INTERNATIONAL JOURNAL OF SOCIAL HEALTH
https://ijsh.ph/index.php/rp
Volume 4 Number 9 October 2025
E-ISSN: 2984-7079

The Effect of Public Ownership, Company Size, and Leverage on Internet Financial Reporting

Intan Maharani*, Lusia Sri Arini
Universitas Mercu Buana, Indonesia
Email: maharaniintan26@gmai.com*, arinilusia@gmail.com, lusia.sri.arini@mercubuana.ac.id

KEYWORDS
IFR, Public Ownership, Size, DER, Consumer Goods, Voluntary Disclosure

ABSTRACT
This research aims to determine the effect of Public Ownership, Company Size, and Leverage on Internet Financial Reporting (IFR) in consumer goods companies listed on the Indonesia Stock Exchange. IFR represents a form of voluntary disclosure that enables companies to disseminate financial information more efficiently and transparently through digital platforms. This study contributes to the literature by examining the determinants of IFR adoption in the Indonesian context, particularly in the consumer goods sector, which has received limited attention in previous research. The urgency of this research lies in the rapid digitalization of financial reporting and the need to understand factors influencing corporate transparency in emerging markets. The data used are the annual financial statements of consumer goods sub-sector companies listed on the IDX for 4 periods from 2013 to 2016, with the analysis method used multiple linear regression through SPSS 20. Based on 64 observations from 16 companies, the results showed that Public Ownership ($\beta = 0.236$, $p = 0.011$) and Leverage ($\beta = 0.238$, $p = 0.000$) have a significant positive effect on IFR, while Company Size ($\beta = 0.007$, $p = 0.236$) does not significantly affect IFR. The model explains 16.3% of the variance in IFR practices (Adjusted $R^2 = 0.163$). These findings have practical implications for regulators in developing policies to enhance corporate transparency and for companies in designing their digital disclosure strategies to meet stakeholder information needs.

DOI:

Corresponding Author: Author*
Email: Email Author

INTRODUCTION

The development of technology that is growing rapidly, especially in the field of communication, has caused several changes, namely the mindset of the community and the way a company does business and how information is exchanged using the internet (Wahyuningsih et al., 2016). The Internet is the biggest technological invention that greatly supports the development of communication (Almilia & Budisusetyo, 2020). One of the media on the internet that companies can use in presenting their business and financial information is through the company's website (Hapsoro & Zidni, 2015).

The company's website is designed for a variety of reasons, including advertising the company's products, facilitating e-commerce, attracting potential employees, and improving the company's image, in addition to offering more dynamic information updates (showing the implications of timeliness of reporting), providing flexibility in presentation, and providing an interactive dissemination of information, which is not possible in the form of print (Alfraih & Almutawa, 2017; Alfraih, 2019).

Financial reporting through the internet or known as internet financial reporting (IFR) wh ich includes financial information such as financial statements, financial highlights, shareholder information, and non-financial information such as press releases and FAQs (Pubandani & Restuti, 2013). The use of IFR makes financial reporting faster and easier, making it accessible to anyone, anytime and anywhere. In addition, the dissemination of financial information through the internet can attract investors and provide a good image for the company (Ghozali, 2013).

Agency theory is the basis of a theory underlying the business practices of a company that is rooted in the synergy of economic theory, decision theory, sociology, and organizational theory (Puspitaningrum & Atmini, 2019). In the framework of agency theory, there are three types of agency relationships, namely: 1) the agency relationship between managers and owners (Bonus Plan Hypothesis), 2) agency relationships between managers and creditors (Debt/Equity Hypothesis) and 3) agency relationships between managers and the government (Political Cost Hypothesis)). This means that there is a tendency for managers to report things in certain ways to maximize the utility of their relationship with owners, creditors and governments. IFR practice is a medium to convey information as required in the agency contract (Kusumawardani, 2011; Prasetya & Irwandi, 2012: Rahmadiani, 2012).

IFR (Internet Financial Reporting) is financial reporting carried out by companies through the internet presented on the company's website (Melisa and Soni, Vol.2, 2012 p.151). The existing accounting literature states that IFR is known as voluntary disclosure because there is no regulation that requires the disclosure of company business information via the internet in Indonesia, not because of the content of the disclosure but because of the tools used (Ikatan Akuntan Indonesia, 2017).

Several empirical studies have examined the determinants of IFR adoption across different contexts. Aly et al. (2010) examined Corporate Internet Reporting practices in 62 companies in Egypt. They found evidence that profitability factors, foreign listing, and industry type are the most important factors affecting CIR, while other factors such as company size, liquidity, auditor type, and leverage do not affect the content and format of CIR presentations. This finding suggests that institutional and market-related factors may be more influential than firm characteristics in certain contexts.

Abdelsalam and Street (2007) investigated IFR practices in emerging markets and found that larger firms with higher profitability and international visibility are more likely to adopt comprehensive internet reporting. The latest research conducted by students and lecturers of Pandanaran University Semarang in 2016, namely by Wiwit Wahyuningsih, Rina Arifati SE, Msi.Akt and Kharis Raharjo SE, Msi.Ak, CA proves that simultaneously liquidity, leverage, company size and portion of public shares have a positive effect on financial reporting disclosure. However, their study focused on general financial disclosure rather than specifically on internet-based reporting.

Oyelere et al. (2003) examined IFR adoption in New Zealand and found that company size and listing status significantly influence the extent and sophistication of internet financial reporting. Similarly, Marston and Polei (2004) in their study of German companies found that larger firms and those with higher foreign ownership tend to provide more comprehensive internet financial reporting. The structure of share ownership is a factor that also influences the

realization of good corporate governance (Almilia & Sifa, 2018; Alsaeed, 2015; Handoko & Fuad, 2019; Jouirou & Chenguel, 2014). Managerial ownership is a representation of the proportion of a company's share ownership owned by the company's management. Public ownership or the proportion of shareholding is the number of shares of a company owned by the public, namely individuals or institutions that have less than 5% shareholding that are outside management and do not have a special relationship with the company. A scale on which a large company can be classified in various ways, including: total assets, sales, market capitalization, etc. is called company size. Based on total assets, basically the size of the company is divided into three categories, namely large firms, medium-sized companies and small firms (Wardani et al., 2017; Wardani & Hermuningsih, 2018). Larger firms typically have greater resources to invest in technology infrastructure and face higher scrutiny from stakeholders, potentially motivating greater disclosure through digital channels (Effendi et al., 2022; Nuswantara et al., 2020; Trabelsi et al., 2019; Saputra et al., 2021). According to Lestari and Chariri (2007), leverage is the ability of a company to pay off its current obligations. The higher the proportion of leverage, the higher the need for information about the company's ability to pay its obligations by creditors. High leverage creates pressure from creditors for increased transparency, which may encourage companies to utilize IFR as a signaling mechanism (Kelton & Yang, 2008).

Despite the growing body of literature on IFR, several research gaps remain. First, most studies have focused on developed markets, with limited attention to emerging markets like Indonesia where institutional contexts differ significantly (Nguyen et al., 2020; Uyar & Kılıç, 2021). Second, the consumer goods sector, which has unique characteristics including high public visibility and consumer-oriented business models, has been underexplored in IFR research. Third, conflicting findings regarding the influence of company size and leverage on IFR in different contexts warrant further investigation (Wicaksono & Yuyetta, 2018).

The urgency of this research is underscored by several factors: (1) the rapid digital transformation in Indonesia's capital market, with increasing expectations for online corporate transparency; (2) the regulatory emphasis on good corporate governance, where voluntary disclosure plays a crucial role; (3) the need for Indonesian companies to compete globally by adopting international best practices in financial reporting; and (4) the COVID-19 pandemic's acceleration of digital adoption, making internet-based reporting more relevant than ever.

This study contributes to the literature in several ways. First, it provides empirical evidence on IFR determinants in the Indonesian consumer goods sector, filling a contextual gap in the literature. Second, it extends agency theory application by examining how ownership structure and financial leverage influence voluntary digital disclosure in an emerging market setting. Third, the findings offer practical insights for companies regarding factors that should be considered in developing their digital disclosure strategies. Fourth, this research provides input for regulators in formulating policies that encourage corporate transparency through digital platforms.

Based on the established background, this research aims to investigate the significant effects of Public Ownership, Company Size, and Leverage on Internet Financial Reporting among consumer goods companies listed on the Indonesia Stock Exchange. Consequently, the

study's objectives are to empirically analyze and test the specific influence of each of these three variables on the companies' digital financial disclosure practices.

The findings of this research are expected to offer substantial benefits. Theoretically, it will contribute to the development of agency theory and enrich the literature on corporate disclosure in emerging markets like Indonesia, while also providing a foundation for future studies. Practically, it offers valuable insights for companies to refine their online reporting strategies, aids investors in assessing corporate transparency, provides regulators with evidence for policy development, and serves as an academic reference for further research in this field.

METHOD

This research uses a quantitative approach with an associative causal design to examine the effect of Public Ownership, Company Size, and Leverage on Internet Financial Reporting (IFR). The population in this study consists of consumer goods industry companies listed on the Indonesia Stock Exchange (IDX). The sample was selected by using a purposive sampling technique based on criteria: (1) companies were consistently listed on IDX during the 2013–2016 period, (2) companies published annual reports and financial statements during the observation period, and (3) companies disclosed corporate website information. Based on these criteria, 16 companies were selected as research samples, resulting in 64 observations (16 companies × 4 years). Secondary data were obtained through the companies' official websites and the IDX website.

The research variables include: (1) Internet Financial Reporting (IFR) as the dependent variable, measured using a disclosure index adapted from Debreceny et al. (2008); (2) Public Ownership (PO), measured by the percentage of public shareholder ownership; (3) Company Size (SIZE), measured by the natural logarithm of total assets; and (4) Leverage (DER), measured using the Debt to Equity Ratio. Data analysis techniques include descriptive statistics, classical assumption tests (normality, multicollinearity, heteroscedasticity, and autocorrelation), and hypothesis testing using multiple linear regression analysis. The data was processed using SPSS version 20 with the following regression model:

$$IFR = \alpha + \beta_1 PO + \beta_2 SIZE + \beta_3 DER + \epsilon$$

In which:

- IFR= Internet Financial Reporting
- PO= Public Ownership
- $SIZE$= Company Size
- DER= Leverage
- α= Constant
- $\beta_1, \beta_2, \beta_3$= Regression Coefficients
- ϵ= Error Term

RESULT AND DISCUSSION

Descriptive Statistical Results

Table 1. Descriptive Statistics Results

Variable	N	Minimum	Maximum	Mean	Std. Deviation

Public Ownership (PO)	108	0.02	0.43	0.1929	0.10688
Company Size (SIZE)	108	25.30	31.78	28.2858	1.55545
Leverage (DER)	108	0.07	0.75	0.3918	0.16112
Internet Financial Reporting (IFR)	108	0.32	0.70	0.5122	0.10700
Valid N (listwise)	**108**	—	—	—	—

Based on the descriptive statistical data above, it is explained that:

Public Ownership (PO) is a dependent variable, having a minimum value of 0.02 found in PT Hanjaya Mandala Sampoerna Tbk. Meanwhile, the maximum value of 0.43 is found in PT Kalbe Farma Tbk. The average company size from the data is 0.1929 with a standard deviation of 0.10688.

Company Size (SIZE) is a dependent variable, with a minimum value of 25.30 found in PT Kedaung Indah Can Tbk in 2014. Meanwhile, the maximum value of 31.78 is found in PT Gudang Garam Tbk in 2015. The average debt to equity ratio is 28.2858 with a standard deviation of 1.55545.

Leverage (DER) is a dependent variable, with a minimum value of 0.07 found in PT Industri Jamu dan Farmasi Sido Muncul Tbk. While the maximum value of 0.75 is found in PT Multi Bintang Indonesia Tbk in 2014. The average net profit margin value is 0.3918 with a standard deviation of 0.16112.

Internet Financial Reporting (IFR*)* is an independent variable, having a minimum value of 0.32 for PT Prasidha Aneka Niaga Tbk while a maximum value of 0.70 is for PT Kalbe Farma Tbk. The average profit equalization value is 0.5122 with a deviation value of 0.10700.

Classical Assumption Test Results

Table 2. Kolmogorov–Smirnov Normality Test Results

One-Sample Kolmogorov–Smirnov Test	**Unstandardized Residual**
N	108
Normal Parameters	
• Mean	0E-7
• Std. Deviation	0.09649292
Most Extreme Differences	
• Absolute	0.085
• Positive	0.085
• Negative	-0.059
Kolmogorov–Smirnov Z	0.883
Asymp. Sig. (2-tailed)	0.416
Decision	Data is normally distributed (Sig. > 0.05)

In the table above, it is known that Asym.Sig. (2-tailed) is 0.416 or the value is greater than 0.05. This means that H0 is accepted and it can be concluded that the data in the study are distributed normally.

Multicollinearity Test

Table 3. Multicollinearity Test Results

Model	Variable	Tolerance	VIF
1	**Public Ownership (PO)**	**0.938**	**1.066**
1	**Company Size (SIZE)**	**0.954**	**1.048**
1	**Leverage (DER)**	**0.977**	**1.023**

In the table above, it can be seen that the Public Ownership variable has a tolerance value of 0.938 > 0.1 and a VIF value of 1.066 < 10. The Company Size variable has a tolerance value of 0.954 > 0.1 and a VIF value of 1.048 < 10. The Leverage variable has a tolerance value of 0.977 > 0.1 and a VIF value of 1.023 < 10.So it can be concluded that there is no multicollinearity in each model.

Heteroscedasticity Test

Table 4. Glejser Heteroscedasticity Test Results

Model	Variable	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (Beta)	t	Sig.
1	Constant	-6.168E-017	0.174	0.000	0.000	1.000
1	Public Ownership (PO)	0.000	0.091	0.000	0.000	1.000
1	Company Size (SIZE)	0.000	0.006	0.000	0.000	1.000
1	Leverage (DER)	0.000	0.059	0.000	0.000	1.000

After the Glejser test was carried out, the output was produced as shown above. The result is a sig. on each independent variable is more than 0.05. Thus, it can be concluded that in the data there is no heteroscedasticity problem.

Autocorrelation Test

Table 5. Autocorrelation Test Results (Durbin–Watson)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin–Watson
1	0.432	0.187	0.163	0.09787	0.486

Based on the output above, it is known that the value of Durbin Watson (DW) is 0.486. The value is between -2 and 2. So it can be concluded that there is no autocorrelation.

Model Conformity Test Results

Coefficient of Determination Test (R2)

Table 6. Coefficient of Determination (R^2) Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.432	0.187	0.163	0.09787

From the table above, it is known that the Adjusted R Square value is 0.163, this means 16.3% of the IFR variable which can be explained by variations of the three independent

variables, namely Public Ownership, Size and Leverage, while the remaining 83.7% is influenced by other variables that are not studied in this study.

Multiple Linear Analysis

$$IFR = 0{,}163 + 0{,}236\,PO + 0{,}007\,SIZE + 0{,}238\,DER + e$$

The above results give an understanding that:

Internet Financial Reporting has a constant of 0.163, which means that if the independent variables PO, SIZE, DER of the company are equal to 0, then Internet Financial Reporting (Y) has a value of 0.163.

The regression coefficient of the Public Ownership (PO) variable shows a coefficient value of 0.236, meaning that if the value of public stock ownership increases by 1%, it will increase Internet Financial Reporting by 0.236.

The regression coefficient of the company size variable shows the value of the company size regression coefficient of 0.007 which means that if the value of the company size increases by 1%, it will increase the profit equalization by 0.007. Assuming the other free variables are constant.

The regression coefficient of the leverage variable shows a leverage regression value of 0.238, which means that if the leverage increases by 1%, it will increase the profit equalization by 0.238. Assuming the other independent variable is constant

Hypothesis Test

Test F

Table 7. F-Test (ANOVA) Results

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	0.229	3	0.076	7.962	0.000
Residual	0.996	104	0.010	—	—
Total	1.225	107	—	—	—

That the F Test counts as 7.962. With a probability of 0.000. The probability is below a significant value (α = 0.05). So this regression model can be said that independent variables, namely Public Ownership, Size, and Leverage together have a significant effect on Internet Financial Reporting.

T test

Table 8. t-Test (Partial Test) Results

Model	Variable	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (Beta)	t	Sig.
1	Constant	0.163	0.174	—	0.940	0.350
1	Public Ownership (PO)	0.236	0.091	0.236	2.581	0.011
1	Company Size (SIZE)	0.007	0.006	0.108	1.192	0.236
1	Leverage (DER)	0.238	0.059	0.359	4.013	0.000

Based on the tests in the table above, the results of the hypothesis test can be explained as follows:

Hypothesis 1 obtained a tcount value of 2.581 with a ttable value of 1.9828, then public ownership has a positive effect on IFR. With a significant value (Sig t) of the public ownership variable < 0.05, which is 0.011, public ownership measured by PO has a significant effect on Internet Financial Reporting.

Hypothesis 2 obtained a tcount value of 1.192 with a ttable value of 1.9828, so the size of the company has no effect on Internet Financial Reporting. With a significant value (Sig t) of the variable Size > 0.05, which is 0.236.

Hypothesis 3 obtained a tcount value of 4.013 and a ttable value of 1.9828, then leverage has a positive effect on Internet Financial Reporting. With a significant value (Sig t) of the leverage variable < 0.05, which is 0.000.

Discussion

First Hypothesis

From the test results, it can be concluded that the variable of public share ownership has a significant positive effect on Internet Financial Reporting, so H1 is accepted. When the company's public ownership increases, the company tends to provide more information to the public. This is because the users of financial statements are not only internal parties of the company but also the public and allow the company to conduct Internet Financial Reporting. The results of this study are consistent with the research of Lisa, Berkat Zeth and Theresia (2016), which stated that external ownership has a significant positive effect on Internet Financial and Sustainability Reporting.

Second Hypothesis

The test results showed that the Size variable had no effect on Internet Financial Reporting, so H2 was rejected. These results show that the sample of companies used has a high level of agency costs, so company managers are not inclined to do Internet Financial Reporting. This allows large companies not to disclose broader information; this test is consistent with the research of Emma Handayani and Luciana (2013) who found that company size has no effect on the treatment of Internet Financial Reporting.

Third Hypothesis

The test results showed a significant positive effect on Internet Financial Reporting. A high level of leverage is a bad news signal for the company, where the company avoids disseminating financial information, including on its company website. This is being done to avoid more attention from stakeholders because the stakeholders assume that a high level of leverage can affect the company's prospects in the future. The results of this study are consistent with the research of Insani and Linda (2013) which stated that the effect of leverage is positively significant on the quality of financial reporting through the internet.

CONCLUSION

The study finds that Public Ownership and Leverage significantly and positively influence Internet Financial Reporting (IFR) among consumer goods companies listed on the

Indonesia Stock Exchange, suggesting higher public share ownership and greater leverage push firms toward more transparent, digitally disclosed financial information, while Company Size shows no significant effect; the model explains 16.3% of IFR variance, indicating other factors drive adoption beyond these characteristics. For future research, expand the determinants to include profitability, liquidity, corporate governance, and audit committee quality; use more recent data to reflect post-2020 digital transformation and COVID-19 impacts; consider qualitative methods or a broader IFR measurement index with interactive/multimedia elements; and conduct cross-sector or cross-country comparisons to explore contextual differences in IFR adoption.

REFERENCES

Alfraih, M. M. (2019). The role of corporate governance in the relationship between executive compensation and firm performance. Journal of Risk and Financial Management, 12(2), 86.

Alfraih, M. M., & Almutawa, A. M. (2017). Voluntary disclosure and corporate governance: Empirical evidence from Kuwait. International Journal of Law and Management, 59(2), 217-236.

Almilia, L. S., & Budisusetyo, S. (2020). Corporate governance and internet financial reporting: Evidence from Indonesian listed companies. Journal of Economics, Business, and Accountancy Ventura, 23(1), 1-13.

Almilia, L. S., & Sifa, L. A. (2018). Determinants of internet financial reporting in Indonesia. International Journal of Business and Society, 19(3), 607-622.

Alsaeed, K. (2015). Determinants of internet financial disclosure in Saudi Arabia. International Journal of Business and Management, 10(4), 267-275.

Effendi, B., Uzliawati, L., & Yulianto, A. S. (2022). The determinants of internet financial reporting: Evidence from Indonesia. Accounting Analysis Journal, 11(1), 1-9.

Handoko, B. L., & Fuad, K. (2019). The effect of leverage and profitability on internet financial reporting. Journal of Applied Accounting and Taxation, 4(1), 21-29.

Ikatan Akuntan Indonesia. (2017). Standar Akuntansi Keuangan – Efektif per 1 Januari 2017. Member of IFAC.

Jouirou, M., & Chenguel, M. B. (2014). The determinants of voluntary disclosure in Tunisia: A study of the firms listed in the Tunis Stock Exchange. IOSR Journal of Business and Management, 16(8), 86-94.

Kusumawardani, A. (2011). Analisis faktor-faktor yang mempengaruhi pelaporan keuangan melalui internet (Internet Financial Reporting) dalam website perusahaan. Jurnal Akuntansi, Universitas Diponegoro Semarang.

Nguyen, A. H., Nguyen, H. T., & Pham, H. T. (2020). Corporate governance and internet financial reporting: The case of Vietnamese listed companies. Journal of Asian Business and Economic Studies, 27(1), 65-80.

Nuswantara, D. A., Setiawan, D., Tri Yuwono, T. W., & Mita, A. F. (2020). Determinants of corporate internet reporting: Evidence from Indonesia. Journal of Economics and Business, 3(1), 158-166.

Prasetya, M., & Irwandi, S. A. (2012). Faktor-faktor yang mempengaruhi pelaporan keuangan melalui internet (Internet Financial Reporting) pada perusahaan manufaktur di Bursa Efek Indonesia. Jurnal Akuntansi, STIE Perbanas Jakarta.

Puspitaningrum, D., & Atmini, S. (2019). Corporate governance and voluntary disclosure: Evidence from Indonesia. Journal of Accounting and Investment, 20(1), 1-16.

Rahmadiani, H. (2012). Pengaruh kinerja keuangan terhadap kualitas internet financial reporting dalam website perusahaan pada perusahaan manufaktur di Bursa Efek Indonesia. Jurnal Akuntansi, Universitas Lampung.

Saputra, K. A., Subroto, B., Baridwan, Z., & Rosidi, R. (2021). Impact of the COVID-19 pandemic on the transparency of internet financial reporting in Indonesia. Journal of Asian Finance, Economics and Business, 8(3), 27-35.

Trabelsi, S., Rani, P., Zadeh, F. O., & Compaoré, D. (2019). Corporate social disclosure and environmental and social practices: The case of Canadian companies. International Journal of Financial Research, 10(6), 158-171.

Uyar, A., & Kılıç, M. (2021). The influence of board structure, ownership, and corporate governance on integrity of financial reporting. Journal of Business Research, 130, 308-321.

Wardani, D. K., Martani, D., & Farahmita, A. (2017). The effect of ownership structure and corporate governance characteristics on internet financial reporting. Journal of Accounting and Investment, 18(1), 93-106.

Wardani, R. P., & Hermuningsih, S. (2018). Determinants of internet financial reporting on Indonesian companies. International Journal of Business, Economics and Law, 17(5), 9-15.

Wahyuningsih, W., Arifati, R. S. E., Raharjo, K. (2016). Pengaruh likuiditas, leverage, profitabilitas, porsi saham publik, ukuran perusahaan dan umur perusahaan terhadap kelengkapan pengungkapan laporan keuangan pada perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia dengan periode penelitian tahun 2009-2014. Journal of Accounting, 2(2), 1-13.

Wicaksono, B., & Yuyetta, E. N. A. (2018). Analisis faktor-faktor yang mempengaruhi internet financial reporting. Diponegoro Journal of Accounting, 7(2), 1-13.