

The Effect of Financial Performance, Company Size and Good Corporate Governance on Sustainability Report

Naili saadah ^{1*}, Ratno Agriyanto ², Warno ³, and Winda Putri Mustika⁴

^{1,2,3,4} Universitas Islam Negeri Walisongo, Semarang, Indonesia

Abstract

Companies often take advantage of existing natural resources as suppliers of the main raw materials that are processed by the company to produce products that will be sold to consumers. The environment where natural resources are located can be interpreted as the area or community around where the company operates. Of course, the company's operational activities will have an impact on the environment, both in the form of positive and negative impacts. This research uses quantitative research methods with descriptive statistical analysis techniques. While the research hypothesis testing was carried out using regression analysis. And the regression analysis used in this research is logistic regression. By using mining companies listed on the Jakarta stock exchange during the 2015-2018 period, 44 sample companies were obtained. Logistic regression test results prove that financial performance has no effect on Sustainability Report, company size has no effect on Sustainability Report, Good Corporate Governance has a significant positive effect on Sustainability Report.

Keywords: *Good Corporate Governance, ROA, Sustainability Report.*

1. Introduction

Companies are economic actors who play an important role in society. All companies have the same goal of looking for profit (Warno, 2013). Profits or profits obtained are used to develop the company and improve the welfare of all stakeholders and increase economic growth and social welfare. Because the activities carried out can bring profit or profit, the company must show its social responsibility in order to help solve social problems that exist in the company environment. In line with the increasing awareness of the community regarding social and environmental impacts, there have been demands from the community for the company to try to overcome these problems (Khafid & Mulyaningsih, 2015).

Companies often take advantage of existing natural resources as suppliers of the main raw materials processed by the company to produce products to be sold to consumers. The environment where natural resources are located can be interpreted as the area or community around where the company operates. Of course, the company's operational activities will have an impact on the environment, both in the form of positive and negative impacts. One of the negative impacts of company operations is ecological damage which is caused by increased industrial activity (Saadah & Farida, 2019) Mining companies are one of the corporate sectors that utilize natural resources in their main operational activities. Mining companies have a very high responsibility because in their operational activities many of them take natural resources and some of them are non-renewable natural resources. Respond to this, it is appropriate for companies engaged in the mining sector as well as companies in other sectors to be responsible for the impacts caused by their operational activities through corporate social responsibility programs (Astini, Yuniarta, & Kurniawan, 2017). One of the responsibilities of a company towards its environment is to make a sustainability report, which is a report that is prepared annually which reveals the positive and negative effects of the organization on the environment, society and the economy. The company needs to make a sustainability report so that stakeholders can know the form of the company's responsibility towards society and the environment.

* Corresponding author. Email address : naili_saadah@walisongo.ac.id

In Indonesia, there have been several cases regarding the environment, including cases that occurred in Sidoarjo, namely the hot mud flood caused by PT. Lapindo Brantas Inc. The bad impact of the tragedy was not only for the people who felt it, but Lapindo and the government had to spend funds for compensation. Based on data from the Sidoarjo Lapindo Control Center (PPLS), the compensation value for wet land is IDR 120 thousand per square meter. Meanwhile, the compensation value for dry land reached Rp1 million per square meter. So that if the total losses from the Lapindo mud disaster reached IDR 3.8 trillion. Apart from direct compensation, the Government must also allocate a budget for mud control and repair of infrastructure affected by the Lapindo mudflow. In 2020 alone, the government still allocates around IDR 380 billion for the budget for mud control¹.

The next environmental problem in Minahasa Selatan is the pollution of Buyat Bay caused by PT. Newmont Minahasa Raya, According to the Director of Recovery and Protection of Civil Rights at the Attorney General's Office, Santoso, this case caused several losses, including environmental, health and socio-economic losses. Newmont will be charged with environmental laws. Newmont and its president director, Richard Bruce Ness, are required to pay material damages of US \$ 117 million (around Rp. 1.058 trillion) and immaterial damages of Rp. 150 billion.²

Then the PT Freeport case in Irian Jaya, the findings of the Supreme Audit Agency released in 2017, the value of environmental losses reached Rp. 185 trillion. Environmental damage occurs due to inappropriate storage of tailings along the Ajkwa River, Mimika Regency, Papua. Environmental losses in the upstream area are estimated at Rp. 10.7 trillion, the estuary at Rp. 8.2 trillion, and the Arafura Sea at Rp. 166 trillion. Serious violations have occurred because the tailings storage area has actually been limited to only 230 square kilometers in the upstream area, but seeps up to the river estuary³.

With the large number of cases, the sustainability report must be increasingly considered and can be used as one of the criteria for assessing corporate social and environmental responsibility. The Financial Services Authority (OJK) as the regulator has issued OJK Regulation number 51 / POJK.03 / 2017 concerning the implementation of sustainable finance for financial service institutions (LJK), issuers, and public companies. Article 10 states that FSIs, issuers and public companies are required to prepare sustainability reports. This sustainability report or sustainability report is separate from the annual report and must be started in accordance with the instructions contained in the OJK regulations. A good company must be responsible in the economic, social and environmental fields, and maintain a stable financial performance for the long-term sustainability of the company (Rizki, Agriyanto, & Farida, 2019).

Research on sustainability reports has found mixed results (Dewi & Pitriasari, 2019) stated in his research that company size and Good Corporate Governance had no effect on the Sustainability Report. However, this statement differs from the research results (Khafid & Mulyaningsih, 2015) which shows that company size affects the Sustainability Report, as well as research by Aniktia and Khafid (2015) which states that Good Corporate Governance affects the publication of the Sustainability Report.

¹ CNN Indonesia, *Menilik Kronologis Tragedi 13 Tahun Lumpur Lapindo*. Diakses pada 30 Desember 2019 dari <https://www.cnnindonesia.com/ekonomi/20190625172403-92-406332/menilik-kronologis-tragedi-13-tahun-lumpur-lapindo>

² Tempo, *Menggugat Tanggungjawab Newmont*, diakses pada 30 Desember 2019 dari <https://majalah.tempo.co/read/hukum/107018/menggugat-tanggung-jawab-newmont?hidden=login>

³ Tempo, *Menanggung Dampak Limbah Freeport*, 25 Januari 2019. Diakses pada tanggal 30 Desember 2019 dari <https://majalah.tempo.co/read/opini/157036/menanggung-dampak-limbah-freeport?>

The Effect of Financial Performance, Company Size and Good Corporate Governance on Sustainability Report

Because previous studies have shown inconsistent results, researchers are interested in bringing up the topic of Sustainability Report again. In addition, the issuance of regulations from OJK number 51 / POJK.03 / 2017 is due to the lack of awareness of companies in Indonesia to publish Sustainability Reports.

This study develops previous research from (Hasanah, Syam, & Jati, 2017) about "The Effect of Corporate Governance on Sustainability Report Disclosure" Where there is a difference in this study with the previous one, namely by adding the Financial Performance and Company Size variables as independent variables and the object of this study is mining companies listed on the Indonesia Stock Exchange (IDX) in 2015 - 2018.

2. Literature Study Stakeholders Theory

The theory that is usually used as the basis for research on Sustainability Report is the theory of stakeholders or commonly known as Stakeholders Theory. In research of Dewi and Pitriasari (2019) described that Stakeholders Theory is able to expand organizational responsibility not only to investors or company owners but to all stakeholders. The term stakeholder is often used by various parties and its relationship with various sciences such as business management, communication science and so on. Stakeholder is a party including the community, groups, communities, and individuals who have an interest in the company. Stakeholder theory states that a company is not an entity that only operates for the benefit of the company, but must also provide benefits for stakeholders (Handita, 2017) .

The company must always maintain a good relationship with its stakeholders, namely by facilitating the needs and desires of its stakeholders, especially those related to the availability of resources used for all company operational activities, such as labor, marketing of company products and others. One of the factors that make a company grow and develop is the support from stakeholders. And a sustainability report is a strategy that can be taken by a company in maintaining its relationship with stakeholders. Sustainability reports are a form of voluntary disclosure made by companies. Sustainability report which informs about the performance of the economic, social and environmental sectors as well as to stakeholders. The company can inform the activities and their impact on environmental and social conditions in a complete manner through a sustainability report (Handita, 2017).

Sustainability Report

Sustainability report is a report that contains information about financial and non-financial which includes financial performance, environment and social activities that can make the company develop in a sustainable manner. In a separate report from this annual report, disclosure of environmental, social and economic performance can show the level of accountability, responsibility, and transparency of a company to investors and other stakeholders. This means that these three things must be further improved in all sectors of the company's operational activities. The social value of all company operational activities must be in line with existing norms in society, given the importance of this to the company which can cause reactions, namely that the company is increasingly motivated to pay more attention to the surrounding environment (Latifah, Rosyid, Purwanti, & Oktavendi, 2019). In accordance with the opinion of the legitimacy theory which states that a company operates in a community environment through a social contract, then the company makes an agreement with the aim of carrying out various kinds of activities desired by the community in return for the acceptance of company goals, company survival, and other awards. Increasing effective communication for the community is a form of conformity to social values created by companies that can be done by disclosing sustainability reports as additional information that is supportive and voluntarily disclosed. To obtain company

legitimacy, this sustainability report can be used. Thus, legitimacy is a potential resource for the company to survive (*going concern*) (Raharjo, 2016).

A sustainability report has become a necessity for companies to convey information to all company stakeholders regarding their economic, social and environmental performance. Another purpose of disclosing a sustainability report is to show the company's commitment to social and environmental issues to stakeholders. This can improve the company's image and help the company to maintain good relations with external parties. When the company's image is considered good, the company will get legitimacy from the community which is beneficial for the company's sustainability.

The Influence of Financial Performance on The Publication of Sustainability Report.

Financial performance is an assessment of the level of ability and accuracy of financial reports and management reports that can reflect the company's achievements. To find out the company's financial performance, you can go through profitability (Wiratna & Sujarweni, 2017).

Profitability is the company's ability to generate profits so as to increase shareholder value. High profitability will motivate managers to disclose more detailed information so that managers can provide confidence to investors about the company's profitability. Profitability is a factor in giving freedom to management in making social responsibility disclosures widely. So, it can be concluded that the higher the profitability of a company, the more likely the company will make greater disclosures and vice versa. Disclosure of sustainability report is able to increase company value and describe good company performance so that it can be accepted by society (Setiawan, Mukhzarudfa, & Hizazi, 2019). This is in line with the statement of stakeholder theory, namely that a company, in addition to operating for the benefit of its company, must also provide benefits to stakeholders through social responsibility.

Research conducted by Rahman, Kamaliah, and Safitri (2017) states that Profitability has an effect on Sustainability Report disclosure. So it can be said that the higher the company's profitability, the higher the company's Sustainability Report disclosure. So profitability has a positive effect on Sustainability Report disclosure. Because the high level of profitability will be able to increase the ability to disclose Sustainability Report. Based on this description, the first hypothesis in this study is:

H1 : Financial performance affects the Sustainability Report..

The Influence of Company Size on The Publication of The Sustainability Report

Company size is a description of the size of the company which is shown in various ways, including total assets, log size, stock market value, and others. In this study, company size is measured using total assets. Firm size affects the extent of disclosure of information in financial statements. This is because extensive disclosure of information requires a lot of costs, so the wider the level of disclosure of information in the financial statements, the greater the size of the company. The size of the company is determined by the number of assets owned by the company, so of course if you want a wide disclosure of financial statement information, the costs incurred must also be comparable. Information about corporate social activities can be conveyed more broadly by companies through making sustainability reports (Afsari, Purnamawati, Prayudi, 2017).

The wider the stakeholder or company stakeholders go along with the larger the size of a company. Investors, both local and foreign and creditors owned by larger companies, are usually more numerous than companies that are smaller in size. Companies with a large size will have the ability to collaborate with creditors and attract a wider and more diverse range of investors and potential investors. In addition, large companies in general are always in the public eye so that the efforts made by

The Effect of Financial Performance, Company Size and Good Corporate Governance on Sustainability Report

companies to gain the legitimacy of stakeholders that can create uniformity of social values from their activities with norms that apply in society will be even greater (Khafid & Mulyaningsih, 2015). So the bigger company has to do more of its social responsibility. This is because large companies have a greater impact on society as well.

Research conducted by Pratama and Yulianto (2015) stated that companies with high company size affect the disclosure of sustainability reports. So it can be said that the larger the size of the company, the disclosure of the company's Sustainability Report will be higher. (Afsari et al., 2017) in his research also states that company size has a significant positive effect on the extent of Sustainability Report disclosure. So it can be concluded that company size has a positive effect on the Sustainability Report. Because the larger the company size, the more information that must be disclosed, namely in the form of a Sustainability Report. Based on this description, the second hypothesis in this study is:

H2 : Company size affects the Sustainability Report.

The Influence of Good Corporate Governance on The Publication of Sustainability Reports

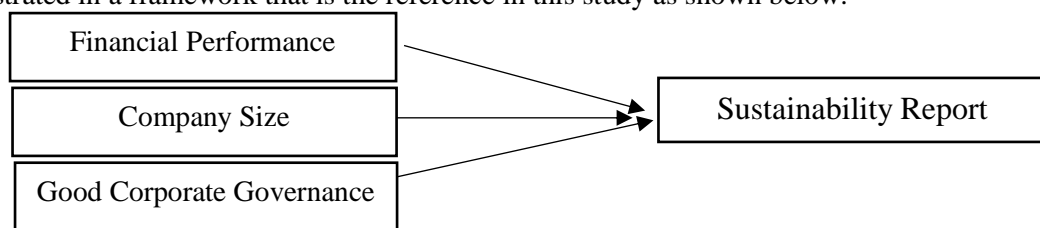
Good corporate governance is a set of regulations governing the relationship between shareholders, company managers, creditors, government, employees and other internal and external stakeholders with regard to their rights and obligations. The implementation of good corporate governance is used by companies to make innovations in order to maintain stakeholder trust. Companies that implement GCG properly will disclose social and environmental information in the sustainability report, this is because the company wants to show its performance to shareholders and the public. Thus, investors will be increasingly interested in investing and the company's reputation in the eyes of the community will be better (Zakiyah, 2016).

The audit committee is one of the boards in a company that oversees the corporate governance system, the Audit Committee is also a supporter of corporate accountability so that the information provided by the company is more transparent, both financial and non-financial information. (Adilla, 2016) .

Research conducted by (Latifah et al., 2019) stated that good corporate governance as measured by the audit committee has a positive role in the Sustainability Report. So it can be said that with the presence of an Audit Committee in a company, the disclosure of the company's Sustainability Report will be even higher. (Khafid, 2012) in his research also states that good corporate governance as measured by the audit committee has a positive effect on the sustainability report. So it can be concluded that the audit committee has a positive impact on the Sustainability Report disclosure. Because the existence of an audit committee can affect the process of preparing and disclosing a sustainability report in accordance with the objective of the audit committee is to improve the quality of financial reports, and this increase in reporting can be demonstrated by disclosing sustainability reports. (Zakiyah, 2016). Based on this description, the third hypothesis in this study is:

H3 : Good corporate governance affects the Sustainability Report

The relationship between the variables described in the hypothesis above is illustrated in a framework that is the reference in this study as shown below:



3. Research Methodology

This research uses quantitative research methods with descriptive statistical analysis techniques. While the research hypothesis testing was carried out using regression analysis. And the regression analysis used in this research is logistic regression. The reason for using logistic regression to analyze the data in this study is because the dependent variable being tested is a categorical variable. The logistic regression test does not require a classic assumption test and a normality test. However, it is necessary to test the feasibility of the model and test the coefficient of determination before testing the hypothesis. And the data used in this research is secondary data, namely data obtained from the source or object of research indirectly (Warno, 2016).

Secondary data is available and researchers only need to find and collect the necessary data and process it according to research needs. Secondary data in this study is in the form of annual reports and sustainability reports of mining companies listed on the Indonesia Stock Exchange (IDX) in 2015-2018 and accessed through the Indonesia Stock Exchange website and from the websites of each company. Based on secondary data in this study, the population of mining companies listed on the Indonesia Stock Exchange (BEI) in 2015-2018 is obtained. The number of mining companies listed on the Indonesia Stock Exchange (IDX) in 2015-2018 totaled 44 companies. Sample selection using non-probability sampling technique with purposive sampling method, namely the method of selecting the sample using several criteria.

4. Research Results and Discussion

Logistic Regression Analysis Results

Model Feasibility Test

<i>Hosmer and Lemeshow Test</i>			
Step	Chi-square	Df	Sig.
1	12.252	8	.140

Based on the data above, the statistical value of the Hosmer and Lemeshow Test is 12,252 and it can be seen that the significance value is 0.140 or above 0.05, so it can be stated that the research model is acceptable.

Overall Model Fit Test

Table 1 Overall Model Fit

Iteration	-2 log likelihood	Coefficient constant
Step 1	110.110	-.727
2	110.086	-.762
3	110.086	-.762

The table above shows that when the independent variable is not included in the model it has a constant value of -2LogLikelihood of 110.086, then after entering the 3 independent variables the value of -2LogLikelihood drops to 98.708 (can be seen in table 4.5). This means that the -2LogLikelihood value has decreased by 11,378. To find out whether the value of this decline is significant or not, we have to compare it with Df or the difference between Df when 0 variables and Df with 6 independent variables. $Df1 = (n-k) 88$ and $Df2 (88-3) = 85$. So the difference in Df is $88-85 = 3$. If seen from the table of percentage points of the t distribution, $df = 3$ points to 3.182. Because the decrease in the -2LogLikelihood score is 11,378 greater than the table value of 3.182, the conclusion is that the decrease in the -2LogLikelihood value is significant. These results prove that the addition of the independent variables of financial performance,

The Effect of Financial Performance, Company Size and Good Corporate Governance on Sustainability Report

firm size and good corporate governance into the research model makes the hypothesized model better or fit the data.

Determination Coefficient Test

Table 2 Determination Coefficient			
Step	-2 log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	98.708 ^a	.121	.170

Based on the results of the determination coefficient test in table 4.7 above, it can be seen that the Nagelkerke R Square value in the model summary table is 0.170. These data indicate that the independent variable can affect the dependent variable by 17%. While the remaining 83% is influenced by other variables that are not included in the independent variable in this research model. This shows that in the research model tested it turns out that the correlated variables only have a relatively small effect. This means that the variables of financial performance, company size and good corporate governance have only a slight influence on the sustainability report so that there are other variables that are thought to have a significant effect on the sustainability report.

In this study, the results of hypothesis testing in table 4.8 show that of the three independent variables, namely financial performance, company size and good corporate governance, which are proven to have a significant effect is good corporate governance. The variable good corporate governance in this study is seen from the structural approach, namely the audit committee which is measured using the number of members of the audit committee in the company. One of the audit committee's contributions to the company is ensuring that the company has complied with and implemented applicable regulations or laws (Latifah et al., 2019). So that the number of members of the audit committee in the mining company that is the sample of the research is proven to be able to contribute to the company so that management becomes better at managing the company which can be proven by disclosing sustainability reports as evidence of company compliance with the Financial Services Authority (OJK) regulation number 51 / POJK.03 / 2017 concerning the implementation of sustainable finance for financial service institutions, issuers and public companies.

The structure in good corporate governance is of course not only an audit committee but also a board of directors and a board of commissioners. And the two proxies in the good corporate governance variable are thought to have more influence on the sustainability report. The board of directors is the center of the good corporate governance system which has the main responsibility to ensure the long-term sustainability of the company and provide oversight to management. The board of directors is also responsible for ensuring the company's compliance with applicable laws and regulations. Including the publication of a sustainability report (Hasanah et al., 2017). Then the board of commissioners, which is part of the structure of good corporate governance, has the duty to supervise and provide guidance and provide direction to the management that manages the company. Management has the responsibility to improve the efficiency and competitiveness of the company, while the board of commissioners is responsible for overseeing management. With good supervision, companies are expected to disclose information about economic, social and environmental responsibilities in the form of a sustainability report. With sufficient members of the board of commissioners in a company, supervision will run well and the disclosure of social and environmental responsibilities made by the company is getting better (Latifah et al., 2019).

Hypothesis Test

		Table 3 Hypothesis Test					
		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1 ^a	Financial performance / ROA (X1)	-.707	2.373	.089	1	.766	.493
	Company size / total asset (X2)	.000	.000	3.721	1	.054	1.000
	GCG / audit committee (X3)	1.493	.578	6.679	1	.010	4.452
	Constant	-5.915	1.879	9.914	1	.002	.003

The results of the first hypothesis are seen in the table above. The financial performance variable measured using profitability (ROA) has a significance value of 0.766, this value exceeds the significance level of 5% (0.05). So these results indicate that the financial performance variable does not have a significant effect on the sustainability report. Thus, hypothesis 1 is neither accepted nor rejected.

The results of the second hypothesis are seen in the table above. The company size variable measured using total assets has a significance value of 0.054, this value has exceeded the significance level of 5% (0.05). So these results indicate that the company size variable has no significant effect on the sustainability report. Thus, hypothesis 2 is rejected.

The results of the third hypothesis are seen in the table above. The variable of Good Corporate Governance, which is measured using the number of members of the audit committee, has a significance value of 0.010, this value is below the significance level of 5% (0.05). Then these results indicate that the financial performance variable has a significant positive effect on the sustainability report. Thus, hypothesis 3 is accepted.

Discussion

The Effect of Financial Performance on the Sustainability Report

The first research hypothesis is neither accepted nor rejected. The hypothesis which states that financial performance has an effect on the Sustainability Report is rejected because the results of the hypothesis test show that the financial performance variables measured using profitability (ROA) have no effect on the Sustainability Report. This is evidenced by the significance value that exceeds the significance level of 5% (0.05) which is equal to 0.766. The results of this study are in line with the research conducted by (Aniktia & Khafid, 2015). The study states that financial performance, which is measured using profitability, has no effect on the disclosure of the sustainability report. With the high profitability of the company, it is possible that the company is more capable in CSR so that its CSR disclosure will be better, but on the other hand the company can also sacrifice the environment to generate profits or profits. This means that companies that have high profitability are likely to come from the company's operational activities that have a negative impact on the environment and the community where the company is founded, so that companies tend not to disclose social and environmental responsibilities.

If a company has good financial performance, which is indicated by high profitability, the incentive for managers to provide complete information will be even stronger, because they must have a desire that the level of investor confidence in the

The Effect of Financial Performance, Company Size and Good Corporate Governance on Sustainability Report

company's performance will increase. Meanwhile, according to the theory of legitimacy, if the level of profitability of the company is high, the management considers it unnecessary to report anything that could interfere with information related to the company's financial success. Meanwhile, if the company has a low level of profitability, management hopes that "good news" about the company's financial performance, for example performance in the social sphere, will be read by report users so that investors will continue to invest their assets in the company. And the results of this study are consistent with the legitimacy theory that has been described.

The Effect of Company Size on Sustainability Report

The second research hypothesis states that company size has an effect on the Sustainability Report is rejected, because according to the results of tests that have been carried out, the company size variable measuring using total assets has no significant effect on the Sustainability Report. This has been proven because the significance value is greater than the significance level of 5% (0.05), which is 0.054. In disclosing the sustainability report, a company does not refer to total assets but to whether the information in the sustainability reporting is considered important or not to be conveyed to stakeholders.

The company will disclose information if it feels necessary to disclose it even though the company has lower total assets. The size of the company does not guarantee that disclosure of social and environmental responsibilities is higher. Conditions like this indicate that the strategy of large companies in gaining legitimacy from the community is not always with social and environmental activities aimed at influencing parties who have an interest in the company, both internal and external. This is because the company considers that the environmental conditions caused by the company's operational activities are not paid much attention by the external community. So the extent or not the social and environmental responsibility of the company refers more to the company's desire to achieve its goals of obtaining large profits with high sales rates. This means that the results of this study are inconsistent with the statement of legitimacy theory, namely that the company will survive if the community in the company environment feels that all company activities operating in its environment do not deviate from the norms in society. The results of this study show the same results as research (Dewi & Pitriasari, 2019) that company size has no effect on the sustainability report.

The Effect of Good Corporate Governance terhadap Sustainability Report

The third hypothesis of the study, namely that Good Corporate Governance has an effect on the Sustainability Report, is accepted, because based on hypothesis testing that has been carried out, the Good Corporate Governance variable which is proxied by the audit committee shows the results have a significant positive effect on the Sustainability Report. This is proven by the significance value which shows the results are smaller than the significance level of 5% (0.05) which is equal to 0.010. The results of the hypothesis testing are in accordance with the descriptive statistical results above, which show that mining companies listed on the main board of the Indonesia Stock Exchange search have an average number of audit committee members, totaling three (3) people. This is in accordance with the decision of the chairman of BAPEPAM-LK No. Kep- 643 / BL / 2012 dated 7 December 2012. Formed an Audit Committee with a membership structure of at least one commissioner and two people who are not affiliated with the company.

The results of this study are in line with previous research conducted by (Latifah et al., 2019) which states that the audit committee has an effect on the disclosure of sustainability reports. The results of this study are the same as the research conducted by Afsari et al. (2017). The result of the research is that the audit committee has an effect on the extent of Sustainability Report disclosure. The audit committee is a liaison between the company and the external auditors and functions to oversee the board of

commissioners and the internal auditors. thus the audit committee is required to act independently. In making decisions, the audit committee must be fair to all parties without exception, especially in examining alleged errors and violations of the board of directors' decisions. The results of this study prove that the better the value of good corporate governance owned by the company, the more extensive the disclosure of its sustainability report will be. With good corporate governance, the company will be motivated to disclose information transparently and make reports both mandatory and voluntary in a broader and better way.

5. Conclusion

Based on the results of the logistic regression test that has been carried out, in this study it can be concluded that the financial performance variables which are measured using profitability (ROA) have no effect on the Sustainability Report. This is because the company's good financial performance as seen from its high profitability, most likely comes from the company's operational activities which have a negative impact on the environment and surrounding communities. So that companies will tend not to disclose Sustainability Report. In addition, the company size variable as measured by total assets has no effect on the Sustainability Report. Because a company with a large size does not necessarily make a sustainability report. The variable Good Corporate Governance which is proxied by the audit committee has a significant positive effect on the Sustainability Report. Due to good corporate governance, companies will be motivated to disclose information transparently and to make reports both mandatory and voluntary in a broader and better way.

References

- Adilla, W. (2016). *Pengaruh Corporate Governance dan Karakteristik Perusahaan Terhadap pengungkapan Sustainability Report*. [Skripsi].
- Afsari, R., Punamawati, I. G. A., & Prayudi, M. A. (2017). Pengaruh Leverage, Ukuran Perusahaan, Komite Audit Dan Kepemilikan Institusional Terhadap Luas Pengungkapan Sustainability Report. *Jurnal Imiah Mahasiswa Akuntansi Undiksha*, 8(2), 1–12.
- Aniktia, R., & Khafid, M. (2015). Pengaruh Mekanisme Good Corporate Governance Dan Kinerja Keuangan Terhadap Pengungkapan Sustainability Report. *Accounting Analysis Journal*, 4(3).
- Astini, L. T., Yuniarta, G. A., & Kurniawan, P. S. (2017). Analisis Penerapan Global Reporting Initiative (GRI) G4 Pada Laporan Keberlanjutan Perusahaan Tahun 2013-2016 (Studi pada Perusahaan Pertambangan yang Terdaftar di BEI). *Jurnal S1 Akuntansi Universitas Pendidikan Ganesha*, 8(2), 74–84.
- Dewi, I. P., & Pitriasari, P. (2019). Pengaruh Good Corporate Governance dan Ukuran Perusahaan Terhadap Pengungkapan Sustainability Report. *Jurnal Sains Manajemen & Akuntansi*, XI(1), 101–118.
- Handita, I. N. (2017). *Pengaruh Karakteristik Perusahaan dan Mekanisme Corporate Governance Terhadap Praktik Pengungkapan Sustainability Report*. [Skripsi]. Yogyakarta : Universitas Muhammadiyah Yogyakarta, 1–14.
- Hasanah, N., Syam, D., & Jati, A. W. (2017). Pengaruh Corporate Governance terhadap Pengungkapan Sustainability Report pada Perusahaan di Indonesia. *Jurnal Reviu Akuntansi Dan Keuangan*, 5(1), 711–720.
- Khafid, M., & Mulyaningsih. (2015). Kontribusi Karakteristik Perusahaan Dan

The Effect of Financial Performance, Company Size and Good Corporate Governance on Sustainability Report

- Corporate Governance Terhadap Publikasi Sustainability Report. *Ekuitas : Jurnal Ekonomi Dan Keuangan*, 19(3), 340–359.
- Khafid, M. (2012). Kontribusi Karakteristik Perusahaan dan Corporate Governance Terhadap Publikasi Sustainability Report. *Jurnal Ekonomi Dan Keuangan*, 80, 340–359.
- Latifah, S. W., Rosyid, M. F., Purwanti, L., & Oktavendi, T. W. (2019). Good Corporate Governance, Kinerja Keuangan Dan Sustainability Report (BUMN yang listed di BEI). *Jurnal Reviu Akuntansi Dan Keuangan*, 9(2), 200–213. <https://doi.org/10.22219/jrak.v9i2.56>
- Pratama, A., & Yulianto, A. (2015). Faktor Keuangan Dan Corporate Governance Sebagai Penentu Pengungkapan Sustainability Report. *Accounting Analysis Journal*, 4(2).
- Raharjo, F. D. (2016). *Pengaruh Corporate Governance Dan Karakteristik Perusahaan Terhadap Pengungkapan Sustainability Report*. [Skripsi]. Jakarta : UIN Syarif Hidayatullah.
- Rahman, A. R., Kamaliah., & Safitri, D. (2017). Pengaruh Kinerja Keuangan Dan Karakteristik Perusahaan Terhadap Pengungkapan Sustainability Report Pada Perusahaan Yang Listing Di Bursa Efek Indonesia Tahun 2013-2015. *Jurnal Online Mahasiswa Fakultas Ekonomi*, 4(2).
- Rizki, M. K., Agriyanto, R., & Farida, D. N. (2019). The Effect of Sustainability Report and Profitability on Company Value: Evidence from Indonesian Sharia Shares. *Economica: Jurnal Ekonomi Islam*, 10(1), 117. <https://doi.org/10.21580/economica.2019.10.1.3747>
- Saadah, N., & Farida, D. N. (2019). Etika Pertanggungjawaban Lingkungan Dalam Bingkai Al-Qur'an. *Equilibrium: Jurnal Ekonomi Syariah*, 7(2), 343. <https://doi.org/10.21043/equilibrium.v7i2.4548>
- Setiawan, K., Mukhzarudfa., & Hizazi, A. (2019). Pengaruh Profitabilitas, Solvabilitas, Dan Ukuran Perusahaan Terhadap Pengungkapan Sustainability Report Pada Perusahaan Perbankan Yang Terdaftar Di Bursa Efek Indonesia Dan Bursa Efek Malaysia Periode 2013-2017. *Jurnal Online Universitas Jambi*, 30–40.
- Warno. (2013). Pengaruh Struktural Modal Terhadap Kepatuhan Membuat Laporan Keuangan Sesuai Standar Akuntansi Keuangan (SAK). *Jurnal Dinamika Ekonomi & Bisnis*, 10(1), 27–36. www.ristekdikti.go.id
- Warno. (2016). Kepatuhan Koperasi Di Kota Semarang Terhadap Standar Akuntansi Keuangan Entitas Tanpa Akuntan Publik (SAK ETAP) Tahun 2013. *Economica: Jurnal Ekonomi Islam*, 5(1), 135. <https://doi.org/10.21580/economica.2014.5.1.767>
- Wiratna, V., & Sujarweni. (2017). *Analisis Laporan Keuangan Teori Aplikasi & Hasil Penelitian*. Pustaka Baru Press.
- Zakiyah, R. (2016). *Pengaruh Good Corporate Governance (Gcg), Size, Dan Kinerja Keuangan Terhadap Pengungkapan Sustainability Report*. [Skripsi]. Bandar Lampung : Universitas Lampung, 16. <https://doi.org/10.1017/CBO9781107415324.004>