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Original Research Article

Integrated Reporting Quality as a Value-Creation Mechanism: The Role of Corporate Governance and Stakeholder Power in LQ45 Companies

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Abstract: Increasing demands for transparency and sustainability have prompted companies to shift from conventional financial reporting to integrated reporting, which can explain the value creation process more comprehensively. This study aims to analyze the influence of corporate governance and stakeholder power on firm value and to test the role of integrated reporting quality as a mediating mechanism. Stakeholder power is broken down into the power of shareholders, the government, creditors, and customers to capture the heterogeneity of external pressures on corporate reporting practices. The study employs an explanatory quantitative approach using panel data from companies consistently listed on the Indonesia Stock Exchange's LQ45 index during the 2020–2024 period. Based on purposive sampling, 23 companies with a total of 115 observations were selected. Firm value was proxied using Tobin's Q, while the quality of integrated reporting was measured using the Integrated Reporting Disclosure Index (IRDI) based on the Integrated Reporting framework. The data were analyzed using panel data regression with EViews 13, with profitability as a control variable. [Insert 2–3 sentences summarizing the main results of the direct and mediation tests]. The research findings are expected to expand Agency Theory and Stakeholder Theory by demonstrating that corporate value creation is determined not only by governance mechanisms and direct stakeholder pressure but also through a company's ability to translate these mechanisms into credible integrated information for the market.

Keywords: Corporate Governance, Stakeholder Power, Integrated Reporting Quality, Firm Value, Tobin's Q, LQ45.

1. INTRODUCTION

Current developments in the global business environment demand a paradigm shift in corporate reporting, from the traditional retrospective financial reporting model toward more comprehensive and forward-looking reporting. Conventional financial reporting is often criticized for failing to present a complete picture of a company's future value creation s (Vitolla *et al.*, 2019) . The inability of traditional reporting models to reflect the economic value of intangible assets and the sustainability risks that may arise as a result of ESG (Environment, Social, and Governance)-based reporting has created a significant information gap for investors (Hichri & Alqatan, 2024). This is due to the nature of conventional accounting, which tends to be retrospective and focused solely on financial capital, thereby neglecting the interactions among various forms of non-financial capital in creating long-term value (International Integrated Reporting Council [IIRC], 2021). As a solution, Integrated Reporting, denoted by <IR>, has emerged to provide a more holistic and forward-looking reporting platform to enhance the relevance of information for capital market decision-making (Zennaro *et al.*, 2024).

Globally, the adoption of IR is believed to reduce the complexity of information and improve the quality of transparency for stakeholders. Integrated reporting is not merely the combination of financial statements and sustainability reports, but rather an integrated way of thinking that enables investors to understand the interconnection between business strategy and the sustainability of the resources used (Qaderi *et al.*, 2022; Vitolla *et al.*, 2020). Across various regions, international pressure to establish more transparent reporting standards is intensifying, in line with growing investor demand for information relevant to a company's market value (Carmo *et al.*, 2023).

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Indonesia has responded to this global trend by strengthening transparency regulations. The Financial Services Authority (OJK) issued the OJK Regulation on the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies (Financial Services Authority Regulation No. 51/POJK.03/2017, 2017) . This regulation requires companies to prepare sustainability reports in phases. Although the regulation does not yet explicitly mandate the adoption of Integrated Reporting, the substance of the required disclosures is aligned with the principle of long-term value creation that forms the basis of the IR framework. This presents both challenges and opportunities for listed companies in Indonesia to raise their reporting standards in order to gain legitimacy in the eyes of global investors.

However, the implementation of <IR> in Indonesia still faces obstacles due to the voluntary nature of its disclosure (Hifni, 2018). Differences in management awareness and corporate governance structures in Indonesia result in significant variations in the quality and scope of the information disclosed (Yanto & Hajawiyah, 2022). This situation creates a phenomenon where companies with strong internal mechanisms tend to be more proactive in leveraging <IR> as a strategic signaling tool to demonstrate their competitive advantages. Therefore, it is important to examine how these regulatory drivers and global trends are internalized by companies in Indonesia through their governance structures and how the influence of stakeholders exerts pressure on the implementation of <IR> in Indonesia (Zennaro *et al*., 2024).

A fundamental issue that has consistently been the focus of attention in accounting and finance literature is companies' efforts to minimize information asymmetry in order to achieve optimal market value (Alhawaj *et al*., 2023; Zumente & Bistrova, 2021). From the perspective of Signaling Theory, management has access to more in-depth information regarding the company's future prospects than external parties. However, when these communication channels are limited to traditional, retrospective financial statements, market failures in valuation often occur (Yanto & Hajawiyah, 2022; Dzahabiyya *et al*., 2020). This phenomenon is characterized by a wide gap between book value and market value, indicating that there are hidden values such as intellectual capital, human capital, and social capital that have not yet been reflected in the company's stock price.

Value creation in the era of the global economy is no longer dominated by the ownership of physical assets, but rather by how companies integrate sustainability strategies into their operations (Zumente & Bistrova, 2021). However, without comprehensive reporting mechanisms such as <IR>, investors tend to apply a risk discount to stock prices due to information uncertainty regarding non-financial risks (Sun *et al*., 2022). According to Salvi *et al*., (2020), IR holds greater value relevance because it can explain the relationship between ESG performance and future financial performance. Failure to disclose this integrated information not only leads to a low Tobin's Q ratio but also increases the cost of capital that companies must bear due to high risk perceptions among creditors and investors (Tanwer & Garg, 2024).

The conditions of the capital market in Indonesia provide a unique context for this issue of value relevance. As an emerging market, Indonesia's capital market is often characterized by developing investor protections and a relatively higher level of information asymmetry compared to developed markets (Satrio, 2021). In this context, voluntary information disclosure through the <IR> framework becomes crucial as a tool for building market confidence (Sari *et al*., 2020).

In line with the issues outlined above, this study generally aims to conduct an empirical analysis of the strategic role of integrated reporting as a mediating variable in the relationship between corporate governance mechanisms and stakeholder power on corporate value creation among companies listed on the LQ45 index of the Indonesia Stock Exchange. To elaborate on the proposed empirical model, this study aims to test and analyze the following conceptual issues: describing corporate governance, stakeholder power, firm value, and the quality of integrated reporting on the Indonesia Stock Exchange.

This study is expected to provide theoretical, practical, and policy benefits. Theoretically, this study expands agency and stakeholder theory by examining stakeholder power proxied by shareholders, the government, creditors, and customers and explains the role of Integrated Reporting as a mediating mechanism between internal governance, external pressures, and corporate value. Practically, the research findings can serve as a reference for listed companies in utilizing integrated reporting as a strategic communication tool to reduce information asymmetry and enhance corporate value, while also assisting investors and creditors in making decisions based on both financial and non-financial information and raising public awareness of corporate responsibility and sustainability. From a policy perspective, the research findings are expected to provide input to the Financial Services Authority (OJK) and the Indonesia Stock Exchange (IDX) in strengthening sustainability reporting policies, promoting the development of integrated reporting aligned with global standards, and formulating incentives that can improve the quality of issuers' transparency and the attractiveness of the Indonesian capital market.

2. Theoretical Framework

This study is built on a multidisciplinary theoretical foundation that combines economic (agency) and strategic management (stakeholder) perspectives.

The integration of these theories is necessary to capture the complexity of corporate reporting demanded by stakeholders. Agency Theory and Stakeholder Theory explain the internal and external drivers that compel companies to be transparent. Meanwhile, Signaling Theory explains the mechanism by which such transparency, conveyed through <IR>, is responded to by the market and the public, ultimately leading to an increase in corporate value. These four theories complement one another in establishing the conceptual framework for this study.

2.1 Agency Theory

Agency Theory is an economic foundation that explains the dynamics of the relationship between capital owners (principals) and company managers (agents). Agency problems arise when the two parties have different objectives and there is information asymmetry, where the agent has access to data that the principal does not possess (Jensen & Meckling, 1976.) . In the context of value creation, this information asymmetry is destructive; investors tend to apply a "discount" to a company's value if they suspect managers are engaging in self-serving actions or inefficient investments/overinvestment (Buallay *et al*., 2021).

Efforts to minimize this agency conflict entail costs known as agency costs. These costs include monitoring costs such as strengthening corporate governance structures and binding costs such as reporting obligations (Gul, 2016; O'Higgins & Morgan, 2006). <IR> serves as an innovative solution to reduce these agency costs. By presenting interconnected information on strategy, performance, and future prospects, IR limits management's ability to manipulate information or conceal risks that could harm shareholder value in the future (Vitolla *et al*., 2019).

Enterprise value is a key indicator that reflects how the capital market assesses an organization's future prospects and sustainability. In this study, enterprise value is defined as more than just net income; rather, it is the total market value assigned by investors based on the company's efficiency in managing its assets to create wealth for shareholders. Tobin's Q ratio is used as the primary proxy due to its ability to capture the value of intangible assets not recorded on traditional balance sheets (Brighi *et al*., 2026).

The use of Tobin's Q is considered superior to other market value proxies, such as the price-to-book ratio, because this ratio integrates the market value of both equity and debt relative to the replacement value of assets (Barth *et al*., 2025). If the value of Tobin's Q is greater than 1, this indicates that the market highly values the company's management for its ability to generate added value that exceeds the cost of acquiring its assets (Chung & Pruitt, 1994) . This added value often stems from investor confidence in information transparency, the quality of corporate governance, and the long-term strategies pursued by the company through integrated reporting mechanisms (Garay & González, 2008).

Theoretically, maximizing corporate value is the ultimate goal of all strategic managerial actions. However, achieving optimal value is often hindered by market uncertainty regarding non-financial risks. From an economic perspective, investors who lack complete information regarding environmental or social risks will discount stock prices, resulting in a low Tobin's Q. Therefore, an increase in corporate value depends heavily on the extent to which a company can transform its internal information into credible market signals (Chung & Pruitt, 1994; Barth *et al*., 2025).

Fluctuations in corporate value in the Indonesian capital market are often influenced by market sentiment regarding the stability of corporate governance and compliance with sustainability regulations. Companies with high Tobin's Q scores tend to have easier access to capital and stronger competitiveness in global markets (Dzahabiyya *et al*., 2020; Raimo *et al*., 2022). Thus, positioning corporate value as the primary dependent variable in this study aims to empirically demonstrate that the quality of disclosure through <IR> is not merely an additional cost but a strategic investment capable of significantly enhancing market valuation.

An integrated report is not merely a combination of an Annual Report and a Sustainability Report. <IR> is a new paradigm in corporate reporting that is based on Integrated Thinking. Its core philosophy is to explain how an organization creates value in the short, medium, and long term through the interconnection between its strategy, governance, performance, and external prospects (IIRC, 2021).

The uniqueness of <IR> lies in the recognition that a company's value is not derived solely from financial capital but also from the concept of "The Six Capitals." <IR> requires companies to explain the transformation of these six key capitals: Financial Capital, Manufactured Capital, Intellectual Capital, Human Capital, Social and Relationship Capital, and Natural Capital (Fasan *et al*., 2016).

In this study, IR quality is not measured dichotomously (present/absent) but rather using content analysis techniques with scoring based on the IRDI. Following the approach taken by (Salvi *et al*., 2020), the quality of disclosure for each of the eight IIRC elements will be assessed, resulting in an aggregate score that reflects the depth of the company's transparency.

The essence of corporate governance is a system that directs and controls a company to create a balance between power, authority, and responsibility for the company's sustainability. In the context of this study, GCG is viewed as an internal infrastructure that ensures the principles of transparency, accountability, responsiveness, independence, and fairness (TARIF) are implemented in the corporate reporting process.

3. RESEARCH METHODOLOGY

3.1 Research Design

This study employs an explanatory quantitative approach to examine the effects of corporate governance and stakeholder power on firm value, as well as the mediating role of integrated reporting quality. Stakeholder power is categorized into shareholder power, government power, creditor power, and customer power, while profitability is used as a control variable. The study uses panel data that combines cross-firm and time-series data for the period 2020–2024.

3.2 Population, Sample, and Data

The study population consists of companies listed on the Indonesia Stock Exchange (IDX), with the sample comprising companies that were consistently included in the LQ45 index during the 2020–2024 period. The sample was selected using purposive sampling based on the following criteria: (1) consistent inclusion in the LQ45 index throughout the study period; (2) publication of complete annual reports; (3) provision of sustainability reports and/or information required for measuring the Integrated Reporting Disclosure Index (IRDI); and (4) availability of complete financial and non-financial data for all study variables. Based on these criteria, 23 companies with 115 company-year observations were identified. Secondary data were obtained from annual reports, sustainability reports, financial statements, and relevant capital market information.

3.3 Variable Measurement and Data Analysis

Corporate value is measured using Tobin's Q, while the quality of integrated reporting is measured using the Integrated Reporting Disclosure Index (IRDI) based on the Integrated Reporting Framework through content analysis. The independent variables consist of corporate governance and the influence of shareholders, the government, creditors, and customers, while profitability is used as a control variable. The operational definitions, proxies, measurement formulas, and sources for each variable are presented in the variable measurement table.

The data were analyzed using panel data regression with EViews 13. The analysis includes descriptive statistics, selection of the appropriate panel model among the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM), hypothesis testing, and testing of indirect effects to determine the mediating role of integrated reporting quality in the relationship between corporate governance and each dimension of stakeholder power on firm value.

4. RESEARCH RESULTS AND DISCUSSION

4.1 Research Results

Descriptive statistical analysis was conducted to provide an overview of the data used. Table 5.1 shows the descriptive statistics for each variable, namely corporate governance (X1), shareholder power (X2), government power (X3), creditor power (X4), and customer power (X5) as independent variables, <IR> quality (Z) as the intervening variable, profitability (K) as the control variable, and firm value (Y) as the dependent variable. The research variables are interpreted in terms of mean, median, maximum, minimum, and standard deviation. The study included 115 data points, comprising data from 23 companies over the 2020–2024 period. The descriptive statistical results of the study are presented in the following table.

Table 1: Descriptive Statistics Test

	Maximum	Minimum	Mean	Std. Dev.	Observations
Y	11.3000	0.6000	3.1235	1.9551	115
Z	89.0000	35.0000	67.7913	15.1845	115
X1	92.0000	0.6000	48.5121	40.7553	115
X2	96.2100	24.5000	57.6100	19.5376	115
X3	13.9900	0.1700	3.1387	4.8099	115
X4	68.9000	0.0000	21.4750	28.8766	115
X5	27.8600	0.0800	2.9229	5.4473	115
K	28.0100	0.5700	3.9590	4.1824	115

Source: Data processed using Eviews 13, 2026

Based on Table 5.1, the results of the descriptive statistical analysis indicate variations in the characteristics of the sample companies. Corporate value (Y) has a minimum value of 0.60 and a maximum value of 11.30, with a mean of 3.12 and a standard deviation of 1.96. Integrated Reporting quality (Z) has a minimum value of 35 and a maximum value of 89, with a mean of 67.79 and a standard deviation of 15.18. Corporate governance (X1) shows a relatively wide range, namely 0.60–92, with a mean of 48.51 and a standard deviation of 40.76. Meanwhile, profitability (K), as a control variable, has a minimum value of 0.57 and a maximum of 28.01, with a mean of 3.96 and a standard deviation of 4.18.

In the Stakeholder Power dimension, shareholder power (X2) has a mean of 57.61 with a standard deviation of 19.54 and a range of 24.50–96.21.

Government power (X3) has a mean of 3.14 and a standard deviation of 4.81 with a range of 0.17–13.99, while creditor power (X4) has a mean of 21.48 and a standard deviation of 28.88 with a range of 0–68.90. Customer power (X5) showed a mean of 2.92 and a standard deviation of 5.45 with a range of 0.08–27.86. Overall, the descriptive statistics indicate heterogeneity among companies, particularly in corporate governance, government power, creditor power, and customer power, which exhibit relatively high levels of dispersion. This variation provides an empirical basis for further analysis to test the relationship between corporate governance, each dimension of Stakeholder Power, the quality of Integrated Reporting, and firm value.

4.2 Discussion

The research results indicate that LQ45 companies during the 2020–2024 period exhibit heterogeneous characteristics in terms of firm value, Integrated Reporting (IR) quality, corporate governance, and stakeholder power. This heterogeneity suggests that companies with relatively high liquidity and market capitalization do not necessarily exhibit uniform levels of governance, stakeholder pressure, reporting quality, and value creation. This situation reinforces the relevance of testing the relationship between internal governance mechanisms and stakeholder strength on the quality of integrated reporting and firm value. Previous literature also indicates that governance and stakeholder characteristics can lead to variations in disclosure practices and firm value (Vitolla *et al*., 2019; Ben Fatma & Chouaibi, 2023).

The firm value, as proxied by Tobin's Q, has an average of 3.12, with a minimum value of 0.60 and a maximum of 11.30. An average Tobin's Q above one indicates that the market generally values the sample companies higher than the value of their underlying assets. Tobin's Q is a market-based measure that can reflect how the market assesses a company's ability to create economic value (Chung & Pruitt, 1994; Barth *et al*., 2025). From the perspective of Signaling Theory, market valuation is formed not only from historical information but also from signals regarding a company's prospects, risks, strategies, and quality that are perceived by investors (Ross, 1977). Therefore, variations in Tobin's Q across companies may reflect differences in market perceptions of a company's ability to create value and convey credible information.

The range of Tobin's Q between 0.60 and 11.30 also indicates substantial differences in the market valuations of the sample companies. This suggests that corporate value creation is not only related to asset ownership or profit generation but can also be influenced by non-financial factors, including the effectiveness of corporate governance and the quality of information available to investors. Effective corporate governance can reduce agency conflicts and enhance oversight of management, while information transparency helps reduce information asymmetry between companies and investors (Silpachai *et al*., 2024). Empirical studies also demonstrate a relationship between corporate governance and firm value across various market contexts (Tanwer & Garg, 2024; Ben Fatma & Chouaibi, 2023).

The quality of Integrated Reporting averaged 67.79, with a minimum score of 35 and a maximum of 89. These results indicate that LQ45 companies have disclosed a relatively substantial portion of integrated reporting elements, although the quality of disclosure still varies across companies. This variation is relevant in the Indonesian context because the development of IR adoption still reveals differences in readiness and practices among companies (Sari *et al.*, 2020). Cross-country studies also show that the adoption and quality of IR are influenced by firm characteristics and the institutional environment in which firms operate (Oktorina *et al*., 2022).

IR quality serves not merely as a reporting tool but can also function as a strategic communication mechanism between companies and the market. The integration of financial and non-financial information enables companies to explain the relationships between strategy, governance, risk, resources, and value creation processes in the short, medium, and long term (Carmo *et al.,* 2023). From the perspective of Signaling Theory, more comprehensive and credible information can help companies send signals to investors regarding the quality of management and business prospects. Consistent with this argument, previous research has shown that IR can reduce information asymmetry and is associated with firm value (Sun *et al*., 2022).

Corporate governance scored an average of 48.51 with a standard deviation of 40.76, indicating relatively high heterogeneity in the corporate governance mechanisms of the sample firms. From an Agency Theory perspective, corporate governance functions as a monitoring mechanism to curb opportunistic behavior by management, strengthen accountability, and reduce conflicts of interest between management and shareholders. The literature indicates that the quality of governance mechanisms is associated with corporate performance and value (Brown & Caylor, 2006). In the context of reporting, governance also plays a role in promoting transparency and the quality of corporate information disclosure (Jamil *et al*., 2021).

In the context of IR, the role of corporate governance has become increasingly strategic because the quality of reports is linked to an organization's ability to integrate strategy, risk, sustainability, and value creation processes into corporate reporting. Previous studies have found that corporate governance mechanisms are one of the key determinants of IR disclosure and quality (Raimo *et al*., 2022; Vitolla *et al*., 2020). Thus, IR can be viewed as a medium through which the quality of corporate governance is translated into information that investors can observe and evaluate.

From the stakeholders' perspective, shareholder power averaged 57.61 and was one of the relatively dominant dimensions of stakeholder power in the sample companies. Stakeholder Theory explains that stakeholders with high power and a high level of interest have a greater capacity to influence organizational decisions (Freeman *et al*., 2010). As providers of capital, shareholders have a vested interest in information regarding the company's risks, strategies, prospects, and ability to create value. Previous research indicates that stakeholder power and ownership structure can influence corporate decisions regarding information disclosure.

Government power averaged 3.14 with relatively high variation, indicating differences in the level of government influence across companies. The government occupies a unique position because it can act as both a regulator and a stakeholder with an economic interest in specific companies. From the perspective of Stakeholder Theory and legitimacy, pressure from powerful stakeholders can increase demands for corporate accountability and disclosure (Dowling & Pfeffer, 1975). In the Indonesian context, these demands are increasingly relevant with the implementation of sustainable finance policies that heighten attention to sustainability disclosures by issuers and public companies.

Creditor power has a mean of 21.48 with a standard deviation of 28.88, indicating variation in the degree to which companies rely on debt-based financing. Creditors have a stake in a company's ability to meet its obligations, maintain cash flow, manage risk, and ensure business sustainability. Within the framework of Stakeholder Theory, the greater a company's dependence on a particular stakeholder group, the greater that group's potential to influence the company's policies and disclosures. In this context, IR can provide broader information regarding strategy, risk, governance, and value creation prospects, thereby potentially helping to meet the information needs of capital providers.

Customer power has a mean of 2.92 with a standard deviation of 5.45, indicating variation in customer influence across companies. Differences in industry characteristics and revenue concentration can lead to varying levels of a company's dependence on customers. From the perspective of Stakeholder Theory, customers are stakeholders who can influence a company's reputation, legitimacy, and sustainability. Empirical evidence shows that corporate responsibility and disclosure can influence customer responses, including trust in and evaluations of the company (Fatma & Rahman, 2016). Thus, customer pressure can be one of the factors driving companies to provide more transparent information regarding value creation as well as social and environmental impacts.

Overall, the variation in the power of shareholders, the government, creditors, and customers underscores that stakeholder power is not a completely homogeneous construct. Each group has different sources of power, interests, and mechanisms of pressure on the company. This view is consistent with Stakeholder Theory, which emphasizes the need to understand the differences in the salience and ability of each stakeholder to influence organizational decisions (Freeman *et al*., 2010; Mahajan *et al*., 2023). Research on IR also indicates that pressure from different stakeholder groups can affect the quality of integrated reporting (Vitolla *et al*., 2019).

Profitability, as a control variable, has a mean of 3.96 with a standard deviation of 4.18, indicating variation in companies' ability to generate profits during the study period. The use of profitability as a control variable is relevant because financial performance may be related to firm value; therefore, it must be controlled for when estimating the contributions of corporate governance, stakeholder power, and IR quality to firm value. The relationship between profitability, corporate governance, and firm value has also been demonstrated in previous research in the context of the Indonesian capital market (Sutrisno, 2020).

5. CONCLUSION AND CONTRIBUTION

5.1 Conclusion

This study provides an overview of the conceptual relationship between corporate governance, stakeholder power, the quality of Integrated Reporting (), and firm value among companies listed on the Indonesia Stock Exchange's LQ45 index during the 2020–2024 period. The results of the descriptive analysis indicate significant heterogeneity among companies in terms of corporate governance, the power of shareholders, the government, creditors, and customers, the quality of Integrated Reporting, profitability, and firm value. These findings suggest that even companies with relatively high liquidity and market capitalization exhibit distinct characteristics in corporate governance, stakeholder power structures, transparency practices, and value creation capabilities.

Corporate value, proxied by Tobin's Q, had an average of 3.12, which descriptively indicates that the market generally assigns a relatively high valuation to the sample companies. However, the range of Tobin's Q from 0.60 to 11.30 reveals substantial differences in companies' ability to create market value. At the same time, the quality score averaged 67.79 with a range from 35 to 89, indicating that integrated reporting practices have developed among LQ45 companies but have not yet reached a uniform level of quality. This variation underscores that transparency and companies' ability to communicate their value creation processes still differ across firms.

From a governance perspective, the wide variation in corporate governance scores suggests that the effectiveness of companies' internal mechanisms is not yet fully homogeneous. Meanwhile, the characteristics of shareholder, government, creditor, and customer power reveal that stakeholder pressure on companies varies in intensity. This supports the argument that stakeholder power should not be treated as a homogeneous construct, as each stakeholder group possesses different sources of power, interests, and capabilities in influencing corporate decisions and transparency.

Conceptually, this study positions quality as an information transmission mechanism linking governance and stakeholder pressure to corporate value creation. Effective governance and stakeholder pressure may not be fully appreciated by the market if quality is not translated into credible, relevant, and integrated information. This mechanism has the potential to transform a company's internal characteristics and stakeholder responses into observable signals for investors. Thus, value creation can be understood through the corporate governance and stakeholder power → integrated reporting quality → firm value mechanism.

5.2 Theoretical Contribution

This study makes a theoretical contribution by integrating Agency Theory, Stakeholder Theory, and Signaling Theory to explain the process of corporate value creation, positioning corporate governance as a mechanism for managing agency conflicts, stakeholder pressure as a driver of transparency, and the quality of Integrated Reporting (IR) as a mechanism for transmitting information to the market. The study's contribution also lies in the differentiation of stakeholder power into the power of shareholders, the government, creditors, and customers, thereby expanding Stakeholder Theory by demonstrating the heterogeneity of each stakeholder's influence on corporate transparency. Overall, this framework confirms that value creation is determined not only by the quality of corporate governance and stakeholder pressure but also by a company's ability to translate these two mechanisms into integrated information that is relevant and credible to the market.

5.3 Practical and Managerial Contributions

This research offers practical insights for management to position the quality of Integrated Reporting (IR) as part of a value creation strategy—rather than merely a compliance tool—by integrating information on strategy, governance, risk, financial and non-financial performance, and corporate sustainability. Improving the quality of IR can reduce information asymmetry and strengthen a company's credibility in the capital markets. Furthermore, companies need to develop stakeholder engagement tailored to the information needs of each stakeholder group: value creation and investment prospects for shareholders; risks and the ability to meet obligations for creditors; compliance and sustainability for the government; and reputation and sustainability responsibilities for customers. Thus, IR can serve as a strategic communication platform that accommodates the diverse information needs of stakeholders.

5.4 Policy Implications

For the Financial Services Authority (OJK) and the Indonesia Stock Exchange (IDX), this research provides a conceptual foundation to continue promoting improvements in the quality of corporate reporting shifting from a compliance-oriented approach toward value-creation-oriented reporting. Strengthening guidelines regarding the interconnection of financial and non-financial information, governance, risk, strategy, sustainability, and the value creation process can help improve the comparability and credibility of information across companies.

In the long term, regulators may consider harmonizing sustainability reporting practices with the principles of Integrated Reporting and developments in global sustainability reporting standards. This step is crucial so that Indonesian companies not only meet domestic transparency requirements but also improve the quality of " " information needed by global investors. Thus, improving the quality of integrated reporting has the potential to become part of the capital market's information infrastructure that supports transparency, reduces information asymmetry, and strengthens corporate value creation processes.

5.5 Limitations and Future Research Agenda

This study has several limitations that open opportunities for further research. First, the sample was limited to companies that were consistently included in the LQ45 index during the 2020–2024 period; thus, the findings cannot yet be generalized to all companies on the Indonesia Stock Exchange and may potentially contain selection or survivorship bias. Second, the five-year observation period does not fully capture the long-term dynamics of the relationship between corporate governance, stakeholder power, the quality of Integrated Reporting (IR), and corporate value. Third, measuring IR quality based on a disclosure index still has limitations in capturing the depth and substance of the information disclosed by companies. Therefore, future research could expand the sample to include various indices and industry sectors, extend the observation period, conduct cross-country comparisons among developing nations, and develop IR quality measures that encompass the depth, interconnectedness, materiality, and future orientation of the information. Such developments are expected to provide a more comprehensive understanding of the mechanisms of integrated reporting in the corporate value creation process.

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