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Effect of Profitability, Company Activity, Size Company, Board of Commissioners, and Audit Committee on Disclosure of Sustainability Reports

(Empirical Study of Manufacturing Companies Listed on the Indonesia Stock Exchange in 2018-2021)

Tsania Istiqomah Tyasaroja,[1] Erma Setiawati[2]
[1,2]*Faculty of Economics and Business, Muhammadiyah University of Surakarta, Indonesia*

Abstract: *This study aims to examine the effect of profitability, company activity, company size, board of commissioners, and audit committee on the disclosure of the Sustainability Report. The population is all manufacturing sector companies listed on the Indonesia Stock Exchange (IDX) from 2018-2021. The sample was selected using a purposive sampling technique, so that 18 samples of manufacturing sector companies were obtained so that the amount of data used was 72 data. The data collection technique used is the documentation method. The types of data analysis techniques used to test the hypothesis in this study are descriptive statistical analysis and multiple regression analysis. The results of this study indicate that the activities of the company and the board of commissioners have a positive and significant impact on the sustainability report.*

Keywords: profitability; activity ratio; company size; board of Commissioners; audit committee; sustainability report

I. INTRODUCTION

A company has the main goal of making a profit. The performance of a company can be measured through the profits generated. This makes the company to fulfill its responsibilities and develop the company's performance to *stakeholders*. Companies do not only disclose reports that are often referred to as the single bottom line, namely reports on financial conditions. Companies use natural resources on a large scale, so that it can cause an imbalance. The activities carried out by the company will have an impact on the surrounding environment such as pollution, waste, and so on. Therefore the community and the surrounding environment require responsibility from the company for the impacts that occur. So that companies realize that they must make disclosures related to actions to prevent and reduce environmental damage which can increase social responsibility where they work to the local community.

This sustainability report is a report that contains the company's responsibility in disclosing the economic, social and environmental impacts of the company. Sustainability reports can also help companies set goals, measure performance, and manage change. When companies pay attention to the impact they cause will also have a good impact on the company's image. This makes the company has its own value in the business world. The economic impact serves to increase the company's revenue, the social impact will provide welfare for stakeholders, and the social impact seeks the quality of the company where the activity is carried out.

Sustainability reports can also effectively evaluate the performance of the company. The sustainability report will also attract investors. Investors will have confidence in the company because the company has carried out their social and environmental responsibilities. With this sustainability report can be used as a new strategy in doing business.

Sustainability reports depend on company performance, marked by profitability. Profitability is the ability to create profits. The profit generated will be a consideration in designing the social and environmental programs disclosed in the sustainability report. Return On Assets (ROA) is a measure of profitability to generate profits or profits by utilizing company assets. embedded in all the activities of its assets in a certain period. An effective company is characterized by how the company's asset turnover is in a certain period. A high activity ratio indicates the ability of a company that is an expert in managing its assets. (According to Ikmal, 2016) total asset turnover is influenced by the size of sales and total assets, both current assets and fixed assets.

Then the sustainability report is supported by company size. Company size can be in the form of the number of assets owned by the company. Due to the many assets owned by the company that can be used for company activities related to the economy, social and environment. The greater the total assets, the greater the size of the company.

The board of commissioners is a legal entity responsible for general oversight. A large number of commissioners can put pressure on companies to disclose sustainability reports. This is in line with research conducted by Mega (2013) which states that the board of commissioners has influence over *sustainability report*. While the audit committee is responsible for providing oversight of the auditors and ensuring management takes appropriate corrective actions. Companies with higher audit committees tend to have higher sustainability report disclosure values (Putri et al., 2022).

II. LITERATURE

2.1 Stakeholder Theory (Stakeholders Theory)

Stakeholder theory is the main theory used to underlie research on disclosure of corporate reports, one of which is the disclosure of sustainability reports. The theory was coined by Freeman (1984). Freeman (1948) defined theory *stakeholders* as a theory that describes to which party the company performs responsibility. The first process in preparing a sustainability report is *stakeholders* will be involved in providing disclosure of their needs and expectations, during this process they will receive feedback and criticism, and in the process of publishing a sustainability report they will receive consultations about future efforts (Isenmann and Kim, 2006 in (Qisthi & Fitri , 2020).

Theory *stakeholders* clarifies that a company is not an entity that simply operates for its own interests but the company must also be able to provide benefits to its stakeholders (Wahyuningsih & Mahdar, 2018). This theory states that companies must consider the interests of all parties affected by operating activities by carrying out social responsibility. This social responsibility can be reported through a sustainability report. Companies must be able to maintain good relations with stakeholders such as investors, the government, suppliers of goods, the media, employees and other parties by accommodating their wants and needs.

2.2 Agency Theory (Agency Theory)

Agency theory is a theory that reveals the existence of a relationship between the owner of the company or the party giving the mandate (principal) and the manager of the company or the party receiving the mandate. This theory states that, companies that face contracts and low monitoring costs tend to report lower profits and costs related to corporate social responsibility costs which can improve corporate image based on the separation of ownership and control within the company, separation of risk bearers, decision making. and functions (Sandityas & Trisnawati, 2019).

The contact giver can contract the agent to work on behalf of the principal can give decision-making authority to agents such as managers to achieve these interests (Supriyono, 2018: 63). The agent (manager) has a responsibility for achieving this interest and the agent can receive a fee from the principal (Amrulloh & Amalia, 2020). The higher the achievement, the higher the compensation that will be received.

2.3 Legitimacy Theory

Legitimacy theory is a theory based on social contracts that occur between companies and the communities where these companies operate and use economic resources (Chariri and Ghozali, 2007) in (Diono & Prabowo, 2017). This theory is a strategy for companies to be able to develop the company in the future. Legitimacy theory uses motivation to gain approval or acceptance from society (Laan, 2009). In legitimacy theory, companies are continuously looking for ways to guarantee its activities are within the norms that exist in the community or environment where the company is located (Analia & Saputra, 2019).

Legitimacy theory is recommended for companies to ensure that their operational performance can be accepted by society. Sustainability report disclosure can be used to build a positive impression. The acceptance of the company by the community is expected to have a good impact on increasing the value of the company, so that the profit earned will also increase.

2.4 Sustainability Report

Sustainability report disclosure is based on the three stakeholder theories, agency theory, and legitimacy theory. Sustainability reports are organizational performance from measurement and disclosure practices and accountability efforts to achieve corporate sustainability goals and current and future interests. Sustainability report is a voluntary report that contains social and environmental responsibility. Sustainability reports are needed so that stakeholders and the public are aware of the company's responsibilities that have been carried out to society and the environment. Stakeholders really need information regarding the activities that have been carried out by the company, in order to make decisions.

2.5 Profitability

Profitability is an important ratio because this ratio serves to determine a company's ability to generate profits in a certain period related to certain levels of sales, assets, and share capital. The profitability ratio can also be called the operating performance ratio.

2.6 Company Activity

Company activity can be measured using the activity ratio. The activity ratio is the ratio to assess the company's ability to carry out operational activities in selling, collecting liabilities, and using the assets owned by the company.

2.7 Company Size

Large company size will get more attention from stakeholders. In order to gain legitimacy from large corporate stakeholders, it will cost more to disclose sustainable information such as a Sustainability Report. This can be realized by disclosing corporate responsibility for activities that have been carried out. Availability of money also influences companies to engage in social and environmental activities. One of the proxies used in terms of measuring the size of a company is seen from the total assets owned.

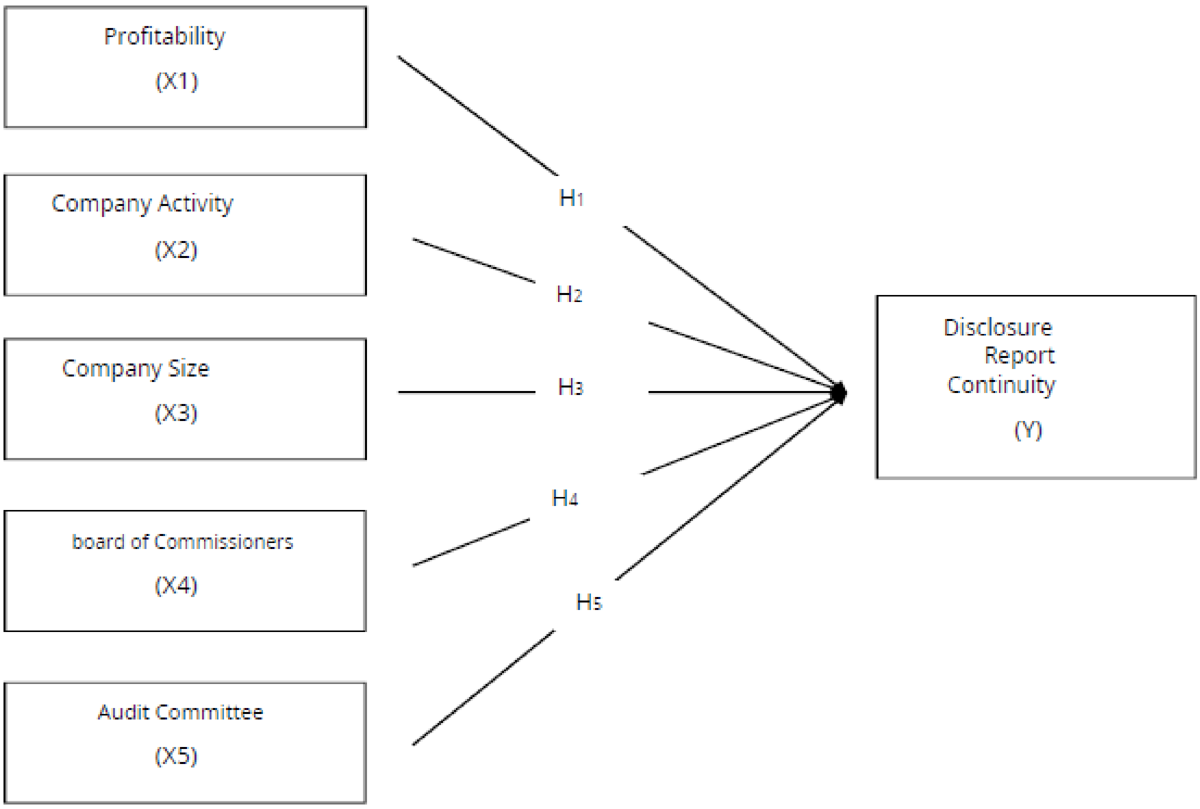
2.8 board of Commissioners

The role of the board of commissioners in disclosing the Sustainability Report is to obtain good internal control in developing and implementing it. Management will make efforts related to aspects of supervision and responsibility, this will influence the decisions that will be made by the board of commissioners. They will act as supervisors of company performance and as advisors to the directors to ensure that the company has good governance.

2.9 Audit Committee

The audit committee is a committee formed by the board of commissioners to supervise the financial reports and supervise the auditors. The role of the audit committee in disclosing the Sustainability Report is to supervise in achieving profits that will support the company to disclose sustainability reports. The duties of the audit committee within the company are to review accounting policies, assess internal controls, review the reporting system to external parties. So that it can encourage companies to issue reports that are complete and have high integrity.

2.10 Research Framework and Hypothesis Development



H1: There is a Profitability Effect on Sustainability Report Disclosure

Profitability is a ratio to assess the ability to generate profits or profits related to sales, assets, or own capital. A high profit rate will open up new channels or branches that can add to or open up new investments related to the parent company. One measure used in profitability is*Return On Assets*(ROA). Companies with high profitability tend to disclose more information intended for the public

H2: There is an Influence of the Company's Activities on the Disclosure of the Sustainability Report

If the high inventory turnover means the lower the number of purchases each time the company buys inventory. In this case the company does not have a lot of inventory, meaning that the conditions are better (Kusumawati et al., 2018). When the inventory turnover ratio has good conditions, it will show how well the company controls the existing capital in inventory so that it affects*sustainability report*.

H3: There is an influence of company size on the disclosure of the Sustainability Report

Company size shows the number of company assets involved in the company's operational activities related to the economy, social and environment. Large companies disclose more information than small companies, such as disclosing Sustainability Reports. Large companies also have larger operational activities.

H4: There is an Influence of the Board of Commissioners on the Disclosure of the Sustainability Report

With the existence of a board of commissioners, companies will be required to disclose sustainability reports as a form of social and environmental responsibility to stakeholders and the community. Good supervision from the board of commissioners and effective management work can improve the company's image.

H5 : There is an Influence of the Audit Committee on the Disclosure of the Sustainability Report

The role of the audit committee in disclosure *sustainability report* is to carry out supervision in achieving profits that will support the company to disclose sustainability reports. So it can be said that the more the number of audit committees, the higher the disclosure of sustainable reports by the company.

III. METHOD

3.1Population, Sample, and Sampling Method

In this study using a quantitative approach. The population is all companies in the manufacturing sector listed on the Indonesia Stock Exchange (IDX) for the 2018-2021 period. Then the method used in the selection of this research sample is *Purposive Sampling*. Financial report data and annual financial reports were obtained from the Indonesia Stock Exchange website in the manufacturing company sector registered for the 2018-2021 period, namelywww.idx.co.id and sustainability reports obtained from the company's internal website.

3.2 Variable Operational Definition and Variable Measurement

3.2.1 Sustainability Report

Giving a score to each performance indicator contained in the sustainability report is the first stage. A score of 0 is given if performance indicators are not disclosed and a score of 1 is given if performance indicators are disclosed. Then, the score of each item is added up to obtain the total score.

$$\text{SRDI} = \frac{V}{M}$$

3.2.2 Profitability

Profitability is a ratio to determine a company's ability to generate profits in a certain period related to a certain level of sales, assets, or share capital. The profitability ratio that is often used is Return On Assets (ROA). The formula for calculating ROA according to Kasmir (2019:199) is as follows:

$$\text{Return On Assets (ROA)} = \frac{\text{Profit After Tax}}{\text{Total Assets}}$$

3.2.3 Company Activities

The activity ratio is the ratio to assess the company's ability to carry out operational activities in sales, collection of liabilities, and the use of assets owned by the company. Inventory turnover ratio or *Inventory Turnover* used in this study according to Eny Kusumawati (2018: 44) are as follows:

$$\text{Inventory Turnover (ITO)} = \frac{\text{Cost of goods sold}}{\text{Stock}}$$

3.2.4 Company Size

Company size in general is a comparison of the size of an object. One of the proxies used in terms of measuring the size of a company is seen from the total assets owned. According to Jogiyanto (2013: 282) company size can be classified according to the size of the company in various ways, namely by looking at total assets, log size, stock market value, and others. So that the size of the company can be measured by the following formula:

Company Size = Ln Total Assets

3.2.5 Board of Commissioners

The role of the board of commissioners in disclosure *sustainability report* is to gain control good intern in developing and implementing it. According to Veres, et al (2013) the measurement of the board of commissioners is based on the number of members of the board of commissioners listed in the annual financial report. So that the board of commissioners will be measured by the following formula:

Size of the Board of Commissioners = Number of Members of the Board of Commissioners

3.2.6 Audit Committee

The role of the audit committee in disclosure *sustainability report* is to carry out supervision in achieving profits that will support the company to disclose sustainability reports. According to (Sulistyawati & Qadriatin, 2019) the measurement of this variable is by calculating the total number of audit committee members within the company listed in the company's annual financial reports. So that the audit committee will be measured by the following formula:

Size of the Audit Committee = Number of Audit Committee Members in the Company

IV. RESULTS

4.1 Research Results and Discussion

4.1.1 Descriptive Statistical Analysis

To obtain a general description of the research data, the following table will present descriptive statistics for the entire sample data as follows:

Variable	N	Minimum	Maximum	Means	St. Deviation
ROA	55	- 4.4355	34.8851	8.965751	8.2221313
ITO	55	1.1396	9.0736	4.76242	1.9139924
SIZE	55	27.5268	33.4945	30.576363	1.3745469
BOARD OF COMMISSIONERS	55	2	10	5.98	1.81
AUDIT COMMITTEE	55	3	4	3.05	0.229
REPORT CONTINUITY	55	0.0879	0.5824	0.271528	0.1019446

Profitability in this study is measured by proxy *Return on Assets*(ROA). Variable *Return on Assets*(ROA) in the table has a minimum value of -4.4355 and a maximum value of 34.8851 with an average value of 8.9657 and a standard deviation of 8.2221. The company that has the smallest profitability ratio is PT. The Sido Muncul Tbk Herbal and Pharmaceutical Industry in 2018 while the largest was PT. Unilever Indonesia Tbk in 2020. If the average value is higher than the standard deviation, it indicates that the level of profitability in the proxy*Return on Assets*(ROA) tends to be high.

The activity ratio is the ratio to assess the company's ability to carry out operational activities in selling, collecting liabilities, and using the company's assets. Activity ratios are measured by proxies *Inventory Turnover*(ITO). Based on the results of the variable descriptive analysis table *Inventory Turnover* shows that the minimum value is 1.1396 and the maximum value is 9.0736 with an average value of 4.7624 and a standard deviation of 1.9139. The company that has the smallest activity ratio is PT. Merck Tbk in 2020 while the largest is PT. Holcim Indonesia Tbk in 2018. If the average value is higher than the standard deviation, it indicates that the company's activity level is in the proxy *Inventory Turnover*(ITO) tends to be high.

Company size in general is a comparison of the size of an object. One of the proxies used in terms of measuring the size of a company is seen from the total assets owned. Based on the results of the descriptive analysis table for the variable company size, it shows that the minimum value is 27.5268 and the maximum value is 33.4945 with an average value of 30.5763 and a standard deviation of 1.3745. The company that has the smallest company size is PT. Merck Tbk in 2019 while the largest is PT. Astra International Tbk in 2019. If the average value is higher than the standard deviation, it indicates that the level of company size tends to be high.

Based on the results of the descriptive analysis table of the Board of Commissioners' variables, it shows that the minimum value is
2,000 and a maximum value of 10,000 with an average value of 5.98 and a standard deviation of 1.810. The company that has the least number of commissioners is PT. Merck Tbk while having the most the board of commissioners is PT. Astra International Tbk. If the average value is higher than the standard deviation, it indicates that the level of the board of commissioners tends to be high.

Based on the descriptive analysis table of the Audit Committee variables, it shows that the minimum value is 3,000 and the maximum value is 4,000 with an average value of 3.05 and a standard deviation of 0.229. If the average value is higher than the standard deviation, it indicates that the audit committee level tends to be high.

4.1.2 Normality Test Results

		Unstandardized residual	Information
N		55	
Normal Parameters	Means	0	
	std. Deviation	0.08937922	
Test Statistics		0.086	
asymp. Sig. (2-tailed)		, 200c, d	Distributed Normal

Source: Results of SPSS 20 Data Processing

Based on the calculation results from the table it can be seen that the magnitude of the value *One Sample Kolmogorov-Smirnov Test* of 0.086 with a probability value*(p-value)*of 0.200 > 0.05; so that these results indicate that the distribution of data in this study is normal.

4.1.3 Multicollinearity Test Results

	Collinearity Statistics		Information
	tolerance	VIF	
ROA	0.935	1,070	Multicollinearity does not occur.
ITO	0.755	1.324	Multicollinearity does not occur.
SIZE	0.433	2,312	Multicollinearity does not occur
DK	0.505	1,981	Multicollinearity does not occur.
ka	0.800	1,250	Multicollinearity does not occur

Source: Results of SPSS 20 Data Processing

Based on the results of the multicollinearity test in the table above, it shows that all independent variables have value *variance inflation factor*(VIF) is less than 10, and *tolerance values* more than 0.10. So it can be concluded that the linear relationship between the independent variables in the regression model does not occur multicollinearity.

4.1.4 Autocorrelation Test Results

	Durbin-Watson	Du<d<4-du	Information
Report Continuity	1,816	1.7681<1.816<2.2319	Free Autocorrelation

Source: Results of SPSS 20 Data Processing

Based on the table above, the DW value is 1.816. From this value when compared with the table value (dU) using a significance of 5%, the number of samples is 55(n) and the number of independent variables is 5 which is equal to 1.7681. So the test results indicate that the regression model is free from autocorrelation problems.

4.1.4 Heteroscedasticity Test Results

Variable	Sig	Information
ROA	0.493	There is no heteroscedasticity
ITO	0.543	There is no heteroscedasticity
SIZE	0.937	There is no heteroscedasticity
DK	0.271	There is no heteroscedasticity
ka	0.429	There is no heteroscedasticity

Source: Results of SPSS 20 Data Processing

Based on the results of the heteroscedasticity test, it shows that the correlation coefficient of the variables on the residual value of each independent variable is more than 0.05. So that the regression model in this study did not occur heteroscedasticity.

4.1.5 Hypothesis Testing

The results of multiple linear analysis can be seen in the following table:

Regression Analysis Results

Variable	B	tcount	Sig	Information
Constant	- 0.059	- 0.146	0.884	
ROA	- 0.001	- 0.724	0.473	No effect
ITO	- 0.017	- 1.259	0.036	Influential
SIZE	0.021	1.506	0.138	No effect
DK	- 0.023	- 2,363	0.022	Influential
ka	- 0.030	- 0.476	0.637	No effect

Source: Results of SPSS 20 Data Processing

The results of multiple linear regression analysis show a constant value of -0.059, meaning that if the variable profitability, company activity, company size, board of commissioners, and audit committee is worth 0, so the disclosure of sustainability reports is worth -0.059.

The value of the profitability regression coefficient shows a coefficient of -0.001, with negative parameters. This matter means that if the profitability value by proxy ROA increases by 1 unit, the sustainability report disclosure value will decrease by 0.001, and conversely if the profitability value decreases, the sustainability report disclosure value will increase.

The regression coefficient value of company activity shows a coefficient of -0.017, with negative parameters. This means that if the value of the company's activity with the ITO proxy increases by 1 unit, the value of the disclosure of the sustainability report will decrease by 0.017, and conversely if the value of the company's activities decreases, the value of the disclosure of the sustainability report will increase.

The regression coefficient value of firm size shows a coefficient of 0.021, with positive parameters. Thing this means that if the value of company size increases by 1 unit, the value of disclosure of sustainability reports will decrease by 0.021, and conversely if the value of company size decreases, the value of disclosure of sustainability reports will decrease.

The board of commissioners regression coefficient value shows a coefficient of -0.023, with negative parameters. Thing this means if the value of the board of commissioners has increased by 1 unit then the value of the report disclosure sustainability will decrease by 0.023, and vice versa if the value of the board of commissioners decreases, the value of the sustainability report disclosure will increase.

The regression coefficient value of the audit committee shows a coefficient of -0.030, with negative parameters. This matter means that if the audit committee value increases by 1 unit, the sustainability report disclosure value will decrease by 0.030, and conversely if the audit committee value decreases, the sustainability report disclosure value will increase.

4.1.6 Simultaneous Test Results (Test F)

The regression results obtained a calculated F value of 2.949 and a significance number of 0.021 less than 0.05. Could it can be concluded that the probability variables, company size, company activities, the board of commissioners, and the audit committee simultaneously influence the sustainability report variable.

4.1.7 Hypothesis Test Results (T Test)

Variable	tcount	Sig	Information
ROA	- 0.724	0.473	H1rejected
ITO	- 1.259	0.036	H2be accepted
SIZE	1.506	0.138	H3rejected
DK	- 2,363	0.022	H4be accepted
ka	- 0.476	0.637	H5rejected

Source: Results of SPSS 20 Data Processing

The profitability variable produces tcountof -0.724 with a significance level of 0.473 has a value Higher than*a*= 0.05, so H1rejected. These results indicate that the profitability variable by proxy for ROA has no effect on sustainability report disclosure.

The company's activity variable produces tcountof -1.259 with a significance level of 0.036 has a value lower than*a* = 0.05, so thatH2be accepted. These results indicate that company activity variables with ITO proxies have an effect on sustainability report disclosure.

Firm size variable produces tcountof 1.506 with a significance level of 0.138 has a value higher than$a$= 0.05, so H3 rejected. These results indicate that the variable company size has no effect on disclosure of sustainability reports.

The board of commissioners variable produces tcountof -2.363 with a significance level of 0.022 value lower than$a$= 0.05, so thatH4be accepted. These results indicate that the board of commissioners variable has an effect on the disclosure of the sustainability report.

The audit committee variable produces tcountof -0.476 with a significance level of 0.637 has a value higher than$a$= 0.05, so thatH5rejected. These results indicate that the audit committee variable has no effect on sustainability report disclosure.

4.2 Discussion of Analysis Results

4.2.1 Effect of Profitability on Disclosure of Sustainability Reports

The results of the data analysis show that the profitability variable has no effect on disclosure the sustainability report shows the results of tcountof -0.724 with a significance level of 0.473 > 0.05, so that H1rejected. This is due to a decreasing level of profitability so companies will reduce social activities and focus on increasing profits. So that management will be less in disclosing social and environmental information by the company. This research is in line with research conducted by (Natalia & Wahidahwati, 2016). However, testing this hypothesis is different from research conducted by (Putri et al., 2022), (Dewi, 2019),and (Liana, 2019).

4.2.2 Influence of Company Activities on Disclosure of Sustainability Reports

The results of the data analysis show that the company's activity variables affect disclosure
the sustainability report shows the results of tcountof 1.259 with a significance level of 0.036 <0.05, so that H1be accepted. This is because the higher the company's activity ratio means that it reflects management managing its assets more effectively. The higher the company's activity, the tend to voluntarily disclose financial reports and sustainability reports (Mujiani & Nurfitri, 2020).This research is in line with research conducted by (Mujiani & Nurfitri, 2020). However, testing this hypothesis is different from research conducted by (Sinaga & Fachrurrozie, 2017) and (Natalia & Wahidahwati, 2016).

4.2.3 Effect of Company Size on Disclosure of Sustainability Reports

The results of the data analysis show that the variable company size has no effect on the disclosure of the sustainability report showing the result tcountof 1.506 with a significance level of 0.138 > 0.05, so that H1rejected. This is because companies that have large total assets do not really disclose sustainability reports. So that large companies tend to withhold information that contains relevant value for tax avoidance and pressure to carry out social responsibility. Therefore, management will prefer to disclose reports as necessary. This research is in line with research conducted by (Dewi, 2019). However, testing this hypothesis is different from research conducted by (Sulistyawati & Qadriatin, 2019) and (Putri et al., 2022).

4.2.4 Influence of the Board of Commissioners on Disclosure of Sustainability Reports

The results of the data analysis show that the board of commissioners variable has an effect on disclosure
the sustainability report shows the results of tcountof -2.363 with a significance level of 0.022 <0.05, so that H1be accepted. This is because high boards of commissioners tend to have high sustainability report disclosures as well. The board of commissioners can put pressure on companies and increase objectivity to disclose the widest possible information through disclosure of sustainability reports (Putri et al., 2022). This research is in line with research conducted by (Putri et al., 2022). However, testing this hypothesis is different from research conducted by (Sulistyawati & Qadriatin, 2019) and (Liana, 2019).

4.2.5 Influence of the Audit Committee on the Disclosure of the Sustainability Report

The results of the data analysis show that the audit committee variable has no effect on disclosure the sustainability report shows the results of tcountof -0.476 with a significance level of 0.637 > 0.05, so that H1rejected. This is caused by lower audit committees tend to have lower sustainability report disclosures. The audit committee was formed with the main objective to improve the quality of financial reports. As well as the dominance of the votes of audit committee members who prioritize personal or group interests so that they override the interests of the company. So that the lack of effectiveness in internal control and oversight of the board of directors in disclosing the company's sustainability report. This research is in line with research conducted by (Sinaga & Fachrurrozie, 2017)). However, testing this hypothesis is different from research conducted by (Sonia & Khafid, 2020) and (Putri et al., 2022).

V. CONCLUSION

This study aims to examine the effect of profitability, company activity, company size, board of commissioners, and audit committee on the disclosure of sustainability reports in manufacturing companies listed on the IDX in 2018 to 2021. Based on the results of data analysis along with the discussion described in Chapter IV , the following conclusions are obtained:

1. Profitability has no effect on the disclosure of sustainability reports. Evidenced by a significance value of 0.473 which is higher than*a*= 0.05.
2. Company activities affect the disclosure of sustainability reports. Evidenced by a significance value of 0.036 which is lower than*a*= 0.05.
3. Company size has no effect on sustainability report disclosure. Evidenced by having a significance value of 0.138 which is higher than*a*= 0.05.
4. The board of commissioners influences the disclosure of the sustainability report. Evidenced by a significance value of 0.022 which is lower than*a*= 0.05.
5. The audit committee has no effect on the disclosure of the sustainability report. Evidenced by a significance value of 0.637 which is higher than*a*= 0.05.

Research Limitations

This research has limitations and is expected to be perfected in further research.
The main limitation in this study is that relatively few companies disclose sustainability reports for four consecutive years, because the disclosure of sustainability reports, especially in manufacturing companies, is still voluntary.

Suggestion

Based on future research regarding disclosure of sustainability reports, it is expected to be able to provide higher quality research results, therefore further researchers can consider the suggestions below:

1. Subsequent research might be able to replace companies in other sectors, such as the service sector, financial sector, or in the mining sector.
2. Future researchers are expected to be able to examine several other variables that have an influence on disclosure of sustainability reports such as managerial ownership, type of industry, institutional ownership, leverage, liquidity as measured by cash ratio, and profitability as measured by return on equity.

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