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The Influence of Company Characteristics and Good Corporate Governance on the Quality of Sustainability Report Disclosure (In Banking Companies Listed on the IDX in 2020-2023)

Nira nur Jainah[1], Wiwik Utami[2],

[1,2]Faculty of Economics and Business, Mercu Buana University

ABSTRACT: The aim of this research is to investigate and evaluate the potential influence of company size, profitability, and audit committee on the level of transparency of sustainability reports in banking companies listed on the Indonesia Stock Exchange between 2020 and 2022. This research uses Sustainability Report as an independent variable and Company Size , Profitability, Institutional Ownership, and Audit Committee as dependent factors. The approach used in this research to determine the sample was purposive sampling, consisting of 38 samples of banking companies from financial reports and sustainability reports on the Indonesia Stock Exchange for three consecutive years from 2020–2022. The analysis method in this research uses statistical methods assisted by Eviews 12. The research results show that company size and institutional ownership have a significant effect on sustainability report disclosures, while profitability and audit committees are not significant on sustainability report disclosures.

KEYWORDS - The Influence of Company Characteristics, Good Corporate Governance, Quality of Sustainability Report Disclosure.

INTRODUCTION

Businesses must continually monitor social and environmental conditions in their neighborhoods rather than putting their own financial interests above those of the environment. This is especially important in relation to the impact of business operations on the environment and society. To raise awareness of the sustainability of the planet and maintain social and environmental balance when conducting business, non-financial reports have been created. This report, known as a sustainability report (LK) or Sustainability Report (SR), consists of three components: economic, environmental and social performance.

Although the number of companies disclosing sustainability reports in the world has experienced an annual increase in the number of companies disclosing sustainability reports, this is not commensurate with the number of companies in Indonesia. In ASEAN countries, Indonesia is ranked lowest in terms of disclosure level, namely 53.6%, after Malaysia and Singapore which are superior (ASEAN CSR Network, 2018). Meanwhile, in the ranking of Sustainability Report disclosure performance in the Asia Pacific region, Japan is ranked 25th, while Indonesia is still ranked 164th out of 180 countries (EPI, 2022).

In the banking world, there is a fact that Sustainability reporting has not been implemented properly, even though there are several banks that have implemented it. Because now companies are not just doing maintenance and the environment is well maintained, they are also returning the environment to its original condition and the environment is becoming stronger to support the lives of humans and surrounding creatures. In this sustainability report, banking companies are regulated. This sustainability report is regulated and published by OJK 51. For example, in 2020 PT Bank Mega did not implement sustainability reporting properly, PT Bank Mega did not report environmental sustainability. This is no longer in accordance with OJK regulation 51. Therefore, it is necessary to follow up regarding the sustainability report. Sustainability reports are optional reports and are submitted as a form of social responsibility towards the environment and society. The purpose of a sustainability report is to inform the public and stakeholders about a company's commitment to environmental protection and community welfare. Reports on sustainability, CSR or finance, for example, can be used as a starting point for evaluating a company's legitimacy. The Global Reporting Initiative (GRI) is an internationally recognized source of sustainability reporting standards.

Global policies like this, implementing good corporate governance are an absolute obligation in creating a strong and sustainable company. Effective implementation of regular corporate governance can foster the quality of sustainability reporting (Ilham & Nengzih). The business activities of many companies in Indonesia have resulted in various conditions and impacts on the natural and social environment. This includes a number of phenomena that threaten the company's survival, both positive and negative, due to financial difficulties and the company's social responsibility towards society and the environment.

Profitability has a significant effect on the quality of sustainability report disclosure. "Meanwhile, company size, leverage, board of directors, company activities, and independent board of commissioners are not significant to the disclosure of sustainability reports." (Prabaningrum & Pramita, 2019). There is no relationship between industry and the existence of sustainability report disclosures both in terms of total quality and quantity, but company size, in this case total assets and sales results, influences sustainability report disclosures both in terms of quality and quantity, while total sales only affects quality (Gunawan, 2007 & Damanik, 2017).

Audit committee, board of commissioners, concentrated share ownership, and company size do not have a significant impact on disclosure standards in Sustainability Reports (Aliniar & Wahyuni, 2017). According to analysis by Mariya and Saifudin (2019), "the publication of sustainability reports is influenced by the number of audit committee and governance committee meetings, which have a substantial impact on company attributes and good corporate governance. Leverage, profitability, liquidity, business operations, company size and board of commissioners are among the non-material disclosures in sustainability reports."
Meanwhile, the influence of company characteristics and good corporate governance on sustainability report disclosure (Mariya & Saifudin, 2019) "states that the number of audit committee and governance committee meetings has a significant effect on sustainability report disclosure. Meanwhile, those that do not have a significant effect are profitability, liquidity, leverage, company activities, company size, and board of commissioners."

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Stakeholder Theory

Companies must provide benefits to all their stakeholders in addition to acting in their own best interests. Stakeholder Theory states that a company's ability to continue operating is highly dependent on the support it receives from its stakeholders.

Legitimacy Theory

argues that business can thrive if the rotation of system values is in line with social ideals and considers its impact on the environment and society. Furthermore, it is not only the interests of shareholders (Rankin, 2010). Legitimacy theory further explains that in order for society to accept a company's actions and results, corporate responsibility practices must be implemented correctly.

Sustinaability Report

The Global Reporting Initiative, or GRI, is an independent global organization that helps companies and others use sustainability reporting to hold them accountable for their impacts. GRI help customers in the public sector in understanding and communicating their impact on sustainability issues, including social welfare, human rights, governance and climate change. This allows reports regarding environmental, social and governance aspects to be accommodated in the form of sustainability reports. This report helps organizations to transparently communicate their impact and contribution to sustainability to stakeholders, which consists of three work aspects, namely economic, social and environmental performance in carrying out their operations (Loh.L & Thomas, 2017).

The Sustainability Report Quality Calculation Formula is as follows:

$$\text{IPK} = \frac{Total\ Item\ yang\ diungkapkan}{Total\ Item}$$

Company Characteristics (Company Size)

According to Putu Ayu and Gerianta (2018), "said that measuring company size can be broken down into total assets, sales volume, share value, and other metrics." and according to Windi Novianty and Wendy May (2018) stated that "Company size is seen from the field of business being carried out. The size of the company can be determined from total sales, total assets, average sales level. Indicators for calculating company size according to (Putu Ayu and Gerianta, 2018), namely:

$$Size = Log\ Total\ Asset\ Perusahaan$$

Company characteristics (Profitability) Ka

Of course, a business's ability to generate profits (profitability) on the scale of sales, assets and share capital can be determined using profitability measures. "Companies that can demonstrate to stakeholders that they can meet expectations, especially creditors and investors, will feel comfortable enough to share information with them. "Because profitability is one of the performance indicator scales that must be reported in sustainability reports, companies with a high profitability scale will make disclosures through sustainability reports."

$$\boldsymbol{Profitabilitas = \frac{Net\ Profit\ Margin}{Net\ Incom/Sales}}$$

Audit Committee

In the Financial Services Authority regulation POJK.55/2015 Article 1 paragraph (1), "The audit committee is a committee formed and responsible to the board of commissioners whose aim is to help carry out its duties and functions. A good audit committee is needed to achieve good corporate governance. And there are several benefits from forming an audit committee in the company. First, the audit committee supervises financial reports and carries out external audits. Second, the audit committee carries out independent supervision of company management. Third, the audit committee carries out independent supervision over the processes that occur which can influence the quality of financial reporting which will ultimately influence earnings management." (Herianto, 2013). In this research, the audit committee is proxied as follows:

Audit Committee = Number of audit committee meetings

Institutional Ownership

Good and substantial institutional ownership can increase investors' influence on the business, therefore one of the company's justifications for transparency may be substantial institutional share ownership. It is expected that disclosure of Sustainability Reports will result in less information being shared between principals and agents (Madona & Khafid, 2020).

Additionally, institutional ownership increases the volume and quality of voluntary disclosure. Institutional investors force companies to speak openly because they have the authority and expertise to protect the rights and interests of all shareholders. Large and strong institutional ownership, thus, can support the company's own guarantee of sustainability report disclousure.

$$Institutional\ Ownership = \frac{the\ number\ of\ shares\ owned\ by\ the\ institution}{number\ of\ shares\ outstanding}$$

The influence of company size on the quality of Sustainability Report disclosure.

In short, companies may face pressure to implement more comprehensive and rapid sustainability reporting standards if monitoring corporate operations in capital markets and their social environment becomes increasingly easier (Prastiwi and Puspitaningrum, 2011). Almilia (2008) states that there are a number of views regarding the relationship between disclosure quality and company size. The first is that larger companies with more advanced reporting information systems usually have fewer resources available to them than smaller companies with less advanced reporting systems. Second, because they are at a competitive disadvantage, small businesses often hide important information.

According to Dizar et al. (2019) "Larger companies tend to have more shareholders interested in the company's social programs, and sustainability reports are an effective way to disseminate information. Larger companies also undertake more activities to have a greater

influence on society. As businesses engage in more social activities, more data is collected and made available for disclosure in sustainability reports, so that businesses can maintain the legitimacy they currently have and maintain it." (Hidayah et al., 2019).

Pengaruh Profitabilitas perusahaan terhadap kualitas pengungkapan Sustainability Report.

Profitability ratios show how well a business can generate profits based on its assets and competencies. Businesses that generate profits must be able to carry out social responsibility and environmental initiatives. According to Nguyen (2020), "a company with high profitability will actively disclose economic, social and environmental information to describe the company's role in community welfare activities. Thus, in a sustainability report, a company will disclose more economic, social and environmental data if its profitability ratio is greater. The purpose of such disclosure is to maintain stakeholder accountability in maintaining positive relationships with all parties involved."

The influence of the Audit Committee on the quality of Sustainability Report disclosure.

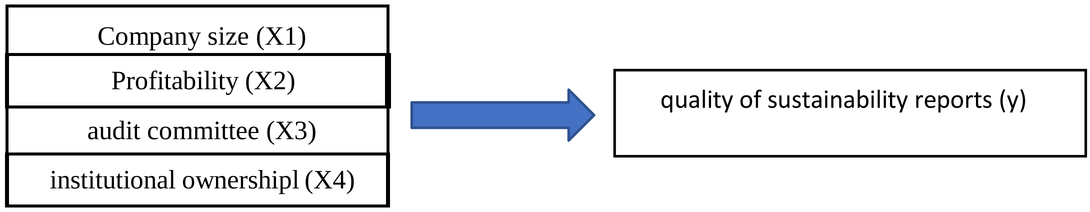
"The formation of an audit committee is the most important element in achieving good corporate governance, especially in terms of monitoring the implementation of daily business activities. Here, the board of commissioners forms an audit committee to supervise and support the board of commissioners in running the business." (Dizar et al., 2019). The number of audit committee meetings will be used to evaluate the audit committee to measure its quality.

Stakeholder theory can be used to explain the relationship between audit committees and sustainability reports. According to stakeholder theory, businesses must consider the interests of stakeholders when making decisions. To be recognized by stakeholders, the information needs of all stakeholders must be met (Deegan, 2004). The formation of an audit committee is an effort to protect the business and consider the interests of shareholders (Roviqoh & Khafid, 2019).

The Influence of Institutional Ownership on the quality of Sustainability Report disclosure

Significant institutional ownership can influence investor sentiment towards a business, which is why a corporation may choose to provide sustainability information if it has substantial institutional shareholding. "Disclosure of the Sustainability Report is expected to reduce the information asymmetry that occurs between agents and principals." (Madona & Khafid, 2020). Good volume and the quality of voluntary disclosure can increase with institutional ownership. Institutional investors want open communication from businesses because they have the authority and expertise to protect the rights and interests of all shareholders, to support the company's guarantee of sustainability report disclosure through significant institutional ownership.

conceptual framework



Hypothesis

A hypothesis is "an impermanent answer whose truth still needs to be proven again. "To determine whether there is a positive influence between Company Performance, Characteristics (Company Size) and Good Corporate Governance (Independent Board of Commissioners and Audit Committee) on the quality of Sustainability Report (SR) sustainability report disclosure." stated as follows:

H1: Company size has a positive influence on the Sustainability Report.

H2: Profitability level has a negative influence on the Sustainability Report

H3: Institutional Ownership has a Positive effect on the Sustainability Report

H4: The Audit Committee has a Negative effect on the Sustainability Report

RESEARCH METHODS

The research approach applied in the study is a causality (associative) approach. "In this approach, it is used as a comparison of variables or research objects, analysis is carried out on differences between subjects or time, and the relationship between variables is observed. The main objective of this research is to examine the impact of independent variables, such as company size, profitability, institutional ownership, and audit committee, on the dependent variable, namely the level of sustainability report disclosure. With this approach, the research aims to identify cause-and-effect relationships between dependent variables in the context of sustainability report disclosures." (Bougie & Sekaran, 2019).

Research Population and Sample

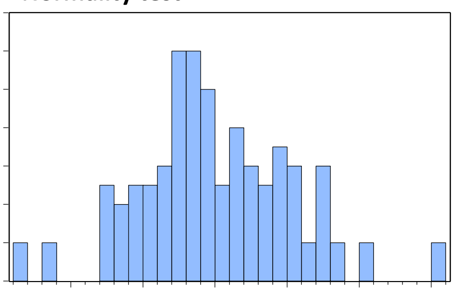
Population refers to an area with a range of characteristics and qualities that have been validated by researchers as subjects of observation and drawing conclusions in a study (Sugiyono, 2017). "So for this research, the main population is banking companies listed on the Indonesia Stock Exchange (BEI) during the 2020-2022 period, totaling 47 companies. "The selection of the banking sector as the population for this study is based on the important role these companies play in contributing to the country's economy." The sample is a small portion of the population characteristics used in a study (Sugiyono, 2017). "The sampling method used is the purposive sampling method, where the sample is determined based on categories chosen by the researcher as a representation of the relevant population in a particular study. "By using a purposive sampling method, this research will select samples that are deliberately selected based on predetermined benchmarks to reflect the population relevant to the research focus." (Sugiyono, 2017).

Operational Variables

Variabel	**Measurement**	**scale**
Size Company (X1)	$Size = \text{LN}\ (Asset)$	Rasio
Profitability (X2)	$\frac{Net\ Profit\ Margin}{Net\ Income/Sales}$	Rasio
Institutional ownershipl (X3)	$\frac{the\ number\ of\ shares\ owned\ by\ the\ institution}{number\ of\ shares\ outstanding}$	Rasio
audit committee (X4)	Number of audit committee meetings	Rasio
Quality Of Sustainability Report(y)	$\frac{total\ quality\ disclosure\ value}{maximum\ total\ quality\ disclosure}$	Rasio

RESULTS AND DISCUSSION

Normality test



Series: Residuals Sample 1 114	
Observations 114	
Mean	1.18e-16
Median	-0.007604
Maximum	0.155407
Minimum	-0.138090
Std. Dev.	0.053315
Skewness	0.205650
Kurtosis	3.487719
Jarque-Bera	1.933426
Probability	0.380331

In research, the normality test is used to determine whether the residual values follow a normal distribution or not. The residual values from a well-designed regression model follow a normal distribution.

The Jarque-Bera probability value is 0.380, which means it is above α (0.05). So, the data used in this research is normally distributed, which means that the classical assumption test which is related to the normality test is fulfilled.

Multicollinearity Test

Variance Inflation Factors

Date: 03/04/24 Time: 14:41

Sample: 1 114
Included observations: 114

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
X1	9.70E-06	369.3066	1.437912
X2	0.032077	1.086384	1.036996
X3	6.55E-07	4.310079	1.402104
X4	0.000653	14.80803	1.006540
C	0.008990	347.7941	NA

The multicollinearity test in this study explains that the variables have a direct relationship (very strong correlation). "This multicollinearity can occur if the tolerance value is ≤ 0.10 or the same as the VIF (variance inflation factor) value > 10. The results of the multicollinearity test presented in table 4.2 above show that if all independent variables have VIF values below 10, then it can be concluded that there is no multicollinearity between variables in this regression model."

Heteroscedasticity Test

F-statistic	3.029190	Prob. F(14,99)	0.0007
Obs*R-squared	34.18877	Prob. Chi-Square(14)	0.0019
Scaled explained SS	38.87748	Prob. Chi-Square(14)	0.0004

Test Equation:
Dependent Variable: RESID^2
Method: Least Squares
Date: 03/04/24 Time: 14:42
Sample: 1 114
Included observations: 114

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.175939	0.103448	1.700745	0.0921
X1^2	0.000237	0.000128	1.854468	0.0666
X1*X2	0.005929	0.016479	0.359790	0.7198
X1*X3	-0.000124	6.22E-05	-1.985793	0.0498
X1*X4	-0.000848	0.001528	-0.555181	0.5800
X1	-0.013203	0.007145	-1.847976	0.0676
X2^2	0.085892	0.146986	0.584355	0.5603
X2*X3	-0.000445	0.004564	-0.097590	0.9225
X2*X4	0.051517	0.109853	0.468964	0.6401
X2	-0.205809	0.477113	-0.431363	0.6671
X3^2	-1.47E-06	6.80E-06	-0.215389	0.8299
X3*X4	8.62E-05	0.000392	0.219890	0.8264
X3	0.004286	0.001764	2.429288	0.0169
X4^2	-0.011259	0.011054	-1.018483	0.3109
X4	0.038867	0.045888	0.847001	0.3990

R-squared	0.299901	Mean dependent var	0.002818
Adjusted R-squared	0.200898	S.D. dependent var	0.004464
S.E. of regression	0.003990	Akaike info criterion	-8.087890
Sum squared resid	0.001576	Schwarz criterion	-7.727864
Log likelihood	476.0097	Hannan-Quinn criter.	-7.941775
F-statistic	3.029190	Durbin-Watson stat	1.789186

Prob(F-statistic)	0.000654

The heteroscedasticity test in this study aims to test whether in the regression model there is an inequality of variance from the residuals from one observation to another observation. Based on the analysis in Table 4.3, the results of the heteroscedasticity test can be seen "It is known that the Obs*R-Squared Probability value is 34.18877 (>0.05) so it can be concluded that the assumptions of the heteroscedasticity test have been met or the data has passed the heteroscedasticity test."

Autocorrelation Test

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	17.35934	Prob. F(2,107)	0.0000
Obs*R-squared	27.92807	Prob. Chi-Square(2)	0.0000

Test Equation:
Dependent Variable: RESID
Method: Least Squares
Date: 03/04/24 Time: 14:42
Sample: 1 114
Included observations: 114
Presample missing value lagged residuals set to zero.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
X1	-0.001447	0.002742	-0.527721	0.5988
X2	0.121119	0.158762	0.762898	0.4472
X3	0.000288	0.000713	0.403281	0.6875
X4	-0.010013	0.022547	-0.444103	0.6579
C	0.048743	0.083571	0.583249	0.5610
RESID(-1)	0.417457	0.096578	4.322467	0.0000
RESID(-2)	0.145304	0.096073	1.512429	0.1334

R-squared	0.244983	Mean dependent var	1.18E-16
Adjusted R-squared	0.202646	S.D. dependent var	0.053315
S.E. of regression	0.047608	Akaike info criterion	-3.192209
Sum squared resid	0.242514	Schwarz criterion	-3.024197
Log likelihood	188.9559	Hannan-Quinn criter.	-3.124023
F-statistic	5.786446	Durbin-Watson stat	1.976681
Prob(F-statistic)	0.000030		

The autocorrelation test in this study aims to test whether in the linear regression model there is a relationship between confounding errors in period t and confounding errors in the previous t-1 period.
Table 4.4 presents the calculation results, where it is known that "the Obs*R-Squared Probability value is 27.92807 (>0.05), so it can be concluded that the autocorrelation test assumptions have been met or the data has passed the autocorrelation test."

REGRESSION MODEL TEST

a. Uji Common Effect Model (CEM)

The common effect model shows the probability value of the company size and institutional ownership variables is less than the α value (0.05). This can be interpreted that company size and institutional ownership influence the disclosure of sustainability reports. However, profitability and audit committee variables show The probability value is more than the α value (0.05), so that profitability and the audit committee have no effect on sustainability report disclosure. In addition, the Adjusted R-square (adjusted R2) result from this model is 0.861272 which shows that 86.12% of the variation in sustainability report disclosures can be explained by changes in the variables company size, profitability, institutional ownership, and audit committee while the rest is explained by other variables. outside the research variables.

Dependent Variable: Y
Method: Panel Least Squares
Date: 03/04/24 Time: 14:47
Sample: 2020 2022
Periods included: 3
Cross-sections included: 38
Total panel (balanced) observations: 114

Variable	Coefficient	Std. Error	t-Statistic	Prob.
X1	0.045535	0.003114	14.62148	0.0000
X2	-0.225195	0.179100	-1.257370	0.2113
X3	0.008835	0.000809	10.91436	0.0000
X4	0.007777	0.025553	0.304350	0.7614
C	-1.077457	0.094817	-11.36356	0.0000
R-squared	0.866183	Mean dependent var		0.447310
Adjusted R-squared	0.861272	S.D. dependent var		0.145746
S.E. of regression	0.054285	Akaike info criterion		-2.946282
Sum squared resid	0.321204	Schwarz criterion		-2.826273
Log likelihood	172.9381	Hannan-Quinn criter.		-2.897577
F-statistic	176.3863	Durbin-Watson stat		0.559801
Prob(F-statistic)	0.000000			

b. Uji Fixed Effect Model (FEM)

Dependent Variable: Y
Method: Panel Least Squares
Date: 03/04/24 Time: 14:45
Sample: 2020 2022
Periods included: 3
Cross-sections included: 38
Total panel (balanced) observations: 114

Variable	Coefficient	Std. Error	t-Statistic	Prob.
X1	0.052689	0.014524	3.627702	0.0005
X2	0.018844	0.171649	0.109781	0.9129
X3	0.009802	0.001092	8.977986	0.0000
X4	-0.015550	0.044405	-0.350177	0.7272
C	-1.296133	0.452016	-2.867447	0.0054
Effects Specification				
R-squared	0.976022	Mean dependent var		0.447310
Adjusted R-squared	0.962367	S.D. dependent var		0.145746
S.E. of regression	0.028273	Akaike info criterion		-4.016478
Sum squared resid	0.057556	Schwarz criterion		-3.008404
Log likelihood	270.9392	Hannan-Quinn criter.		-3.607357
F-statistic	71.48042	Durbin-Watson stat		2.869505
Prob(F-statistic)	0.000000			

The fixed effect model shows the probability value of the company size and institutional ownership variables is less than the α value (0.05). This can be interpreted that company size and institutional ownership influence the disclosure of sustainability reports. However, the profitability and audit committee variables show a probability value of more than α (0.05), so that profitability and the audit committee have no effect on sustainability report disclosure. In addition, the Adjusted R-square (adjusted R2) result from this model is 0.962367 which shows that 96.23% of the variation in sustainability report disclosures can be explained by changes in the variables company size, profitability, institutional ownership, and audit committee while the rest is explained by other variables. outside the research variables.

c. Uji Random Effect Model (REM)

Dependent Variable: Y
Method: Panel EGLS (Cross-section random effects)
Date: 03/04/24 Time: 14:46
Sample: 2020 2022
Periods included: 3
Cross-sections included: 38
Total panel (balanced) observations: 114
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
X1	0.044676	0.004418	10.11292	0.0000
X2	-0.001507	0.144070	-0.010457	0.9917
X3	0.009358	0.000857	10.92121	0.0000
X4	-6.58E-05	0.030904	-0.002129	0.9983
C	-1.051798	0.137257	-7.662962	0.0000

Effects Specification

			S.D.	Rho
Cross-section random			0.048332	0.7450
Idiosyncratic random			0.028273	0.2550
Weighted Statistics				
R-squared	0.769857	Mean dependent var		0.143131
Adjusted R-squared	0.761412	S.D. dependent var		0.057411
S.E. of regression	0.028042	Sum squared resid		0.085715
F-statistic	91.15484	Durbin-Watson stat		1.962749
Prob(F-statistic)	0.000000			
Unweighted Statistics				
R-squared	0.863597	Mean dependent var		0.447310
Sum squared resid	0.327410	Durbin-Watson stat		0.513844

The random effect model shows that the probability values of the variables company size and institutional ownership are less from the α value (0.05). This can be interpreted that company size and institutional ownership influence the disclosure of sustainability reports. However, the profitability and audit committee variables show a probability value of more than α (0.05), so that profitability and the audit committee have no effect on sustainability report disclosure. In addition, the Adjusted R-square (adjusted R2) result from this model is 0.761412 which shows that 76.14% of the variation in sustainability report disclosures can be explained by changes in the variables company size, profitability, institutional ownership, and audit committee while the rest is explained by other variables. outside the research variables.

Model Selection Test

a. Uji Chow

Based on the results of the Chow test in Table 4.8 above, it can be seen that the chi-square probability is 0.0000 < 0.05, so it can be concluded that H0 is rejected and this means that the fixed effect model is better than the common effect model. When the model is used

Redundant Fixed Effects Tests

Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	8.913839	(37,72)	0.0000
Cross-section Chi-square	196.002284	37	0.0000

Cross-sectio fixed effects test equation:
Dependent Variable: Y
Method: Panel Least Squares
Date: 03/04/24 Time: 14:46
Sample: 2020 2022
Periods included: 3
Cross-sections included: 38
Total panel (balanced) observations: 114

Variable	Coefficient	Std. Error	t-Statistic	Prob.
X1	0.045535	0.003114	14.62148	0.0000
X2	-0.225195	0.179100	-1.257370	0.2113
X3	0.008835	0.000809	10.91436	0.0000
X4	0.007777	0.025553	0.304350	0.7614
C	-1.077457	0.094817	-11.36356	0.0000

R-squared	0.866183	Mean dependent var	0.447310
Adjusted R-squared	0.861272	S.D. dependent var	0.145746
S.E. of regression	0.054285	Akaike info criterion	-2.946282
Sum squared resid	0.321204	Schwarz criterion	-2.826273
Log likelihood	172.9381	Hannan-Quinn criter.	-2.897577
F-statistic	176.3863	Durbin-Watson stat	0.559801
Prob(F-statistic)	0.000000		

b. Test Hausman

Based on the Hausman test results above, it can be seen that the chi-square probability is 0.6942 > 0.05, so it can be concluded that H0 is accepted and the model that should be used is the Random Effect model compared to the Fixed Effect model.

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	2.226282	4	0.6942

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
X1	0.052689	0.044676	0.000191	0.5625
X2	0.018844	-0.001507	0.008707	0.8274
X3	0.009802	0.009358	0.000000	0.5121
X4	-0.015550	-0.000066	0.001017	0.6273

Cross-section random effects test equation:
Dependent Variable: Y
Method: Panel Least Squares
Date: 03/04/24 Time: 14:47
Sample: 2020 2022
Periods included: 3
Cross-sections included: 38

Total panel (balanced) observations: 114

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.296133	0.452016	-2.867447	0.0054
X1	0.052689	0.014524	3.627702	0.0005
X2	0.018844	0.171649	0.109781	0.9129
X3	0.009802	0.001092	8.977986	0.0000
X4	-0.015550	0.044405	-0.350177	0.7272
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.976022	Mean dependent var		0.447310
Adjusted R-squared	0.962367	S.D. dependent var		0.145746
S.E. of regression	0.028273	Akaike info criterion		-4.016478
Sum squared resid	0.057556	Schwarz criterion		-3.008404
Log likelihood	270.9392	Hannan-Quinn criter.		-3.607357
F-statistic	71.48042	Durbin-Watson stat		2.869505
Prob(F-statistic)	0.000000			

Model Selection Decisions

Therefore, from the results of the Chow and Hausman tests of the panel data regression model, it can be concluded that the Random Effect Model is suitable in determining the influence of company size, profitability, institutional ownership and audit committee on sustainability report disclosure.

Panel Data Regression Model Test and Hypothesis

c
Method: Panel EGLS (Cross-section random effects)
Date: 03/04/24 Time: 14:46
Sample: 2020 2022
Periods included: 3
Cross-sections included: 38
Total panel (balanced) observations: 114
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
X1	0.044676	0.004418	10.11292	0.0000
X2	-0.001507	0.144070	-0.010457	0.9917
X3	0.009358	0.000857	10.92121	0.0000
X4	-6.58E-05	0.030904	-0.002129	0.9983
C	-1.051798	0.137257	-7.662962	0.0000
Effects Specification				
			S.D.	Rho
Cross-section random			0.048332	0.7450
Idiosyncratic random			0.028273	0.2550
Weighted Statistics				
R-squared	0.769857	Mean dependent var		0.143131
Adjusted R-squared	0.761412	S.D. dependent var		0.057411
S.E. of regression	0.028042	Sum squared resid		0.085715
F-statistic	91.15484	Durbin-Watson stat		1.962749
Prob(F-statistic)	0.000000			
Unweighted Statistics				

R-squared	0.863597	Mean dependent var	0.447310
Sum squared resid	0.327410	Durbin-Watson stat	0.513844

The coefficients column obtained the value of C = -1.051798, the variable value of company size = 0.044676, profitability = -0.001507, institutional ownership = 0.009358 and audit committee = -6.58E-05. Based on the equation above, the sign of the regression coefficient of the independent variables (company size, profitability, institutional ownership, and audit committee) shows the direction of the relationship with sustainability report disclosure. so that the panel data equation above can be explained as follows:

1) The constant value is -1.051798, meaning that if the variables of company size, profitability, institutional ownership and audit committee do not change or are constant then the sustainability report disclosure on the Indonesian Stock Exchange is low, namely -1.051798.

2) Company size (X1) is the regression value of the company size variable which has a positive relationship of 0.044676, meaning that if the company size variable increases by 1%, then the change in sustainability report disclosure will increase by 0.044676 with the assumption that the other independent variables do not change. or constant. It can be concluded that the company size variable has a direct relationship with sustainability report disclosure.

3) Profitability (X2) is the regression value of the profitability variable which has a positive relationship of -0.001507, meaning that if the profitability variable increases by 1%, then the change in sustainability report disclosure will decrease by -0.001507 with the assumption that the other independent variables do not change or constant. It can be concluded that the profitability variable has a unidirectional relationship with sustainability report disclosure.

4) Institutional ownership (X3) is the regression value of the institutional ownership variable which has a positive relationship of 0.009358, meaning that if the institutional ownership variable increases by 1%, then the change in sustainability report disclosure will increase by 0.009358 with the assumption that the other independent variables do not change. or constant.It can be concluded that the institutional ownership variable has a direct relationship with sustainability report disclosure.

5) Audit committee (X4) is the regression value of the audit committee variable which has a positive relationship of -6.58E-05, meaning that if the audit committee variable increases by 1%, then the change in sustainability report disclosure will decrease by -

6.58E-05 with the assumption that the other independent variables do not change or are constant. It can be concluded that the audit committee variable has a unidirectional relationship with sustainability report disclosure.

Hypothesis testing

F Test

The F test is carried out to test the feasibility of the model, whether all independent variables have an overall effect on the dependent variable. The significance level set in this research is α = 0.05. The basis for decision making is:

a. If H0 is accepted, then the model does not fit. H0 is accepted if the probability value (F-statistic) <0.05.

b. If H0 is rejected, then the model is a good fit. H0 is rejected if the probability value (F-statistic) is > 0.05.

Based on Table 4.10. "The output results of the F Test obtained a probability value (F-statistic) of 0.0000 < 0.05. So that H0 is accepted, it can be concluded that together the variables of company size, profitability, institutional ownership, and audit committee have an effect on the sustainability report disclosure variable."

Partial Test (t)

According to Ghozali (2018) "the t test basically aims to explain how much influence an explanatory or independent variable individually has in explaining the dependent variable. Hypothesis testing will be carried out using a significance level of 0.05 (α=5%). If the probability value of each independent variable (p-value) is smaller than the α value (0.05), then the independent variable can be said to have a significant influence on the dependent variable." Based on this table, it can be concluded that the results of testing the independent variable on the dependent variable can be analyzed as follows:

1. Company Size (X1)

The significance value of the company size variable has a coefficient value of 0.044676 with a probability of 0.0000 <0.05, so it can be said that the company size variable has a positive and significant effect on the sustainability report disclosure variable.

2. **Profitability (X2)**

The significance value of the profitability variable has a coefficient value of -0.001507 with a probability of 0.9917 > 0.05, so it can be said that the profitability variable has no effect on the sustainability report disclosure variable.

3. Institutional Ownership (X)

The significance value of the institutional ownership variable has a coefficient value of 0.009358 with a probability of 0.0000 < 0.05, so it can be said that the institutional ownership variable has a positive and significant effect on the sustainability report disclosure variable.

4. Audit Committee (X4)

The significance value of the audit committee variable has a coefficient value of -6.58E-05 with a probability of 0.9983 <0.05, so it can be said that the audit committee variable has no effect on the sustainability report disclosure variable.

Coefficient of Determination Test (R2)

Whatever the ability of the independent variable to reveal the dependent variable, it can be seen by the coefficient of determination test value (R2). Based on the scores resulting from data processing using the Random Effect model, the resulting value in the adjusted R2 test model is 0.761412. From the Adjusted R2 value outlined in Table 4.10, it can be concluded that "disclosure of sustainability reports for banking sector companies as a dependent variable can be explained by 76.14% by the variables company size, profitability, institutional ownership and audit committee.

Meanwhile, the remainder is explained by other variables that are no longer used in this model. "This explains that the independent variables have a strong relationship because the adjusted R2 value is above 70%."

The Influence of Company Size on Sustainability Report Disclosure

Based on the results of hypothesis testing, company size has a positive effect on sustainability report disclosure.

Larger company size is associated with more resources, both financial and non-financial, which allows companies to allocate more budget and effort to prepare more comprehensive and detailed sustainability reports (Indriawati et al., 2022). In addition, larger companies tend to have higher public exposure and are under greater scrutiny from stakeholders, so they have a greater incentive to ensure that their sustainability reports meet high standards in order to maintain their reputation and legitimacy in the eyes of the public (Isaac et al., 2023).

The Influence of Profitability on Sustainability Report Disclosure

Based on the results of hypothesis testing, profitability has no effect on sustainability report disclosure.

These results indicate that even though companies have high ROA, they do not automatically increase their sustainability report disclosure. This can be caused by various factors, including management priorities that focus more on the financial and operational aspects of the company than on sustainability aspects. In addition, companies with high ROA may feel no need to increase sustainability disclosure because they already have a good reputation in the eyes of stakeholders. This study is in line with the findings of Isiaka (2022) which states that despite incentives for sustainability disclosure, many companies in developing countries are still reluctant to do so due to the lack of coercive regulations and the costs associated with such disclosure.

The Effect of Institutional Ownership on Disclosure Sustainability Report

Based on the results of hypothesis testing, institutional ownership has a positive effect on sustainability report disclosure. Research by Sidiq et al. (2021), which supports these findings, emphasizes that the existence of institutional shareholders plays an important role in improving the quality of sustainability report disclosures.

These results suggest that as institutional ownership increases, companies tend to be more transparent in disclosing their sustainability information. This may be due to increased scrutiny and higher expectations from institutional investors for responsible and transparent business practices. Institutional investors, including banks, insurance companies, pension funds, and others, have an interest in ensuring that the companies they invest in manage environmental, social, and governance risks well (Ahmed Hashed & Ghaleb, 2023). This increased disclosure can also be seen as an attempt by companies to meet the increasing information needs of institutional stakeholders (Posadas et al., 2022).

Influence of the Audit Committee on Sustainability Report Disclosure

Based on the results of hypothesis testing, the audit committee does not respect sustainability report disclosures. increase in sustainability report disclosure of banking companies.These results indicate that even though companies increase the number or frequency of audit committee meetings, this does not automatically increase their sustainability report disclosure. One of the main reasons could be that the audit committee focuses more on internal control and financial reporting aspects than sustainability disclosure. In addition, some companies may not consider sustainability disclosure to be part of the audit committee's main responsibilities, so there is no strong incentive from the audit committee to increase such disclosure

(Almashhadani & Almashhadani, 2023).

CONCLUSION

Based on the results of data testing and discussion, it can be concluded:

1. Company size has a positive effect on sustainability report disclosure. This shows that the higher the company size, the higher the quality of the sustainability report disclosure. Larger companies tend to report more frequently and in more detail on their sustainability activities because they have more resources and public pressure to socially responsible.
2. Profitability has no effect or has a negative effect on sustainability report disclosure. This shows that profitability is not able to increase or decrease the quality of sustainability report disclosures. Corporate profits do not directly influence how well companies report their sustainability efforts, indicating that sustainability initiatives are seen as an ethical commitment and not simply a tool to increase profits.
3. Constitutional ownership has a positive effect on sustainability report disclosure. This shows that the higher the constitutional ownership, the higher the quality of the sustainability report disclosure. Companies with large institutional ownership tend to report more on sustainability as institutional shareholders demand higher levels of accountability when it comes to managing social and environmental issues.
4. The audit committee has no influence or negative influence on sustainability report disclosure. This shows that the audit committee is unable to improve or reduce the quality of sustainability report disclosures. The presence of a strong audit committee is not associated with more complete and transparent sustainability reports, indicating poor governance and a focus on accountability.

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