, company profile, corporate governance, corporate social responsibility, audited financial statements, and alerts issued by the board of commissioners or the board of directors.
2. Categorization level 2 (sub-heading) made by BAPEPAM-LK, reflecting information that elaborates on the prospects of the company but (according to the researcher) done by the means of comparing the required historical and current information. For example, in the reports of the board of directors' header, there are two types of information that assess the work done by the board (both historical and current), along with the view of the board of commissioners regarding the efforts documented by the board of directors (i.e., the prospect). Or under the heading "management discussion and analysis" that item eight describes as "the business prospects of the company associated with the condition of the industry, the general economy and the international market can be accompanied by supporting quantitative from trustworthy sources" is taken to be the company's prospects, while 12 other items provide either historical or current information. Consequently, the researcher concluded that most of the information provided by the company under this regulation is either historical or current.

Table 5  
*Regulation Number X.K.6 information category proportion*

No	Category	Frequency	Percentage
1	Accounting Information	2	3%
2	Information Corporate Social Responsibility and / or Sustainability Report	2	3%
3	Company Internal Information	17	26%
4	Financial Performance Information	7	11%
5	Primary Quantitative Information	1	2%
6	External Environmental Information	2	3%
7	Information About Company Investment	3	5%
8	Information on Shareholders	3	5%
9	Information on Company Share	5	8%
10	Governance Information	11	17%
11	Company General Information	2	3%
12	Business Model	2	3%
13	Assessment of the Performance of the Board of Directors	1	2%

14	Assessment of Operations	1	2%
15	Company Prospect	4	6%
16	Administrative Requirements	4	6%
Total		65	100%

Source: Regulation Number X.K.6

Consider Table 5, “Regulation Number X.K.6 Information Category Proportion”. The following eight things need to be discovered in the information that may be conveyed to company stakeholders from a total of 16 informational elements: (1) internal information about the company, (2) information regarding its financial performance, (3) information concerning the company’s investments, (4) information on its shareholders, (5) information about the company’s shares, (6) governance information, (7) prospects for the company, and (8) administrative requirements. The seventh item in this list is utilized repeatedly in the content elements (which are greater than 5%). It also shows that the dominant informational elements are historical as only one bit of prospect information is submitted by the company. The most-emphasized category for this period was the company’s internal information, having a weight of 26%, followed by governance information with 17%. Third place went to financial performance information with 11% and 65 items were discovered that should be disclosed in the content elements of the company report. Expressing these three things is a good idea so that stakeholders can know with whom and what kind of companies they are associated with.

However, the researcher perceived that there was a lack of elaboration with such information, or that it otherwise could not be determined what relationship one thing had with another (as might be expected by stakeholders) in the linking of financial and nonfinancial information based on the known patterns of use in the past, present, and future. It was also unclear whether the information might bring added value in the form of increased capital (or if it might instead be decreased by it). Given that the major expectations of stakeholders will report future prospects and the company is now on the practice of ethical paradigm is based on the creation of value for all parties.

Information associated with the nonfinancial information needs of a stakeholder would be required, following Regulation Number X.K.6 (2012), to satisfy 4 out of 10 the fundamental information required about the company’s internal financial performance, corporate governance, and the company’s prospects considering the 10 types of information sought by stakeholders. This fact suggests that there is a need to adjust these regulations in order to better accommodate the informational needs of stakeholders when considering allocating their capital to a firm.

### 3.3. The International <IR> Framework

Published on December 9, 2013, the International Integrated Reporting Framework has since become a guide for the reporting practices of many companies in Brazil, Japan, Australia, Germany, South Africa, the Netherlands, Canada, the U.S.A., the U.K. and elsewhere. The framework it provides comprises 34 pages that consist of chapters (using the framework), fundamental concepts, guiding principles, and content elements, which are then used to provide guidance in generating an integrated report. In addition to supporting the documents collected from various agencies that support the notion of having an integrated report in Table 3. The researcher summarized this type of information falling into the framework by matching items to it from the list of information desired or needed by all stakeholders. The

researcher took the same steps when elaborating Regulation X.K.6 in Indonesia. The results were as follows:

Table 6

*The International <IR> framework information category*

No.	Content Elements	Content Summary (Frequency)
1	Overview of Organization and External Environment	Company Internal Information External Environment Information (8) Quantitative Information
2	Governance	Governance Information (7)
3	Business Model	Business Models (19)
4	Risks and Opportunities	Risks and Opportunities (4)
5	Strategy & Resource Allocation	Strategy and Resource Allocation (7)
6	Performance	Information About Performance (6)
7	Prospects	Corporate Prospects (9)
8	Basic Preparation and Presentation	Basic Preparation and Presentation (12)

Source: The International <IR> Framework

Table 7

*The International Framework <IR> information category proportion*

No.	Content Elements	Content Summary (Frequency)	Percentage
1	Company Internal Information	1	1%
2	External Environmental Information	8	11%
3	Quantitative Information	1	1%
4	Governance Information	7	9%
5	Business Model	19	26%
6	Risks and Opportunities	4	5%
7	Strategy and Resource Allocation	7	9%
8	Information About Performance	6	8%
9	Company Prospect	9	12%
10	Basic Preparation and Presentation	12	16%
Total		74	100%

Source: The International <IR> Framework

Table 6 and Table 7 indicate that the information reported within the framework of the IIRC was sufficient to accommodate the needs of stakeholders in terms of nonfinancial information (i.e., 90% of the 10 master items in the list). Environmental issues are not emphasized in the framework because they are already regulated comprehensively in the Global Reporting Initiative's guidelines. Furthermore, Table 6 indicates that the two lowest category ranks are the company's internal information and quantitative information. This outcome is due to the integrated reporting's most needed line item—how the company associates nonfinancial data relating to the value creation—and its strategy to achieve that goal. From the results of this study, the researcher found that all the details of the content elements in the integrated report as well as the intervention of top management in lower management were matters that required elaboration. Such harmonization in the firm's ranks is necessary so that not only top management but also lower management has an overall perspective, such that



both the levels feel that they can contribute to the process of formulating goals and taking strategic steps.

### 3.4. Comparison of Regulation Number X.K.6 with the international <IR> Framework

In this section, the researcher reports on his reconciliation process between Regulation Number X.K.6 related to the annual reporting for public companies in Indonesia and the International Integrated Reporting Framework. This process aimed at finding similarities between the two regulations. The primary step in the process of reconciliation involved reducing, classifying, and categorizing information so that the core similarities of each rule could be identified. In the end, only the core informational elements remained from both frameworks. Table 8 summarizes these elements:

Table 8

#### *Regulation Number X.K.6 with the International <IR> Framework reconciliation*

No	CE	PF	P/C	EI	TC E	PC
1	Overview of Organization and External Environment	1	Paragraph 4.5 Point 1: A (2, 3, 4, 5), D (1, 2, 4, 5, 10, 11, 12, 13, 14, 15, 16, 17), E (5, 11) F (11)	19		
		2	Paragraph 4.5 Point 2: A (1)	1	10	40%
		3	Paragraph 4.7 Point 2: E (5)	1		
		4	Paragraphs 4.7 Point 7: E (15), F (9, 10)	3		
2	Governance	1	Paragraphs 4.9 Point 1: B (3), C (4), D (6, 7, 8), F (1, 2, 5)	8		
		2	Paragraph 4.9 Point 2: F (13)	1	7	43%
		3	Paragraphs 4.9 Point 3: C (3), F (3, 4, 6, 7)	5		
		4	Paragraphs 4.9 Point 7: F (12)	1		
3	Business Model	1	Paragraphs 4.16: D (3), E (1)	2	19	11%
		2	Paragraph 4.19 Point 1: D (9)	1		
4	Risks and Opportunities	1	Paragraphs 4.25 Point 3: F (8)	1	4	25%
5	Strategy and Resource Allocation	-	-		7	0%
6	Performance	1	Paragraphs 4.31 Point 1: E (2, 3, 4, 6, 9, 13, 14), H	8		
		2	Paragraph 4.31 Point 3: E (12)	1	6	50%
		3	4:31 paragraphs Point 4: B	3		

7	Prospects	1	(1), C (1), E (10) Paragraphs 4.37: B (2), C (2), E (8)	3	9	11%
8	Basic Preparation and Presentation	1	Paragraphs 4.47: E (16)	1	12	8%
9	No Categories		G (1,2) and H (1,2,3,4)	6		
Total		16		65	74	22%

*Description:* CE = Shows eight content elements of the International <IR> Framework; PF = Number of paragraphs in the International <IR> Framework fulfilled by Regulation Number X.K.6; P/C = Paragraph/clause—the International <IR> Framework fulfilled by Regulation Number X.K.6; EI = Number of Elements Item in Regulation Number X.K.6; TCE = Total content elements/paragraph in the International <IR> Framework; PC = Percentage of conformity.

Source: Regulation Number X.K.6 and The International <IR> Framework

Table 8 shows that Regulation Number X.K.6 concurs in 22% or 16 items (of the 74 items) of the content elements of the International Integrated Reporting Framework. It can be seen from Table 8 at Number 1 overview and organization of the external environment (with a total of 10 points) that Indonesia only requires four items to be disclosed if the others have been reconciled into the overall framework. Or, as in strategy and resource allocation section shows, Indonesian rules do not require them to be disclosed. However, such information must be expressed so that (1) another company (i.e., a main competitor) can find out and learn a company's strategy in a way that there is no need to fear disclosing it in the report and to help stakeholders be the judge of what should be in the report and (2) it can be known what the company is like, given that it is very difficult to understand strategy and resource allocation if company resource information is not disclosed.

Considering these results, regulatory reporting in Indonesia via the BAPEPAM-LK (now OJK) and Indonesian Stock Exchange should be reviewed with respect to the elements contained in annual reports so that other companies can meet the information needs of stakeholders in order to assess companies. This bold move was taken by the JSE in South Africa, requiring integrated reporting as the basis for the preparation of annual reports in order to (1) properly and fully communicate the creation of value of the company effectively and (2) to determine what courses of action would be more profitable for the company and stakeholders.

### 3.5. Comparison of Annual Report Application by LQ45 Mining Companies

Corporate reporting in Indonesia follows the guidance of Rule Number X.K.6 (Attachment of Decision of the Chairman of BAPEPAM-LK Number: Kep-431 / BL / 2012) concerning the submission of the issuer's annual report or public company with securities listed on the Indonesian Stock Exchange. However, in their actual reporting practices, the companies turned out to provide information beyond what is required by BAPEPAM-LK, leaving open the possibility that reporting practices of companies can lead to fulfilling the informational needs of stakeholders via the annual report. Therefore, it is important to know whether information exists that exceeds the minimum requirements that document the appropriate information needed to compare practices. In knowing the ratio of the annual report application, as used by mining companies categorized within LQ45, the researcher assessed the content elements with the standards used by companies in several countries, namely the International <IR> Framework, in order to get results in the form of percentages. Previously, the researcher had carried out a similar process, framing the content elements issued by the IIRC, which amounted to 125 elements, reducing them by only including level 1, 2, and 3 reporting items (pertaining to the categorization of attached data), so that there

were 113 items at the end. Then, the researcher reduced the number further, ending up with 74 content elements to be used in the assessment.

### 3.6. The Conformity of the LQ45 Companies' Annual Reports with Content Elements given in the International <IR> Framework

After assessing the LQ45 mining companies' annual reports, the researchers conclude that the average practices of 58% of what was reported by the mining firms conformed (for information in 2013) with the objectives of Indonesian and international regulatory guidelines as shown in Table 9 below.

Table 9

<i>Practice recapitulation categorized LQ45 mining company Year 2013</i>									
No	Content Elements	ADR O	ANT M	EARTH H	HRU M	INC O	ITM G	PTB A	Ave.
1	Description of Organization and External Environment	90%	90%	90%	80%	80%	90%	90%	87%
2	Governance	71%	86%	71%	43%	57%	71%	86%	69%
3	Business Model	63%	63%	58%	21%	58%	58%	58%	54%
4	Risks and Opportunities	100%	100%	100%	75%	75%	75%	100%	89%
5	Strategy and Resource Allocation	43%	29%	43%	29%	29%	29%	29%	33%
6	Performance	67%	67%	33%	33%	33%	33%	50%	45%
7	Prospect	67%	67%	67%	67%	67%	44%	67%	63%
8	Basic Preparation and Presentation	42%	42%	42%	42%	42%	42%	42%	42%
Total		65%	65%	61%	45%	55%	55%	62%	58%

## 4. CONCLUSIONS AND IMPLICATIONS

### 4.1. Conclusions

Based on the results and discussion, a number of conclusions in this study would be (1) Reporting on the basis of the guidelines of Regulation X.K.6 fulfilled all but 40% of the nonfinancial information needs of stakeholders. (2) The regulation of the IIRC was able to fulfill 90% of the nonfinancial information needs of stakeholders. (3) If Regulation Number X.K.6 was lumped in with the International <IR> Framework, 22% of the content elements would be in conformity with <IR>. (4) The annual reports of seven LQ45 mining companies exceeded the minimum requirements of Regulation X.K.6. They were assessed by the International <IR> Framework content elements and were found to have met 58% of the framework's criteria, such that only 42% more nonfinancial information is needed to be able to adopt <IR> through added content elements.

### 4.2. Implications

Results revealed that the final percentages which came from analyzing the content elements. This figure is likely to vary among companies due to the fact that such content presented is an added, voluntary element. Furthermore, the results of this

study can be seen in practice. Even though the company is only required to fulfill 22% of the information covered in the IIRC Framework, companies are already meeting 58% of these elements, indicating that mining companies in Indonesia, in these early stages of regulation, have been quite ready to adopt <IR>. Subsequent research may show similar findings with respect to the intermediate phase and further determine the extent of conformity to the IIRC with present government regulations (now OJK) and current reporting practices of companies in Indonesia.

### 4.3. Limitations

This study was also limited because it only considered seven companies, subjectively assessing their annual reports. Future research could evaluate these firms after the early stages of the new Regulation Number 29/POJK.04/2016 have been implemented in regulating the corporate reporting in Indonesia.

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