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## THE EFFECT OF FINANCIAL PERFORMANCE AND GOOD CORPORATE GOVERNANCE ON SUSTAINABILITY REPORT DISCLOSURE

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### ABSTRACT

Many social and environmental problems are caused by the operational activities of companies, especially those in the mining sector. Therefore, companies must be responsible for the environment in which they operate and then disclose this in their sustainability reports. This study aims to determine the effect of profitability, leverage, company size, board of commissioners, and institutional ownership on sustainability report disclosure. This research is a quantitative research. The population of this study is mining sector companies listed on the Indonesia Stock Exchange for the period 2020-2022, with a total population of 63 companies. The sampling technique for this study used a purposive sampling method and obtained 18 companies multiplied by the research period of 3 years, resulting in a total sample of 54 sample data. This study uses secondary data obtained from the annual reports and sustainability reports of mining sector companies listed on the Indonesia Stock Exchange for the period 2020-2022. The analytical model used in this study is multiple linear regression analysis. The results of this study indicate that company size has a significant positive effect on sustainability report disclosure. Meanwhile, profitability, leverage, board of commissioners, and institutional ownership do not have a significant effect on sustainability report disclosure.

**Keywords:** Financial Performance, Good Corporate Governance, Sustainability Report

### INTRODUCTION

Companies are established with the goal of generating the highest possible profits to ensure their survival and enhance the prosperity of all parties involved. However, this goal can lead to intense competition between companies, potentially leading to the exploitation of natural resources for maximum profit and stakeholder needs (Setyaningsih et al., 2024). Consequently, many parties, particularly the communities and the environment surrounding the company, suffer losses. Companies are responsible for addressing social and environmental impacts through sustainability reporting.

A sustainability report is a report published by a company regarding the economic, environmental, and social impacts resulting from its activities (Meutia & Titik, 2019). A sustainability report consists of three components of a company's performance, known as the triple bottom line: economic, environmental, and social. This concept explains that if a company wants its business to continue, it must address the 3Ps: not only prioritizing profit as its primary goal but also contributing to social (people) and environmental (planet) outcomes.

Companies must disclose sustainability reports and address the environmental and social conditions surrounding them. This is because over time, the public has begun to recognize the social and environmental impacts of corporate activities and are demanding that these issues be addressed. Mining operations cause nearly 70% of environmental damage in Indonesia. One example is the environmental damage in the Mimika region, Central Papua, due to the careless disposal of tailings by PT Freeport Indonesia. These activities have damaged coastal areas, rivers, and several islands in Mimika, resulting in the loss of the Ajikwa River Estuary, Puriri Island, and Bidadari Island. and Kelapa Island and Yapero Island.

Additional examples of the negative impacts caused by PT Vale Indonesia's nickel mining in Kuari Hamlet, Asuli Village, Towut District, particularly in the Ferrari Hiels area. These

impacts include the loss of livelihoods and sources of income for farmers in Asuli Village and other villages due to land clearing for plantations. A landslide at PT Vale Indonesia's nickel mine in 2022 disrupted community activities.

Community activities were halted, and mud contaminated the community's raw water sources. Other impacts, such as acute respiratory infections (ARI), were also caused by dust from the coal combustion at the Captive Power Plant (PLTU) used for nickel mining operations.

Sustainability report disclosure can be influenced by several indicators. The more indicators disclosed in a sustainability report, the better the quality of the disclosure (Liana, 2019). Previous studies have shown that financial performance and corporate governance can influence sustainability report disclosure. Financial performance can be measured using indicators such as profitability, debt, and company size. Good corporate governance can be measured using board ownership and institutional ownership. Institutional ownership and board ownership are components of company ownership.

Financial performance is the first component suspected of influencing sustainability report disclosure. Financial performance is determined by how well management manages a company's assets over a specific period. In this study, financial performance is measured using three indicators: profitability, debt, and company size, which indicate how successful a business is based on its financial activities.

The second factor that can impact Sustainability Report Disclosure is Good Corporate Governance (Putri & Rochayatun, 2024). Good corporate governance is a framework and practices implemented in the management and oversight of a company. Good corporate governance aims to create a transparent, accountable, ethical, and stakeholder-oriented business environment. In this study, good corporate governance is measured using the board of commissioners and institutional ownership.

In Indonesia, research on sustainability report disclosure has recently increased rapidly, but some studies have shown conflicting results. This study replicates and updates a study conducted by (Safitri & Saifudin, 2019). The differences between this study and (Safitri & Saifudin, 2019) study lie in the measurement of the dependent variable, modification of the independent variables, the research object, and the year of the study. The study by (Safitri & Saifudin, 2019) used dichotomous variables, as seen from the logistic regression analysis used. However, the dependent variable in this study was calculated by dividing the number of points disclosed in the sustainability report by the total points in the sustainability report, which was calculated based on the Global Reporting Initiative Standards (GRI Standards) indicators. Another difference lies in the board of directors variable. The study by (Safitri & Saifudin, 2019) determined the board of directors variable based on the number of board members, while this study determined the board of directors variable based on the number of board meetings. This study covers mining companies listed on the Indonesia Stock Exchange from 2020 to 2022.

## LITERATURE REVIEW

### Stakeholder Theory

Stakeholder theory is one of the most commonly used concepts in sustainability reporting research. The Stanford Research Institute first defined stakeholders as individuals capable of supporting the survival of an organization in 1963 (Amalia & Daljono, 2021). Stakeholders are individuals or groups that influence or are influenced by an organization's goals or play a vital role in its continuity.

### Legitimacy Theory

The concept, known as legitimacy theory, is based on the social contract that exists between companies and the communities in which they operate and utilize economic

resources (Ghozali & Chariri, 2014). Legitimacy theory states that organizations will continue to operate in accordance with prevailing social norms and values within the company's environment to gain recognition and acceptance from society (Adhipradana & Daljono, 2014).

### **Agency Theory**

Agency theory is the foundation of the corporate management system known as corporate governance (Diono & Prabowo, 2017). This concept was first formulated by Jensen & Meckling, 1976. An agency relationship is defined as a relationship in which a principal employs an agent to manage the company, make decisions, and provide information to the principal (Marsuking, 2020).

### **Sustainability Report Disclosure**

A tool for fulfilling business commitments is the sustainability report, which reports on a company's performance across three components: social, economic, and ecological (Khafid & Mulyaningsih, 2015). According to this study, sustainability report disclosure refers to disclosures used to inform all stakeholders about a business's performance in economic, social, and ecological aspects with the goal of achieving sustainable development (Handayati et al., 2025).

### **Financial Performance**

Financial performance is determined by how well management manages a company's assets over a specific period. Financial performance is crucial for assessing a company's success based on its financial activities. Companies with good financial performance will strive to provide more comprehensive disclosures to meet investor and creditor expectations (Safitri & Saifudin, 2019). Profitability, leverage, and company size are three indicators used to measure financial performance in this study.

### **Profitability**

Profitability is a ratio that describes a business's ability to generate profits from all available resources through the use of assets, sales, and capital (Putri et al., 2022). According to (Sartono, 2010) profitability can be calculated using metrics such as Return on Equity (ROE), Return on Assets (ROA), Gross Profit Margin, and Net Profit Margin.

### **Leverage**

Leverage is a ratio that shows how well a company meets its long-term obligations (Meutia & Titik, 2019). The leverage ratio, also known as the ratio of total debt to average shareholders' equity, is used to calculate how much of an asset is financed by debt. According to (Rudianto, 2013), the leverage ratio can be calculated using the Debt to Equity Ratio (DER), Debt to Total Asset Ratio (DAR), and Equity to Total Asset Ratio (EAR).

### **Company Size**

Hitchner, as cited in (Liana, 2019), states that company size is divided into four categories: large firms, medium-sized firms, small firms, and micro-enterprises. Essentially, company size indicates the size of a company. Several methods for measuring company size include revenue, profits, total assets, number of employees, tax burden, and other factors.

### **Good Corporate Governance (GCG)**

The framework and practices used in the management and oversight of a company are known as Good Corporate Governance (GCG). Building a business environment that is transparent, accountable, ethical, and aligned with stakeholder interests is the goal of GCG. The board of directors and institutional ownership are used to measure GCG in this study.

### **Board of Commissioners**

According to Law No. 40 of 2007, the supervisory board is a part of a company that carries out general and/or specific supervision in accordance with the organization's articles of association and is tasked with providing advice to the board of directors. The supervisory board is also one of the most important mechanisms in company management.

### **Institutional Ownership**

Institutional ownership refers to the ownership of company shares held by other entities (Hery, 2012). Large businesses such as banks, pension funds, insurance companies, investment funds, or other financial institutions own shares in a company, which is referred to as institutional ownership.

## **HYPOTHESIS**

### **The Effect of Profitability on Sustainability Report Disclosure**

Companies with high profitability typically have greater financial resources, allowing them to allocate more resources to social and environmental responsibility programs and disclosures. Consequently, the greater a company's profitability, the more resources are devoted to social and environmental activities, which translates into more information being disclosed in its sustainability report (Meutia & Titik, 2019).

This aligns with research by (Yanthi et al., 2021) and (Kristianingrum et al., 2022), which shows that profitability influences sustainability report disclosure.

Based on the previous explanation, the hypothesis of this study is:

**H<sub>1</sub>: Profitability is expected to have a significant positive effect on sustainability report disclosure.**

### **The Effect of Leverage on Sustainability Report Disclosure**

According to (Dewi & Nahar, 2020), leverage is a metric used to measure business performance and determine the extent to which debt finances a company's assets. Companies with numerous obligations to external parties, such as creditors, may attempt to improve their reputation by consistently publishing Sustainability Reports, even if only a small amount. This demonstrates that they are running their business properly. This aligns with research by (Liana, 2019) and (Indrianingsih & Agustina, 2020), which showed that leverage negatively impacts Sustainability Report Disclosure.

Leverage is a metric used to measure business performance and determine the extent to which debt finances a company's assets (Dewi & Nahar, 2020). Companies with numerous obligations to external parties, such as creditors, may attempt to improve their reputation by consistently publishing Sustainability Reports, even if only a small amount. This demonstrates that they are running their business properly. This aligns with research by (Liana, 2019) and (Indrianingsih & Agustina, 2020) which showed that leverage negatively impacts Sustainability Report Disclosure.

Based on the explanation above, the hypothesis of this study is:

**H<sub>2</sub>: Leverage is suspected to have a negative effect on Sustainability Report Disclosure.**

### **The Effect of Company Size on Sustainability Report Disclosure**

The scale used to determine a company's size is called company size (Aliyah et al., 2022). This aligns with legitimacy theory, which states that for companies to be accepted by society, they must act in accordance with societal norms. This allows companies to demonstrate to the public that they conduct business responsibly and improves public perception of the company (Indrianingsih & Agustina, 2020). This aligns with research by (Sofa & Respati, 2020) and (Gunawan & Sjarief, 2022), which shows that company size increases Sustainability Report Disclosure.

Based on the explanation above, the hypothesis of this study is:

**H<sub>3</sub>: Company size is suspected to have a significant positive effect on**

**Sustainability Report Disclosure.**

**The Influence of the Board of Commissioners on Sustainability Report Disclosure**

The board of commissioners is the body responsible for advising and overseeing the board of directors (Fahrudin & Subadriyah, 2020). Management decisions are evaluated during regular board meetings, and board oversight increases with the number of meetings. Consequently, this oversight can encourage companies to disclose broader information through social and environmental engagement.

Therefore, board oversight becomes more effective with the number of board meetings, leading to more comprehensive disclosure of social and ecological information in sustainability reports (Adhipradana & Daljono, 2014). This is in line with research by (Aliniar & Wahyuni, 2017) and (Suharyani et al., 2019), which found that the board of commissioners increases the level of Sustainability Report Disclosure.

Based on the explanation above, the hypothesis of this study is:

**H<sub>4</sub>: The board of commissioners has a significant positive influence on Sustainability Report Disclosure.**

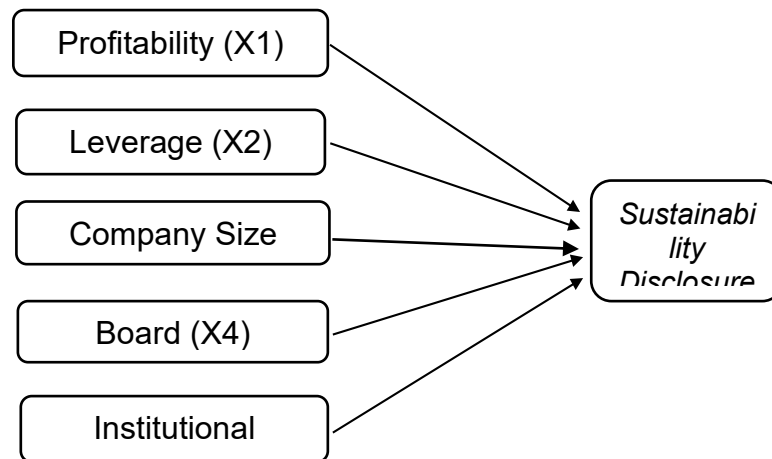
**The Influence of Institutional Ownership on Sustainability Report Disclosure**

Companies with high institutional involvement can assume social and ecological responsibility by disclosing comprehensive and transparent environmental sustainability reports. This aligns with agency theory, which states that Sustainability Report Disclosure is designed to avoid information asymmetry between agents and principals. The report is expected to reduce this asymmetry. The greater the ownership of a company, the greater the voice and incentives it provides to track its management's performance in disclosing its social and environmental responsibilities. This suggests that high institutional ownership can improve the quality of Sustainability Report Disclosure (Aliniar & Wahyuni, 2017).

This aligns with research conducted by (Aliniar & Wahyuni, 2017) and (Yanthi et al., 2021), which shows that institutional ownership improves the quality of Sustainability Report Disclosure.

Based on the previous presentation, the hypothesis of this study is:

**H<sub>5</sub>: Institutional ownership has a significant positive effect on Sustainability Report Disclosure.**



**Figure 1. Conceptual Framework**  
Source: Processed Data (2025)

**METHODS**

**Research Type and Approach**

This research is a descriptive study using a quantitative approach. The objective is to investigate how independent variables, consisting of profitability, leverage, company size,

board of commissioners, and institutional ownership, relate to Sustainability Report Disclosure.

### Research Population and Sample

The population of this research includes all mining companies listed on the Indonesia Stock Exchange (IDX) from 2020 to 2022. A purposive sampling method was used to collect a representative sample based on the following criteria: (1) Mining companies listed on the Indonesia Stock Exchange (IDX) for the 2020-2022 period, (2) Mining companies that published annual reports from 2020 to 2022, (3) Mining companies that published consecutive sustainability reports during the 2020-2022 period.

**Table 1. Sampling Calculation**

Description	Amount
Population: Mining Companies Listed on the IDX for the 2020-2022 Period	63
Companies that do not meet the criteria:	
1. Mining companies that did not publish annual reports for the 2020-2022 period	(7)
2. Mining companies that did not publish sustainability reports consecutively for the 2020-2022 period	(38)
<b>Number of Companies</b>	<b>18</b>
Year of Study	3
<b>Total Research Sample</b>	<b>54</b>

Source: Processed Data (2024)

### Variables and Operational Definitions

This study examines Sustainability Report Disclosure as the dependent variable and five independent variables: Profitability, Leverage, Company Size, Board of Commissioners, and Constitutional Ownership. The operational definitions of each variable are as follows:

**Table 2. Variables and Operational Definitions**

Variable	Operational Definitions	Formula
<i>Sustainability Disclosure Report</i>	Disclosures are used to inform all stakeholders about the company's performance in terms of economic, social and environmental aspects in realizing sustainable development..	$SRDI = \frac{\text{Jumlah Item yang Diungkapkan}}{\text{Jumlah Item yang Diharapkan}}$
Profitability ( $X_1$ )	the ratio used to determine a company's ability to generate profits that can increase shareholder value.	$ROA = \frac{\text{Laba Bersih Setelah Pajak}}{\text{Total Aset}}$
Leverage ( $X_2$ )	A ratio that shows how a company meets its long-term obligations.	$DER = \frac{\text{Total Hutang}}{\text{Total Ekuitas}}$
Company Size ( $X_3$ )	a measure that can be used to determine how big or small a company is.	$\text{Size} = \ln \text{Total Asset}$
Board ( $X_4$ )	The body tasked and responsible for supervising and providing advice to the board of directors.	$\text{Ukuran Dewan Komisaris} = \text{Jumlah Rapat Komisaris}$
Institutional Ownership ( $X_5$ )	Ownership of shares in a company by institutional investors.	$KI = \frac{\text{Jumlah Lembar Saham Institusion}}{\text{Total Saham beredar}}$

Source: Processed Data (2024)

**Descriptive Statistical Analysis**

Descriptive statistical analysis was conducted to examine the relationships between the variables used in the study, taking into account the data volume, minimum value, maximum value, mean value, and standard deviation of each variable.

**Classical Assumption Test**

Classical assumption tests were conducted to test for residual normality, heteroscedasticity, multicollinearity, and autocorrelation in linear regression. Classical assumption tests are used to determine whether the data used meets the requirements of the regression model. The classical assumption tests that must be met include the normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test.

**Multiple Linear Regression Analysis**

This study used multiple linear regression analysis. This analysis is useful for determining the effect of two or more independent variables on the dependent variable. This is achieved by using a ratio interval scale in a linear equation. Multiple linear regression analysis in this study is useful for determining whether sustainability report disclosure impacts debt, company size, board of directors, and institutional ownership. For example, the regression analysis model used in this study can be formulated as follows:

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + e.....(1)$$

**RESULTS**

**Descriptive Statistical Analysis**

**Table 4. Descriptive Statistical Analysis Results**

	N	Minimum	Maximum	Mean	Std. Deviation
Profitability	54	-,10	,45	,0628	,09971
Leverage	54	-3,27	24,85	1,5950	3,51228
Company Size	54	19,84	25,80	23,5778	1,44361
Board	54	3,00	34,00	7,8148	5,86024
Institutional Ownership	54	,18	,96	,6163	,22292
Sustainability Report	54	,13	,96	,4774	,24451
Valid N (listwise)	54				

**Source: Secondary data processed by SPSS 25 (2024)**

To determine the relationship between the variables used in the study, a descriptive statistical analysis was conducted, considering the data volume, minimum and maximum values, mean values, and standard deviations for each variable. This analysis was applied to the research variables, including Sustainability Report Disclosure, Profitability, Leverage, Company Size, Board of Commissioners, and Institutional Ownership. The results of the descriptive statistical analysis are presented on Table 4.

Information regarding the data volume, minimum, maximum, mean, and standard deviation values for each variable analyzed in this study is presented in the descriptive statistical analysis table above. Further details regarding each variable are presented as follows:

**Profitability**

The profitability variable in this study is proxied by Return on Assets (ROA), which is calculated by comparing net profit to the company's total assets. Of the 54 companies studied, the minimum profitability value was -0.10, which was achieved by PT Bumi Resources Tbk (BUMI) in 2020. The maximum value was 0.45, which was achieved by PT Indo Tambangraya Megah Tbk (ITMG) in 2022. The average profitability value was

0.0628, with a standard deviation of 0.09971. The standard deviation of profitability was greater than the average, at  $0.09971 > 0.0628$ .

### **Leverage**

The leverage variable in this study was represented by the Debt to Equity Ratio (DER), which compares the company's total liabilities to its total equity. Of the 54 companies studied, the minimum leverage value was -3.27, held by PT Wilton Makmur Indonesia Tbk (SQMI) in 2020. The maximum value was 24.85, held by PT Bumi Resources Tbk (BUMI) in 2020. The average leverage value was 1.5950, with a standard deviation of 3.51228. The standard deviation of leverage was greater than the average value, at  $3.51228 > 1.5950$ .

### **Company Size**

In this study, the company size variable is proxied by the natural logarithm of total assets, which indicates the size of the company in terms of its assets. Based on the data from 54 companies studied, the minimum company size of 19.84 was held by PT Wilton Makmur Indonesia Tbk (SQMI) in 2020. The maximum value of 25.80 was held by PT Adaro Energy Tbk (ADRO) in 2022. The average company size was 23.5778, with a standard deviation of 1.44361. The standard deviation of company size was smaller than the average, at  $1.44361 < 23.5778$ .

### **Board of Commissioners**

In this study, the board of commissioners variable is proxied by the frequency of meetings held by board members over a one-year period. Of the 54 companies studied, the minimum board of commissioners meeting frequency was 3.00, held by PT Merdeka Copper Gold Tbk (MDKA) in 2020. The maximum value was 34.00, held by PT Indal Aluminum Industry Tbk (INAI) in 2020. The average board of commissioners meeting frequency was 7.8148, with a standard deviation of 5.86024. The standard deviation of board of commissioners meetings was smaller than the average, which was  $5.86024 < 7.8148$ .

### **Institutional Ownership**

In this study, the institutional ownership variable is proxied by the frequency of meetings held by board of commissioners members within a one-year period. Of the 54 companies studied, the minimum institutional ownership value was 0.18, held by PT Gunung Raja Paksi Tbk (GGRP) in 2022. The maximum value was 0.96, held by PT TBS Energi Utama Tbk (TOBA) in 2020. The average institutional ownership value was 0.6163, with a standard deviation of 0.22292. The standard deviation of institutional ownership was smaller than the average, at  $0.22292 < 0.6163$ . This indicates that the distribution of institutional ownership data among mining companies listed on the Indonesia Stock Exchange (IDX) for the 2020-2022 period is good and there are no significant deviations.

### **Sustainability Report Disclosure**

47.74% of companies, or 26 companies, have published sustainability reports during 2020-2022. Meanwhile, 28 companies, representing 52.26% of the total sample, did not publish sustainability reports. The descriptive analysis showed that the standard deviation of Sustainability Report Disclosure was smaller than the mean, at  $0.24451 < 0.4774$ .

### **Classical Assumption Test**

The classical assumption test was conducted to ensure that the data used met the requirements of the regression model. Several classical assumption tests that must be met include the normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. The following are the results of the classical assumption test:

### Normality Test

In this study, a normality test was conducted using the One Sample Kolmogorov-Smirnov statistical test to determine whether the residual values of the research variables were normally distributed.

**Table 5. Normality Test Result One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		54
Normal Parameters <sup>a,b</sup>	Mean	,0000000
	Std. Deviation	,17087122
Most Extreme Differences	Absolute	,059
	Positive	,059
	Negative	-,038
Test Statistic		,059
Asymp. Sig. (2-tailed)		,200 <sup>c,d</sup>

**Source: Processed Data (2024)**

Based on Table 5 above, the One-Sample Kolmogorov-Smirnov test shows a test statistic value of 0.059 and an Asymp.Sig. value (2-tailed) of 0.200. The residual significance value is greater than 0.05 ( $0.200 > 0.05$ ), thus concluding that the 54 data in this study are normally distributed.

### Multicollinearity Test

To detect the presence of multicollinearity, the tolerance value and Variance Inflation Factor (VIF) can be examined. If the tolerance value is  $> 0.10$  and the VIF value is  $< 10$ , multicollinearity is not present. The results of the multicollinearity test in this study are as follows:

**Tabel 6. Normality Test Results Coefficients<sup>a</sup>**

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Profitability	,607	1,648
Leverage	,820	1,220
Company Size	,572	1,748
Board	,875	1,142
Institutional Ownership	,800	1,250

**Source: Processed Data (2024)**

The test results indicate that all independent variables have a tolerance value  $> 0.10$  and a VIF value  $< 10$ . Thus, it can be concluded that the regression model used in this study is appropriate because there is no multicollinearity among the independent variables.

### Heteroscedasticity Test

Based on the heteroscedasticity test results in Table 7, the significance value for profitability is 0.288, leverage is 0.285, company size is 0.310, board of commissioners is 0.822, and institutional ownership is 0.643. This indicates that heteroscedasticity does not occur because each independent variable has a significance coefficient value greater than 0.05.

**Table 7. Heteroscedasticity Results with Glejser Test Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1	(Constant)	-,166	,312		-,532	,597
	Profitability	-,188	,175	-,195	-1,075	,288
	Leverage	-,005	,004	-,169	-1,081	,285
	Company Size	,013	,012	,192	1,026	,310
	Board	,001	,002	,034	,227	,822
	Institutional Ownership	,032	,068	,074	,466	,643

a. Dependent Variable: ABS\_RES

Source: Secondary data processed in SPSS 25 (2024)

#### Autocorrelation Test

In the regression model, an autocorrelation test is conducted to determine whether there is a correlation between the current period's error (t) and the previous period's error (t1). To determine the presence or absence of autocorrelation, the Durbin-Watson test (DW) can be used. If  $du < d < 4 - du$ , there is no autocorrelation. The following table shows the results of the autocorrelation test:

**Tabel 8. Autocorrelation Test Before Transformation Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,715 <sup>a</sup>	,512	,461	,17955	1,606

a. Predictors: (Constant), Board of Commissioners, Institutional Ownership, Profitability, Leverage, Company Size

b. Dependent Variable: Sustainability Report

Source: Secondary data processed in SPSS 25 (2024)

The Durbin-Watson test calculation shows a value of 1.606. The table value uses a significance level of 0.05 (5%) with a total sample of 54 ( $n = 54$ ) and 5 independent variables ( $k = 5$ ). Based on the Durbin-Watson table, the lower limit (dl) value is 1.3369 and the upper limit (du) is 1.7684. Because the value of 1.606 lies between the dl and du ( $1.3369 \leq 1.606 \leq 1.7684$ ), the results indicate uncertainty regarding the existence of autocorrelation.

To address this issue and ensure that the regression model meets the autocorrelation-free assumption, researchers performed a transformation using the Cochrane-Orcutt method. The initial step was to transform the variables into lagged form, then rerun the linear regression based on the transformation results. The following are the results of the autocorrelation test after the transformation:

**Table 9. Autocorrelation Test After Transformation Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,694 <sup>a</sup>	,482	,427	,17672	1,937

Source: Processed Data (2024)

Based on the results of the autocorrelation test after transformation, as shown in Table 9, the Durbin-Watson value was 1.937. This value indicates that after applying the Cochran-Orcutt method, no autocorrelation was found in the data.

**Multiple Linear Regression Analysis**

The results of the multiple linear regression analysis were used to determine whether sustainability report disclosure was influenced by profitability, leverage, company size, board of commissioners, and institutional capacity. The results of the multiple linear regression analysis are shown in the following table 10.

**Table 10. Results of Multiple Linear Regression Analysis Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1 (Constant)	-1,470	,511			-2,878	,006
LAG_X1	,656	,327	,278		2,009	,050
LAG_X2	-,005	,008	-,074		-,646	,521
LAG_X3	,093	,025	,507		3,637	,001
LAG_X4	,007	,005	,168		1,515	,136
LAG_X5	,029	,136	,025		,217	,829

**a. Dependent Variable: LAG\_Y**

**Source: Secondary data processed using SPSS 25 (2024)**

The calculation results in Table 10 above show that the constant  $\alpha$  is -1.470 and the coefficients  $\alpha_1 = 0.656$ ,  $\alpha_2 = -0.005$ ,  $\alpha_3 = 0.093$ ,  $\alpha_4 = 0.007$ , and  $\alpha_5 = 0.029$ . Therefore, the regression equation becomes:

$$Y = -1.470 + 0.656X_1 - 0.005X_2 + 0.093X_3 + 0.007X_4 + 0.029X_5 + e.....(2)$$

**Hypothesis Testing**

In this study, the purpose of hypothesis testing is to test the previously proposed hypothesis with empirical data from the field. The following types of tests can be used to test the hypothesis:

**Partial t-Test**

The t-test is used to determine whether the independent variable individually influences the dependent variable (Ghozali, 2018). The partial test results are shown in the following table:

**Table 11. Uji t Result Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1 (Constant)	-1,470	,511			-2,878	,006
LAG_X1	,656	,327	,278		2,009	,050
LAG_X2	-,005	,008	-,074		-,646	,521
LAG_X3	,093	,025	,507		3,637	,001
LAG_X4	,007	,005	,168		1,515	,136
LAG_X5	,029	,136	,025		,217	,829

**Source: Processed Data (2024)**

### Coefficient of Determination (R<sup>2</sup>) Test

The coefficient of determination test is used to determine the extent to which a model is able to explain the variation occurring in the dependent variable (Ghozali, 2018). A regression model is considered good if the coefficient of determination (R<sup>2</sup>) value approaches one. The closer it is to one, the more the independent variables in the model are able to explain almost all of the variation occurring in the dependent variable. The results of the coefficient of determination test are shown in the following table:

**Table 12. Results of the Determination Coefficient Test**  
**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,694 <sup>a</sup>	,482	,427	,17672

a. Predictors: (Constant), LAG\_X5, LAG\_X4, LAG\_X2, LAG\_X1, LAG\_X3

b. Dependent Variable: LAG\_Y

**Source: Secondary data processed in SPSS 25 (2024)**

Based on the results of the coefficient of determination test in Table 12 above, the Adjusted R Square value is 0.427, or 42.7%. This indicates that 42.7% of sustainability report disclosure can be explained by the independent variables, namely profitability, leverage, company size, board of commissioners, and institutional ownership. The remaining 57.3% is explained by other variables outside the regression model.

### Analysis of Research Results

#### The Effect of Profitability on Sustainability Report Disclosure

Research findings indicate that profitability does not significantly influence Sustainability Report Disclosure. This means that high levels of profitability do not necessarily encourage companies to be more active in social and environmental activities. This is due to companies' greater focus on achieving financial returns over the need for operational sustainability.

A comparison of profitability data and the level of Sustainability Report Disclosure from the sample companies in this study supports this explanation. This finding indicates that high or low levels of profitability have no impact on the extent to which mining companies listed on the Indonesia Stock Exchange disclose their sustainability reports in 2020–2022.

#### The Effect of Leverage on Sustainability Report Disclosure

Research findings indicate that leverage does not significantly influence Sustainability Report Disclosure. In other words, neither high nor low levels of leverage impact the extent to which companies disclose sustainability information. This can be explained by the tendency of highly leveraged companies to focus more on fulfilling debt obligations and maintaining financial stability to meet creditor expectations.

A comparison of leverage data and the level of Sustainability Report Disclosure from the sample companies shows that leverage does not affect the level of disclosure.

Therefore, for companies listed on the Indonesia Stock Exchange during the 2020–2022 period, leverage is not a determining factor in sustainability report disclosure.

#### The Effect of Company Size on Sustainability Report Disclosure

According to the previous test results, company size, calculated as the natural logarithm (ln) of total assets, has a significant positive impact on Sustainability Report Disclosure. The results of the partial t-statistic test indicate that the calculated t-value (3.637) is greater than the t-table (2.00958), and the significance value is  $0.001 < 0.05$ . Based on this explanation, the third hypothesis (H3) of this study is accepted. The research findings indicate that company size has a positive impact on Sustainability Report Disclosure. In other words, the larger the company, the more Sustainability Report Disclosure it produces.

This is due to the fact that large companies have a good reputation and receive more public attention. As a result, company managers will strive to maintain their reputation by improving their economic performance and engaging in environmentally and socially responsible activities. Comparing company size data with Sustainability Report Disclosure data for the sample companies shows that company size can influence the level of Sustainability Report Disclosure in mining companies listed on the Indonesia Stock Exchange in 2020–2022.

#### **The Influence of the Board of Commissioners on Sustainability Report Disclosure**

According to previous test results, the board of commissioners variable, calculated based on the number of meetings, does not have a significant effect on Sustainability Report Disclosure. The results of the partial t-statistical test indicate that the board of commissioners variable has a calculated value (1.515) < t-table (2.00958), with a significance value of 0.136 > 0.05. Thus, the fourth hypothesis (H4) in this study is rejected.

According to a comparison of Sustainability Report Disclosure data for the companies used in the study sample, the number of board of commissioner meetings held during a year did not affect the level of Sustainability Report Disclosure in mining companies listed on the Indonesia Stock Exchange in 2020–2022.

#### **The Effect of Institutional Ownership on Sustainability Report Disclosure**

Previous test results indicated that institutional ownership, calculated by comparing the number of institutional shares to the total number of shares outstanding, did not significantly influence Sustainability Report Disclosure. Partial statistical test results showed that institutional ownership had a calculated t-value (0.217) < t-table (2.00958), and a significance value of 0.829 > 0.05. Based on this explanation, the fifth hypothesis (H5) of this study was rejected. The research findings indicate that institutional ownership does not significantly impact Sustainability Report Disclosure. In other words, high or low institutional ownership does not affect the extent of Sustainability Report Disclosure. This is because institutional ownership in Indonesia has not yet considered the Disclosure of Sustainability Reports. Shareholders may be more interested in short-term financial performance, such as Return on Investment (ROI) and profitability, than sustainability aspects. They often forget the importance of a company's future sustainability, which can only be achieved through sustainability reporting disclosure.

Comparing institutional ownership data with Sustainability Report Disclosure levels in sample companies shows that high or low institutional ownership does not affect the extent of Sustainability Report Disclosure in companies listed on the Indonesia Stock Exchange in 2020–2022.

### **CONCLUSION**

Based on the research findings and discussions in the previous chapter, it can be concluded that: (1) Profitability does not significantly influence Sustainability Report Disclosure in mining companies listed on the Indonesia Stock Exchange in 2020–2022, (2) Leverage does not significantly influence Sustainability Report Disclosure in mining companies listed on the Indonesia Stock Exchange in 2020–2022, (3) Company size has been shown to significantly influence the level of Sustainability Report Disclosure in mining companies listed on the Indonesia Stock Exchange in 2020–2022, (4) The number or presence of a board of commissioners does not significantly influence Sustainability Report Disclosure in mining companies listed on the Indonesia Stock Exchange in 2020–2022, (5) Institutional ownership does not have a significant impact on Sustainability Report Disclosure in mining sector companies listed on the Indonesia Stock Exchange in 2020–2022.

Based on the conclusions above, the author offers the following recommendations regarding the research findings: (1) This study only sampled 28.5% of the total

population. For greater accuracy, future research should include a larger sample and population, encompassing not only the 76 mining companies but also companies from other sectors or all companies listed on the IDX, (2) Sustainability Report Disclosure is applicable worldwide, so comparisons of sustainability reports in Indonesian companies with those in other countries are feasible for further research, (3) This study only used data for three years, from 2020 to 2022. This is due to the fact that companies were only able to publish sustainability reports in 2020. Therefore, future research should use a longer period to expand the sample and observe changes in companies' sustainability disclosures, (4) Based on the research results, the Adjusted R Square value indicates that only 42.7% of the research is influenced by the independent variable, while 57.3% is influenced by other variables. Therefore, it is recommended that other researchers use additional variables that may influence Sustainability Report Disclosure, such as liquidity, business activity, industry type, or public ownership.

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