The Impact of Corporate Governance Structure on Internet Financial Reporting (IFR)

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Abstract—Internet Financial Reporting emerged and was developed as the fastest media tool to inform matters relating to the company, both financial information, business information, and company information. The purpose of this study was to examine the impact of corporate governance on internet financial reporting. This study uses a sampling method with a purposive sampling type. This sampling was taken from all listed mining companies in Indonesia Stock Exchange from 2014-2018. The study uses ordinary least squares as a data analysis method using the fixed effect in the panel regression model. The result of this study is that the size of the board of commissioners has a positive impact on internet financial reporting, auditor reputation negatively affects internet financial reporting, and public share ownership hurts internet financial reporting.

Keywords—Corporate Governance, Internet Financial Reporting, Board on Commissioners, Auditor Reputation, Public Shareholding

I. INTRODUCTION

The rapid development of Internet technology has changed the way companies do business. Internet technology provides businesses with facilities and facilities to present financial information in large quantities at a relatively lower cost and to reach users without being limited by geographic or location constraints. The use of the Internet in the business world is affecting traditional ways of presenting business information, particularly in the transmission of financial information to investors, interested parties, and the wider community. The development of the Internet has created a new way of transmitting financial information through an Internet financial information system known as the Internet of Financial Reporting. Internet Financial Reporting (IFR) has emerged and developed as the fastest multimedia tool for reporting business-related matters, both financial information and business intelligence and corporate information [1]. Internet Financial Reporting can replace the information on the company's website which could make it easier to find any information related to the company without incurring high costs [2].

Reports presented on the Internet via the website are called Internet Financial Reporting (IFR). According to the Financial Services Authority Regulation No. 7/POJK.04/2018 on the submission of reports through the electronic reporting system of issuers or limited liability companies, Chapter 2, Article 2, paragraph (1), whether the issuers or public send reports to Financial Services Authorities through the electronic reporting system. Several components have been established in the preparation of the financial statements, namely an overview of significant financial data, reports of the board of directors, reports of the directors, company profiles, management analysis and discussion, corporate governance, certified annual financial reports, and a statement of responsibility from the Supervisory Board and the Board of Directors of the correctness of the content of the annual report [3].

The internet offers various alternatives for companies in disseminating financial information with higher amounts, lower costs, and can reach widely without geographical barriers [4]. The publication process is generally carried out at least once a year, besides that the company can also publish its financial reports periodically such as quarterly or semester reports. The advantages of the internet compared to other media cause the growth in the number of internet users to continue to increase sharply especially during the covid-19 pandemic [5].

According to Internet World Stats (2021), the total human population in the world in the first quarter of 2021 was 7,875 billion, and 5,168 billion people in the world are internet users. For 20 years internet users in
the world increased by 1.331.9 % or increased by 65.6% of the total human population in the world. Then in Asia, the number of internet users is 63.8% of the total population, which is 4,327 billion [6]. While in Indonesia alone, the number of internet users is 76.8% of the total population of 276 million people. The rapid development in the world of the internet brings changes in the distribution of financial information. Presently, numerous organizations have utilized the web as a specialized apparatus to give data about the organization, including the scattering of monetary data through Internet Financial Reporting (IFR) [7]. The fame of utilizing Internet Financial Reporting (IFR) keeps on expanding after organizations know the advantages that can be gotten. Dangers will emerge for the board and interior evaluators of an organization on the off chance that they don't utilize Internet Financial Reporting (IFR).

Indonesia's financial development in the primary quarter of 2020 contrasted with the main quarter of 2019 developed by 2.97 percent. This is indivisible from the contrary impact of COVID-19 which has caused numerous limitations on the development of individuals and the development of merchandise, along these lines hampering the creation and dissemination of the business world. Indonesia's economic growth in the first quarter of 2020 compared to the previous quarter experienced a contraction of 2.41 percent (q-to-q). In terms of q-to-q production, the decline was due to contraction in several business fields. On the expenditure side, the decline was due to contraction in all components of expenditure [8].

In a crisis circumstance, especially identified with the Covid-19 pandemic, numerous transactions from the government whose execution requires exceptionally quick, pressing, and monstrous to be taken care of. This obviously should be trailed by reinforcing great administration. The standards of reasonability, responsibility, and straightforwardness totally should be kept up with, so that each state monetary exchange can be overseen and represented appropriately. In this way, the quality of monetary reports can be kept up with and can be persistently improved [9].

Corporate governance is a framework that manages and controls the organization to make added an incentive for all partners [10]. In Indonesia, the issue of corporate governance has arisen since the monetary emergency that hit Asian nations including Indonesia and is progressively turning into a worry as a result of the numerous instances of control of fiscal reports. The low degree of corporate administration, powerless investor relations, absence of straightforwardness, shortcoming in monetary detailing, and absence of law implementation concerning the law in rebuffing perpetrators and securing minority investors are the triggers and purposes behind a few organizations in Indonesia to fall [11,12].

One of the sectors detected for fraudulent financial statements is mining companies. The case of fraudulent financial reporting occurred in the first semester of 2015 where this case was carried out by PT Timah Persero Tbk (TINS). PT Timah is suspected of providing fictitious financial reports in the first semester of 2015 to cover the company's performance which has continued to worry over the last three years where PT Timah's operating profit in the first semester of 2015 suffered a loss of Rp. 59 billion. This is supported by the influence proportion of PT Timah from 2012 to the main semester of 2015 which is continually expanding [10].

Corporate governance in this study is estimated by the intermediary of the board of commissioners, audit quality, and public share proprietorship. The board of commissioners is expected to practice command over the performance of directors and secure the interests of investors with the goal that information asymmetry doesn't happen. A more compelling performance of the board of commissioners can guarantee the execution of good corporate governance with the goal that corporate disclosure is more straightforward and extensive [13].

Companies that have managed the company well will tend to convince the public that the information provided by the company is information that is not misleading. Companies can use qualified and publicly known auditors in auditing their financial statements [14]. Public share ownership is share ownership which refers to individual shareholders outside the company's management. An increase in the number of shares issued by the company will increase the manager's responsibility in disclosing company information to investors [1].

There are several differences in the results of research on good corporate governance with internet financial reporting. The results of research conducted by Sayidah, Nurhayati & Handayani (2016) and Yasin (2017) proved that the board of commissioners affects Internet Financial Reporting [15,16]. The board of commissioners affects Internet Financial Reporting because companies that have a higher member of the board of commissioners will make more extensive disclosures on the internet [15,16]. Meanwhile, the results of research conducted by Wahyuni & Mahliza (2017) and Dameuli & Anis (2016) prove that the board of commissioners does not affect Internet Financial Reporting [2,12].

The results of research conducted by Budianto (2017) found that auditor reputation affected Internet Financial Reporting [4]. Firms with a high reputation have a greater ability to detect fraud because they have a greater ability to withstand client pressure, care about reputation, have large resources and advanced technology, and have better audit strategies and processes [4]. Meanwhile, the results of research conducted by Omran & Ramdhony (2016) and Diatmika & Yadnyana (2017) state that auditor
reputation does not affect Internet Financial Reporting [17, 18].

The results of research conducted by Pertiwi & Nahumury (2019) prove that public share ownership affects Internet Financial Reporting. Companies that have high public share ownership will encourage management to design company activities as well as possible to provide a good image (positive self attribute) and provide information disclosure. more finance through IFR practices as a form of corporate responsibility to public investors who have invested in the company [19]. Research conducted by Arfianda (2016) and Kurniawati (2018) says that public ownership of shares does not affect Internet Financial Reporting [20,1].

The mining industry is one of the industrial sectors that has a major contribution to Indonesia, starting from increasing export income, regional development, increasing economic activity, opening up employment opportunities and sources of income to the central budget and regional budgets. The mining sector has high competitiveness and not only competes at the national level but also at the international level [21]. The purpose of this study is to prove the influence of individual boards of commissioners, auditor reputation, and public share ownership on internet financial reporting in mining companies listed on the Indonesia Stock Exchange for the period 2014-2018.

II. LITERATURE REVIEW

A. Agency Theory

Agency theory assumes that the principal wants the maximum and immediate return on the investment they have invested. Meanwhile, agents want their interests to be accommodated by providing adequate and maximum compensation for the performance they have done [22]. The practice of Internet Financial Reporting is a medium for conveying information as required in the agency contract. The implementation of Internet Financial Reporting can reduce information asymmetry between the management representing the company and the stakeholders for the company.

B. Signaling Theory

A signal is an activity taken by the organization's administration that gives pieces of information to investors about how the executives see the organization's possibilities. The signal hypothesis clarifies why organizations are inclined to give financial statement information to outside parties. The organization desires to give information because there is data lopsidedness between the organization and outsiders. After all, the organization finds out about the organization and its future possibilities than outside parties (investors and banks). The absence of information for outside parties about the organization makes them secure themselves by giving low costs to the organization [23]. Signaling theory is closely related to the availability of information. The signal given should likewise be possible through the revelation of bookkeeping information like financial statements, reports of how the board has dealt with understanding the proprietor's desires, or it can even be as advancements and other data expressing that the organization is superior to different organizations [24].

C. Financial Statement

Disclosure is an integral part of financial reporting. Technically, disclosure is the final step in the accounting process with the presentation of information in the form of financial statements [25]. As per Statement of Financial Accounting Standards No.1, financial statements are part of the financial reporting process [26]. Financial reports are made to convey information about the company's financial condition at a certain time to stakeholders. Users of financial statements can then use this information as a basis for choosing alternative uses of limited company resources [27]. In Financial Services Authority provisions number 8/POJK.04/2015, financial statements are presented in the form of comparison for the last five financial years or since starting their business if the company has been running its business activities for less than five years [28].

D. Internet Financial Reporting

Internet Financial Reporting is one of the intermediaries to see the response from stakeholders, especially for investors, and can be done quickly and precisely to make decisions [29]. Under the regulations made by the Financial Services Authority (OJK) which requires every company to report its financial statements through the company's website. Therefore, since the enactment of OJK regulation number 8/POJK.04/2015, has become a compulsory revelation for each organization. Every guarantor or public organization is needed to have a site that contains data that mirrors the personality of the organization that is available to general society, real, and exceptional and complete and dependable budget reports by investors [28].

The introduction of monetary data through the site can be completed in stages, specifically (1) making copies (copy) of financial reports that have been imprinted in electronic paper design, (2) changing over fiscal summaries in HTML configuration, and (3) expanding the consideration of budget reports through the site so that simpler to be gotten to by invested individuals than printed financial reports [30]. The company's advantages in presenting information based on Internet Financial Reporting (IFR) are (1) it makes it easy for investors to access company information and for companies, it can reduce costs in printing and sending information to investors, (2) mass correspondence media for organization detailing that can be gotten to by a more extensive scope of clients than the old correspondence media since it doesn't have provincial limits so it can foster the number of expected
investors, (3) offers monetary data in different configurations that are simple and can be downloaded in Adobe Acrobat arrangement or compact record design (PDF) and different configurations. different things that can be as HTML (Hypertext Markup Language), Excel, and XBRL, and (4) permits clients to connect with organizations to pose inquiries or request certain data in a manner that is a lot simpler and less expensive than sending a letter or phone to the organization [31].

E. Corporate Governance Structures

Corporate governance is a framework that manages and controls the organization to make added an incentive for all partners [32]. Two things are stressed in this idea, to be specific the significance of the privileges of investors to acquire right and opportune data and the organization's commitment to making exact, convenient, and straightforward exposures of all data on organization execution, possession, and partners [33]. Corporate governance is estimated dependent on markers of the board of commissioners, audit committee, and public offer proprietorship.

The board of commissioners is the center of good corporate governance which is entrusted by the organization's commitment to giving guidelines and bearings to the organization's management [34]. Monetary Services Authority Regulation No.33/POJK.04/2014 which clarifies the number of individuals from the Board of Commissioners is at least 2 (two) individuals and at generally equivalent to the number of individuals from the Board of Directors. The more noteworthy the number of individuals from the board of commissioners, the simpler it will be to control the CEO and the observing is completed all the more viably [35].

The reputation of the Public Accounting Firm is based on the belief of users of auditor services that the auditor has monitoring power that is generally not observable. Organizations that have a public ownership structure will in general reveal more data on the organization's site to give the essential data to investors, however, organizations with a concentrated proprietorship structure will in general uncover less data on the organization's site since investors can get to and acquire the data they need inside [36].

F. Hypothesis Development

The board of commissioners is needed to exercise control over the performance of managers and protect the interests of shareholders so that information asymmetry does not occur. The performance of an adequate number of commissioners ensures the implementation of good corporate governance runs more impactful, so that company disclosure is more transparent and comprehensive [2]. Companies that have better quality corporate governance will make more extensive disclosures on the internet [15].

Ha: The board of commissioners has a positive impact on Internet Financial Reporting.

Companies that use the services of the Big Four Public Accounting Firm are committed to high-quality reporting disclosures. The Big Four Public Accounting Firms are partners of the Extensible Business Reporting Language (XBRL) which puts them in a better position to advise their clients on Internet Financial Reporting. The use of the Big Four Public Accounting Firm is a positive signal because the company will be interpreted by the public with ownership of the information that is transparent and not misleading [4].

Ha: Auditor reputation has a positive impact on Internet Financial Reporting.

Widespread disclosure of information will increase public trust. High public trust can also help companies when issuing new shares. The company issues new shares to get additional funds from the additional shares issued by the company. An increase in the number of shares issued by the company will increase the responsibility of managers in disclosing company information to investors. With this additional responsibility, the company will try to give a positive signal in voluntary disclosure including reporting on the company's website [17].

Companies that have high public share ownership will encourage management to design company activities as well as possible to provide a good image (positive self attribute) and provide more financial information disclosure through Internet Financial Reporting practices as a form of corporate responsibility to public investors who have invested capital in the company [19].

Ha: Public share ownership has a positive impact on Internet Financial Reporting

III. RESEARCH METHODS

A. Types of Research

The methodology utilized in this examination is quantitative. This quantitative exploration can be developed as an examination methodology that underscores evaluation in information assortment investigation with a deductive methodology. Quantitative examination searches social issues dependent on testing a hypothesis comprising of factors, estimated by numbers and investigated by measurable methodology to see if the prescient speculation of the hypothesis is right. The utilization of this quantitative methodology depends on research that will see the impact of the factors of the Board of Commissioners, Auditor Reputation, and Public Share Ownership with Internet Financial Reporting. Hence, the analyst attempts to discover a reality that is, by and
large, acknowledged for the point under investigation by discovering speculations and theories that match the examination subject.

**B. Population and Research Sample**

The populace in this investigation is mining area organizations that have opened up to the world recorded on the Indonesia Stock Exchange (IDX) upwards of 47 organizations. The examining procedure utilized in this examination is the purposive testing strategy with the sort of judgment inspecting. The thought of using purposive sampling as a testing strategy dependently on specific standards or contemplations [37]. The rules for the assembling organizations tested are as per the following (1) mining sector manufacturing companies listed on the Indonesia Stock Exchange for the period 2014-2018, (2) companies that provide data are used as research variables, (3) companies that issue financial statements in Rupiah, and (4) the financial statements used are financial statements that have been audited by Accounting Public Firms because these reports are considered to be under applicable accounting standards. Based on the predetermined sample selection criteria, 14 companies were selected that could be sampled in this study from 2014 to 2018 with a total of 70 data used in this study.

**C. Operational Variables**

The operational variable is the specification of the researcher's activities in measuring a variable. The operational definition provides the limits or meaning of a variable by detailing what the researcher must do to measure the variable. In operationalizing the variables, the writer provides a theoretical explanation of the variables related to the title so that these variables can be observed and measured. The operational research variables can be explained in the following table.

<table>
<thead>
<tr>
<th>Number</th>
<th>Variable</th>
<th>Concept</th>
<th>Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Board of Commissioners (X&lt;sub&gt;1&lt;/sub&gt;)</td>
<td>Number of members of the board of commissioners</td>
<td>( \sum \text{member of commissioners} )</td>
</tr>
<tr>
<td>2</td>
<td>Auditor Reputation (X&lt;sub&gt;2&lt;/sub&gt;)</td>
<td>Using dummy variables in determining reputable auditors (Big Four) or not yet reputable (Non-Big Four)</td>
<td>1 = Audited by Big Four Accounting Public Firms 0 = Audited by Non-Big Four Accounting Public Firms</td>
</tr>
<tr>
<td>3</td>
<td>Public Share Ownership (X&lt;sub&gt;3&lt;/sub&gt;)</td>
<td>Individuals and institutions with share ownership below 5% who are outside the management and have no special relationship [36]</td>
<td>( \frac{\text{Total public shares}}{\text{Total shares}} \times 100 % )</td>
</tr>
<tr>
<td>4</td>
<td>Internet Financial Reporting (Y)</td>
<td>Internet Disclosure Index (IDI) based on OJK regulation no. 8/POJK.04/2015 which consists of 50 items [38]</td>
<td>Each list item is rated &quot;1&quot; if the IFR timeliness item is found on the company website and numbered &quot;0&quot; if the IFR timeliness item is not found on the company website, then summed to determine Internet Disclosure Index (IDI)</td>
</tr>
</tbody>
</table>

**D. Collecting Data Methods**

The methods used in obtaining this research data are questionnaires and documentation. The author use questioners because the respondent didn't mention direct objective facts of the organizations that were inspected, while the perceptions made by the specialists were utilizing non-member perceptions. This can be said as follows because the researcher doesn't take part straightforwardly in the arrangement of the necessary financial reports. However, the researcher just notices and observe the financial statements of mining organizations recorded on the Indonesia Stock Exchange during the 2014-2018 period. The author use documentation with the assortment of information and data as yearly financial reports of mining organizations recorded on the Indonesia Stock Exchange during the 2014-2018 period.

**E. Data Analysis Design**

There are a few techniques normally utilized in assessing the relapse model with panel data such as common effect, fixed effect, and random effect. The Chow test is a test to determine which Fixed Impact or Common effect model is more appropriate to use in estimating panel data. In this study, researchers used multiple linear regression to prove the impact of two independent variables on the dependent variable but still showed a linear relationship [33]. Panel data regression models in this study are as follows:

\[
\text{IFR} = \beta_0 + \beta_1 \text{BCI} + \beta_2 \text{RA} + \beta_3 \text{PSO} + e \quad \text{(1)}
\]

**Information:**

- IFR = Internet Financial Reporting
- \( \beta_0 \) = Constant Coefficient
- DK = Board of Commissioners
RA = Auditor Reputation  
KSP = Public Share Ownership  
e = Prediction error  

A partial test was carried out with which is set at 5%. Based on the probability, Ha will be accepted if the probability value is less than 0.05 (α) which means that there is an influence of individual independent variables on the dependent variable. The researcher determines which independent variable has the most dominant influence on the dependent variable, this relationship can be seen from the regression coefficient.

The coefficient of determination test can quantify how far the model's capacity to clarify the variety of the independent variable or how large the commitment of the dependent variable in the model to predict the dependent variable is.

\[
CD = \left( r \right)^2 \times 100\% \tag{2}
\]

CD = coefficient of determination  
\( r \) = correlation coefficient  

Partial correlation is used to determine the relationship between two variables. The correlation coefficient has a minimum value of -1 and a maximum of 1. If \( r = 1 \), the correlation between X and Y is perfectly positive which means an increase or decrease in x greatly affects the increase or decrease in y. If \( r = -1 \), the correlation between X and Y is perfectly negative, which means that the increase or decrease in X does not affect the increase or decrease in Y. If \( r = 0 \), the correlation between X and Y is very weak (no relationship).

IV. RESULT  
A. Estimation Model Method Test  
1) Chow test  
Here are the processed results from the chow test.

<table>
<thead>
<tr>
<th>Test</th>
<th>Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross Section</td>
<td>69.967617</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Because of the table of chow test results, the outcomes show that the likelihood worth of the Chi-square cross area is 0.0000 < 0.05, so the choice acquired is Ho is dismissed so the model utilized is fixed impact. If the picked model is a fixed-impact model, further testing is required utilizing the Hausman test to test whether to utilize a fixed impact or irregular impact model.

2) Hausman Test  
Here are the results of data processing from the Hausman test.

<table>
<thead>
<tr>
<th>Hausman Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross Section – Chi Square</td>
</tr>
<tr>
<td>Prob.</td>
</tr>
<tr>
<td>11.071158</td>
</tr>
<tr>
<td>0.0113</td>
</tr>
</tbody>
</table>

Based on the table of the results of the Hausman test, the results show that the probability value of the cross-section statistic is 0.0113 < 0.05, so the decision that can be obtained is Ho is rejected so that the model used is the fixed effect model.

3) Lagrange Multiplier (LM) Test  
The following are the results of the Lagrange Multiplier test.

<table>
<thead>
<tr>
<th>Lagrange Multiplier Tests</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breusch-Pagan</td>
</tr>
<tr>
<td>Cross Section</td>
</tr>
<tr>
<td>Sig.</td>
</tr>
<tr>
<td>11.071158</td>
</tr>
<tr>
<td>0.000</td>
</tr>
</tbody>
</table>

Based on the results of the LM Test processing above, if the Breusch Pagan probability value is less than 0.05, which is 0.0000 then Ho is rejected, which means the common impacts model is better to use.

4) Conclusion of Testing Model  
Based on the results of the tests carried out, it can be concluded as follows.

<table>
<thead>
<tr>
<th>Test Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Chow Test</td>
</tr>
<tr>
<td>Fixed Effect vs</td>
</tr>
<tr>
<td>Random Effect</td>
</tr>
<tr>
<td>Fixed Effect</td>
</tr>
<tr>
<td>2. Hausman Test</td>
</tr>
<tr>
<td>Fixed Effect vs</td>
</tr>
<tr>
<td>Random Effect</td>
</tr>
<tr>
<td>Fixed Effect</td>
</tr>
<tr>
<td>3. Langrange</td>
</tr>
<tr>
<td>Multiplier Test</td>
</tr>
<tr>
<td>Common Effect vs</td>
</tr>
<tr>
<td>Random Effect</td>
</tr>
<tr>
<td>Common Effect</td>
</tr>
</tbody>
</table>

The researcher has summarized the information from model testing on the three test results for research models. From table 6, the results can suggest the utilization of the fixed effect other than the common effect from the Chow test and Hausman test results.

5) Hypothesis Tests  
The following are the results of panel data regression tests using the fixed effect model.

<table>
<thead>
<tr>
<th>Fixed Effect Model – Hypothesis Tests</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable</td>
</tr>
<tr>
<td>Constant</td>
</tr>
<tr>
<td>Board of Commissioners</td>
</tr>
<tr>
<td>Reputation Auditor</td>
</tr>
<tr>
<td>Public Share Ownership</td>
</tr>
</tbody>
</table>

549
Based on the results of research calculations carried out using statistical tables on the fixed-effect model, the following multiple linear regression equations were obtained:

\[ IFR = 29.14013 + 2.729548*BCI + 2.495248*RA - 0.584270*PSO \]

The influence of each independent variable on the dependent variable can be analyzed as the result follows. From the regression equation above, it can be explained that the intercept is 29.14013, meaning that when the independent variables are zero (0), the Internet Financial Reporting value is 29.14013. The regression coefficient value of the board of commissioners is 2.729548. This means that there is a positive influence on the Internet Financial Reporting, where each board of commissioners has an increase of 1%, it will be followed by changes in the direction of Internet Financial Reporting of 2.729548 assuming other variables do not change.

The regression coefficient value of auditor reputation is 2.495248. This means that there is a positive influence on Internet Financial Reporting, where each auditor's reputation has an increase of 1%, it will be followed by changes in the direction of Internet Financial Reporting of 2.495248 assuming other variables do not change.

The significance probability value on the auditor's reputation has a beta of 0.000 < 0.05 and the regression coefficient for the auditor's reputation is positive at 2.495248. These results indicate that Ha1 is accepted, which means the board of commissioners has a positive impact on Internet Financial Reporting. More impactful supervision and control over management performance through a large number of board members with various knowledge and experience among members of the board of commissioners will be able to minimize management's opportunistic behavior and even provide strong pressure and encourage management to realize information disclosure, both financial and non-financial. The board of commissioners in their function as supervisors is not always related to company disclosures because the board of commissioners can form an audit committee that is considered to be more expert in overseeing the company's financial or non-financial reporting. The more the board of commissioners, the wider the perspective brought to the board discussion. A larger board size brings more experience and better advice.

C. Correlation Analysis

From the test results using the fixed impacts model that has been carried out, the coefficient of determination R2 (R-square) between the board of commissioners, auditor reputation, and public share ownership is 0.844467. Then the value of R is 0.844467 = 0.91894. The number 0.91894 indicates that there is a strong relationship between the board of commissioners, auditor reputation, and public share ownership to Internet Financial Reporting (IFR).

V. DISCUSSION

A. The Impact of Board of Commissioners on Internet Financial Reporting

The significance probability value on the board of commissioners is 0.000 < 0.05 and the regression coefficient of the board of commissioners is positive at 2.729548. The results of this test indicate that Ha1 is accepted, which means the board of commissioners has a positive impact on Internet Financial Reporting. More impactful supervision and control over management performance through a large number of board members with various knowledge and experience among members of the board of commissioners will be able to minimize management's opportunistic behavior and even provide strong pressure and encourage management to realize information disclosure, both financial and non-financial. The board of commissioners in their function as supervisors is not always related to company disclosures because the board of commissioners can form an audit committee that is considered to be more expert in overseeing the company's financial or non-financial reporting. The more the board of commissioners, the wider the perspective brought to the board discussion. A larger board size brings more experience and better advice.

B. The Impact of the Auditor Reputation on Internet Financial Reporting

The significance probability value on the auditor's reputation is 0.0013 < 0.05 and the regression coefficient for the auditor's reputation is positive at 2.495248. The results of this test indicate that Ha2 is accepted, which means that the auditor's reputation has a positive impact on Internet Financial Reporting. Accounting Public Firms that are affiliated with Big Four Accounting Public Firms are considered to be more able to withstand client pressure, are more concerned with reputation, have greater resources related to individual compensation and advanced technology and have better strategies in conducting audits. The use of a reputable Accounting Public firm is a positive signal because the public will assume the company has information that is not misleading and has disclosed the information as transparently as possible.
C. The Impact of Public Share Ownership on Internet Financial Reporting

The significance probability value on public share ownership is 0.8712 > 0.05. The regression coefficient on public share ownership is negative at -0.584270. The results of this test indicate that Ha3 is rejected, which means that there is no impact of public share ownership on internet financial reporting. Companies that have high public share ownership should be able to encourage management to design company activities as well as possible to provide a good image (positive self-attributes) and provide better financial information disclosure through Internet Financial Reporting practices as a form of corporate responsibility to public investors who have invested in the company. Shareholders may pay less attention to financial information as a whole because it is not intended to control the company's management. This may be one of the management considerations for presenting its financial statements on the company's website. Agency conflict is getting bigger for companies that have spread ownership of the company's shares. Shareholders in various regions need fast and accurate information as a counterbalance in decision-making.

VI. CONCLUSION

Based on the discussion and testing that has been carried out by researchers, the researchers make the following conclusions. The board of commissioners has a positive impact on Internet Financial Reporting because the size of the board is very important in monitoring organizational performance. Auditor reputation has a positive impact on Internet Financial Reporting because Big Four Accounting Public Firms are considered to be more able to withstand client pressure, are more concerned with reputation, have greater resources related to individual compensation and advanced technology, and have a better strategy in conducting audits. Public share ownership has no significant impact on Internet Financial Reporting because of public share ownership, the individual shareholders have only shares below 5% and are not intended to control the company's management.

This study implies company and investors. The company can use information that had a financial impact materially for mining sector companies listed on the Indonesia Stock Exchange regarding the implementation of corporate governance as an effort to implement internet financial reporting in reporting company financial and non-financial information. Investors can use the information of corporate governance as reference materials to increase insight and in-depth knowledge in choosing the best company to invest in.

Based on the results of the research conducted, this study has several limitations with the recommendation that the author suggests. This study only examines companies engaged in the mining sector. It is recommended to expand the sample of companies, not only mining companies listed on the Indonesia Stock Exchange but can use different research subjects such as transportation, trade, services, and investment sectors to compare whether there are different results. The corporate governance structures used in influencing internet financial reporting are limited to the board of commissioners, auditor reputation, and public share ownership. The next researcher can use other internal variables as research objects such as leverage, company size, audit committee, and board of directors as independent variables. In addition, further research is recommended to use expand the other corporate governance structures such as audit committees and independent commissioners that affect internet financial reporting with an adequate research model. The research time is limited to only five years from 2014-2018. The next researcher can add the number of samples and the research period so that they can provide more results regarding the factors that affect internet financial reporting.

REFERENCES


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