

## THE EFFECT OF WEB BASED CORPORATE REPORTING ON COMPANY VALUE

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*Very fast developments in technology have encouraged companies in the world to convey and disseminate corporate information globally in the form of web-based corporate reporting. Based on data from internet users, Indonesia is the fourth largest country in the world as internet users, and the majority of internet users in Indonesia are entrepreneurs. This shows that the company conducts web-based corporate reporting with the aim of attracting potential investors. Web-based corporate reporting is carried out by the company as a form of information disclosure and this will affect the value of the company. This study examines the effect of the level of web-based corporate reporting on firm value, and examines what information is needed by investors in making decisions to invest in a company. This study focuses on banking companies as a tertiary sector and uses multiple regression analysis in the test. This study found that the information disclosed on the company's website, especially related to stock information, had a significant positive effect on firm value.*

### KEYWORDS

Web-Based Corporate Reporting, Firm Value, Financial Information, Stock Information



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## INTRODUCTION

The development of technology is getting faster, making the internet an opportunity for companies to disseminate financial and non-financial company performance or information (Saraite-Sariene, Alonso-Cañadas, Galán-Valdivieso, & Caba-Pérez, 2020). Companies listed on national and international stock exchanges will use the internet to disseminate information, both financial and non-financial information for companies globally (Saraite-Sariene et al., 2020). Currently the internet is becoming an important thing in disseminating company information, and it will be more significant in the future (Teng et al., 2019). The Internet creates a new form of reporting for companies listed on the stock exchange. The purpose of reporting via the internet is so that companies listed on the stock exchange can communicate continuously with stakeholders and further attract potential investors to invest their capital in the company (Qiu, Jiang, Liu, Chen, & Yuan, 2021).

The company's annual financial report is an example of a communication tool used by the company to convey information related to the company's management performance to stakeholders, especially external parties (Romero, Ruiz, & Fernandez - Feijoo, 2019). Financial reports from company management must provide relevant information, and the information can be relied on for decision making for stakeholders, especially for decision making for investors and creditors (Gardi, 2021). With the technology in the form of, companies can show the company's latest financial reports easily. In addition, companies are able to disseminate corporate financial reports with global or cross-country reach, without any restrictions. Investors and other external parties can also easily access information on the company's financial statements. One way for companies to report company performance information, both financial and non-financial information, is through web-based corporate reporting.

This very fast development in information and communication technology has encouraged companies in the world to submit and disseminate financial and non-financial corporate information globally in the form of web-based corporate reporting. This is indicated by the increasing data on internet users in the world based on data obtained from Internet World Stats in 2020. Based on Internet World Stats in 2020, Asia was ranked first as the most internet users with a percentage of 54.9%. Based on data from Internet World Stats in 2019, Indonesia is in the fourth largest position for internet users with a growth rate from 2000 to 2019 of 8.463%. Meanwhile, based on data from wearesocial, internet users in the world in 2020 increased by 7% compared to 2019. According to wearesocial, the number of internet users in Indonesia in 2020 increased by 17% from the previous year. This shows that Indonesia uses the internet to convey information or retrieve information globally.

Data on internet users in Indonesia is also supported by survey data conducted by the Association of Internet Service Providers in Indonesia (APJII) in 2018, which showed that the largest internet users in 2018 in Indonesia were those who worked as entrepreneurs, with a proportion of 74,9%. This can be evidence that in Indonesia, many companies use internet technology to convey and disseminate their company's financial and non-financial information to stakeholders, especially to attract investors.

Companies listed on the stock exchange use the internet to display or show potential investors that the company's management has a good performance (Devi, Warasniasih, Masdiantini, & Musmini, 2020). The company discloses financial and non-financial performance information with the aim of ensuring that the company has implemented the principles of good governance, particularly transparency and accountability (Manes-Rossi, Tiron-Tudor, Nicolò, & Zanellato, 2018). With the

disclosure of information that can be accessed in real-time and up-to-date, the company's management believes that this will increase the value of their company (Dubov & Shoptawb, 2020). Potential investors will trust the company that the company disseminates reliable and relevant information, and will invest their capital through the purchase of company shares (Naveed, Ali, Iqbal, & Sohail, 2020). The more information in web-based corporate reporting, the value of the company will increase. According to the Financial Services Authorization Regulation Number 29/POJK.04/2016, the annual report which includes financial and non-financial information must be posted on the website of the issuer or public company on the same date as the submission of the annual report to OJK.

There are still few studies in Indonesia that discuss the effect of web-based corporate reporting on firm value (Weli & Betseda, 2021). Therefore, this study focuses on the effect of web-based corporate reporting on firm value, especially companies in the banking sector listed on the Indonesia Stock Exchange. This research focuses on what information is contained in web-based corporate reporting that will have an impact or influence on increasing company value.

## RESEARCH METHOD

Based on the description of agency theory and signal theory above, several hypotheses can be formulated in this study, namely as follows:

- H1 Disclosure of financial information through the company's website has a positive effect on the company's stock price.
- H2 Disclosure of stock information through the company's website has a positive effect on the company's stock price.

Based on the theory used and previous studies, the theoretical framework of this research can be described as follows.

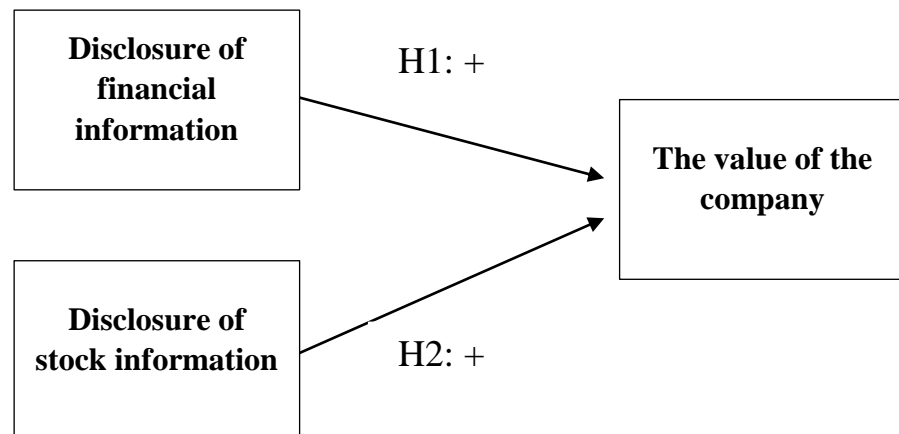


Figure 1. Theoretical Thinking Framework

This study uses a population of financial companies in the banking sector listed on the Indonesia Stock Exchange (IDX) in 2020 that have a company website. According to the official page of the Indonesia Stock Exchange, in 2020 there will be 45 financial companies in the banking sector listed on the IDX. The reason for stipulating a banking company as the company under study is because financial/banking companies have different regulations, especially in taxation regulations and accounting regulations. In addition, the Indonesian government and investors have also begun to focus on

investment in the tertiary sector rather than in the primary and secondary sectors. This is indicated by a significant increase in investment in the tertiary sector, especially financial (Nasir, Huynh, & Tram, 2019). The year 2020 was chosen because it describes the relatively new conditions in Indonesia (Kasdi & Saifudin, 2020). By using a relatively new sample, it is hoped that the research results will be more relevant to understanding the actual conditions in Indonesia.

The IDX Fact Book 2019 available on [www.idx.co.id](http://www.idx.co.id) is used to find the number, name, contact, and website address (if available) of companies listed on the IDX. The IDX Fact Book is used primarily to determine whether the company has a website or not, and to find existing websites. Furthermore, the company's website which is not found in the IDX Fact Book, is searched using the company name through the global search engine Google ([www.google.com](http://www.google.com)). Based on the listed banking sector companies that have active company websites during the year of observation, the research sample obtained is 43 companies.

The variables in this study consisted of one dependent variable and three independent variables (Tokan & Imakulata, 2019). The dependent variable in this study is the firm value variable using the measurement of earnings per share (EPS). Based on Darsono and Ashari (2005), investors are usually more interested in the measure of profitability by using the basis of shares owned. The EPS ratio describes the amount of return on capital for each share (Lidyawati, 2019).

While the independent variable is the level of disclosure of web-based corporate reporting through the measurement of the level of disclosure of financial information on the company's website and the level of disclosure of non-financial information (stock information) in this study was measured using the total score for the items contained in the measurement indicators used in this research (Hurtado et al., 2020). Indicators to measure the independent variables in this study are as follows:

**Table 1. Item Measurement for Level of Information Disclosure**

Information Disclosure Type	Measurement Items	Score
Financial Information	1. Selected financial information	1
	2. Condensed quarterly financial reports	2
	3. Condensed semi-annual financial reports	2
	4. Condensed annual financial reports	2
	5. Complete set of financial reports (quarterly)	3
	6. Complete set of financial reports (semi-annual)	3
	7. Complete set of financial reports (annual)	3
	8. Annual board of directors reports	4
	9. Monthly operational revenue information	1
	10. Financial analysis	1
	11. Financial forecast	1
Stock Information	1. Historical stock price and dividend information	1
	2. Dividend policies	1
	3. Current stock price information	1
	4. Stock agent information	1

Source: Lai, et. al. (2010)

The analysis technique in this study uses multiple regression analysis to examine the effect of web-based corporate reporting on firm value. Previously, an analysis of the classical assumption test was carried out to find out whether the research data met the

classical assumptions and met the fit of goodness requirements. The equation model in this study is as follows:

$$EPS = a + b_1 \text{FinancialInformation} + b_2 \text{StockInformation} + e$$

## RESULT AND DISCUSSION

Based on the results of the statistical analysis normality test, the SPSS output results show that the Kolmogorov-Smirnov probability value is 0.22 significantly above 0.05, which means the null hypothesis is accepted, so it can be concluded that the residual data are normally distributed. From the SPSS output display, the amount of adjusted R2 is 0.095, this means that 9.50% of the variation in the level of firm value can be explained by variations of the two independent variables, financial information and stock information.

**Table 2 Partial Test Results (t test)**

Variabel	Beta	t	Significantsi
<b>Financial Information</b>	-0.14	-0.085	0.933
<b>Stock Information</b>	0.311	1.830	0.076***
R square	0.095		
Adjusted R square	0.043		
<b>Note:</b> *Significant pada 0.01 **Significant pada 0.05 ***Significant pada 0.10			

Source : Output SPSS (2022)

The financial information variable has no effect on firm value. This can be seen from the significance value of 0.933 which is greater than 0.10. Stock information variable has a significant positive effect on firm value. This can be seen from the significance value of 0.076 which is smaller than 0.10. This means that companies that disclose more company information through the company's website have an economic impact, namely increasing the value of the company as indicated by the increasing value of the company. This study is in accordance with the research conducted by Lai et al. (2010). The argument that can support this is in accordance with signal theory that disclosure of information by companies is a signal to the capital market, to reduce asymmetric information, which often occurs between managers and other individuals, to optimize financial costs, and to increase firm value (Riro and Waweru 2013). Voluntary disclosure of the company's operational activities can reduce the information asymmetry that usually occurs between company management and investors regarding the company's financial condition and the impact of the company's business operations on the environment around the company. Web-based corporate reporting which is a voluntary disclosure should provide more information value to investors and have an impact on the value of the company, especially the company's stock price. The information disclosed on the company's website can not only reduce information asymmetry, but also reduce delays in accessing information. The higher the level of financial information disclosed through the company's website, the higher the impact on investors' investment decisions on the company. Elements in financial information disclosed through company websites indicate the level of disclosure quantity (Ashbaugh et al. (1999).

## CONCLUSION

This study aims to examine the effect of the level of web-based corporate reporting on firm value. From the results of research that has been done, it can be concluded that the level of web-based corporate reporting, especially the level of stock information disclosure, has a positive effect on firm value because web-based corporate reporting, which is a voluntary disclosure, should provide more information value to investors and have an impact on firm value, especially the price. company stock. The information disclosed on the company's website can not only reduce information asymmetry, but also reduce delays in accessing information.

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