




## How good is the government? Analysis of west java's local government disclosure through an integrated reporting framework

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### ABSTRACT

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The present study aims to determine the level and quality of comprehensive performance disclosure of the West Java government of Indonesia using an integrated reporting framework. The study analyzes the disclosure of government performance information based on the Notes to the Financial Statements of 27 districts/city governments and one provincial government in the West Java region from 2016–2020. The data was obtained by conducting a content analysis of the government's financial statements using the integrated reporting quality disclosure matrix. Data were analyzed using descriptive statistics, non-parametric tests, and a cluster analysis. The results indicate that: (1) the quality of disclosure in government financial statements according to the integrated reporting framework is still low, with an average score of 35.19%; (2) there is no difference in the scores of disclosure items between district and city governments, but there is an increase in disclosure per year for two elements and total disclosure; and (3) the cluster formed indicates that 22 of 28 district and city governments need to improve the quality of their disclosures. In general, the disclosure quality of the West Java government's financial statements is still at a low level. The results indicate the need to improve the quality of financial reporting by the government and the use of integrated reporting as a frame of reference.

**Contribution/Originality:** This study contributes to the existing literature by describing West Java's local governments' financial statement disclosure using an integrated reporting framework. This study is one of the few studies investigating the implementation of an integrated reporting framework in the Indonesian public sector.

### 1. INTRODUCTION

Public sector organizations today face growing demands for transparency and accountability. The Industrial Revolution 4.0 and changes in people's behavior demand higher accountability from government entities. The public sector is regarded as an institution full of bureaucracy (Turner, Prasojo, & Sumarwono, 2022). The bureaucracy tends to choose the information that has a positive political impact (Ionescu, 2018). In addition, the government is more inclined to present information in reports for campaign purposes so that it can stay in power as long as possible (Ehalaiye, Redmayne, & Laswad, 2018). From an accounting standpoint, financial reporting in public sector organizations seems to have progressed more slowly than in private sector organizations. For instance, public sector entities still use cash-based accounting with a reporting orientation toward the realization of the state revenue and expenditure budget (Javed & Zhuquan, 2018). With regard to financial reporting, public sector organizations only focus on budget reports and not on performance reports or financial position (Okere,

Eluyela, Bassey, & Ajetunmobi, 2018). Regarding infrastructure and accounting and auditing standards, public sector organizations have significant weaknesses (Steccolini, 2018).

Previous studies have revealed that the financial statements of government organizations have not been able to realize the public's desire to understand business processes in government (Dewi, Azam, & Yusoff, 2019; Pamungkas, Ibtida, & Avrian, 2018). Furthermore, previous studies indicate that the financial statements of government entities are too focused on complying with regulations and that no government will voluntarily disclose additional information beyond what is required in an accounting standard (Wahyuningsih & Wijayanti, 2022). However, in accordance with the new public management concept, the public sector has now been transformed by adopting the best practices available in the private sector, including accounting and financial reporting practices (Parker, Jacobs, & Schmitz, 2018).

Currently, the private sector has demanded a comprehensive and holistic report presentation. Disclosure of financial statements required by accounting standards is considered unable to meet the needs of the private sector as it is too focused on financial and historical aspects (Brown, Hinson, & Tucker, 2021). In addition, the need for non-financial performance information as well as current and future aspects are relevant. One of the reporting frameworks that can provide comprehensive information about organizational performance is integrated reporting (Pratama, Yadiati, Tanzil, & Suprijadi, 2021). Integrated reporting is based on the idea of creating value, which is important for both private and public sector organizations. Private companies have already adopted the integrated reporting framework, and it is now being used to include sustainability aspects. The Value Reporting Foundation, which created the framework, has become a part of the International Sustainability Standards Board established by the International Financial Reporting Standards (IFRS) Foundation.

There have been many previous studies proving that an integrated reporting framework can be adopted in public sector organization reporting (Montecalvo, Farneti, & Villiers, 2018; Vitolla, Raimo, & Rubino, 2019). Also, previous research has shown that the main challenge of integrated reporting in the public sector is the lack of competence of financial report editors against the concept of integrated reporting (Manes-Rossi, 2018). Additionally, previous studies indicate that public sector integrated reporting is not transparent because it is influenced by political processes (Lodhia, Kaur, & Williams, 2020), it only tends to convey government information that has a positive impact (Williams & Lodhia, 2021), and many still convey historical information (Manes-Rossi & Orelli, 2020). The concept of value creation in the public sector should not differ significantly from that of the private sector, so the implementation of integrated reporting in the public sector should be able to provide similar benefits between public sector organizations and the private sector (Bartocci & Picciaia, 2013).

This study attempts to analyze the extent to which government financial statements disclose information related to business processes that are in accordance with integrated reporting elements. Research conducted in the private sector shows that the implementation of integrated reporting sometimes encounters problems caused by the low level of gap analysis conducted on organizational reporting (Vitolla, Raimo, & Rubino, 2020). Thus, the present study carries out a gap analysis in the form of analyzing report components that are appropriate and not in accordance with the integrated reporting framework. The novelty of this study focuses on the use of an integrated reporting framework in scrutinizing information pertinent to the comprehensive performance of the government, especially in Indonesia.

This study takes the setting of the Indonesian government, specifically the West Java government. Indonesia is one of the countries in the Southeast Asia region that has only had government financial reporting. Indonesia first compiled government financial statements in 2005 and only implemented the accrual accounting system in 2015 (Boolakay, Mirosea, & Singh, 2018). At the beginning of the implementation of accounting and financial reporting in the Indonesian government, the government's financial statements received a disclaimer of opinion, and only in 2016 did the government obtain an unqualified opinion. The local governments of Indonesia also recently had good quality financial statements marked by an unqualified opinion after 2016 (Adiputra, Utama, & Rossieta, 2018).

Various research conducted concerning Indonesian public sector reporting shows that the focus of research is still on financial reporting and the quality of financial statements (Rusdi & Suprianto, 2022). However, there is still quite a bit of research on integrated reporting in the public sector. Also, little is known about the context of comprehensive government performance reporting in Indonesia (Yuhertiana, 2015). Moreover, West Java was chosen as the subject since it has the largest number of district/city governments in Indonesia and has a fairly high complexity.

Furthermore, this research has theoretical and practical contributions. The theoretical contribution of this research is to produce studies related to the implementation of contemporary private sector reporting frameworks in the public sector by the concept of new public management, especially in Indonesia. The practical contribution of this research is to produce a comprehensive government performance reporting component matrix design that can later be used by the government in disclosing its performance information. Presently, the Indonesian government still focuses on fulfilling financial reporting in the framework of accountability from the public finance side. Previous studies suggest that in the future, when a government has advanced in accounting infrastructure, there will be high demands to produce non-financial performance information and comprehensive government performance (Goddard, 2010). This research is expected to provide an example of the implementation of integrated reporting to improve the value and quality of reporting by government entities.

This article presents the following sections: The second section contains a literature review focusing on integrated reporting, its implementation in the public sector, and measuring the quality of integrated reporting disclosures; the third section discusses the research methods used in this study; the fourth section elaborates on the results in the form of descriptive analysis, clusters, and different tests between government groups; and finally, the fifth section concludes the study.

## 2. LITERATURE REVIEW

### 2.1. Government Performance Reporting

Government performance is a measure of achieving accountability for the mandate given by the public in general elections (Helden & Reichard, 2019). Government performance comes from the bureaucratic process of public services provided by the government. Public services provided by the government are based on various general functions mandated by a law that applies in a country, for example, education, health, defense and security, economic, or socio-cultural (Borgonovi, Anessi-Pessina, & Bianchi, 2018).

Public service theory requires the government to optimize the public goods and services provided, as well as the distribution channels for the services provided (Petrescu, 2019). Information technology innovation allows public services to be provided on a larger scale. On the other hand, the development of information technology has also resulted in changes to people's lifestyles, resulting in the demand for faster public services and without error (Larson, 2019). The importance of conveying information regarding public services will determine public opinion on government performance and will ultimately determine public satisfaction with the government (Ahmad, Connolly, & Demirag, 2020). For instance, the COVID-19 pandemic knocking the world for approximately two years has resulted in many public services being in the spotlight. People compare private sector services that quickly adapt to difficult situations during a pandemic, yet public sector services are disappointing and are considered unable to meet expectations, especially in the health sector and the economic sector (Gomes, 2021).

Government performance is crucial to be reported as accountability to the public. The main problem in reporting government performance is that the results of government performance are not comprehensive (McConville & Cordery, 2022). The government performance report tends to only report performance in terms of budget absorption and does not explain the public service functions provided by the government (Van Ryzin & Lavena, 2013). In addition, government performance reports tend to be normative and only explains the positive side of public service delivery and omits weaknesses or challenges (Grosso & Van Ryzin, 2011). Performance

reporting media tend to be used as imaging tools for the authorizing government. Research shows that the governments tend to increase performance representation in the 1–2 years before a general election to ensure that the ruling regime can continue in power (Müller, 2020).

Indonesia is one of the countries that slowly pays concerns to the optimization of public services and only implemented a law regulating public service standards in 2009. Indonesia has got a poor score in terms of international public service innovation, as evidenced by Indonesia being ranked 88th out of 193 countries in 2021 in terms of e-government quality (Farida & Lestari, 2021). In terms of information transparency, Indonesia is ranked 102 out of 180 countries (Farida & Lestari, 2021). The low score of public service innovation and transparency of information is also related to the low quality of government performance reporting (Puspitaningtyas, 2016). The leading Indonesian government only has a performance reporting mechanism through government accountability performance reporting, which is integrated with a Performance Accountability System of Government Institutions (hereafter PASGI). Various studies have shown that the implementation of PASGI in Indonesia is still normative, and the output of the reports is not widely disseminated (Gamayuni & Hendrawaty, 2020). Moreover, government performance reporting is not integrated with financial reporting. Although there have been efforts by the Indonesian government to integrate financial performance with non-financial performance, the low competency of the apparatus and the complexity of the bureaucracy have resulted in unsuccessful attempts to integrate financial performance with non-financial performance (Dewi et al., 2019; Setiyawati & Doktoralina, 2019).

Regarding performance reporting, performance information is considered public information that must be available at all times in government agencies. However, in Indonesia, people who want to gain access to information also need to ask the government for permission due to concerns that public information, especially negative information such as audit findings or state losses, can be manipulated as material to politicize a case (Hariyani, Aswar, Wiguna, Ermawati, & Anisma, 2022). The dissemination of this low information media also undermines Indonesian public literacy on the performance of the Indonesian government.

## *2.2. Implementation of Integrated Reporting in the Public Sector*

The business and government sectors have significantly changed in the last decade. These days, Indonesia, both in the public sector and in the private sector, is still focusing on historical-based and financial performance-oriented performance reporting (Lang & Stice-Lawrence, 2015). These business changes also result in changes in the demands of stakeholders. In the past, stakeholders were satisfied with discovering financial performance through historical, rigid, and narrow financial statements (Naynar, Ram, & Maroun, 2018). In contrast, stakeholder attention has now begun to shift from financial performance information to holistic and comprehensive performance information (Hsiao, De Villiers, Horner, & Oosthuizen, 2022). Holistic and comprehensive reporting is believed not only to be able to visualize a company's performance, but also to be able to explain the processes that exist in the company to create, maintain, or reduce the value (value creation, value preserving, or value erosion) (Bartolacci, Bellucci, Corsi, & Soverchia, 2022). The International Integrated Reporting Council (IIRC) released an integrated reporting framework in 2013 to help companies prepare Environmental, Social, and Governance (ESG) reports. In 2021, the IIRC merged with the Sustainability Accounting Standards Board (SASB) to form the Value Reporting Foundation (VRF). This merger aimed to create a more useful guide for investors to understand the value of an organization. Other professional organizations, including the Global Reporting Initiative, the International Accounting Standards Boards, and the Task Force on Climate-Related Disclosures, have also developed a roadmap for a comprehensive corporate reporting (CCR) framework for ESG concerns.

Public and private sector organizations are established with a purpose. People used to believe that organizational goals were only oriented toward profit creation and/or good financial performance (Wong, 2017). Organizations will survive only if they can generate maximum profit and/or performance. Nonetheless, in its development, many have realized that the sustainability of an organization is not only driven by the amount of

profit or the amount of surplus/deficit generated but also by the extent to which the business processes within the organization take the social environment and the welfare of the natural environment into account (Camodeca, Almici, & Sagliaschi, 2018; Pratama et al., 2021).

At the beginning of the 21st century, in addition to the shifting direction of report content, there has been a movement to create a corporate/organizational report that not only tells how the organization is succeeding in achieving its goals but also explains to what extent the organization interacts with various environments and whether its existence can provide benefits outside the organization (Vitolla et al., 2019). Corporate/organizational reporting must also explain that the business processes that exist within the organization are not fragmented, but are integrated processes that require connectivity, synergy, and effort in explaining it in a form of reporting (Vallone, 2022).

Integrated reporting is shaped by various ideals and hopes, and it is not just a combination of financial and non-financial performance (Hoang, 2018). Instead, it presents information in a concise and interconnected way that shows how different inputs, such as financial, natural, human, intellectual, and social, exist within an organization. This is achieved through holistic and comprehensive thinking, which is called integrated thinking. The main goal of integrated reporting is to convey information in a clear and comprehensive manner (Venter, Stiglingh, & Smit, 2017). Integrated reporting in the public sector emphasizes how existing processes can provide added value in terms of public goods and services, as well as the social impact of the goods and services (Manes-Rossi, 2018). The integrated reporting framework is believed to be able to explain government or public sector business processes more comprehensively (Bartolacci et al., 2022). Previous research has shown that business processes in public sector organizations remain relevant to the guiding principles and elements of integrated reporting, yet it is necessary to adjust several elements of integrated reporting, especially elements related to performance (Bartocci & Picciaia, 2013; Manes-Rossi & Orelli, 2020). One of the most difficult challenges in the implementation of integrated reporting is the preparation of templates for quality integrated reporting. Accordingly, various previous studies have suggested creating an integrated reporting matrix (Williams & Lodhia, 2021). A well-integrated reporting matrix should be able to measure not only the extent of disclosure but also the quality of the extent of disclosure.

Concerning the private and public sectors, Indonesia is still in the early stages related to the preparation of integrated reporting (Rezaee, Tsui, Cheng, & Zhou, 2019). Integrated reporting in the Asian public sector is still very rare. In general, Asian government reporting is still related to reporting on compliance with laws and regulations and is considered accountable for the mandate given (Pratama et al., 2021). The implementation of integrated reporting in Asia is expected to encourage a culture of transparency as well as a strategic and innovative mindset from the government (Guthrie, Manes-Rossi, & Orelli, 2017).

### 3. METHOD

This is an exploratory descriptive study exploring the initial issues regarding the problems that exist in the world (Sekaran, 2019). Research on integrated reporting in the public sector, especially in the context of Indonesian local government, is limited. This study intends to describe the initial conditions for disclosing local government business processes using an integrated reporting framework so that the content gaps or disclosure elements that have not been detailed or comprehensive in the government's financial statement can be investigated. The results of the gap analysis can be used as initial evaluation material for mapping areas that are regarded as weaknesses in reporting the performance of government entities in Indonesia.

The population of the study is the local government of West Java province, with 27 regencies and city governments, bringing the total to 28. West Java was selected as the population since it is the largest and most populous among the 34 provinces in Indonesia and better reflects the complexity of government business processes. Furthermore, the underlying reason for choosing 2016–2020 is because the Indonesian government published accrual-based government accounting standards in 2015 and the integrated reporting framework in 2013. The year

2015 was excluded from the analysis since it was a transitional year during which there were numerous outliers in the disclosure of information in financial statements and government performance. In addition, 2021 was not chosen since the financial statements had not yet been reviewed by government auditors at the time this research was compiled.

The data acquired for this study are information disclosure quality data based on the integrated reporting disclosure matrix created by research and adjusted for the public sector context (Pratama, Tanzil, Yadiati, & Suprijadi, 2018). Appendix 1 presents the disclosure matrix. This matrix operationalizes the eight parts of integrated reporting and includes a disclosure score of 0 (zero) for no disclosure, 1 (one) for inadequate disclosure, 2 (two) for adequate disclosure, 3 (three) for good disclosure, and 4 (four) for very good disclosure. A total of 34 indicators must be evaluated. The government's Notes to Financial Statements were analyzed to collect data. The following are the eight components of integrated reporting:

1. Organizational overview and external environment (ORG).
2. Governance (GOV).
3. Business model (BUS).
4. Risk (RSK).
5. Strategy and resource allocation (STR).
6. Performance (PER).
7. Outlook (OUT).
8. Basis for presentation (BAS).

The subsequent data were descriptively evaluated, and various methods of data analysis were implemented, including:

1. The sub-total scores of the eight aspects of integrated reporting disclosures, as well as the overall score of integrated reporting disclosures, were subjected to descriptive statistical analysis in the form of means, standard deviations, maximums, and minimums. Additionally, a descriptive analysis was conducted on the overall data (pooled data) as well as the data for each regional government unit, including the provincial government, district government, and city government.
2. The analysis continued with a new average test for each sub-total score for the eight integrated reporting disclosure aspects, as well as for the total scores for each regional government unit. The mean difference test employed the non-parametric Mann–Whitney U test because the number of observations is fewer than 30, hence making the use of parametric statistics. As there is only one member for provincial government organizations, an additional test was not conducted as this would relate to two independent sample groups. In addition, an average difference test was performed to determine whether or not the disclosure quality score differs significantly from year to year. The Friedman non-parametric difference test was conducted for the same reason that the Mann–Whitney U test was used.
3. A cluster analysis was then used to classify the integrated reporting according to shared characteristics. Cluster analysis is essential for grouping governments with similar features so that policy treatment can be tailored to each cluster's characteristics. Clustering combines hierarchical and non-hierarchical techniques. Specifically, the approach of the implemented cluster analysis is as follows:
  - a. Giving an average score for the eight elements of integrated reporting disclosure for 28 local governments in West Java during the period of observation (2016–2020).
  - b. Determining the number of clusters formed. The number of clusters produced was determined using the hierarchical technique with the Ward model. The generated clusters were studied utilizing agglomeration schedules and dendrograms. Clusters were generated at a point where the dendrogram was condensed, or the agglomeration score drop had stabilized.

- c. After determining the number of clusters, each cluster member was grouped. The K-means approach, which is non-hierarchical, was utilized to allocate cluster members. The final cluster results were then evaluated and discussed in greater detail. According to the demographics of the government entities stated in point a.

One of the prerequisite assumptions for the cluster test is that there should not be data outliers. To confirm that there is no significant correlation between the features of cluster members, a multicollinearity test based on the variance inflation factor (VIF) value was conducted. Lastly, the F-test was conducted to check if the cluster analysis model developed is suitable for the study.

## 4. RESULTS AND DISCUSSIONS

### 4.1. Results

#### 4.1.1. Descriptive Statistics

Table 1 displays the outcomes of the content analysis of 28 local government budget reports in the province of West Java. The scores are presented for each of the eight components of the integrated reporting system, as well as the total score for disclosure. To facilitate interpretation, the scores in the table have been translated into a percentage format and range from 0% to 100%. The percentage formula is as follows: the value of the disclosure score/disclosure item multiplied by four. The value in the table represents the arithmetic mean score for integrated reporting disclosure during the observation period (2016–2020).

Table 1. Description of each component and the total number of integrated reporting disclosures.

Scale	ORG	GOV	BUS	RSK	STR	PER	OUT	BAS	Total
Average	64.46%	22.17%	29.79%	25.45%	39.96%	39.40%	24.05%	34.78%	35.19%
Standard deviation	15.54%	12.76%	19.88%	17.60%	21.76%	20.72%	17.51%	6.68%	11.69%
Minimum	34.00%	7.14%	0.00%	0.00%	0.00%	8.33%	0.00%	20.00%	14.56%
Maximum	93.00%	59.29%	83.33%	80.00%	87.50%	100.00%	60.00%	50.00%	71.18%

Table 1 shows that the average quality of disclosure in government financial statements, using an integrated reporting framework, is at a level of 35.19% over a five-year period. This indicates that there is still room for improvement in the quality of disclosure. By examining the average score for each element of integrated reporting, it can be seen that the organizational overview and external environment factors are the most significant. This is considered natural as ORG is an organizational profile element that is typically detailed in depth in the organization's report. The organization's identity or profile is always exhibited because it serves as the initial introduction to stakeholders. The category with the lowest score pertains to governance (GOV). The maximum value of governance disclosure is only 59.29%, indicating that even government organizations with the best governance disclosure are unable to disclose governance efficiently. Governance is an essential topic that must be revealed in the government's financial statements. Therefore, this is a problem for the government. Governance continues to emphasize top-down bureaucracy and authority, where organizational units lack the flexibility to carry out governance so that public sector institutions cannot explain bureaucracy in detail (Glassie, 2018; Naschold, 1996).

Additionally, only two components, STR and PER, have an average score above 35.19%. Disclosure of government strategy is typically detailed in the government's Strategic Plan and Budget Work Plan papers; hence, financial disclosures tend to replicate the plan. This is consistent with the theory that financial statements are reports that reflect the accomplishment of organizational performance. However, it is crucial to point out that the average score for these two components is only modestly higher than the total score for integrated report disclosures. In addition, the standard deviation value for each component consistently falls within the range of 11% to 19%, signifying that the difference in the disclosure of government financial accounts remains considerable. The component with the lowest standard deviation is the basis for presentation (BAS). This is entirely plausible as the

preparation of government financial statements in Indonesia uses the same Government Accounting Standards (GAS) at all levels of government. Also, there are no additional disclosures or additional standards used at the government level; therefore, the differences are generally due to the length or content of the disclosures provided, which can vary between government entities, albeit not significantly (Tambingon, Yadiati, & Kewo, 2018).

Table 2 illustrates the percentage of scoring/quality scores for each reporting aspect, as well as the overall percentage. The percentage is calculated by dividing the score for each indicator by the total number of items per integrated reporting element (for element-specific computations) and by the total number of integrated reporting element items (for total calculations). As in Table 1, this data is also the arithmetic mean for the past five years of disclosure.

**Table 2.** Scoring for each integrated reporting component.

Score/Component	Scale				
	0	1	2	3	4
ORG	11.43%	16.00%	13.29%	21.86%	37.43%
GOV	77.43%	1.43%	13.71%	1.43%	6.00%
BUS	63.57%	4.14%	13.00%	7.14%	12.14%
RSK	52.30%	15.48%	13.57%	8.57%	10.08%
STR	45.38%	13.24%	23.41%	7.53%	10.44%
PER	40.92%	11.85%	31.13%	6.60%	9.50%
OUT	42.14%	10.88%	32.21%	5.34%	9.42%
BAS	40.49%	9.14%	37.69%	4.63%	8.06%
Average	46.71%	10.27%	22.25%	7.89%	12.88%

According to the statistics in the table above, there are still numerous components of integrated reporting disclosure that receive a score of 0%. This accounts for 46.71% of all items pertaining to 28 local government organizations. In integrated reporting, the majority of component scores are zero, with the exception of the ORG elements, where a significant number of components receive a score of four. However, if the scores are tallied, approximately 80% of them fall between 0 and 2, indicating that the quality of government financial reporting needs significant improvement. These results reinforce the notion that government financial reporting merely reveals management formality and government profiles and is unable to reveal further disclosures such as business models or hazards.

Table 3 depicts the integrated reporting disclosure scores by observation year. The scores are comprised of a score for each component and a total score classified into five-year groups.

**Table 3.** Scores for each integrated reporting component per year.

Component	Year				
	2016	2017	2018	2019	2020
ORG	61.96%	63.75%	66.25%	64.82%	65.54%
GOV	22.70%	23.34%	21.43%	21.43%	21.94%
BUS	27.98%	28.57%	27.53%	29.91%	34.97%
RSK	24.11%	25.89%	25.00%	25.00%	27.23%
STR	38.39%	39.51%	39.96%	40.63%	41.29%
PER	38.39%	39.88%	39.88%	39.29%	39.58%
OUT	23.21%	22.92%	23.51%	25.60%	25.00%
BAS	35.04%	35.04%	35.04%	34.60%	34.15%
TOT	34.22%	35.06%	34.90%	35.27%	36.50%
Average	34.00%	34.89%	34.83%	35.17%	36.25%

As shown in the table, the average score of disclosure based on the integrated reporting framework increased by 2.25% over five years, but the rise was not substantial. Even components such as GOV and BAS experienced a



decrease in score, albeit by less than 1%. Except for the BUS component, which climbed by about 7% during the past five years, all other components experienced an increase, but the average growth was less than 2%. This demonstrates consistency with the results presented in Tables 1 and 2. This modest and virtually negligible increase also indicates that government organizations lack the desire to improve the form and content of disclosures in their financial statements.

Furthermore, the results of the difference test in Table 4 indicate that, between districts and cities, there is no difference between the scores for each component of integrated reporting disclosure and the total scores for integrated reporting disclosure. This demonstrates that the integrated reporting conditions of each district and city in the province of West Java are identical, allowing for systematic efforts to enhance the quality of integrated reporting. The difference test results also indicate that, except for the ORG and BUS components, there is no difference in the integrated reporting quality scores between years for any of the elements of integrated reporting disclosure. Nonetheless, there is a difference in the annual average scores for financial disclosure using integrated reporting. In addition, the outcomes correspond to the figures in Table 3. Despite a substantial increase in the score for the BUS component, its total score of 34% is still inadequate.

Table 4. Difference test.

Component	Mann-Whitney U test <sup>1</sup>		Friedman test <sup>2</sup>	
	Z-score	Sig.	Z-score	Sig.
ORG	-1.609	0.108	9.753	0.045*
GOV	-0.938	0.348	6.505	0.164
BUS	-0.336	0.737	25.195	0.000**
RSK	-0.197	0.843	7.472	0.113
STR	-0.624	0.532	5.635	0.228
PER	-0.754	0.451	1.635	0.803
OUT	-1.255	0.209	6.347	0.175
BAS	-0.291	0.771	6.400	0.171
Total	-1.079	0.281	23.174	0.000**

**Note:** 1. The Mann-Whitney U test was administered by comparing municipal and district government groups. The provincial administration of West Java, however, was not difference tested as it only has one member.  
2. The Friedman test was conducted by comparing the 2016–2020 scores of each group. Included in this computation is the West Java Provincial Government.  
\* Significant at  $\alpha = 5\%$ .  
\*\* Significant at  $\alpha = 1\%$ .

#### 4.2. Cluster Analysis

The first stage in the cluster analysis is to determine whether multicollinearity exists and to conduct an F-test to determine the model's fit. As shown by the data in Table 5, the VIF value for each component is less than 10, hence there is no multicollinearity concern. Aside from the BAS component, the F-test itself yields a significant value. However, since the other seven components demonstrate considerable benefits and the public sector's implementation of integrated reporting in theory and practice remains low, the BAS component's status as a cluster-forming component is retained.

Table 5. Multicollinearity test and F-test.

Component	VIF	F value	F sig. value
ORG	3.050	7.223	0.003**
GOV	4.044	18.964	0.000**
BUS	3.732	14.822	0.000**
RSK	2.596	5.192	0.013*
STR	3.513	22.766	0.000**
PER	4.321	12.9	0.000**
OUT	2.404	5.709	0.009**
BAS	1.706	1.728	0.198

**Note:** \* Significant at  $\alpha = 5\%$ .  
\*\* Significant at  $\alpha = 1\%$ .

The second step of the cluster analysis is to identify the required number of clusters. Using an agglomeration table, a non-hierarchical cluster analysis was performed to calculate the required number of clusters. Table 6 demonstrates that the results of the agglomeration tend to slope at the third cluster stage, hence the number of clusters generated is fixed at three.

Table 6. Agglomeration schedule.

Cluster formed	Agglomeration number	% Decrease
1	6.368	-
2	4.169	2.199
3	3.149	1.02
4	2.472	0.677
5	2.058	0.414
6	1.725	0.333

Table 7. Cluster descriptions.

Description	Cluster 1	Cluster 2	Cluster 3
The mean score for disclosure items in each cluster (%)			
ORG	0.92	0.76	0.60
GOV	0.55	0.27	0.18
BUS	0.79	0.16	0.28
RSK	0.57	0.33	0.22
STR	0.82	0.68	0.31
PER	0.92	0.35	0.35
OUT	0.46	0.05	0.26
BAS	0.32	0.30	0.36
Number of governments in each cluster			
Province	1	-	-
Regency	1	3	14
City	-	1	8
Total	2	4	22

The characteristics of each cluster produced are briefly described in Table 7. The following is a summary of each cluster's profile:

- Cluster 1 has the highest average score for each item of integrated reporting in comparison to Cluster 2 and Cluster 3. The gap between Cluster 1 and Cluster 2 regarding the mean score of disclosure for each aspect of integrated reporting is substantial. Only the BAS component in Cluster 1 does not have the highest score across clusters. Nevertheless, concerning the average scores of other clusters, the difference is similarly not significant, ranging from 0.02 to 0.04 points. Cluster 1 only contains two government entities: the Provincial Government and the Pangandaran Regency Government. Provincial governments often have greater organizational complexity and superior human and capital resources than district or city governments, so it is reasonable for them to have the highest score for financial reporting disclosure. Likewise, the Pangandaran Regency Government got a high score for financial disclosure reporting. Pangandaran Regency is the youngest district in West Java, having been established in 2012, hence this accomplishment is unquestionably superior to those of older municipal and district governments. Cluster 1 has the potential to become a benchmark cluster for other district and city government organizations.
- Cluster 2 has the second-highest average score compared to the other clusters. Even though this cluster has relatively high ORG component values, other component scores are significantly lower than in Cluster 1. It should also be underlined that Cluster 2 has the lowest component scores for BUS, OUT, and BAS compared to other clusters. The BUS and OUT components are indicative of forward-looking information since they describe the opportunities and problems that may influence the company in the foreseeable future. Therefore,

poor ratings for the BUS and OUT components indicate that government institutions in this group do not investigate concerns pertaining to their future. The fact that the BAS score is low and the difference is minor indicates that the difference between Cluster 1 and Cluster 3 is not statistically significant. Cluster 2 contains three district governments and one city government. Members of Cluster 2 should enhance disclosure by providing more information on the organization's medium- and long-term possibilities and challenges, as well as public services and the process of delivering public goods and services to the community.

3. Cluster 3 has the lowest average disclosure score compared to the other clusters. Except for the BUS, OUT, and BAS components, all integrated reporting components in this cluster have very low scores compared to Cluster 2. The average disclosure score for the BUS and OUT components is significantly bigger than the scores in Cluster 2. This shows that the government institutions in this cluster have identified models and processes for providing public goods and services, as well as opportunities and obstacles for future organizations. Despite this, the government organizations in this cluster should make substantial disclosure quality improvements in the future. This cluster has the most members, with 22 out of 28 local governments, or around 78.57%, including 14 district governments and eight city governments. This also demonstrates that the majority of local governments in the province of West Java must enhance the quality of integrated reporting in the future.

#### 4.3. Discussion

Based on the results of the analysis, the main concern is the poor quality of disclosure in the financial statements of West Java's local government. The transparency of yearly financial statements is part of the embodiment of good governance, but the governance section (GOV) has the lowest disclosure score compared to other aspects. Previous research has demonstrated that governance is the element of integrated reporting disclosure with the greatest score and quality compared to the others (Pistoni, Songini, & Bavagnoli, 2018; Vitolla et al., 2020). In addition, the score for each integrated reporting item ranges between 20% and 30%, indicating that financial statements continued to place a greater emphasis on explaining government profiles and transaction details than on information regarding value creation in government institutions. The results for the regional government may indicate that its current governance structure requires improvement. Due to the lack of human resources and the infrastructure gaps between the center and the regions, regional administrations in Indonesia tend to restructure bureaucracy more slowly than the central government. This can also lead to deficiencies in financial statement disclosure (Firman, 2009).

The low quality of financial reporting is also confirmed by the fact that there are still many integrated reporting disclosure items that are assigned a score of 0 or are not disclosed at all. This may be attributed to a lack of awareness of integrated reporting in Indonesia, particularly within the government sector. The Indonesian government sector is still primarily focused on completing financial statements for state financial management responsibility (Harun & Kamase, 2012). There is already a report that measures the government's comprehensive performance, namely the Government Institutions' Accountability and Performance Report (GIPAR). However, this report is difficult to access and is deemed to only highlight governance formalities (Adiputra et al., 2018). Integrated reporting is considered extravagant by the public sector. However, research demonstrates that in various countries that use an integrated reporting framework to compile government annual reports, users or the public perceive the preparation of integrated reporting as a more comprehensive form of accountability from government agencies and that it can increase user and/or public comprehension of business processes and prospects of government organizations (Bartocci & Picciaia, 2013; Bartolacci et al., 2022).

The next fact is that the quality of disclosure in the government's annual financial statements is still negligible. Although there has been a significant increase in the number of integrated report disclosure elements, efforts are still required to enhance the quality of disclosure in the annual financial statements. Financial accounting

is primarily concerned with disclosure as a tool for improved communication (La Torre, Sabelfeld, Blomkvist, Tarquinio, & Dumay, 2018). The average public sector financial report includes a budget report, which is a key public obligation (Rusdi & Suprianto, 2022). Government financial statements must be bolstered so that they not only expose the specifics of government transactions and balances but also define the structure and functions of the government in relation to government business processes (Manes-Rossi, 2018; Manes-Rossi & Orelli, 2020). It is currently difficult for the Indonesian Government Accounting Standards to accomplish this, so future collaboration or the use of additional standards for the disclosure of government financial accounts is strongly suggested.

The results of the cluster study also suggest that the majority of local governments in West Java remain in the third cluster or the cluster with an average score for financial statement disclosures that have not been good. There is certainly room for improvement, particularly in terms of information regarding business strategies, risks, and the basis for financial reporting. Transparency and accountability are the manifestations of the implementation of Sustainable Development Goals (SDG) in government initiatives. Consequently, the government has recently developed the notion of internationally acceptable financial reporting. The financial statements are overly focused on financial performance, which makes it difficult to correlate them to the SDGs. Utilizing an integrated reporting system will make integrating SDG components into government bodies' financial statements easier in the future (Corvino, Doni, & Bianchi Martini, 2020). Prior research has demonstrated that the inclusion of SDGs in government financial statements has become a global requirement, and one approach to make this a reality is to implement other standard frameworks outside of accounting standards. In short, an integrated reporting structure can bridge this gap (Pizzi, Rosati, & Venturelli, 2021).

The implications of integrated reporting in government will be inextricably linked to the two fundamental concepts of integrated reporting, namely integrated thinking and value generation. Integrated thinking is challenging in government agencies given the government's rigid bureaucracy and existing traditional government structure. Integrated thinking should begin with central government rules and policies and trickle down to the regional government level. Integrated thinking can be related to bureaucratic reform initiatives conducted by the central and regional governments (Granà, 2018). In addition, the value creation process is highly relevant to the reengineering of government and regional government business processes in Indonesia. By visualizing the capital input gained and the values generated, users and the public will have a better understanding of the government's contribution to communities' increased use of public services (Nistor, Stefanescu, Oprisor, & Crisan, 2019). Finally, disclosure based on integrated reporting can enhance future efforts by the government to establish better governance.

## 5. CONCLUSION

This exploratory study reveals that the provincial, district and municipal governments of West Java have not yet reached a satisfactory level of financial reporting transparency. Efforts must be made to enhance the relevance of financial statements through enhanced disclosure. The government can use integrated reporting as one of the standard frameworks to improve the quality of its reporting.

This exploratory investigation has several limitations. First, this study only considers the financial statements of local governments as a whole and not those of individual government work units. Further research can be conducted at the level of work units to determine the extent to which work units are responsible for the disclosure of information in particular areas in financial statements. Second, this study was unable to investigate the reasons for the low quality of integrated reporting. Future studies can examine the causal aspects, allowing the government to determine the origins of shortcomings and implement the necessary remedies.

Several recommendations can be addressed to the relevant parties. The government can improve the quality and quantity of human resources and infrastructure to enhance the quality of its financial reporting. Government accounting standard setters could adopt an integrated reporting framework as a basis for the future development of

more inclusive accounting standards. For future research, a comparative analysis of local government financial statement disclosures or a comparative study of central and regional government financial statement disclosures should be conducted to identify inequalities and determine plausible solutions.

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Appendix 1. Integrated reporting quality assessment matrix for governance.

Components	Scale				
	4 (Very good)	3 (Good)	2 (Adequate)	1 (Inadequate)	0 (Poor)
1.1 Organizational culture, ethics, and values	The report contains all of the following information: 1. Vision 2. Mission 3. Culture 4. Organizational Values 5. Ethics	The report contains only 4 of the 5 listed below: 1. Vision 2. Mission 3. Culture 4. Organizational Values 5. Ethics	The report contains only 3 of the 5 listed below: 1. Vision 2. Mission 3. Culture 4. Organizational Values 5. Ethics	The report contains only 2 of the 5 listed below: 1. Vision 2. Mission 3. Culture 4. Organizational Values 5. Ethics	No information is displayed
1.2 The main activities and functions of the organization	These include information about the organization's primary tasks or functions, with explanations provided in the form of lengthy narratives and other visual patterns (Tables, graphs, illustrations, etc.)	These include information about the primary activities or functions of the organization, with lengthy explanations (Narrative length is more than half of the report page)	These include information about the primary activities or functions of the organization, with brief explanations (narrative length is not more than half of the report page)	Only information regarding the organization's primary activities or functions is provided	No information is displayed
1.3 Key quantitative information	Quantitative information in the form of financial performance and non-financial performance that includes at least 3 of the following 4 aspects: 1. Customer aspect 2. Human resources aspect 3. Operational aspect 4. Institutional aspect	Quantitative information in the form of financial performance and non-financial performance that includes at least 2 of the following 4 aspects: 1. Customer aspect 2. Human resources aspect 3. Operational aspect 4. Institutional aspect	Quantitative information in the form of financial performance and non-financial performance that includes at least 1 of the following 4 aspects: 1. Customer aspect 2. Human resources aspect 3. Operational aspect 4. Institutional aspect	Quantitative information reveals only financial information	No information is displayed
1.4 Review of significant modifications to key quantitative data	Providing year-over-year changes in financial and non-financial performance alongside lengthy explanations (Narrative length is	Providing year-over-year changes in financial and non-financial performance alongside explanations (Narrative length is not more than	Providing year-over-year variations in financial and non-financial performance without explanation	Only providing year-to-year variations for financial performance metrics with no explanations	No information is displayed

Components	Scale				
	4 (Very good)	3 (Good)	2 (Adequate)	1 (Inadequate)	0 (Poor)
	more than half of the report page)	half of the report page)			
1.5 Significant factors affecting the external environment and organizational response	This includes information on significant external environment elements and the organization's response from at least 4 of the following 5 components: 1. Economics 2. Social 3. Politics 4. Law 5. Technology	This includes information on significant external environment elements and the organization's response from at least 3 of the following 5 components: 1. Economics 2. Social 3. Politics 4. Law 5. Technology	This includes information on significant external environment elements and the organization's response from at least 2 of the following 5 components: 1. Economics 2. Social 3. Politics 4. Law 5. Technology	This includes information on significant external environment elements and the organization's response from at least 1 of the following 5 components: 1. Economics 2. Social 3. Politics 4. Law 5. Technology	No information is displayed
2.1 Structure of the organization, including expertise and diversity, as well as an explanation of the impact of regulatory standards on the design of the governance structure	This includes an explanation of the positions inside the company, a description of each position, and regulatory rules pertaining to the governance design	<i>There is no score of 3 for this section</i>	This includes an explanation of the positions inside the organization, but there is no description of the positions, nor are there any regulatory rules pertaining to the governance design	<i>There is no score of 1 for this section</i>	No information is displayed
2.2 Specific processes used to make strategic decisions and build and supervise the organization's culture, including risk tolerance levels and systems for addressing integrity and ethical issues	This includes an explanation of the function of the governing body, as well as the processes or work plans involved  This includes comprehensive information on risk acceptance and/or strategies for addressing integrity and ethical concerns	This includes an explanation of the function of the governing body, as well as the processes or work plans involved  This includes some information on risk acceptance and/or strategies for addressing integrity and ethical concerns	This includes an explanation of the function of the governing body, as well as the processes or work plans involved  There is no information on risk acceptance and/or strategies for addressing integrity and ethical concerns	This includes an explanation of the function of the governing body, but no processes or work plans involved  There is no information on risk acceptance and/or strategies for addressing integrity and ethical concerns	No information is displayed

Components	Scale				
	4 (Very good)	3 (Good)	2 (Adequate)	1 (Inadequate)	0 (Poor)
2.3 Approaches to risk management and managerial actions to influence and oversee the strategic direction of the organization	This includes a detailed description of the acts (Responsible party, consequence, impact, etc.)	<i>There is no score of 3 for this section</i>	This includes a detailed description of the acts (Responsible party, consequence, impact, etc.)	<i>There is no score of 1 for this section</i>	No information is displayed
2.4 How the culture, ethics, and values of an organization are implemented, and their impact on the business's capital, including the interaction between culture, ethics and organizational values and stakeholders	There is evidence of the application of organizational culture, ethics and values, as well as a lengthy explanation (Narrative length is more than half of the report page) and graphs illustrating the influence on the organization	There is evidence of the application of organizational culture, ethics and values, as well as a lengthy explanation (Narrative length is more than half of the report page) and the influence on the organization	There is evidence of the application of organizational culture, ethics and values, as well as a brief explanation (Narrative length is not more than half of the report page) and the influence on the organization	There is evidence of the application of organizational culture, ethics and values without an explanation of the influence on the organization	No information is displayed
2.5 If the organization employs governance procedures that exceed legal requirements	This includes information on governance practices that use national or international benchmarking, and there is a clear descriptive explanation	<i>There is no score of 3 for this section</i>	This includes information on governance practices that use national or international benchmarking, without explanation	<i>There is no score of 1 for this section</i>	No information is displayed
2.6 The responsibility of the management to strengthen and develop innovation within the organization	This includes a lengthy description of the manager's tasks (narrative length is more than half of the report page)	<i>There is no score of 3 for this section</i>	This includes a brief description of the manager's tasks (narrative length is not more than half of the report page)	<i>There is no score of 1 for this section</i>	No information is displayed
2.7 How remuneration and incentives are linked to value creation in the short, medium and long terms, including the link between remuneration and incentives in the use and impact of	This includes information on employee remuneration and incentives, as well as data on the effect of compensation and incentives on value generation and capital	This includes information on employee remuneration and incentives, as well as data on the effect of compensation and incentives on either value generation or	This includes information on employee remuneration and incentives, without data on the effect of compensation and incentives on value generation and capital	This only includes information on the amount of remuneration and incentives	No information is displayed

Components	Scale				
	4 (Very good)	3 (Good)	2 (Adequate)	1 (Inadequate)	0 (Poor)
organizational capital		capital			
3.1 <i>Input</i> used	This includes information about the <i>inputs</i> used in the process of producing/selling goods or services, with a complete description of all the <i>inputs</i> used	<i>There is no score of 3 for this section</i>	This includes information about the <i>inputs</i> used in the process of producing/selling goods or services, with a short description of all the <i>inputs</i> used	<i>There is no score of 1 for this section</i>	No information is displayed
3.2 The innovation strategy of the organization	This includes a framework or guidelines for the organization's innovation, with a description of the results or impact of existing innovations	<i>There is no score of 3 for this section</i>	This includes a framework or guidelines for the organization's innovation, with a limited description of the results or impact of existing innovations	<i>There is no score of 1 for this section</i>	No information is displayed
3.3 The extent to which the business model design can adapt to changing circumstances	This includes a clear description of the changing environment and how the business model is changing	<i>There is no score of 3 for this section</i>	This includes a short description of the changing environment and how the business model is changing	<i>There is no score of 1 for this section</i>	No information is displayed
3.4 <i>Output</i>	This includes information regarding the <i>output</i> produced during the process of making/selling goods or services, along with a comprehensive description of all <i>output</i> produced	<i>There is no score of 3 for this section</i>	This includes information regarding the <i>output</i> produced during the process of making/selling goods or services, along with a short description of all <i>output</i> produced	<i>There is no score of 1 for this section</i>	No information is displayed
3.5 Information on internal and external impacts	This includes types of internal and external impacts with a lengthy narrative for each impact (narrative length is more than half of the report page)	This includes types of internal and external impacts with a short narrative for each impact (narrative length is not more than half of the report page)	This includes types of internal and external impacts without detailed explanations	This includes types of internal and external impacts without any explanations	No information is displayed
3.6 Information of	This includes types of	This includes types of	This includes types of	This includes types of	No information is

Components	Scale				
	4 (Very good)	3 (Good)	2 (Adequate)	1 (Inadequate)	0 (Poor)
positive/negative impacts	positive and negative impacts with a lengthy narrative for each impact (Narrative length is more than half of the report page)	internal and external impacts with a short narrative for each impact (Narrative length is not more than half of the report page)	internal and external impacts without detailed explanations	positive and negative impacts without any explanations	displayed
4.1 Identification of key risks and opportunities related to the organization, including their impact on the organization	This includes risks and opportunities with a long narrative for each impact (Narrative length is more than half of the report page)	This includes risks and opportunities with a short narrative for each impact (Narrative length is not more than half of the report page)	This includes risks and opportunities without detailed explanations	This includes either risks or opportunities without any explanations	No information is displayed
4.2 Analysis of the short-, medium-, and long-term availability, quality, and cost of key organizational financing.	There is an analysis addressing all factors (Availability, quality, and affordability)  Orientation covers all terms (Short, medium, and long)	<i>There is no score of 3 for this section</i>	The analysis only covers 2 of the 3 aspects (Availability, quality, and affordability)  Orientation only covers 2 of the 3 terms (Short, medium, and long)	The analysis only covers 1 of the 3 aspects (Availability, quality, and affordability)  Orientation only covers 1 of the 3 terms (Short, medium, and long)	No information is displayed
5.1 Strategic goals of the organization in the short, medium, and long terms	This includes information on the organization's strategic goals in 3 aspects: 1. Short term 2. Medium term 3. Long term	This includes information on the organization's strategic goals in 2 of 3 aspects: 1. Short term 2. Medium term 3. Long term	This includes information on the organization's strategic goals in 1 of 3 aspects: 1. Short term 2. Medium term 3. Long term	This includes information on the organization's strategic goals without a specific time dimension	No information is displayed
5.2 Strategies that have been or will be employed to attain these strategic goals	There is a strategy that is specified according to the strategic objectives of the organization	There is a strategy that is detailed per time dimension	There is a strategy, but neither the goals nor the strategy is specified	The only form of strategy is the vision/mission	No information is displayed
5.3 Allocation of planned resources to carry out the strategy	This includes details of financial and non-financial resources with clear descriptions	There are details of financial and non-financial resources with short descriptions	There are only details of financial and non-financial resources	<i>There is no score of 1 for this section</i>	No information is displayed
5.4 Measurement of performance and objectives for the short,	There is information on performance measurement and	There is information on performance measurement and	There is information on performance measurement and	There is information on performance measurement and	No information is displayed

Components	Scale				
	4 (Very good)	3 (Good)	2 (Adequate)	1 (Inadequate)	0 (Poor)
medium, and long terms	organizational targets in 3 aspects: 1. Short term 2. Medium term 3. Long term	organizational targets in 2 of 3 aspects: 1. Short term 2. Medium term 3. Long term	organizational targets in 1 of 3 aspects: 1. Short term 2. Medium term 3. Long term	organizational targets without a specific time dimension	
6.1 Quantitative indicators regarding performance targets, including risks and opportunities	There are both financial and non-financial indicators, along with a risk and opportunity analysis for each indicator	There are both financial and non-financial indicators, along with a risk and opportunity analysis for one of the indicators	There are both financial and non-financial indicators, without a risk and opportunity analysis	There are only financial indicators, without a risk and opportunity analysis	No information is displayed
6.2 The condition of key stakeholders and how the organization has addressed their demands and interests	There are details of stakeholders, along with a clear description of the response to the needs of all stakeholders	There are details of stakeholders, along with a clear description of the response to the needs of some stakeholders	There are details of stakeholders, without a clear description of the response to the needs of all stakeholders	<i>There is no score of 1 for this section</i>	No information is displayed
6.3 The relationship between the organization's historical performance and its current performance, as well as the relationship between the organization's current performance and its predicted future performance	There is an explanation for the relationship between past and present performance, and also between current performance and future predictions	<i>There is no score of 3 for this section</i>	There is an explanation for 1 of the 2 relationships	<i>There is no score of 1 for this section</i>	No information is displayed
7.1 The organization's expectations for the short-, medium-, and long-term external environment components it may encounter	This includes information on the organization's expectations of the external environment in 3 aspects: 1. Short term 2. Medium term 3. Long term	This includes information on the organization's expectations of the external environment in 2 of the 3 aspects: 1. Short term 2. Medium term 3. Long term	This includes information on the organization's expectations of the external environment in 1 of the 3 aspects: 1. Short term 2. Medium term 3. Long term	This includes information on the organization's expectations of the external environment without a specific time dimension	No information is displayed
7.2 The organization's expectations of external environmental impacts	This includes information on the organization's	This includes information on the organization's	This includes information on the organization's	This includes information on the organization's	No information is displayed

Components	Scale				
	4 (Very good)	3 (Good)	2 (Adequate)	1 (Inadequate)	0 (Poor)
that it may encounter in the short, medium, and long terms	expectations of external impacts in 3 aspects: 1. Short term 2. Medium term 3. Long term	expectations of external impacts in 2 of the 3 aspects: 1. Short term 2. Medium term 3. Long term	expectations of external impacts in 1 of the 3 aspects: 1. Short term 2. Medium term 3. Long term	expectations of external impacts without a specific time dimension	
7.3 The extent to which the organization is currently equipped with the resources necessary to respond to critical challenges and unpredictability	This includes information about resources for coping with unpredictability, presented in the form of a lengthy narrative (Narrative length is more than half of the report page)	<i>There is no score of 3 for this section</i>	This includes information about resources for coping with unpredictability, presented in the form of a short narrative (Narrative length is not more than half of the report page)	<i>There is no score of 1 for this section</i>	No information is displayed
8.1 A summary of the procedure for identifying the significance of organizational data	All of the following details are present: (1) A brief summary of the procedure used to identify essential issues, evaluate information, and select processes; (2) the identification of the roles of managers and key individuals in the process of identifying and prioritizing crucial issues	<i>There is no score of 3 for this section</i>	One of the following details is present: (1) A brief summary of the procedure used to identify essential issues, evaluate information, and select processes; (2) the identification of the roles of managers and key individuals in the process of identifying and prioritizing crucial issues	<i>There is no score of 1 for this section</i>	No information is displayed
8.2 A summary of reporting restrictions and their determination processes	All of the following details are present: (1) Financial reporting entities; (2) risks, opportunities, and impacts associated with other entities/stakeholders outside the reporting	<i>There is no score of 3 for this section</i>	One of the following details is present: (1) Financial reporting entities; (2) risks, opportunities, and impacts associated with other entities/stakeholders outside the reporting	<i>There is no score of 1 for this section</i>	No information is displayed

Components	Scale				
	4 (Very good)	3 (Good)	2 (Adequate)	1 (Inadequate)	0 (Poor)
	entity that have a significant impact on the reporting entity's potential to create value		entity that have a significant impact on the reporting entity's potential to create value		
8.3 A summary of the key frameworks and methodologies utilized to quantify and evaluate material issues	All the following details are present: (1) a summary of important frameworks; (2) the methodologies utilized to quantify and evaluate material issues	<i>There is no score of 3 for this section</i>	One of the following details is present: (1) a summary of important frameworks; (2) the methodologies utilized to quantify and evaluate material issues	<i>There is no score of 1 for this section</i>	No information is displayed
8.4 Standards used to compile financial information, organizational formulas for measuring customer satisfaction, or industry frameworks for assessing risk	This includes standard information for all aspects: 1. Financial aspects 2. Customer satisfaction 3. Risk management	This includes 2 of 3 standard information for all aspects: 1. Financial aspects 2. Customer satisfaction 3. Risk management	This includes 1 of 3 standard information for all aspects: 1. Financial aspects 2. Customer satisfaction 3. Risk management	<i>There is no score of 1 for this section</i>	No information is displayed

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