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The Accuracy of Earning Forecast Analysis, Information Asymmetry and Integrated Reporting – Case of Indonesia

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ABSTRACT

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The purpose of this study is to examine factors that affect companies presents the elements of integrated reporting in their annual reports and how its effect on the accuracy of earnings forecast analysis and information asymmetry. The independent variables tested were institutional ownership, company size, profitability, international activities, and industry type and growth opportunity. The study population is non-financial companies listed on the Indonesia Stock Exchange in 2015. The samples were taken by using purposive sampling i.e. with some specific criteria. The data was analysed by using multiple regression analysis to examine the factors affecting the company presents the elements of integrated reporting in the annual report, and a simple regression to see how the presentation of the elements of integrated reporting affect the asymmetry of information and the accuracy of earnings forecast analysis. This study found that only the size of the companies determines the presentation of the elements of integrated reporting in the annual report. In addition, this study does not confirm the effect of the presentation of the elements of integrated reporting on the information asymmetry and the earnings forecast analysis accuracy.

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1. Introduction

Agency theory proponents believe that information asymmetry arises because of the separation between the principal and the agent (Jensen and Meckling, 1976). According to Scott (2009: 114) information asymmetry is an important reason why a market is not perfect, even in extreme cases can lead to collapse. The phenomenon of information asymmetry in the Indonesian capital market can be seen from the cases in the capital markets, especially with regard to the disclosure of the issuer. Recently,

Indonesian Capital Market Supervisory (*Otoritas Jasa Keuangan/OJK*) has discovered 33 potential violations of the law in the Indonesian capital market in 2013 (Sutianto, 2013). These cases are related to the scope of disclosure of listed companies and public companies.

Voluntary disclosure refer to disclosed supplementary information by a company in addition to mandatory disclosure (Hassan and Marston, 2010; Suwardjono, 2008). Currently, one of the latest issues in financial accounting literature is about integrated reporting (IR) and

companies listed on the Indonesian Stock Exchange have not been required to prepare.

Integrated reporting is an evolution of corporate reporting, starting from financial reporting, management reporting, green reporting, sustainability reporting (Rasyid, 2014). The evolutions of corporate reporting involve dissatisfaction of the users reporting the company, namely the stakeholders. This is because they have not been able to fully use the corporate reporting in decision-making (Rasyid, 2014)

This phenomenon comes as a result of the global financial crisis that hit the USA in 2008 (Azam, Warraich and Awan et al. 2011, Eccles and Krzus 2010). The crisis caused many people doubt the content contained in the annual report. The contents are considered less useful for assessing the overall performance of the company. It makes the users of financial statements find it difficult to determine business decisions. Integrated reporting provides a report that fully integrates financial information and non-financial companies (including environmental, social, governance, and intangibles) (Eccles and Krzus 2010; Oates, 2009 and Azam, et al., 2011).

Basically, a company might follow or not follow the development of new reporting formats such as integrated reporting, depending on the company's internal judgment itself. So it can be categorized as voluntary disclosure. The results showed that the voluntary disclosure would improve the accuracy of earnings forecast analysis. Analysts are important information intermediaries in capital markets, because they convey valuable information about the company to outside investors (Healy and Palepu, 2001).

According Sunariyah (2004), the number and quality of the analyst in the capital markets become elements that make capital markets to be efficient, while the number of analysts in the Indonesian capital market is still limited (Sihombing, 2012).

Lang and Lundholm (1996) examined the relationship between disclosure practices by the

number of analysts who monitor the company's property from analysts forecasting earnings (earnings forecast analysts). The results showed that firms with a more informative disclosure policy has more accurate, less dispersion and less volatility earnings forecasting analysis.

Based on the research background, then the problem can be formulated as follows: What factors are affecting the company presents the elements of integrated reporting in the annual report? What is the impact the presentation of the elements of integrated reporting in the annual report of the accuracy of analyst earnings forecasts? And what is the impact the presentation of the elements of integrated reporting in the annual report to the asymmetry of information?

This study is important because the integrated reporting is the issue that is still warm in the reporting of a company at the moment. The Company has published a range of reports to investors, but some of the results of the study provide results that investors cannot obtain information as expected, since each report separately, making it difficult to be understood as a whole in a short time. This research was carried out on non-financial companies only listed on the Indonesia Stock Exchange in 2015 because financial companies have different characteristics.

2. Theoretical Framework and Hypothesis Development

2.1. Integrated Reporting

The core concept of integrated reporting is to provide a report that fully integrates the company's financial information and non-financial such as the problem of environmental, governance, social issues (Eccles and Krzus 2010; Azam et al. 2011; Oates 2009; White 2010). Integrated reporting emphasizes the importance of transparency in the reporting of the companies' performance. In a performance reporting, the company will provide insight into how the company views itself and its role in society. It communicates the company's performance, good and bad. This will create a

commitment to improve the performance of the company in the future and establish accountability for achieving goals.

Integrated reporting connects two fundamental traditions in the disclosure of the company, namely financial reporting and sustainability reporting. According to White (2010), integrated reporting framework is built on the concept of capital stewardship. Capital stewardship is defined as maintenance and expansion of various forms of capital, all of which contribute to long term value creation by the company. Capital stewardship operated by cranking the concept into five components, which is abbreviated "INFOS" (intellectual, natural, financial, organizational and social capital). Integrated reporting has some elements that are related to one another. Element according IIRC (2011) as follows:

Overview of Organizations and Business Models

This element/feature provides an explanation of everything that was done by the company to create and sustain value in the short, medium and long term. Given these elements we can identify the company's mission, the main activities undertaken, markets, products and services produced. Not only that, this section provide information about the business model used by the company and the company's attitude toward risk..

Operation Content including the Risks and Opportunities

This element explains the organization's operating environment and resource use and its relation to the risks and opportunities that exist. Integrated reporting in this case reveals company's operating environment that is then connected to the regulations which affect the organization's ability to create and maintain the value of the company. Thus, it can be seen a direct impact on the environment, the existing legislation and its relation to the value so that the risk can be

identified. If the risks can be identified that will have an impact on the availability of qualified resources and relevant to the needs of the company.

The strategy to achieve company goal

Within this element, a company describes the strategies and measures selected companies in order to achieve the desired objectives. Therefore, it is necessary to identify the company's risk management arrangements relation to resources. In addition, there is the identification of the competitive advantage of companies that led the company has unique characteristics that are expected to create value in the future.

Governance and remuneration

At this element of integrated reporting highlight several things including about organizational leadership and strategic decision-making process. Not only related to the above, but also related to what measures have been taken to influence the management of the company's strategic objectives, including cultural, ethical values, and relationships with stakeholders. Executive remuneration issues related to the performance of short, medium and long term are also explained in this element.

Performance

Integrated reporting in this element presents information related to the performance of the organization, organizational impact on resources and the correlation between the two. The element of the performance also highlights the positive and negative impacts of the company on existing resources. The impact of external factors on the company's performance is part of this element in addition to the two.

Outlook

This element describes the various uncertainties, opportunities and challenges faced by the company in the future as well as the actions

taken the company to face all these things. Such actions include short, medium and long term. Integrated reporting should be able to identify the real risks which can have extreme consequences, although the likelihood is quite small.

2.2 Analysts of Earnings Forecast Accuracy

Information intermediaries reflect an industry that is involved in the collection, processing, interpretation, and sorting of information about a company's financial prospects. This industry includes stock analysts, investment newsletters, investment advisors, and debt rating. Analysts share the bulk of the information intermediaries, which includes a buy-side analyst and sell-side analyst. This information intermediary is not directly involved in making investment decisions and credit. Instead, their goal is to provide useful information for the decision. Output or their products, are forecast (forecast), recommendations and research reports. Inputs used are the financial statements, voluntary disclosure, and news about the economy, industries and companies. Information intermediaries provide value by processing and synthesizing raw and diverse information about the company into a form that is useful for investment decisions

Financial analysts are important information intermediaries in capital markets, because they convey valuable information from the company to outside investors (Healy and Palepu, 2001). Hu et al (2008) found the quality of forecast analysts as a multidimensional concept, consists of three main components: accuracy, bias, and efficiency. Factors such as the characteristics of uncertainty of information, quality of inputs for forecast purposes, skills and incentives analysts attribute all the outcomes of the work of the analyst.

2.3. Information Asymmetry

Information asymmetry is a condition where a party has more information than other party so that certain consequences will only be known by the party without the knowledge of others who also

need the information. Information asymmetry as a condition where there are differences in the information held by market participants as between managers and shareholders. Information asymmetry occurs because of differences in the acquisition of information and estimation of risk between the two parties to a transaction (Scott, 2009; Nuryatno, Nazir and Rahmayanti, 2007). The issue of information asymmetry is very important to be studied, because of accounting services activity whose function is to provide useful information for the purpose of making economic decisions. The resulting information should be information that can minimize information asymmetry so that the right decisions, so the market to be efficient and effective allocation of economic resources and optimal. Scott (2009: 115) stated that "... information asymmetry is of such importance to accounting theory in the securities market that are subject to information asymmetry problem. Even if security market prices fully reflect all publicly available information ...".

2.4. Hypothesis

The size of company and elements of integrated reporting

In general, large companies have more complete information so the likely to disclose elements of integrated reporting on major companies. Additionally, a big company has more resources that small companies need and able to finance information for internal purposes in full. Detailed information as well as a material for the purposes of disclosure of information to external parties is less costly for big companies. By contrast, smaller companies do not have complete information as large enterprises, so that the cost required is more significant if the company wants to disclose complete information. This is because generally small companies are in tight competition situation that may threaten the company. Accordingly, the following hypothesis is tested:

Hypothesis 1: The size of the company affects the company in presenting elements of integrated reporting.

The ownership structures and elements of integrated reporting

The big difference in the proportion of shares owned by the investor may affect the completeness of the disclosure by the company. This is because more and more parties who need information about the company, the more details of the items required to be opened and thus the company will be more extensive disclosures. On the other hand, there is a push for management to selective disclosure of information for disclosing information containing costs. Management will only disclose information if the benefits exceed the cost of disclosure of such information (Suwardjono, 2008). The ownership structure in this study is the percentage of foreign ownership in the company. There are several reasons for companies that have foreign ownership to present the elements of integrated reporting. The first reason, foreign companies obtain better training in accounting from parent companies abroad. Secondly, the company may have a holding company system. Thirdly, there is possibility of greater demand on a foreign-based company from customers, suppliers and the general public. Ownership structure of listed companies has been investigated as a factor in determining the choice of the company's accounting practices (Dumontier and Raffournier 1998; Cuijpers and Buijink 2005; Gassen and Sellhorn 2006; Wu and Zhang 2009; Guenther et al., 2009). Accordingly, the following hypothesis is tested:

Hypothesis 2: The ownership structures affect the company in the elements of integrated reporting.

Profitability and elements of integrated reporting

Profitability is the company's ability to generate profits to enhance shareholder value. A

more profitable company must have a strong incentive to distinguish themselves from less profitable companies to raise external capital cheaper (Bassemir, 2012). Therefore, it is expected they may disclose information voluntarily and show a positive relationship between profitability and presentation elements integrated reporting. Results of research Dumontier and Raffournier (1998), Andre et al. (2012) and Tarca (2004) gives results that affect the profitability of the company disclosure undertaken voluntarily. Accordingly, the following hypothesis is tested:

Hypothesis 3: Profitability affects the company in presenting elements of integrated reporting.

International activities affecting element of integrated reporting.

International activity is business performed abroad, such as foreign subsidiaries and sales abroad or export oriented. Companies operating abroad are more likely to distribute financial statement information of higher quality to external parties from other companies (Tarca, 2004). This reduces uncertainty for stakeholders when doing business with the company. As firms go multinational, they face new demands for information beyond those faced at home. The increased internationalization of operations results in a larger proportion of foreign stakeholders in the corporation. Thus, the variety of information demanded can be expected to increase, resulting in an increased level of voluntary disclosure (Choi and Mueller, 1992; Meek et al., 1995). In this study the elements of integrated reporting is voluntary disclosures, because it is not required by the regulator. The following hypothesis is therefore tested:

Hypothesis 4: International activities affecting the company in the present element of integrated reporting.

Industry types and elements of integrated reporting.

Industry type is a variable that is often used to describe the amount of information provided by the company. It is assumed that companies operating in the same industry will adopt the same patterns of information they provide to outside parties; if not, this could be interpreted by the market as bad news (Watts and Zimmerman, 1978). Moreover, membership of a particular business sector may affect the company's political vulnerability, in the sense that the organization operates in more politically vulnerable industries could use to reduce the possibility of voluntary disclosures political costs (Oyelere et al., 2003). For example, Craswell and Taylor (1992) in their study of the disclosure of segment information showed that the cost of ownership (particularly competitive costs that will occur with the disclosure of segment information) may be specific to the company or to the sector. Accordingly, the following hypothesis is tested:

Hypothesis 5: Industry types affect the company in presenting elements of integrated reporting.

Growth opportunities and elements of integrated reporting.

Previous research showed that the company's disclosure policy is a function of the specific characteristics that affected the benefits and costs associated with a broader disclosure policy (Lang and Lundholm, 1993). In company with growth opportunities, agency theory emphasizes the benefits of such a policy of disclosure, information asymmetry has a negative impact on projects that could potentially benefit the company 'because of the lack of a belief among investors, who fear that the manager may not opt for the best project or that action they aim to take over the wealth of investors (Bushman and Smith, 2001). These factors mean that companies can only obtain external funding to pay a higher price for them (Myers and Majluf, 1984). Companies with higher

growth opportunities to use more than the disclosure of information in order to reduce information asymmetry and agency costs and thus improve the efficiency of their investment by reducing the cost of external financing (Bushman and Smith, 2001). On the other hand, such disclosure can be costly for companies (Verrecchia, 1983) to disclose information to competitors or other strategic groups which may cause the company to lose a competitive advantage or leverage (Admati and Pfleiderer, 2000) for future projects. The following hypothesis is tested:

Hypothesis 6: Growth opportunities affecting the company in presenting elements of integrated reporting.

Elements of Integrated Reporting and the accuracy of earnings forecast analyst

According to Healy and Palepu (2001) information problems that arise between managers and investors one of the solutions to overcome this is to make voluntary disclosures and the need for information intermediaries, such as analysts and rating agency rating. Previous research suggests that comprehensive voluntary disclosure provide analysts a better idea about the performance and financial capabilities (Kosaiyakanont, 2013; Blouin, 2012; Lang and Lundholm 1996) so as to allow analysts to provide high quality services. Increased voluntary disclosure by companies may lead to increased accuracy of analyst earnings forecast and recommendations (Bushman and Smith 2001). Healy and Palepu (2001) also showed that the increase in voluntary disclosure potentially allow financial analysts to create valuable new information. Lang and Lundholm (1996) found that a more accurate estimate of analysts for companies that disclose more. This is because the expanded disclosures allow financial analysts to create valuable new information, such as the prediction that excels in divination buy/sell, thus increasing the demand for their services. Accordingly, the following hypothesis is tested:

Hypothesis 7: Presentation elements of Integrated Reporting affect the accuracy of analyst earnings forecast.

Elements of integrated reporting and information asymmetry.

According to von Alberti-Alhtaybat (2012) voluntary disclosure could be explained by manager incentives theory, the theory that explains the relationship between the incentive manager and user satisfaction in relation to the company's voluntary disclosure. This theory says that the manager wants to reduce information asymmetry by disclosing more information through corporate reporting. In the manager's incentives theory according to von Alberti-Alhtaybat (2012) includes the agency theory, signaling theory, and the theory of capital need. The previous study on the effect of voluntary disclosure to the asymmetry of information carried by Oluwagbemiga, (2014); Shroff et al. (2013), Purwanti and Kurniawan (2013), Balakrishnan et al. (2012) demonstrate the relationship. Accordingly, the following hypothesis is tested

Hypothesis 8: Presentation elements of Integrated Reporting affect the asymmetry of information.

3. Research method

This type of research is a descriptive and verificatie study. The unit of analysis in this study is a company listed on the Indonesia Stock Exchange in 2015. In 2015, some companies have made integrated reporting, but not required by the regulator. Companies that have not made individually integrated reporting has revealed elements of integrated reporting in the annual report. The unit of observation is the company's annual reports, analysts' earnings forecasts, stock price data, stock returns, price data and the volume of demand and supply of shares, the volume of stock transactions, BI rate, beta stocks, and the market return. The study population is a company listed on the Indonesia Stock Exchange in 2015.

The samples are a number of elements selected populations (Sekaran and Bougie, 2010: 263). Since the selection of the sample in this study is the appropriate criteria (adequate levels of data), the technique of sampling in this research is purposive sample.

The variables in this study can be identified as follows:

1) Company Size (X1)

Variable size of the company (LNSIZE) is a measure of the size of the company. To see the size of companies can be seen from the total assets, sales, number of employees and market capitalization. In this study size companies seen from the company's total assets at the end of the year. Because the numbers are much larger than the other variables, then that is used is the natural logarithm of total assets.

2) Ownership structure (X2)

The ownership structure (OWN) is the percentage of foreign ownership in the company. This variable is given a point 1 if there are foreign ownership in the company and point 0 if not.

3) Profitability (X3)

Variable profitability (PROF) is the company's ability to earn a return. This variable seen from the ROA (return on total assets) is by dividing net income by total assets.

4) International Activities (X4)

International activities (INT) refer to the company's activities that carried out abroad, such as foreign subsidiaries and also overseas sales. This variable is given a point 1 if the firm has a foreign activity and 0 if not.

5) Industry Type (X5)

Industry Type (TYPE) were measured using dummy variables, namely scoring 1 for the companies included in the industry of high-profile, and a score of 0 for the companies included in the low-profile industry. The criteria for determining the company includes

high-profile and low-profile use of grouping according to Hakston and Milne (1996). The companies that are included in the oil and gas industry, forestry, agriculture, mining, fisheries, chemical, automotive, consumer goods, food and beverage industries as high-profile.

6) Growth opportunity (X6)

Growth opportunities (GROW) is an opportunity to grow the company. This variable is measured by the ratio of MTB (market to book value) of the company.

7) Presentation Element Integrated Reporting (Y1)

In this research, the presentation element of Integrated Reporting seen from the level or levels, the extent to which the company is doing the presentation element Integrated Reporting in the Annual Report. Elements of integrated reporting, composed of elements of organizational overview and external environment, governance, business model, risk and opportunities, strategy and resource allocation, performance, and outlook (IIRC, 2014).

8) Accuracy of Earnings Forecast Analyst (Y2)

Analysts forecast profit is carried analyst profit forecast of conditions in the future based on historical data. Analysts forecast accuracy is the accuracy of forecast (forecasting) made by analysts. In this study for the variable analysts' forecasts, which studied is the accuracy of analysts's consensus earnings forecast (EPS) which can be seen from the Reuters and Bloomberg's website. Analysts forecast accuracy measurements used in this study refers to the research Hope (2003) and Lang and Lundholm (1996) that is negative analyst forecast error absolute value divided by analysts' forecast:

$$AAF = - \frac{(EPS_t - AF_t)}{AF_t}$$

AAF = Analysts' Forecast Accuracy

EPS_t = Earnings per share

AF_t = analysts' forecast laba per share

9) Information Asymmetry (Z)

Measurement of asymmetry in the study done by looking Spread

$$SPREAD_{it} = \frac{(ask_{it} - bid_{it})}{(ask_{it} + bid_{it})/2} \times 100$$

Ask_{i,t} = highest ask price stock company i happened on day t

Bid_{i,t} = lowest bid price the company's stock occurred on the day i t

To obtain results in accordance with the purpose the research analysis in this research are:

- (i) Analysis descriptives of the characteristics of the variables studied. In the analysis of the data analysis descriptive highest value, lowest value, average value and standard deviation for each variable.
- (ii) Testing using multiple linear regression to examine the factors that affect the presentation elements of Integrated Reporting, and simple regression to see the impact the presentation of the elements Integrated Reporting to the accuracy of analyst earnings forecasts and information asymmetry.

A. Results and Discussions

The population of this research are companies listed on the Indonesia Stock Exchange in 2015 in addition to the financial sector. The sampling method is by using purposive, namely the sample criteria. Based on the criteria of data sufficiency, there are 85 companies selected as the sample. Descriptive statistics that describe the research data can be seen in table 1:

	N	Minimum	Maximum	Mean	Std. Deviation
IR	85	,0287	,5100	,2190	,1044
Kinst	85	,0000	,9999	,5985	,3016
Size	85	19,1943	37,5900	27,7645	2,6189
Profit	85	-1,6189	,8050	,00588	,24941
Akt Int	85	0	1	,45	,500
Tipe	85	0	1	,56	,499
GO	85	-,9943	9,6824	,06074	1,1476
Asim Inf	85	,0000	24,6031	11,30816	6,3182
Ram Analis	85	-105,13	20,00	-25,6093	27,42808

integrated reporting in the annual report of the company. It can be seen from a probability of 0.047 smaller than 0.05. While other independent variables, namely institutional ownership, profitability, international activities, the type of industry and growth opportunity not affect the presentation of the elements of integrated reporting in the annual report the company because each has a probability value greater than 0.05.

For the second model is to see how the influence of the presentation of the elements of integrated reporting to the accuracy of analyst earnings forecasts can be seen in the table 3 From the table 3 shows that the magnitude Adjusted R^2 is -0.008, meaning a 0.8% variation information asymmetry can be explained by the variation of the variable elements of integrated reporting. Mean whole the rest is explained by other causes beyond the model.

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	-,052	,132		-,394	,695
	Kinst	-,006	,037	-,019	-,174	,862
	Size	,009	,005	,234	2,017	,047
	Profit	,045	,046	,107	,973	,334
	Akt Int	,029	,023	,137	1,219	,226
	Tipe	,006	,024	,028	,242	,810
	GO	-,010	,010	-,105	-,923	,359
Dependent Var. IR						
R= ,358; R Square =,128; Adjusted R Square=,061						
F= 1,915; Sig= ,089						

F test, obtained F count equal to 0,302 with a probability level of 0.584. Since the probability of greater than 0.05, then the regression model cannot be used to predict the information asymmetry. From the table 3, the independent variables included in the regression model, namely the presentation of elements of integrated reporting in the annual report the company did not affect the asymmetry of information. It can be seen from a probability of 0.584 greater than 0.05.

In third model, the table 4 shows that the magnitude Adjusted R² is -0.006, meaning a 0.6% variation information asymmetry can be explained

F test, obtained F count equal to 0.522 with a probability level of 0.472. Since the probability of greater than 0.05, then the regression model cannot be used to predict the information asymmetry.

From the table 4, the independent variables included in the regression model, namely the presentation of elements of integrated reporting in the annual report the company has no effect on the accuracy of earnings forecast analisis. It can be seen from a probability of 0.472 greater than 0.05.

Table 3
Regression Coefficients - Model 2

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
2 (Constant)	10,510	1,607		6,542	,000
IR	3,643	6,627	,060	,550	,584

Dependent Variable: Asim Inf
R= ,060; R Square=,004; Adjusted R Square=
F= ,302; Sig= ,584

Table 4
Regression Coefficients Model 3

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
3 (Constant)	-30,155	6,965		-4,329	,000
IR	20,749	28,730	,079	,722	,472

Dependent Variable: Ram Analisis
R= ,079; R Square= ,006, Adjusted R Square= -,006
F= ,522,; Sig.,472

B. Discussion

This study examines the factors that affect the disclosure of the elements of integrated reporting in the annual report, which consists of firm size, institutional ownership, profitability, international activities, type of industry and growth opportunity. From the six factors only the size of the company significantly affect the presentation elements of integrated reporting, that mean the larger the company the more disclosure of elements of integrated reporting in the annual report. Other factors, ie institutional ownership, profitability,

international activities, the type of industry and growth opportunity not effect on disclosure of the elements of integrated reporting in the annual report. The results of this study cannot support the theory and the results of previous studies. It can be caused no previous studies that examined the disclosure of the elements of integrated reporting in the annual report, so the researchers took a theory based on the factors affecting voluntary disclosure by the company, ie disclosure of corporate social reporting. This is because the disclosure of the elements of integrated reporting

in the annual report is not required by regulators, or is voluntary. Although disclosure of elements of integrated reporting and disclosure of corporate social reporting equally voluntary disclosure but it gives different results.

The results of this study cannot provide evidence of the impact of the disclosure of the elements of integrated reporting to the accuracy of analyst earnings forecast. It can be caused analysts do not see the disclosure elements of integrated reporting in this Annual Report for the forecast, but rather look to earnings information. The results also cannot provide proof the impact disclosure of the elements of integrated reporting in the annual report on information asymmetry. This means that investors do not consider disclosure of integrated reporting in the annual report necessary in the decision to invest. This may be because investors do not understand the information because disclosure of elements of integrated reporting in the annual report spread in the annual report, and according to White (2013) when disclosure becomes too much or deviate from the core objectives, can lead to so-called redundant information (information overload), a phenomenon in which the increasing number of disclosure burden for investors through the volumes of information they receive to understand the most relevant information.

5. Conclusions

This study found that only the size of the companies affected the presentation of the elements of integrated reporting in the annual report. Meanwhile, the effect of the presentation of the elements of integrated reporting on the information asymmetry and the earnings forecast analysis accuracy is not found in this study.

Based on the results of research and discussion it is advisable for future research will examine if integrated reporting not see it in the annual report, but the report of its own integrated reporting. Basically, the elements of integrated reporting in the annual report have been there, but

the essence of integrated reporting is a formulation that is concise, complete and easily understood by investors, so further research is expected to provide better results.

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