

ABSTRACT

This paper aims to investigate the relationship between business strategy and readability in Indonesia. This study is conducted using sample of 681 firm-year observations from the firms listed in Indonesia Stock Exchange (IDX) between 2010-2017 period. Data are processed using ordinary least square regression to establish the analysis result. This study finds that business strategy has positive relationship with annual report readability. This suggests that firms with more complex strategy produce less readable annual report while firms following less complex strategy generate more readable annual report. Results of this study shows that business strategy affects annual report readability and offers new insight for policy makers, investors, auditors and other stakeholder on whether they would need to consider a firm's business strategy in understanding annual report in regards of decision making.

Keywords Business strategy, readability, firm performance