

Research Article

The Relationship Between Risk Management, Non-Financial Performance Measurement, and Company Reputation in Integrated Reporting in State-Owned Banks in Indonesia

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Abstract: This study looks at how integrated reporting (Y) is impacted by risk management (X1), non-financial performance (X2), and company reputation. The results of the first hypothesis test (H1) indicate that risk management (X1) significantly influences integrated reporting (Y) with a significance value of 0.634 ($p > 0.05$). This means that the null hypothesis (H0) is rejected, indicating a significant contribution of X1 to Y. Conversely, the second hypothesis test (H2) shows that non-financial performance (X2) does not have a significant influence on integrated reporting (Y), with a significance value of 0.001 ($p < 0.05$), so the null hypothesis (H0) is accepted and H2 is rejected. Similarly, the third hypothesis (H3) shows that corporate reputation (X3) does not have a significant effect on integrated reporting (Y) with a significance value of 0.000 ($p < 0.05$), causing the null hypothesis (H0) to be accepted and H3 to be rejected. However, the simultaneous test (H4) reveals that risk management (X1), non-financial performance (X2), and company reputation (X3) collectively have a significant effect on integrated reporting (Y), as indicated by a significance level of 0.000 ($p < 0.05$) and a calculated F value of 11.137, which is greater than the table F value of 3.443. This supports the acceptance of H4, indicating that although some variables are not significant individually, the combination of the three collectively contributes to explaining the variation in integrated reporting (Y).

Keywords: Corporate reputation, Integrated reporting, Non-financial performance measurement, Risk management.

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1. Introduction

Amid increasingly complex global economic developments, companies face major challenges in managing various risks that could potentially disrupt their business continuity. These risks are not only financial in nature, but also include operational, reputational, social, and environmental aspects. Therefore, risk management has become a critical aspect to ensure companies can survive and thrive in the long term. Additionally, a company's reputation has become a strategic asset that must be safeguarded, as it directly impacts stakeholder trust and the company's value in the market.

As awareness of the importance of non-financial aspects increases, non-financial performance measurement has become an integral part of corporate performance assessment. Indicators such as corporate social responsibility (CSR), environmental sustainability, and good corporate governance are increasingly being taken into account by investors and the public. This non-financial performance not only reflects the company's concern for social and environmental issues but also signals that the company is managing its business in a sustainable and responsible manner.

In an effort to integrate financial and non-financial information comprehensively, integrated reporting (IR) has emerged as an innovative reporting framework. IR aims to provide a comprehensive picture of how companies create long-term value through resource management and stakeholder relations. Businesses can use IR to provide clear, thorough information on their performance, risks, strategies, and effects on the environment and society.

State-owned banks in Indonesia consist of several large banks that play an important role in the national economy, with diverse service focuses according to market segments and government strategic objectives. Overall, these state-owned banks not only serve as the main pillars of the national financial system but also as government instruments in supporting economic development, financial inclusion, and the implementation of ESG (environmental, social, and governance) principles in their operations. The government has also integrated some of these state-owned banks into holding companies since March 2025 to strengthen synergy and efficiency in managing state assets.

This article will examine the relationship between risk management, non-financial performance measurement, and corporate reputation within the framework of integrated reporting, with a case study focus on state-owned banks in Indonesia. Through this analysis, it is hoped that a deeper understanding of the role of integrated reporting as a strategic tool in supporting the sustainability and competitiveness of the financial sector in Indonesia can be gained.

2. Literature Review

2.1. Integrated Reporting

Financial reports are a systematic presentation of the financial position and economic performance of an entity in a certain period. In its development, financial reports not only cover financial information alone, but also integrate non-financial aspects through the Integrated Reporting approach, which is a form of reporting that combines financial and non-financial information such as governance, strategy, long-term prospects, and social and environmental impacts, in order to provide a comprehensive and value-added picture for stakeholders related to the long-term value created by the entity. (IAI, 2016) Reporting that connects financial and non-financial performance to give a comprehensive view of long-term value generation is known as integrated reporting. In order to present a complete view of an organization's long-term value generation, integrated reporting, or IR, integrates financial and non-financial data. With an emphasis on data that is significant to investors, IR encourages strategic, integrated, and pertinent reporting across departments. Explaining how a business generates, preserves, and grows value over time while taking economic, social, and environmental factors into account is its core goal. IR is a succinct and understandable explanation of the organization's strategy, risks, opportunities, and overall performance rather than just a compilation of reports (Adam & Simnett, 2011). Integrated reporting is more than just creating a single document that includes both financial and non-financial information (Jensen & Berg, 2012), but also clearly and succinctly explaining how companies create and preserve value by taking social, ecological, and economic aspects into account. Explaining to financial capital providers how an organization creates value over the long run is the main goal of integrated reporting. Because integrated reporting focuses on the information that investors need, it can boost the importance of accounting data and increase the relevance of financial reporting for investors. Presenting succinct information that reflects the material dimensions of an organization—such as social, environmental, and economic aspects, results, opportunities, and risks—in an integrated manner through organizational reporting is one feature that sets integrated reporting apart. Integrated Reporting (IR) is a reporting mechanism that aims to convey integrated information about an entity's strategy, governance, performance, and future prospects. All of these elements are presented in an interconnected manner in a single report document, allowing stakeholders to understand how the organization creates value in the short, medium, and long term in a holistic and sustainable manner. (IIRC, 2011)

2.2 Risk Management

Risk management encompasses various actions, including identification (identifying risks), evaluation (assessing risks), and risk handling and mitigation (minimizing and controlling risks) that may arise. The purpose behind implementing risk management in project evaluation is to improve the assessment process in order to achieve project-related objectives. Some results may differ from the initial plan. The strategies developed from the project analysis will help project managers make the right decisions. Essentially, risk management is closely related to the strategies used by organizations to avoid or address the risks they face. Risk management consists of a set of techniques and processes designed to identify, measure, monitor, and manage risks arising from all banking operations (Agustin, Armis, & Hasan, 2022).

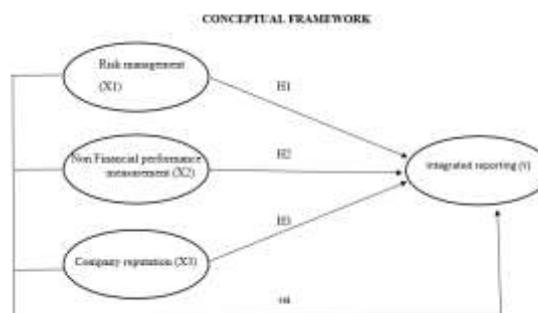
Risk management refers to the approach taken by an organization to identify, evaluate, and mitigate hazards and obstacles that may hinder the achievement of its objectives. Potential sources of risk may include unpredictable financial conditions, regulatory requirements, managerial miscalculations, accidents, or environmental disasters. In the realm of digital business, maintaining data security and addressing threats to technological security are important priorities (Sarjana, et al., 2020).

2.3 Non-Financial Performance

Non-financial performance refers to indicators that demonstrate a company's development. Organizations can assess their achievement by employing an analysis of non-financial performance. Non-financial performance metrics address this issue by utilizing direct physical data rather than distributed accounting figures that are not linked to the overall financial accounting framework. These metrics are selected to evaluate specific performance aspects, not to serve all purposes comprehensively or integrate various aspects (Supit, Tinangon, & Sabijono, 2011). Non-financial performance measurement enables companies to carry out continuous improvement and take appropriate actions proactively (actionable). By monitoring non-financial indicators such as service quality, innovation, customer satisfaction, and employee engagement, companies can identify areas that require improvement. This not only drives the creation of added value from a customer perspective, but also strengthens the company's competitive position in the market and increases competitive advantage sustainably. (Nazaruddin)

2.4 Company Reputation

A strong corporate image is an important resource that greatly influences an organization's revenue. When we talk about a business, we are talking about its position in society, its level of influence, and the values and qualities associated with it. This perception can fluctuate based on circumstances, increasing or decreasing as a result. The position built by the organization to enhance trust among the public and stakeholders influences projections of future financial success. This is evidenced by the increasing company rating scores and the growing number of loyal clients who consistently engage in purchasing products from the organization (Oktavianus, Randa, Jao, & Pradhita, 2022). A business's image has the ability to attract potential employees who are important to its success. An organization known for its positive reputation tends to attract many potential employees (Rahmatika, 2013).



3. Method

This study uses a quantitative framework utilizing a documentation strategy to collect existing information through sustainability reports from state-owned banking institutions (BUMN) listed on the IDX. This method serves to examine the relationship between various variables. The analysis techniques used in this study are Pearson's correlation analysis and multiple regression analysis. The calculations were facilitated by IBM SPSS STATISTICS 26 software.

Participants in this study include all state-owned banking institutions (BUMN) listed on the IDX from 2020 to 2024, including those that have sustainability reports for that period. The sampling approach used purposive sampling, focusing on five state-owned banks listed on the Indonesia Stock Exchange during the observation period from 2020 to 2024.

4. Results and Discussion

Research Variables and Indicators

Table 1.

Variable		Indicator
Risk Management	X1.1	Risk Identify
	X1.2	Risk analysis
	X1.3	Risk evaluation
Non - Financial Performance Measurement	X2.1	Employee training hours
	X2.2	Employee turnover rate
	X2.3	Customer service
Company Reputation	X3.1	Customer satisfaction level
	X3.2	Awards received
	X3.3	Product innovation and excellence
Integrated Reporting	Y1.1	Governance
	Y1.2	Risk and opportunities
	Y1.3	Business model

Table 2

		Correlations			
		X1	X2	X3	Y
X1	Pearson Correlation	1	.282	-.040	-.100
	Sig. (2-tailed)		.172	.848	.834
	N	25	25	25	25
X2	Pearson Correlation	.282	1	.618*	.611*
	Sig. (2-tailed)	.172		.001	.001
	N	25	25	25	25
X3	Pearson Correlation	-.040	.618*	1	.742*
	Sig. (2-tailed)	.848	.001		.000
	N	25	25	25	25
Y	Pearson Correlation	-.100	.611*	.742*	1
	Sig. (2-tailed)	.834	.001	.000	
	N	25	25	25	25

*. Correlation is significant at the 0.01 level (2-tailed).

1. Testing the first hypothesis (H1)
 Dari output diatas diperoleh signifikansi $0,634 > 0,05$. karena signifikansi $> 0,05$ maka H_0 ditolak ,jadi dapat disimpulkan bahwa ada hubungan antara variabel manajemen risiko (X1) dengan integrated reporting (Y).
2. Testing the second hypothesis (H2)
 From the output above, we obtain a significance of $0.001 < 0.05$. Because the significance is < 0.05 , H_0 is accepted, so we can conclude that there is no relationship between the non-financial performance variable (X2) and integrated reporting (Y).
3. Testing the third hypothesis (H3)
 From the output above, we obtain a significance of $0.000 < 0.05$. Because the significance is < 0.05 , H_0 is accepted, so it can be concluded that there is no relationship between the company reputation variable (X2) and integrated reporting (Y).

Table 3

Anova ^a						
Model		Sum of squares	Df	Mean square	F	Sig.
1	Regression	31,095	3	10,365	11,137	,000 ^b
	Residual	19,545	21	,931		
	Total	50,640	24			
A. Dependent variable: Y						
B. Predictors: (constant), x3, x1, x2						

4. Testing of the fourth hypothesis (H4)
 Based on the output results above, it is known that the calculated F value is $11.137 > 3.443$ and the significance value for the joint influence of risk management (X1), non-financial performance (X2), and company reputation (X3) on integrated reporting (Y) is $0.000 < 0.05$. Therefore, it can be said that H4 is accepted, indicating that risk management (X1), non-financial performance (X2), and company reputation (X3) all have an impact on integrated reporting (Y).

Discussion

Table 4

	Hypothesis	Result
H1	Relationship between risk management (X1) and integrated reporting (Y)	Significant
H2	Relationship between non-financial performance measurement (X2) and integrated reporting (Y)	Not significant
H3	Relationship between company reputation (X3) and integrated reporting (Y)	Not significant
H4	The relationship between risk management (X1), non-financial performance (X2), and company reputation (X3) and integrated reporting (Y)	Significant

1. Testing the first hypothesis (H1)

According to the test results, the link between the integrated reporting variable (Y) and the risk management variable (X1) has a significance value (sig.) of 0.634, which is higher than 0,05. This suggests that integrated reporting (Y) and risk management (X1) have a statistically significant association. Consequently, the initial hypothesis (H0) is disproved. This indicates that, in the context of this study, the integrated reporting variable (Y) is highly influenced by the risk management variable (X1). The elements that risk management (X1) represents are significant or powerful enough to affect changes in integrated reporting (Y).

2. Testing the second hypothesis (H2)

The results of the test for the second hypothesis show that the significance value for the influence of the non-financial performance variable (X2) on the integrated reporting variable (Y) is 0.001, which is less than 0.05. This indicates that there is no statistically significant relationship between the non-financial performance variable (X2) and integrated reporting (Y). Thus, the first hypothesis is accepted (H0 is rejected). This means that the non-financial performance variable (X2) does not contribute significantly to influencing the integrated reporting variable (Y) in the context of this study. The factors represented by non-financial performance (X2) may not be relevant or strong enough to influence changes in integrated reporting (Y).

3. Testing of the third hypothesis (H3)

The results of testing the third hypothesis show a significance value of 0.000, which is less than 0.05. Thus, there is no statistically significant relationship between the company reputation variable (X3) and the integrated reporting variable (Y), so the third hypothesis H0 is accepted and H3 is rejected. This indicates that the company reputation variable (X3) does not contribute to the integrated reporting variable (Y) in this study. The factors represented by company reputation (X3) do not influence the integrated reporting variable (Y).

4. Testing the fourth hypothesis (H4)

The findings of the fourth hypothesis test. When the effects of risk management (X1), non-financial performance (X2), and company reputation (X3) are tested simultaneously on the integrated reporting variable (Y), the results show a calculated F value of 11.137, which is higher than the table F value of 3.443, and a significance value of 0.000, which is less than 0.05. This suggests that variable Y is significantly impacted by all three variables at the same time. The fourth hypothesis (H4) is thus approved. When paired with risk management (X1) and company reputation (X3), the three factors can explain the variation in the integrated reporting variable (Y), even if only the non-financial performance measure (X2) has a meaningful influence on its own. This shows how the three variables interact or work together to influence the integrated reporting variable (Y).

5. Conclusions

In this study, only risk management was found to have a significant individual influence on integrated reporting. However, when combined with risk management and non-financial performance, the three factors together were able to explain changes in integrated reporting practices. This demonstrates the importance of a holistic approach and the interrelationship between factors in influencing corporate transparency and integrated reporting.

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