



Financial Drivers of IT Governance Disclosure: Evidence from Indonesian Listed Firms

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Abstract

Purpose: This study aims to examine and analyze the effects of profitability, leverage, and firm size on IT governance disclosure among companies in the financial sector listed on the Indonesia Stock Exchange during the 2022–2024 period.

Method: This study employs a quantitative approach, using multiple linear regression for data analysis. The sampling technique used was purposive sampling, resulting in a sample of 76 companies, for a total of 228 observations.

Findings: The results indicate that IT governance disclosure generally improved over the study period. Empirically, profitability, leverage, and firm size have a positive and significant effect on IT governance disclosure.

Originality/Value: Filling the gap in the literature on IT governance disclosure by utilizing financial factors in the context of voluntary disclosure.

Keywords: IT Governance; Disclosure; Profitability; Leverage; Firm Size.
Paper Type: Research Paper.

1. Introduction

In recent years, global attention to information technology (IT) security and governance has grown, particularly amid the rapid development of digital systems, which have become central to business operations. The rapid advancement of digital technology has fundamentally transformed the global business landscape, profoundly changing how organizations communicate and interact with stakeholders (Khasanah et al., 2025). Currently, advancements in information technology are a crucial component of every organization or company (Rizki & Bahtiar, 2020). A number of organizations view IT as central to their business in maintaining, optimizing, transforming, and growing corporate value.

All operational activities rely heavily on digital systems; however, this high level of IT use always carries significant risks. IT risks are mitigated when IT governance is properly implemented (Nyagope et al., 2023). This risk disclosure is essential in an integrated report, enabling stakeholders to understand how IT resources are used efficiently and how risks are tracked and managed to achieve the organization's strategic objectives (Nyagope et al., 2023). Reliance on digital systems carries significant risks, including cyberattacks and data breaches, which can lead to financial losses and damage a company's reputation.

Intentional or unintentional cyberattacks can result in the loss of the confidentiality, availability, and integrity of digital information, and to address this risk (Sofiani et al., 2024). However, despite these growing risks, the level of IT governance disclosure among

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Indonesian companies remains relatively low. This situation is underscored by the findings of a study [Abdelrahman et al. \(2024\)](#), which concluded that the overall trend in IT governance disclosure in Indonesia remains relatively low and indicated that companies have not yet disclosed aspects of IT governance comprehensively.

IT governance disclosure is a form of voluntary disclosure, as there are currently no regulations that explicitly require companies to disclose their IT governance practices in detail in their annual reports. Although voluntary, IT governance disclosure is important to examine because it reflects a company's commitment to managing risk, maintaining information security, and enhancing investor confidence amid companies' growing reliance on digital systems. Companies must implement IT governance effectively, and the results must be publicly accountable. IT governance is a critical framework for ensuring the effective use of technology within an organization ([Almaqtari et al., 2022](#)). Good corporate governance can lead to credible decisions ([Ekananda et al., 2025](#)).

The cyberattack on BSI in 2023 is believed to have involved a data breach affecting millions of BSI customers, with the data sold on the dark web, and to have disrupted digital services ([Kompas, 2023](#)). According to a 2024 Kaspersky survey, Indonesia faced 19,171,977 web-based cyberattack attempts. Although this figure represents a 34.85% decrease from the previous year, the detected cyber threats were increasingly sophisticated and targeted high-value assets, including ransomware attacks and cryptocurrency theft ([CNN Indonesia, 2025](#)).

Public companies face unique cybersecurity risks due to their size, complexity, and the potential impact on their operations, reputation, and shareholders ([L. Gao & Calderon, 2025](#)). Therefore, the quality of corporate disclosures plays a central role in promoting transparency, protecting investors, and supporting the efficient allocation of capital in financial markets. High-quality disclosures reduce information asymmetry, foster accountability, and enable market participants to make better decisions ([W. Gao et al., 2025](#)). Although transparency in IT governance serves as an important signal to reassure investors, a previous study by [Weli \(2020\)](#) found that the quality of this transparency remains low and the content lacks depth.

In the context of signaling theory, companies with sound IT governance should provide more comprehensive disclosures to reduce information asymmetry and enhance stakeholders' perceptions of quality. According to [Ross \(1977\)](#), a signal is considered credible when a company's actions entail costs that make them difficult to falsify; however, the minimalist nature of this information disclosure renders the signals less reliable, making investment decisions riskier and increasing the market's demand for transparency to address this uncertainty. Therefore, disclosure of information related to IT governance, specifically how a company manages IT risks, is necessary to meet stakeholders' needs ([Weli, 2020](#)).

This study uses profitability, leverage, and firm size as independent variables. To the best of the researcher's knowledge, based on a review of previous studies, research on IT governance disclosure remains very limited. A study by [Weli \(2020\)](#) examined the influence of firm size and profitability on IT governance disclosure in financial sector companies in 2017. Furthermore, the study by [Karismariyanti et al. \(2023\)](#) examined trends in the literature on IT governance disclosure using a systematic approach that identified five main clusters covering standard practices, integration with corporate governance, and disclosure challenges. The study by [Nyagope et al. \(2023\)](#) examines the relationship between IT risk and IT governance disclosure in 40 companies listed on the JSE. Meanwhile, [Joshi et al. \(2018\)](#) examined the relationship between the maturity level of IT governance processes and IT governance disclosure, as well as the strategic role of

IT in promoting transparency. Additionally, [Joshi et al. \(2013\)](#) developed a framework for IT governance disclosure and demonstrated that differences influence disclosure levels in institutional environments and corporate governance practices.

However, these studies generally focus more on governance, risk, and institutional factors, and have not extensively examined the role of corporate financial factors in influencing IT Governance Disclosure. Furthermore, empirical research examining the influence of profitability, leverage, and firm size on IT Governance Disclosure, particularly among financial sector firms in Indonesia, remains limited. Therefore, this study aims to fill this gap by examining the influence of corporate financial factors on IT Governance Disclosure using more recent data, specifically from the 2022–2024 period, in line with the increasing demands for transparency and accountability in the digital era.

This study uses financial sector companies listed on the Indonesia Stock Exchange from 2022 to 2024. The financial sector was chosen because it has a critical operational dependence on Information Technology (IT), meaning that any system failure or cyberattack can cause severe financial losses and threaten business stability. The observation period was set from 2022 to 2024 to capture significant dynamics in IT governance disclosures. During this period, technological disruptions also occurred, bringing both positive and negative impacts ([Jubaedah et al., 2024](#)). This was marked by a nearly doubling of cyberattacks compared to before 2020 ([CNN Indonesia, 2024](#)) and the enactment of Indonesia's Personal Data Protection Law (UU PDP) in 2022.

The results of this study make a theoretical contribution by strengthening signal theory, demonstrating that profitability, leverage, and firm size serve as disclosure signals, and by providing empirical evidence on the factors that influence the level of IT governance disclosure in financial sector firms. The practical contributions of these findings are expected to benefit the government, companies, and investors. The findings of this study can serve as a basis for the government and regulators (OJK) to develop policies and regulations that encourage companies to improve their disclosure of IT governance in annual reports. Additionally, this study helps company management understand the factors influencing IT Governance Disclosure, enabling companies to enhance the transparency of their IT governance and reduce overall IT risks, particularly those related to compliance with Indonesia's Personal Data Protection Law (UU PDP).

2. Literature Review

2.1. Signaling Theory

This study uses signaling theory as its primary conceptual framework. The signaling theory developed by [Ross \(1977\)](#) explains firms' motivations for disclosing financial statement information to external parties, such as investors or shareholders. This theory assumes that the information received by each party is not the same. According to this theory, information asymmetry encourages managers to send signals to investors through information disclosures about competitive advantages to obtain funding and enhance the company's reputation ([Widayawati et al., 2020](#)). Disclosing information to the public is an effort to align stakeholders' interests ([Weli, 2020](#)). The disclosure of financial statements serves as a signal that an organization has a promising future, thereby encouraging information users to act in accordance with the signals conveyed ([Kurniansyah et al., 2021](#)). Thus, this theory assumes that companies with excellent quality will present relevant and better information to increase their capital ([Al-Sartawi & Reyad, 2018](#)).

Signaling theory also suggests that companies that send strong signals through their performance or corporate metrics are likely to demonstrate greater IT governance transparency, thereby reducing information asymmetry with investors. Voluntary disclosure is expected to mitigate information asymmetry between managers and shareholders (Widayawati et al., 2020). The benefits of transparency and credibility can be achieved by implementing this voluntary disclosure program, through which companies can provide IT governance disclosures to reassure stakeholders. Therefore, this study will use signaling theory to test and predict why firm-specific signals such as profitability, leverage, and firm size influence the level of voluntary disclosure, particularly regarding Information Technology (IT) governance.

Profitability ratios indicate how effectively a business generates profits and benefits shareholders (Uddin et al., 2022). This variable is based on the signaling theory proposed by Ross (1977). According to this theory, high profitability can serve as a positive signal because it indicates that a company is capable of generating strong financial performance and has sustainable prospects.

High profitability can encourage management to engage in more voluntary disclosure. Managers are motivated to disclose more detailed information to support the sustainability of their positions and compensation and to signal trust to institutional investors (Rouf, 2011). Voluntary disclosure is used to demonstrate to investors that the company is performing well, thereby enhancing the company's value and reputation in the market (Widayawati et al., 2020). In line with this thinking, the disclosure of IT governance information is becoming increasingly relevant, as information technology is the primary tool companies use to manage their business processes (Weli, 2020). Companies with higher profitability tend to be more motivated to increase transparency, including in IT governance disclosures, to strengthen their credibility and stakeholders' trust.

Leverage is a ratio that indicates the extent to which a company is financed by debt (Yani & Suputra, 2020). A higher leverage ratio indicates that the company is highly dependent on debt (Gunawan & Sjarief, 2022). According to the signaling theory proposed by Ross (1977), when information is asymmetric between management and external parties, such as investors, managers can use capital structure, particularly debt, as a signal of confidence in the company's prospects. A relatively high level of debt may indicate that managers are highly optimistic that the company can generate sufficient cash flow to service its debt obligations, leading investors to view this signal as positive news.

Companies with high debt ratios tend to voluntarily disclose more information to reassure creditors and extend or maintain the terms of their debt contracts (Elfeky, 2017). This situation encourages companies to improve the quality of their disclosures, including disclosures on IT governance, as a signal that they are capable of managing risks, maintaining operational stability, and adequately protecting digital information despite significant debt obligations. Therefore, leverage can serve as an incentive for companies to provide more comprehensive IT governance disclosures to reduce perceived risk and enhance stakeholder confidence.

According to Hendi and Dharmawa (2021), firm size can be defined as a company's total assets and measured by total assets (including intangible assets), market capitalization, sales volume or revenue, and workforce. Based on the signaling theory proposed by Ross (1977), company managers, as the party with more complete information, will send signals to investors to address information asymmetry. In other words, management seeks to demonstrate the company's true quality and prospects through actions that distinguish it from low-quality firms.

Large public companies bear greater responsibilities not only to society but also to the government, creditors, and shareholders or investors (Suhardi & Purwanto, 2015). According to Syed and Butt (2017), large-scale companies cannot escape the scrutiny and pressure of shareholders and must therefore maintain transparency toward the public. In line with this, companies operating under strict oversight and with significant capital needs have a very strong incentive to voluntarily disclose non-financial information, such as IT governance disclosures, to validate their future operational efficiency and the quality of their internal management. A larger size sends a credible signal about a company's ability to undertake costly, substantial disclosures, which in turn reassures the market about the quality of its IT governance.

IT governance ensures the measurement of the effectiveness and efficiency of improvements to a company's business processes through information technology (IT) related structures, aligned with the company's strategic objectives, by integrating best practices in the planning, management, implementation, execution, and monitoring of IT performance, to ensure that IT effectively supports the achievement of the company's goals (Gondodiyoto, 2007). A key component of business operations is IT governance, which enables an organization to manage its IT application systems to generate and deliver value while reducing the risks these systems pose (Rubino et al., 2017).

According to Weli (2020), implementing IT governance in a company can provide direction, oversight, and evaluation of IT systems supporting business processes. The use of IT will yield optimal results. In line with this, the disclosure aims to provide stakeholders with transparency into how the company manages and uses information technology to support business activities. Based on the signaling theory proposed by Ross (1977), IT governance disclosure is not merely reporting data, but a strategic signal believed to influence market perceptions and reduce capital costs.

2.2. The Effect of Profitability on IT Governance Disclosure

According to the signaling theory proposed by Ross (1977), profitability can serve as a signal indicating a company's performance and condition to external parties. Companies with high profitability have a greater incentive to disclose information, as strong profits are viewed as a positive signal of management's ability to operate effectively and create value for stakeholders. High profitability levels will encourage managers to provide more detailed and transparent information to the public. High corporate profitability can increase voluntary disclosure of corporate information (Aikaeli & Rashid, 2015).

This is supported by Weli (2020), who found that profitability has a significant positive effect on IT Governance Disclosure. In addition, these results are consistent with previous studies in the context of voluntary disclosure, which indicate that profitability positively affects voluntary disclosure (Elfeky, 2017; Indrati & Aulia, 2022; Insani & Ihsan, 2024; Ivone & Chandra, 2021; Maryana & Carolina, 2021). Therefore, the first hypothesis is formulated as follows:

H₁: Profitability has a positive effect on IT governance disclosure.

2.3. The Effect of Leverage on IT Governance Disclosure

The signaling theory proposed by Ross (1977) states that companies with high leverage have a greater incentive to convey information to external parties because high debt usage can create a perception of risk for creditors and investors, so companies need to signal transparency through more adequate disclosure. Companies with high leverage are highly dependent on creditor loans to finance their assets (Brigham & Houston, 2001).

Thus, based on signaling theory, the higher a company's leverage, the greater the incentive to increase disclosure, including IT governance disclosure as a signal that the company is in a controlled state and capable of managing risks associated with the use of information technology. This is supported by prior research on voluntary disclosure, which shows that leverage has a positive effect on it. (Elfeky, 2017; Gunawan & Sjarief, 2022; Haddad et al., 2020; Hendi & Dharmawa, 2021) Therefore, the second hypothesis is formulated as follows:

H₂: Leverage has a positive effect on IT governance disclosure.

2.4. The Effect of Leverage on IT Governance Disclosure

Firm size indicates differences in business risk between large and small firms (Abidin & Lestari, 2020). Large firms face lower risk than small firms. This is because large firms have greater control over market conditions, enabling them to cope with economic competition (Himawan & Anik, 2021). Firm size plays a role in determining the extent to which a company is motivated to disclose information. According to the signaling theory developed by Ross (1977), firm size can serve as a signal to stakeholders regarding the company's stability and management capabilities. Therefore, larger companies have a greater incentive to increase disclosure so that this signal is received and builds market confidence.

This result is supported by previous research by Weli (2020), which shows that firm size has a significant positive effect on IT governance disclosure. It is also supported by prior research on voluntary disclosure, which indicates that firm size has a positive effect on it. (Gunawan & Sjarief, 2022; Haddad et al., 2020; Hendi & Dharmawa, 2021; Indrati & Aulia, 2022; Insani & Ihsan, 2024; Nakai & Yoshida, 2025; Sekarini & Setiadi, 2021; Widayawati et al., 2020). Therefore, the third hypothesis is formulated as follows:

H₃: Firm size has a positive effect on IT governance disclosure.

3. Research Method

3.1. Research Approach

This study employs a quantitative causal approach. According to Sekaran and Bougie (2016), quantitative research is the process of collecting data in numerical form and conducting analysis using statistical methods. Causal studies test whether one variable causes another variable to change. In this study, the relationships analyzed include the effects of firm size, profitability, and leverage on IT Governance Disclosure. A quantitative approach was chosen because all research variables can be measured numerically and analyzed statistically using a multiple linear regression model. Thus, this study provides empirical evidence on the cause-and-effect relationships among the variables.

3.2. Data

The population of this study consists of all financial sector companies listed on the Indonesia Stock Exchange (IDX). The financial sector was selected because it has a critical operational dependence on information technology (IT), meaning that any system failure or cyberattack could cause severe financial losses and threaten business stability. According to the Boston Consulting Group, a management consulting firm, companies in the financial services sector are 300 times more likely to experience a cyberattack than those in other sectors (Jin et al., 2023). Additionally, this sector is subject to stringent regulatory

requirements and public trust expectations. IT Governance Disclosure serves as a critical signal for maintaining public trust and meeting these strict regulatory demands.

The sample was selected using purposive sampling, which involves selecting a sample based on specific criteria aligned with the research objectives. These criteria were used to ensure that only companies with complete data that met the requirements of the research variables were included in the sample. The sample selection process is shown in the following table:

Table 1. Sample Criteria

Criteria	Total
Financial sector companies listed on the Indonesia Stock Exchange (IDX) from 2022 to 2024.	315
Companies that did not publish annual financial reports during the study period.	(75)
Companies for which complete data on total assets, net income, total liabilities, total equity, and IT governance disclosure items are available.	(12)
Sample Size	228

Source(s): Authors' Own Work

3.3. Variables, Measurement, and Data Analysis

The following table summarizes the operational definitions and measurement techniques used for each variable in this study.

Table 2. Variable Operational Definitions

Variable	Definition	Measurement
<i>IT Governance Disclosure (ITGD)</i>	IT governance disclosures describe the amount of information disclosed regarding IT governance practices.	$ITGD = \frac{\sum \text{items disclosed}}{\sum \text{total items that should have been disclosed}}$ (Weli, 2020).
Profitability (PROF)	A ratio that measures a company's profitability.	$ROA = \frac{\text{Net Profit After Tax}}{\text{Total Assets}}$ (Indrati & Aulia, 2022).
Leverage (LEV)	A ratio that shows the comparison between total debt and total equity to assess a company's level of reliance on debt financing.	$DER = \frac{\text{Total Debt}}{\text{Total Equity}}$ (Abadi et al., 2019).
Firm Size (SIZE)	A measure of a company's size based on the total assets it holds.	$\ln = (\text{Total Assets})$ (Hapsari & Prasetyo, 2020).

Source(s): Authors' Own Work

Table 3. IT Governance Disclosure Measurement Items

No	Disclosure Criteria	IT Governance Disclosure Items
1	Responsibilities of the board of directors	- Information about the IT governance framework within the company's structure. - IT governance is part of the plan to be implemented by the Board of Directors.

Table 3. IT Governance Disclosure Measurement Items (Continued)

No	Disclosure Criteria	IT Governance Disclosure Items
2	Aligning IT strategies with company performance and objectives	• Integration between IT strategy, corporate strategy, and business processes. • A progressive definition of IT value. • Maintenance and validation of the implementation of IT-related aspects. • Consideration of the potential negative impacts of implementing IT solutions on the business environment within the company. • The process of identifying and capitalizing on opportunities to improve a company's performance and sustainability by leveraging IT.
3	IT governance framework management	• Delegation of the implementation of IT governance structures, processes, and mechanisms to management. • Appointment of an IT management committee or other committee to assist IT management. • Appointment of a CIO by the CEO as the person responsible for managing IT-related matters.
4	Monitoring and evaluation of activities related to significant IT investments	• The amount of spending on IT. • The value and benefits derived from IT spending. • Monitoring the distribution of value and monitoring the benefits derived from IT investments.
5	IT risk management	• IT-related risks in corporate risk management activities. • Compliance with regulations, codes of conduct, and IT standards. • Periodic management reports to the Board of Directors. • Statement of the IT security plan and policy implementation.
6	Effective management of IT assets	• Management of personal information with adequate security measures. • Insurance for the implementation of information security systems. • Approval of the information security strategy. • Statement on the implementation of IT project oversight.
7	Guiding the audit committee and management team	• IT-related risk committee oversight. • Assurance of the effectiveness of IT controls. • The audit committee's consideration of IT in financial reports. • Audit considerations to improve scope and efficiency.

Source: Adapted from [Weli \(2020\)](#).

The dependent variable, IT Governance Disclosure, is defined as the extent of information companies disclose about their IT governance practices. The measurement framework is adapted from [Weli \(2020\)](#) and consists of 7 disclosure criteria and 25 IT governance disclosure items. This framework was developed based on the King III Report and is aligned with the standards of the Information Systems Audit and Control Association (ISACA).

The disclosure level was measured by evaluating the presence of each item in the annual report; a score of 1 was assigned if the information was available, and 0 if it was not. The final index is then calculated based on the ratio of the total number of disclosed items

to the maximum score of 25. To maintain data integrity, the manual content analysis is cross-checked using automated keyword searches. This process focuses on strategic alignment, risk management, and cybersecurity disclosures in accordance with ISACA and King III principles.

The independent variables in this study include firm size, profitability, and leverage. Firm size is calculated using the natural logarithm of total assets to normalize the data distribution. Profitability is measured by Return on Assets (ROA) to assess management efficiency, while leverage is proxied by the Debt-to-Equity Ratio (DER) to describe the company's financial risk profile. All financial data were obtained from audited annual reports and the Indonesia Stock Exchange (IDX) database.

To test the relationship between these variables, the regression model used in this study was formulated as follows:

$$ITGD = \beta_0 + \beta_1 SIZE + \beta_2 PROF + \beta_3 LEV + e \dots\dots\dots(1)$$

Notes:

ITGD = *IT Governance Disclosure*

SIZE = Firm Size

PROF = Profitability

LEV = Leverage

β_0 = Constant

β_1 - β_3 = Regression coefficients for each independent variable

e = Error term

4. Results and Discussion

Descriptive statistical analysis was used to clarify the characteristics of the research variables, including the sample size (N), mean, standard deviation, maximum, and minimum values that describe the data distribution (Ghozali, 2018). Based on calculations using SPSS 22, the descriptive statistics for the 228 research samples are as follows:

Table 4. Results of Descriptive Statistical Analysis

Var	N	Min	Max	Mean	Std. Dev
Profitability	228	-37,5200	29,7000	,720833	6,9534025
Leverage	228	0,0002	13,5600	2,667671	2,6021510
Firm Size	228	6,2100	27,8000	15,377851	4,0236066
<i>IT Governance Disclosure</i>	228	0,0400	1,0000	0,720000	0,2347442

Source(s): Authors' own work

The descriptive statistics show that the profitability variable (PROF) exhibits high variability, with a standard deviation that far exceeds its mean. In contrast, the leverage variable (LEV) and firm size variable (SIZE) tend to be stable, with a more even distribution of data across the sample of firms. Meanwhile, the IT Governance Disclosure (ITGD) variable recorded an average of 0.7200, which indicates that, in general, the sample companies have disclosed approximately 72% of the IT governance items based on the framework developed by Weli (2020). Overall, despite fluctuating financial performance, companies in Indonesia's financial sector demonstrate a fairly high level of consistency in IT governance transparency and compliance with international standards.

The regression model in this study met all classical assumption criteria prior to hypothesis testing. The results of the normality test indicated that the data were normally

distributed, with a Kolmogorov-Smirnov value of $0.073 > 0.05$. The multicollinearity test confirmed the absence of relationships among the independent variables, with tolerance values above 0.10 and VIF values below 10. Additionally, the model was found to be free of heteroscedasticity, as all independent variables were significant at the 0.05 level. Finally, the autocorrelation test yielded a Durbin-Watson value of 2.045, which meets the criterion $dU < dW < 4-dU$ ($1.810 < 2.045 < 2.190$), thus confirming that there is no autocorrelation issue in the model. With all these conditions met, this regression model is deemed valid and suitable for use in the research analysis.

To test the research hypothesis, a multiple linear regression analysis was conducted, and the results are summarized in Table 5. Overall, this model shows significant results based on the model fit test (F-statistic) and demonstrates strong explanatory power as indicated by the Adjusted R^2 value. Details regarding the direction of the relationship and the level of significance for each variable are described as follows:

Table 5. Regression Analysis Results

Variable	Coefficient	T-Stat	Sig
Profitability (PROF)	0,0100	7,228	0,000***
Leverage (LEV)	0,0480	10,754	0,000***
Firm Size (SIZE)	0,0110	3,511	0,001***
F-Stat	71,4380		
Sig. F	0,000***		
Adjusted R^2	0,483		

Source(s): Authors' own work

Note: Coefficient significant at *** p-value < 0.05 .

A model fit test (goodness-of-fit) was conducted to assess the regression model's accuracy in predicting the dependent variable. Based on the data analysis results in Table 5, the ANOVA significance value (0.000) was < 0.05 , confirming that the research model is suitable for use. Consistent with these results, the Adjusted R^2 value was 0.483, indicating that profitability, leverage, and firm size account for 48.3% of the variation in IT governance disclosure, with the remaining 51.7% explained by other variables outside this research model.

Based on the results of the regression analysis in Table 5, the three independent variables Profitability, Leverage, and Firm Size were found to have a positive and significant effect on IT Governance Disclosure. This is indicated by the significance values for each variable, which are all < 0.05 , and by the regression coefficients, which are 0.010, 0.048, and 0.011, respectively. These results indicate that improvements in a company's ability to generate profits, its debt utilization, and the scale of its operations will consistently drive greater transparency in its IT governance disclosures.

4.1. Profitability and IT Governance Disclosure

According to the regression results in Table 5, profitability has a significant positive effect on the level of information technology governance disclosure. These results are consistent with the first hypothesis, which posits that profitability positively affects information technology governance disclosure. The same results were also found in the study conducted by [Weli \(2020\)](#) and are further supported by research within the broader scope of voluntary disclosure, such as in the studies by [Elfeky \(2017\)](#), [Indrati and Aulia \(2022\)](#), [Insani and Ihsan \(2024\)](#), [Ivone and Chandra \(2021\)](#), and [Maryana and Carolina \(2021\)](#).

Signaling theory posits that companies with high profitability will disclose more information to send positive signals to the market, thereby increasing their stock prices and value. This aligns with Dahiyat (2020), who states that high profits indicate promising prospects and strong financial performance to investors, leading the company to disclose extensive information in its annual report. Companies with high profitability strive to send positive signals about IT governance, emphasizing efficiency and effectiveness in managing information technology-based business processes (Weli, 2020).

4.2. Leverage and IT Governance Disclosure

The second hypothesis states that leverage, as proxied by the debt-to-equity ratio (DER), has a positive effect on IT governance disclosure. The results of this study indicate a significant positive effect of the leverage variable on IT governance disclosure; therefore, the second hypothesis is accepted. These findings are consistent with previous studies that have examined voluntary disclosure in a broader context Elfeky (2017), Gunawan and Sjarief (2022), Haddad et al. (2020), and Hendi and Dharmawa (2021).

Companies with high debt ratios tend to voluntarily disclose more information to reassure their creditors and extend or maintain the terms of their debt contracts. Furthermore, companies bound by large debt contracts are often required to comply with various restrictions in the debt agreements, and to demonstrate such compliance, they must disclose more information than is required (Elfeky, 2017). Based on the examined leverage data, the majority of companies experienced an increase in leverage, in line with the trend in IT governance disclosures, which, for the most part, also showed an increase and stability. This condition indicates that increased leverage encourages companies to strengthen transparency through IT governance disclosures to respond to the demands of creditors and other external parties.

4.3. Firm Size and IT Governance Disclosure

Based on the regression results in Table 5, firm size has a significant positive effect on IT governance disclosure. This is consistent with the third hypothesis, which posits that firm size positively affects IT governance disclosure. This finding is consistent with the research by Weli (2020) and is supported by a number of studies on voluntary disclosure more broadly, such as Gunawan and Sjarief (2022), Haddad et al. (2020), Hendi and Dharmawa (2021), Indrati and Aulia (2022), Insani and Ihsan (2024), Nakai and Yoshida (2025), Sekarini and Setiadi (2021), and Widayawati et al. (2020).

Large companies are interested in attracting investors' attention by providing more extensive disclosures (Nandi & Ghosh, 2013). Signaling theory posits that higher-quality companies will be motivated to send positive signals to external parties by disclosing relevant information in order to reduce information asymmetry between management and investors. Therefore, larger companies are expected to send stronger signals through higher levels of IT governance disclosure. Additionally, through the use of IT, large companies have greater capacity for innovation than small companies (Oliveira & Martins, 2011).

5. Conclusion

Based on the results of data processing and analysis regarding the influence of profitability, leverage, and firm size on IT Governance Disclosure in financial sector companies listed on the IDX for the 2022–2024 period, it can be concluded that all three variables have a positive and significant influence. Profitability indicates that the higher a

company's profitability, the more extensive its IT governance disclosures are as a form of transparency toward stakeholders. Leverage also has a positive and significant effect, indicating that the higher a company's debt level, the greater the incentive to enhance IT Governance Disclosure to assure creditors and investors. Additionally, firm size has a positive and significant effect on IT Governance Disclosure, indicating that larger firms tend to engage in broader and more consistent IT Governance Disclosure than smaller firms.

The results of this study theoretically indicate that profitability, leverage, and firm size are factors influencing IT governance disclosure among financial sector companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 period. These findings also support signaling theory, which posits that companies tend to convey positive information to external parties through more extensive disclosures as signals of their condition and performance.

In practical terms, the findings of this study imply that companies should not only focus on financial performance but also improve the quality of their IT governance disclosures to enhance transparency toward stakeholders, particularly regarding risk management and the use of information technology. For investors, IT Governance Disclosure can serve as a key consideration in investment decision-making, as companies with higher profitability, leverage, and size, coupled with robust IT governance disclosures, demonstrate a commitment to transparency and risk management.

However, this study has several limitations: the sample consists solely of companies from the financial sector and therefore does not represent all companies listed on the Indonesia Stock Exchange, the measurement of IT governance disclosure remains narrative in nature and thus does not fully reflect the quality of disclosure, and the study period is relatively short, spanning three years (2022–2024).

Given these limitations, future research is recommended to expand the scope of the study to sectors outside the financial sector to ensure more generalizable results, to use an IT Governance Disclosure measurement that assesses not only the presence of disclosures but also the quality of the information provided, and to extend the study period to ensure that the results obtained are more robust and representative.

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