Sustainability Report Disclosure of Indonesian Mining Companies

Review of Integrative Business & Economics Research

Erna Hidayah*
Universitas Islam Indonesia

Muhammad Raihan
Universitas Islam Indonesia

ABSTRACT

Environmental and social issues are closely related and timely topic. This is particularly observable from several arising cases related to environmental damage, which have made the community and business people aware of the importance of social and environmental responsibility. Instead of merely focusing on profitability, companies are also required to take social and environmental responsibilities into their account. Sustainability report is the measurement, disclosure and accountability of the organization's performance to achieve sustainable development goals to both internal and external stakeholders. This study aims to prove the effect of profitability, liquidity, and company size on the sustainability report disclosure in mining companies listed on the Indonesia Stock Exchange in 2017-2021. The data were analyzed using multiple linear regression and the research samples were 55 companies listed in the Indonesia Stock Exchange, which were selected using a purposive sampling. The results of the study show that company size (SIZE) has a positive effect on sustainability report disclosure, but profitability (NPM) and liquidity (CR) have no effect on company sustainability report disclosure. The implication of this research is that investors will choose to buy shares in large companies, because the larger the company, the more disclosure of its sustainability report. Meanwhile, the government must make regulations regarding rewards and punishment, so that companies are motivated to pay attention to the environment.

Keywords: Sustainability report disclosure, profitability, liquidity, and company size.

Received 19 May 2023 | Revised 17 August 2023 | Accepted 19 September 2023.

1. INTRODUCTION

Early at its inception, a business or company is generally established only to fulfill a solely goal of maximizing profitability without taking into account its harmful impact on many parties. Such phenomenon is known as the economic-based paradigm or single P (Profit). However, over time, this paradigm has turned into sustainable development. The new perspective reflects that companies shall pay more attention to other important aspects, one of which is the ability to compete by favoring efficient and effective use of company resources (Ikhwani, Paramita, & Sunaryo, 2019).

Companies can realize sustainable development using a global framework of consistent and measurable language with the aim of maintaining clarity and comprehension. This concept has led to the emergence of sustainability report issued by the company. Sustainability reports are made to measure, reveal, and ensure accountability of positive and negative company activities in order to achieve sustainability development (Rahmat, 2022).

Copyright © 2024 GMP Press and Printing
ISSN: 2304-1013 (Online); 2304-1269 (CDROM); 2414-6722 (Print)

Sustainability report is published by a company as a form of social and environmental responsibility. According to the Global Reporting Initiative (GRI, 2013), sustainable reporting benefits organizations for setting goals, measuring performance, and managing change to ensure sustainable operations. On the whole, the report contains three aspects: company activities related to the economy, environment and social aspects. Therefore, disclosure of company's sustainability report adheres to the triple bottom line concept of increasing company profits (profit), being responsible for the preservation of the earth (planet), and caring for humans (people).

Indonesia is rich in natural resources, one of which is mining products (coal, oil, natural gas, tin, gold and others). The emergence of mining industries in Indonesia has generated positive and negative impacts on society and the country. In terms of its positive impacts, the mining industry creates jobs for the community. In addition, since mining production can suffice domestic and international market demand, exporting mining products definitely enhances national income and economic growth. The mining industry has created its own investment attractiveness for foreign investors to start investing in Indonesian mining. On the other hand, the mining industry also has created negative impacts of considerable environmental damage. Mining areas are exposed to unbearable erosion, which is harmful to the environment. Mining waste derived from extracting mineral resources highly pollute the surrounding environment. Even worse, mining activities using fossil fuels produce CO2, which contribute to the greenhouse effect and global warming.

Wicaksono & Septiani's research (2020) revealed that there were only 49 companies listed on the Indonesia Stock Exchange that disclosed their sustainability reports at the end of 2016. This is certainly an insignificant number as compared to the total number of companies that went public on the Indonesia Stock Exchange. This condition indicates the lack of company's awareness to publish sustainability reports. One of the underlying reasons for this problem is the fact that Indonesia has never issued any regulations that specifically require companies to disclose their sustainability reports, thus making sustainability reports as merely voluntary disclosure. Due to its voluntary nature, the company will constantly consider the costs and benefits of disclosing their information (Kusumaningtias, 2013). Companies are generally willing to disclose their information when the merit of such disclosure outweighs its demerit.

Law Number 40 of 2007 concerning Limited Liability Companies or PT does not require all companies to issue sustainability reports. In 2017, the government issued regulation POJK 51/POJK 03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers and Public Companies. The regulation states that insurance companies, capital, BPJS, and public companies are required to disclose sustainability reports, starting in 2020. Thus, the normative law has required sustainability report disclosure. In other words, this regulation has changed the nature of sustainability reports from voluntary to mandatory. As a result of these changes, companies have started to realize the importance of sustainability reports, which can solve problems regarding risks and threats to the company sustainability as well as the economic, social, and environmental scope (Marsuking, 2022).

Many mining companies in Indonesia are irresponsible for the impact of their operations towards the surrounding environment and community. In 2020, JATAM recorded 45 cases of mining conflicts and damage to 700.000 hectares of land, not to mention to countless rights taken from the community (www.bbc.com). In addition, four coal mining companies had black records due to their neglect of waste and ignorance of the required

Copyright © 2024 GMP Press and Printing
ISSN: 2304-1013 (Online); 2304-1269 (CDROM); 2414-6722 (Print)

environmental management (Ardan, 2022). This can result in the revocation of permits or loss of legitimacy from the community.

There are several factors that can influence sustainability report disclosure including profitability, liquidity and company size.

Profitability is the main goal of the company and is a measure of the company's ability to generate profit, so as to increase the value of the company's shareholders. Profitability also enables flexibility and freedom to management in disclosing social responsibility, which thus will increase the sustainable report disclosure (Tista, 2020).

Liquidity is a measure of a company's ability to pay off short-term obligations. Liquidity is measured by the ratio of total current assets to total current liabilities. Regarding the liquidity factor, companies will generally provide more extensive information when they have a high liquidity ratio to show that the company's financial condition and activities are in very good condition (Marsuking, 2020). Such disclosure will generate a good image of the company from stakeholders, which leads to legitimacy. Thus, profitability and liquidity are considered capable of influencing the sustainability report disclosure.

In addition to profitability and liquidity, company size is also deemed to influence sustainability report disclosure. In general, large companies will provide more extensive information than small companies because stakeholders will pay more attention to large companies and it will be easier for them to monitor each of their operations. In addition, large companies also have extensive number of assets to carry out social and environmental programs to be widely disclosed in sustainability reports (Karlina, Mulyati, & Putri, 2019).

There are a number of reasons companies disclose sustainability reports. Some of the benefits of sustainability reporting include:

- Improved reputation: Companies that disclose their sustainability performance can improve their reputation with stakeholders, such as customers, investors, and employees.
- Increased customer loyalty: Customers are increasingly interested in supporting companies that are committed to sustainability. By disclosing their sustainability performance, companies can show customers that they are committed to environmental and social responsibility.
- Attracted investors: Investors are also increasingly interested in investing in companies that are committed to sustainability. By disclosing their sustainability performance, companies can make themselves more attractive to investors.
- Improved employee morale: Employees are more likely to be proud to work for a company that is committed to sustainability. Disclosing sustainability performance can help to improve employee morale and productivity.

Disclosure of sustainability reports is important for companies because it can help them to improve their reputation, attract customers and investors, and improve employee morale. Companies with good financial performance are more likely to be able to afford to invest in sustainability initiatives and to disclose their sustainability performance. However, even smaller companies can benefit from disclosing their sustainability performance.

The importance of disclosing sustainability reports is the motivation for researchers to conduct research related to company performance which is likely to influence disclosure of sustainability reports, namely profitability, liquidity and company size. Good financial performance is characterized, among other things, by the ability to create profits so that companies can have good planning in financial management and know the level of financial risk which can be used as consideration in disclosing a sustainability report. The aim of this

Copyright © 2024 GMP Press and Printing
ISSN: 2304-1013 (Online); 2304-1269 (CDROM); 2414-6722 (Print)

research is to analyze the level of sustainability report disclosure based on the items in the GRI guidelines, and prove the influence of profitability, liquidity and company size on sustainability report disclosure in mining companies listed on the Indonesia Stock Exchange in 2017 – 2022.

2. LITERATURE REVIEW

2.1. Stakeholders Theory

The stakeholder concept was first used by the Stanford Research Institute (SRI) (Liana, 2017). The agency describes stakeholders as a group that provides support to an organization in relation to its existence. A stakeholder is a party that has an interest in a company and can either affect or be affected by the business in terms of its success or failure.

This phenomenon is resulted from a paradigm shift in primary profitability in the past to a more balanced view concerning with not only profit, but also people and the planet. This view is often known as the Triple Bottom Line concept, which is known as social responsibility (Tista, 2020). The occurrence of this paradigm shift is attributed to the demands obtained from the community due to the negative impact of company activities. Thus, current financial reports do not only take into account economic indicators, but also social factors towards stakeholders, especially the community as a form of corporate responsibility.

2.2. Agency Theory

Agency theory was developed by several experts, including Jensen and Meckling (1976). This theory holds that the company is a meeting point between stakeholders in a contractual relationship, namely management, owners, government and creditors. More specifically, agency theory explains the relationship between principals and agents. Principal refers to the party that gives jobs to agents to carry out orders or operations and thus has the highest authority in the organization or company. Meanwhile, the manager serves as the agent who has been delegated to manage resources. Hence, while it is true that the principal can influence all decisions in the company's future actions, their decisions must be based on asymmetric information between the principal and the agent.

2.3. Sustainability Report Disclosure

Sustainability reports are used as an information medium for external and internal stakeholders to provide an assessment of management performance related to corporate responsibility. In addition, the report can be used as a reference for setting targets and managing the company in the face of economic changes. Thus, a sustainability report must provide an overview of the entire operation of an organization's sustainable performance, both in terms of positive and negative impacts on the economy, society and the environment.

The Global Reporting Initiative (GRI, 2013) states that sustainable reporting benefits organizations for setting goals, measuring performance, and managing change to ensure sustainable operations. Sustainability report generally covers 3 (three) dimensions: economic, social and environmental dimensions, which are to be disclosed as information for company stakeholders in order to fulfil present needs without compromising the needs of future generations. Disclosures contained in the sustainability report shall comply with the GRI-4 standard with 91 items of indicators.

2.3.1. Effect of profitability on sustainability report disclosure

Copyright © 2024 GMP Press and Printing
ISSN: 2304-1013 (Online); 2304-1269 (CDROM); 2414-6722 (Print)

According to stakeholder theory, companies must involve stakeholders in decision making and policies to maintain legitimacy as a way to achieve company goals. Therefore, stakeholder participation in decision making requires information from the company about the activities carried out (Indriyani & Yuliandhari, 2020). The company will disclose all accurate and integrated information in order to maintain stakeholder trust in the company.

Companies that have high profitability tend to disclose more information about their operations because they want to show stakeholders that the company has good performance efficiency. The company will provide information through a sustainability report, which contains activities related to the economy, society and the environment.

The researches by Tobing, Zuhrotun, & Rusherlistyani (2019), Meutia & Titik (2019), Indriyani & Yuliandhari (2020), Hermawan & Sutarti (2021) highlighted that profitability affects the disclosure of sustainability reports. However, Karlina, Mulyati, Putri (2019), Indrianingsih & Agustina (2020), Privika, Maharani, & Irmadariyani R (2021), Afifah N, Fujianti L, & Mandagie Y (2022) shared a different finding that profitability has no effect on sustainability report disclosure. On this basis, the hypothesis is formulated as follows:

H1: Profitability has a positive effect on sustainability report disclosure.

2.3.2. The effect of liquidity on sustainability report disclosure

The level of liquidity as measured by the current ratio describes a company's ability to use current assets to pay off its short-term liabilities. The higher the current ratio, the better the company's financial ability. Hence, companies with large current ratios will tend to disclose more extensive information in order to convince stakeholders about the healthy financial condition of the company (Marsuking, 2022). Such reporting will generate a good image for the company because of the maximum effort in disclosing information and gaining legitimacy from the public for the sustainability of the company's life.

In this context, Oktaviani (2019), Krisyadi & Ellen (2020) proved that liquidity has a negative effect on sustainability report disclosure, whereas Lestari (2018) and Rahmat (2022) showed evidence that liquidity has a positive effect on sustainability report disclosure. In contrast, Putri, Aditya, & Nurdhiana (2019), Marsuking (2020), Hermawan & Sutarti (2021), Setiawan, Yuliansyah, Gamayuni (2022) held that liquidity has no effect on sustainability report disclosure. Therefore, this study formulated the following hypothesis:

H2: Liquidity has a positive effect on sustainability report disclosure.

2.3.3. The effect of company size on sustainability report disclosure

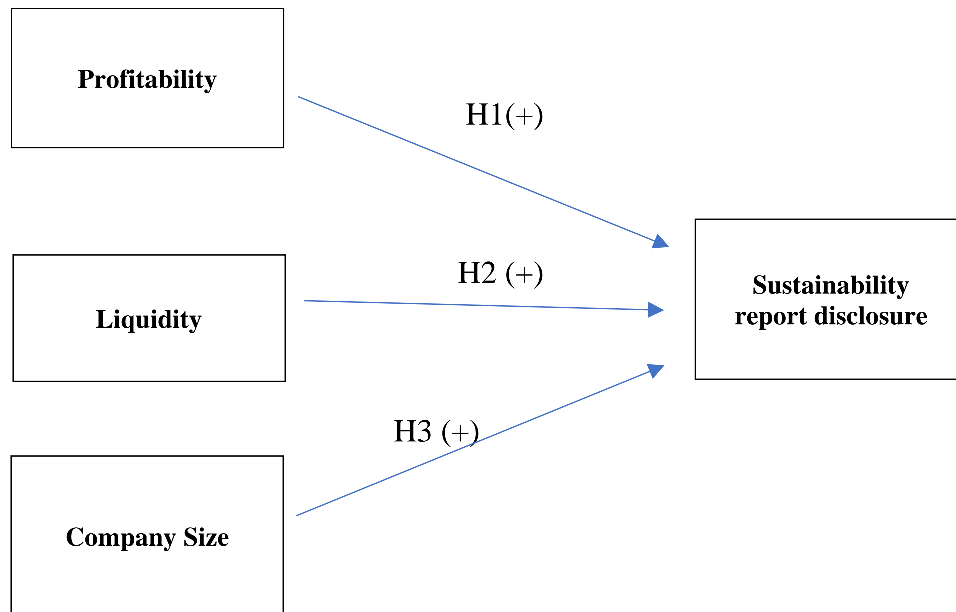
Large companies need legitimacy to align the company's business operation with social and the environmental values, so that the company's activities can be accepted by society. This information is contained in a sustainability report for stakeholders (Karlina, Mulyati, and Putri (2019).

The research results of Tobing R A, Zuhrotun, & Rusherlistyani (2019), Privika H, Maharani B, & Irmadariyani R (2021), Afifah N, Fujianti L, & Mandagie Y (2022) prove that company size has a positive effect on sustainability report disclosure. However, Meutia F & Titik F (2019), Karlina W, Mulyati S, Putri T E (2019), Indrianingsih and Agustina L (2020), Indriyani A D & Yuliandhari WS (2020) came up with a different finding that company size has no effect on sustainability report disclosure. On this basis, this study formulated the following hypothesis:

H3: Company size has a positive effect on sustainability report disclosure.

Copyright © 2024 GMP Press and Printing
ISSN: 2304-1013 (Online); 2304-1269 (CDROM); 2414-6722 (Print)

2.4. Conceptual Framework
Conceptual framework (figure 1) was developed based on the development of the hypothesis with three independent variables: profitability, liquidity, and company size, which are thought to influence the sustainability report disclosure.



3. METHODOLOGY

3.1. Population and Sample
The population in this study are all mining companies listed on the Indonesia Stock Exchange. The samples were selected using a purposive sampling according to certain criteria. Total population in this study was 65 companies. Table 1 presents the result of sample selection based on predetermined criteria.

Table 1: Sample Selection Process

No.	Information	Amount
1	Mining companies listed on the Indonesia Stock Exchange (IDX) in 2017-2021.	65
2	Companies that do not disclose successive sustainability reports for 2017-2021.	(54)
3	Research Sample	11
4	Research Year	5
	Number of Research Samples	55

3.2. Research Variable

The dependent variable in this study is the disclosure of the sustainability report. This study used the total disclosures based on the Global Reporting Initiative (GRI-4) of 91 items. The independent variables in this study are profitability, liquidity, and company size.

Copyright © 2024 GMP Press and Printing
ISSN: 2304-1013 (Online); 2304-1269 (CDROM); 2414-6722 (Print)

Operational definitions and variable measurements in this study are presented in table 2 below.

Table 2: Operational Definition and Variable Measurement

No.	Variable	Information	Measurement
1	Sustainability Report (Y)	Sustainability report contains three dimensions of disclosure, namely economic, social and environmental dimensions.	Each indicator that is disclosed is scored 1 and is divided by the total number of indicators (91 items). ***SRDI* = n/k** Description: SRDI = Sustainability Report Disclosure Index n = disclosed items k = items to be disclosed
2	Profitability (X1)	The ratio that measures the company's ability to earn profits.	**Net Profit Margin** = Net Profit After Tax/ Net sales
3	Liquidity (X2)	The ratio that measures assets	**Current Ratio =** Current Asset/ Current Liabilities
4	Company Size (X3)	Company size reflects the size of the company	**Ln Total Aset**

3.3. Data Analysis

This study used multiple linear regression, which was previously carried out based on classic assumption tests, including the normality test, autocorrelation test, multicollinearity test, and heteroscedasticity test. The regression equation is stated as follows:

$$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + e$$

Where:
Y = Sustainability Report
α = Constant
$\beta 1, \beta 2, \beta 3$ = Regression Coefficient
X1 = Profitability
X2 = Liquidity
X3 = Company Size
e = error rate

Copyright © 2024 GMP Press and Printing
ISSN: 2304-1013 (Online); 2304-1269 (CDROM); 2414-6722 (Print)

4. RESULTS AND DISCUSSION

4.1. Descriptive Statistical Analysis

Descriptive statistics for all variables are presented in table 3 below. Descriptive statistical analysis provides a description of the minimum value, maximum value, average value (mean), and standard deviation.

Table 3: Results of Descriptive Statistical Analysis

	N	Min	Max	Mean	Std. Deviation
NPM	55	-.43	13.98	0.3029	1.88234
CR	55	.27	7.42	2.1700	1.37784
SIZE	55	14.75	18.26	16.8214	.98114
SRDI	55	.05	.73	0.3209	.15886
Valid N (listwise)	55				

From table 3 it can be seen that the profitability variable (NPM) has a mean value of 0.3029, indicating that the average sample company can generate a profit of 30.29% of its net sales. The liquidity variable (CR) has a mean value of 2.17, which means that the average sample company has current assets of 2.17 x of its current liabilities. Therefore, the sample company has a very good ability to pay off its current liabilities with its current assets. The company size variable (SIZE) has a mean value (Ln Assets) of 16.8214, which indicates that the average total asset size of mining companies sampled in this study is Anti Ln Assets 16.82, which is IDR 20.204 billion. The variable of sustainability report disclosure (SRDI) has a mean value of 0.3209, thereby indicating that on average, the sample companies disclose 32.09% information on sustainability reports of all items, which can be classified as GRI-4 disclosure indicators.

4.2. Classic Assumption Test

The classic assumption tests in this study were normality, autocorrelation, multicollinearity, and heteroscedasticity tests. The normality test uses the one-sample Kolmogorov-Smirnov test. The results show a significance value of 0.200 > 0.05. This indicates that the residual values are normally distributed.

Autocorrelation test was performed with the Durbin-Watson model. The Durbin-Watson value of 1.881 is between the upper bounds of (du) = 1.6800 and (4-du) = 2.3200. Thus, it can be concluded that there is no autocorrelation in the regression in this study.

The results of the multicollinearity test show that the tolerance of the data variables in this study was > 0.10, while the VIF of the independent variables was < 10. Thus, it was conclusive that the independent variables were not correlated with each other, indicating that the data were free from multicollinearity disturbances.

Based on the results of the heteroscedasticity test using the scatter plot, the image shows the spread of the dots for not only above 0, but also below 0. It is clear that the data points did not have any pattern or did not form waves. This result highlights that the regression model in this study did not result in heteroscedasticity.

4.3. Hypothesis Test

Copyright © 2024 GMP Press and Printing
ISSN: 2304-1013 (Online); 2304-1269 (CDROM); 2414-6722 (Print)

The results of the hypothesis test are presented in table 4 below.

Table 4: Hypothesis Test Result

	Hypothesis	Coefficient	Sig.	Decision
H1	Profitability has a positive effect on sustainability report disclosure.	-0.008	0.426	H1 is not supported
H2	Liquidity has a positive effect on sustainability report disclosure.	-0.007	0.619	H2 is not supported
H3	Company size has a positive effect on sustainability report disclosure.	0.050	0.010	H3 is supported

Source: Data Processed Result

4.4. Discussion

The results of this study indicate that the profitability variable had no effect on the sustainability report disclosure. Thus, the first hypothesis in this study is not supported. This means that profitability does not affect the disclosure of the sustainability report. The high or low profit of the company does not determine the extent of disclosure of the sustainability report. The average disclosure of the sample company's sustainability report was only 32% of what it should have been. There is no effect of profitability on sustainability report disclosure, and thus it is assumed that the company's decision to carry out social activities through sustainability reports does not depend on the high or low profit, but depends on the company's sensitivity to social and environmental concerns. This was emphasized by the fact that there was no punishment system for companies that did not disclose the sustainability report as a whole.

These results are in accordance with the results of research conducted by Karlina W, Mulyati S, Putri T E (2019), Indrianingsih and Agustina L (2020), Privika H, Maharani B, & Irmadariyani R (2021), Afifah N, Fujianti L, & Mandagie Y (2022). Sustainability report disclosure requires substantial costs with benefits that are not directly received by the company, and therefore the company is unlikely to expand information disclosure and prioritize cost reduction and focus on operational or investment activities. Conversely, this study is not in line with the result revealed by Tobing R A, Zuhrotun, & Rusherlistyani (2019), Meutia F & Titik F (2019), Indriyani A D & Yuliandhari W S (2020), Hermawan T & Sutarti (2021), which proved that profitability affects sustainability report disclosure.

The results of this study also show that the liquidity variable has no effect on the sustainability report disclosure. On this basis, the second hypothesis in this study is not supported. The level of company liquidity does not determine the extent of sustainability report disclosure. The average disclosure of the sample company's sustainability report was only 32% of what it should have been. There was no effect of liquidity on the sustainability report disclosure, and thus it is assumed that the company's decision to carry out social activities through sustainability reports does not depend on the high or low current ratio, but depends on the company's sensitivity to social and environmental concerns. This fact was emphasized by the fact that there was no punishment system for companies that did not disclose the sustainability report as a whole. Companies with good financial conditions or high levels of liquidity are likely to only disclose information on sustainability reports as necessary to add a good image to the company.

Copyright © 2024 GMP Press and Printing
ISSN: 2304-1013 (Online); 2304-1269 (CDROM); 2414-6722 (Print)

The results of this study are in accordance with the results of research conducted by Putri K A, Aditya EM, and Nurdhiana (2019), Marsuking (2020), Hermawan T. and Sutarti (2021), Setiawan E, Yuliansyah, and Gamayuni RR (2022) proving that liquidity does not affect sustainability report disclosure. However, this research is contradictory with research conducted by Oktaviani DR (2019), Krisyadi R and Ellen (2020), proving that liquidity has a negative effect on sustainability report disclosure. Meanwhile, research by Lestari I D (2018), Rahmat K (2022) proves that liquidity has a positive effect on sustainability report disclosure.

The final result of this study is that the firm size variable has a positive effect on the sustainability report disclosure. This means that the third hypothesis is supported by the data. In other words, the larger the size of the company, the more they disclose information on the sustainability report. Large companies have more operational activities than small companies. In addition, large companies based on the amount of their assets have sufficient financial resources. As a result, companies can carry out more activities on social responsibility as well as sustainability report disclosure. Company size is directly proportional to the sustainability report. Large companies have many shareholders who are likely to have environmental concerns. On the other hand, large companies carry out many operational activities that have an impact on the environment. On this basis, companies will tend to build trust or legitimacy for stakeholders by carrying out social activities and sustainability report disclosure to maintain the sustainability of the company's activities.

The results of this study are in accordance with the results revealed by Tobing RA, Zuhrotun, & Rusherlistyani (2019), Privika H, Maharani B, & Irmadariyani R (2021), Afifah N, Fujianti L, & Mandagie Y (2022). However, this research is contradictory with researches conducted by Meutia F & Titik F (2019), Karlina W, Mulyati S, Putri T E (2019), Indrianingsih and Agustina L (2020), Indriyani AD & Yuliandhari W S (2020), proving that company size has no effect on sustainability report disclosure.

There are a few possible explanations that profitability and liquidity may not have a significant effect on sustainability report disclosure. One possibility is that companies may be reluctant to disclose their sustainability performance if they are not profitable or if they have low liquidity. Another possibility is that companies may be more focused on short-term financial performance than on long-term sustainability performance.

It is possible that the effect of profitability and liquidity on sustainability report disclosure is lagged. This means that the effect of profitability and liquidity on sustainability report disclosure may take some time to materialize. For example, a company that becomes profitable may not start disclosing its sustainability performance immediately. Instead, it may take some time for the company to develop its sustainability reporting capabilities and to start disclosing its sustainability performance.

Company size, on the other hand, is more likely to be associated with sustainability report disclosure. Larger companies have more resources to invest in sustainability initiatives and to disclose their sustainability performance. Additionally, larger companies may be more under pressure from stakeholders to disclose their sustainability performance.

Based on the findings that company size is a more important factor than profitability and liquidity in influencing sustainability report disclosure. This is an important finding for companies, investors, and other stakeholders. Companies should be aware that disclosing their sustainability performance is important, regardless of their profitability or liquidity. Investors should also be aware that company size is a factor to consider when evaluating companies' sustainability performance.

Copyright © 2024 GMP Press and Printing
ISSN: 2304-1013 (Online); 2304-1269 (CDROM); 2414-6722 (Print)

It is possible that the effect of profitability and liquidity on sustainability report disclosure is moderated by other factors, such as the industry in which a company operates or the country in which it is headquartered. For example, companies in industries with high environmental and social impacts may be more likely to disclose their sustainability performance, regardless of their profitability or liquidity. Additionally, companies in countries with strong sustainability regulations may be more likely to disclose their sustainability performance.

Investors are advised to buy shares with large assets because larger companies are more likely to be financially stable and to have the resources to invest in sustainability initiatives. Additionally, larger companies are more likely to be under pressure from stakeholders to disclose their sustainability performance. This is important for investor that company size is just one factor to consider when making investment decisions. Investors should also consider other factors, such as the company's financial performance, its management team, and its competitive landscape.

Investors should also consider the company's industry when making investment decisions. Companies in industries with high environmental and social impacts may be more risky investments, even if they are large companies. Investors should also consider the company's management team. A strong management team is more likely to be committed to sustainability and to make wise investment decisions. Investors should also consider the company's competitive landscape. Companies in highly competitive industries may be more risky investments. By considering all of these factors, investors can make more informed investment decisions.

The Indonesian government has taken some steps to encourage sustainability reporting in the mining industry. For example, the government has issued a regulation that requires mining companies to disclose their environmental and social performance. However, more needs to be done to raise awareness of the importance of sustainability reporting and to provide support to mining companies in developing and disclosing sustainability reports.

Here are some suggestions for how to improve sustainability report disclosure in the mining industry:

- Strengthen regulations: The government should strengthen regulations on sustainability reporting in the mining industry. For example, the government could require mining companies to disclose their sustainability performance in accordance with a recognized standard, such as the Global Reporting Initiative (GRI) Standards.
- Provide financial support: The government could provide financial support to mining companies to help them develop and disclose sustainability reports. For example, the government could provide grants to mining companies to hire sustainability consultants or to develop sustainability reporting software.
- Raise awareness: The government could raise awareness of the importance of sustainability reporting among mining companies and other stakeholders. For example, the government could organize workshops and training programs on sustainability reporting. By taking these steps, the government can help to improve sustainability report disclosure in the mining industry and to promote sustainability in the sector.

The government is expected to make "reward and punishment" regulations for disclosure of sustainability reports. This would help to incentivize companies to disclose their sustainability performance and to promote sustainability in the business sector. Here are some examples of rewards and punishments that could be used:

Rewards:

Copyright © 2024 GMP Press and Printing
ISSN: 2304-1013 (Online); 2304-1269 (CDROM); 2414-6722 (Print)

- Tax breaks for companies that disclose their sustainability performance in accordance with a recognized standard, such as the Global Reporting Initiative (GRI) Standards.
- Government grants to companies that invest in sustainability initiatives.
- Priority access to government contracts for companies that disclose their sustainability performance.
- Public recognition for companies that are leaders in sustainability.

Punishments:

- Fines for companies that do not disclose their sustainability performance or that disclose only a small amount of sustainability information.
- Public shaming for companies that have poor sustainability performance.
- Denial of government contracts for companies that have poor sustainability performance.

It is important to design the reward and punishment regulations carefully to ensure that they are effective and fair. For example, the rewards should be significant enough to incentivize companies to disclose their sustainability performance, but they should not be so generous that they create a windfall for companies that are already disclosing their sustainability performance. Similarly, the punishments should be severe enough to deter companies from not disclosing their sustainability performance, but they should not be so harsh that they put companies at a competitive disadvantage. So that the reward and punishment regulations could be a valuable tool for promoting sustainability in the business sector. The government should carefully consider the design of these regulations to ensure that they are effective and fair.

5. CONCLUSION AND IMPLICATIONS

- Profitability and liquidity variables have no effect on sustainability report disclosure. Meanwhile, the company size variable has a positive effect on sustainability report disclosure. It means that company size is a more important factor than profitability and liquidity in influencing sustainability report disclosure. This is an important finding for companies, investors, and other stakeholders. Companies should be aware that disclosing their sustainability performance is important, regardless of their profitability or liquidity. Investors should also be aware that company size is a factor to consider when evaluating companies' sustainability performance.
- The average level of sustainability report disclosure for sample companies is still low, namely 32% and a maximum of 73%. In fact, this sustainability report disclosure is a disclosure that must be presented in the annual report. The Indonesian government has taken some steps to encourage sustainability reporting in the mining industry. For example, the government has issued a regulation that requires mining companies to disclose their environmental and social performance. However, more needs to be done to raise awareness of the importance of sustainability reporting and to provide support to mining companies in developing and disclosing sustainability reports.
- Future research could explore these possibilities in more detail. Additionally, future research could also examine the effect of other factors on sustainability report disclosure, such as the company's corporate governance structure and the level of stakeholder engagement

Copyright © 2024 GMP Press and Printing
ISSN: 2304-1013 (Online); 2304-1269 (CDROM); 2414-6722 (Print)

REFERENCES

[1] Afifah, N., Fujianti, L., & Mandagie, Y. R. O. (2022). Pengaruh Profitabilitas, Leverage, dan Ukuran Perusahaan terhadap Pengungkapan *Sustainable Reporting*. Jurnal Ilmiah Akuntansi Pancasila, 2 (1): 19-34.

[2] Ardan, M. S. 2022. Catatan Hitam Empat Perusahaan Tambang Batu Bara di Kaltim, Abai Urus Limbah, Desak Pidana. https://kaltimkece.id/warta/lingkungan/catatan-hitam-empat-perusahaan-tambang-batu-bara-di-kaltim-abai-urus-limbah-desak-dipidana

[3] Dewi, H. P. (2021). Pengaruh Jumlah Dewan, Karakteristik Dewan Komisaris dalam Pengungkapan *Corporate Sosial Responsibility*. Jurnal Manajemen, 13 (4): 740-746.

[4] Fahmi, Irfan. 2017. Analisis Laporan Keuangan. Teori Akuntansi. Semarang: Badan Penerbit Universitas Diponegoro.

[5] Ghozali, Imam. 2013. Aplikasi Analisis Multivariate Dengan Program SPSS. Edisi Ketujuh. Semarang: Badan Penerbit Universitas Diponegoro.

[6] *Global Reporting Initiative*. 2013. Pedoman Pelaporan Keberlanjutan G4

[7] Harjito. A., & Martono. (2010). Manajemen Keuangan. Yogyakarta : Ekonisia

[8] Hermawan, T., Sutarti. (2021). Pengaruh Likuiditas, Leverage, dan Profitabilitas terhadap Pengungkapan *sustainability report*. Jurnal Ilmiah Akuntansi Kesatuan, 9(3): 597-604

[9] Ikhwani, A. M., Paramita. I, & Sunaryo K. (2019). Pengaruh Ukuran Perusahaan dan *Corporate Governance* terhadap Kinerja Keuangan dengan Pengungkapan *sustainability report* sebagai Variabel Intervening. Jurnal Riset Bisnis, 2 (2): 95-101.

[10] Indonesia. Undang-Undang Nomor 40 Tahun 2007 Tentang Perseroan Terbatas. Sekretariat Negara. Jakarta.

[11] Indrianingsih., Agustina L. (2020). *The Effect of Company Size, Financial Performance, and Corporate Governance on the Disclosure of Sustainability Report. Accounting Analysis Journal*, 9 (2): 116-122.

[12] Indriyani, A. D., Yuliandhari, W. S. (2020). Pengaruh Profitabilitas, Ukuran Perusahaan, dan Umur Perusahaan terhadap Pengungkapan *Corporate Social Responsibility*. Jurnal Akuntansi Bisnis dan Ekonomi, 6 (1): 1559-1568.

[13] Jensen, M. C., and Meckling, W. H. (1976). *"Theory of the Firm : Managerial Behaviour, Agency Cost and Ownership Structure". Journal of Financial Economics*. 3 (4): 305-360

[14] Jogiyanto Hartono. 2013. Teori Portofolio dan Analisis Investasi. BPFE Yogyakarta, Edisi Kedelapan, Yogyakarta.

[15] Karlina, W., Mulyati, S., & Putri, T. E. (2019). *The effect of Company size, Industrial Type, Profitabilty, and Leverage to Sustainability Report Disclosure*. *Journal of Accounting for Sustainability Society*, 1 (01), 32-33.

[16] Kasmir. 2013 .Analisis Laporan Keuangan. PT Rajagrafindo Persada: Jakarta

[17] Krisyadi R dan Ellen. (2020). Analisis Pengaruh Karakteristik Perusahaan dan Tata Kelola Perusahaan terhadap Pengungkapan *sustainability report*. *Global Financial Accounting Journal*, 4 (1): 16-28.

[18] Lestari I D. (2018). Pengaruh Kinerja Keuangan dan *Corporate Governance* terhadap Pengungkapan *sustainability report*. Jurnal Ilmu dan Riset Akuntansi, 7 (3): 1-22.

[19] Liana, S. (2017). Pengaruh Profitabilitas, Leverage, Ukuran Perusahaan, dan Dewan Komisaris Independen Terhadap Pengungkapan *Sustainability Report*. Jurnal Ekonomi & Ekonomi Syariah, 2 (2): 199-208.

Copyright © 2024 GMP Press and Printing
ISSN: 2304-1013 (Online); 2304-1269 (CDROM); 2414-6722 (Print)

[20] Marsuking. (2020). Pengaruh Profitabilitas dan Likuiditas terhadap Pengungkapan *Sustainability Report*. Jurnal Ekonomi Syariah Indonesia, 10 (02): 150-158.
[21] Meutia, F., Titik, F. (2019). Pengaruh Profitabilitas, Leverage, Ukuran Perusahaan, dan Kepemilikan Publik terhadap Pengungkapan Laporan Keberlanjutan. *e-Proceeding of Management*, 6 (2): 3543-3551.
[22] Nurindrasari D, Ludigdo U, Purwanti L, & Mulawarman A.D, 2022. Designing Performance Measurement for Developing Sustainability of Social Enterprise, Review of Integrative Business and Economics Research, 11(4), 226-243.

[23] Oktaviani D R. (2019). Pengaruh Kinerja Keuangan, Ukuran Perusahaan, Struktur Modal, dan *Corporate Governance* terhadap Publikasi *Sustainability Report.* Jurnal Ilmu dan Riset Akuntansi, 8 (9): 1-20.
[24] Privika, H. A., Maharani, B., & Irmadariyani, R. (2021). Pengaruh Profitabilitas, Leverage, Ukuran Perusahaan, dan Jenis Industri terhadap Assurance Laporan Keberlanjutan. Jurnal Akuntansi Universitas Jember, 19 (1): 1-11.
[25] Putri K A, Aditya E M, dan Nurdhiana. (2019). Pengaruh Profitabilitas, Likuiditas, dan Leverage terhadap Pengungkapan *Corporate Sosial Responsibility*. Jurnal Ilmiah Aset, 21 (2): 107-114.
[26] Rahmat K. (2022). Pengaruh Kinerja Keuangan, Implementasi *Good Corporate Governance,* dan Struktur Kepemilikan terhadap Pengungkapan *sustainability report*. *Journal of Accounting and Finance*, 7 (2): 222-236.
[27] Santoso. 2012. Panduan Lengkap SPSS Versi 20. Jakarta : PT Elex Media Komputindo
[28] Sartono, Agus. 2015. Manajemen Keuangan Teori dan Aplikasi. Edisi 4. Yogyakarta:BPFE-Yogyakarta
[29] Setiawan E, Yuliansyah, dan Gamayuni R R. (2022). Pengaruh Profitabilitas dan Likuiditas terhadap Pengungkapan *sustainability report*. Studi Akuntansi, Keuangan, dan Manajemen, 1 (2): 97-111.
[30] Sugiyono. 2017. Metode Penelitian Bisnis (Pendekatan Kuantitatif, kualitatif, dan R&D). Bandung: Alfabeta.
[31] Tista, K. R. R. (2020). Faktor-Faktor yang Mempengaruhi Luas Pengungkapan *Corporate Sosial Responsibility. E-Jurnal Akuntansi*, 30 (11): 2737-2752
[32] Tobing, R. A., Zuhrotun, & Rusherlistyani. (2019). Pengaruh Kinerja Keuangan, Ukuran Perusahaan, dan *Good Corporate Governance* terhadap Pengungkapan *sustainability report.* Reviu Akuntansi dan Bisnis Indonesia, 3 (1): 102-123.
[33] Wicaksono, R.R., & Septiani, A (2020). Determinan Sustainability Report Dan Pengaruh Terhadap Nilai Perusahaan. Diponegoro Journal of Accounting, 9(2), 1-15

[34] Yi, Chun Kuo; Yo, Ming Wu; & Yi, Xuan Liu, 2022. Identifying Key Factors for Sustainable Manufacturing and Development, Review of Integrative Business and Economics Research, 11(1), 30-50.

Copyright © 2024 GMP Press and Printing
ISSN: 2304-1013 (Online); 2304-1269 (CDROM); 2414-6722 (Print)