

The Effect Of Good Corporate Governance, Profitability, And Company Activities On The Disclosure Of Sustainability Report

Kurnia Heriansyah¹, Safila Faradiza²

^{1,2}Program Studi Akuntansi, Fakultas Ekonomi dan Bisnis, Universitas Pancasila

ARTICLE INFO

Keywords:

Good Corporate Governance,
Profitability,
Company Activities,
Sustainability Report.

Email :

kurnia_heriansyah@yahoo.com

ABSTRACT

This study aims to find out and provide empirical evidence of the effect of good corporate governance which is proxied by the independent board of commissioners and audit committees, profitability and company activities on sustainability report disclosure in LQ45 Non-Financial companies listed on the Indonesia Stock Exchange (IDX) in 2016-2020. This research is a quantitative study with a total sample of 8 companies. The selected companies used a purposive sampling technique based on predetermined criteria. The data used is secondary data in the form of annual reports and sustainability reports for the 2016-2020 period obtained from the official website of the Indonesia Stock Exchange or the website www.idx.co.id. The results of this study partially show that the independent board of commissioners has an effect on the disclosure of the sustainability report. the audit committee influences the disclosure of the sustainability report. profitability affects the disclosure of the sustainability report. And the company's activities affect the disclosure of sustainability reports

Copyright © 2023 Jurnal Multidisiplin Sahombu. All rights reserved is Licensed under a [Creative Commons Attribution- NonCommercial 4.0 International License \(CC BY-NC 4.0\)](https://creativecommons.org/licenses/by-nc/4.0/)

INTRODUCTION

Efforts In essence, the company's main goal in running its business is to generate maximum profits. Along with the development of the times, companies are required not only to maximize profits, but companies are also expected to take part in paying attention to the impact of company activities by looking at environmental conditions and social responsibility. In (Irawati and Prasetyo 2021) states that the existence of large business corporations is currently in its development, drawing a lot of criticism because it causes serious social inequality and environmental damage. The main trigger is the emergence of phenomena such as environmental pollution and exploitation of natural resources on a large scale.

Examples of cases of environmental pollution that have occurred such as air pollution by PT. Rayon Utama Makmur Sukoharjo, case of environmental pollution on the Cikijing River, West Java due to the activities of the textile industry PT. Kahatex, and the Lapindo Mud case in Porong. This illustrates that these problems occur because companies are only oriented to seek profits that are only concerned with the welfare of the company, so that companies do not pay attention to and repair environmental damage caused by their company's activities.

Sustainability reports are increasingly becoming a trend and a need for companies to inform about their economic, social and environmental performance as well as to all company stakeholders (Prasetya, Saraswati, and Ghofar 2017). Because companies that have sustainability reports will have a better market value than companies that do not have sustainability reports (Loh, Thomas, and Wang 2017) in (Weda and Sudana 2021). According to the Financial Services Authority (OJK), the number of companies listed on the IDX in 2017, only 49 companies issued

sustainability reports. On April 23 2019, based on data from GRI and IDX, it shows that out of a total of 629 Listed Companies, only 110 sustainability reports have been released (Liputan6.com, 2019). As for the 2020 sustainability report that will be reported in 2021, so far 135 issuers have issued it (Beritasatu.com, 2021). Even though every year the number of companies disclosing sustainability reports is increasing, this number is certainly not comparable to the total number of companies listed on the IDX, namely 712 companies registered per 2020. This shows that awareness of companies to publish sustainability reports is still very low.

In Indonesia, the disclosure of sustainability reports was initially voluntary, but in 2017 regulations regarding the disclosure of sustainability reports in Indonesia appeared through the Financial Services Authority in POJK Number 51/POJK.03//2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions , Issuers and Public Companies. This regulation requires companies to apply sustainable finance (article 2). Companies in implementing sustainable finance are required to prepare a Sustainable finance action plan (article 4) and a Sustainability Report (article 10) (POJK Number 51/POJK.03/2017).

Several previous studies have formulated many factors that can influence companies in disclosing sustainability reports. The first factor affecting disclosure is good corporate governance or good corporate governance. Good corporate governance will also reflect good corporate performance. The implementation of good corporate governance in a company will make the company considered to have tried to convey all information to stakeholders, including a sustainability report. In this study, good corporate governance is promoted in the independent board of commissioners and the audit committee.

Another supporting factor in good corporate governance is the existence of an audit committee. Establishment of an audit committee which has a separate section to assist the board of commissioners in fulfilling its overall oversight responsibilities. The existence of this audit committee is also expected to be able to realize more transparency and accountability of information within the company. In research conducted by (Purwanti 2021) the audit committee has a significant effect on disclosure of sustainability reports. Whereas in research conducted by (Sofa and Respati 2020) the audit committee does not affect the disclosure of the sustainability report.

On the other hand, the company's activity ratio reflects the ability of the funds embedded in all of its asset activities in a certain period. The higher the activity ratio indicates the ability of a company that is an expert in managing its assets. This shows a financial condition that is increasingly stable, strong and low risk. The company's stable and strong financial condition is one of the company's efforts to gain support from stakeholders (Mujjani and Nurfitri 2020). The research was conducted to show that company activity as measured by inventory turnover and total asset turnover has no effect on disclosure of sustainability reports. Whereas in research conducted by (Mujjani and Nurfitri 2020) shows that company activities have a positive and significant effect on disclosure of sustainability reports.

Based on the phenomenon and previous research with inconsistent results, the authors are interested in conducting research on the disclosure of the sustainability report. Based on the background description above, it is necessary for the authors to conduct research with the title "The Influence of Good Corporate Governance, Profitability and Corporate Activities on Disclosure of Sustainability Reports (Empirical Study of LQ45 Non-Financial Companies Listed on the Indonesia Stock Exchange in 2016-2020)."

METHOD

The data source is the source of the data obtained and from this source can provide information related to the problem that is the center of attention of the researcher. The data source to be taken in this study is a secondary data source. Secondary data sources are data sources that have been collected and reported by other people first and the data is relevant to the problem and research focus. This data source was obtained from the company's website as well as the website of the Indonesia Stock Exchange (<http://www.idx.co.id>) and the Google website (www.google.co.id). The population used in this study is non-financial LQ45 companies listed on the Indonesia Stock Exchange for the 5 year period 2016-2020.

The criteria for companies selected as samples in this study are criteria that must be met by all samples including the following:

- a. Non-financial company listed on the Indonesia Stock Exchange for the 2016-2020 period.
- b. Non-financial company that publishes a complete annual report and sustainability report for the 2016-2020 period.
- c. Non-financial companies that publish sustainability reports using guidelines from the Global Reporting Initiative and include the GRI-G4 index.
- d. Companies that have data on Good Corporate Governance, include data on independent commissioners and audit committees.
- e. LQ45 non-financial company that did not experience losses in 2016-2020.

Based on data sources and sample selection, there are 8 companies that are used as research objects, namely:

Table 1. Research Object

No	Code	Company
1	AKRA	AKR Tbk
2	ANTM	Aneka Tambang Tbk
3	ASII	Astra International Tbk
4	INTP	Indocement Tunggak Perkasa(Persero) Tbk
5	SMGR	Semen Indonesia (Persero) Tbk
6	UNTR	United Tractors Tbk
7	UNVR	Unilever Indonesia Tbk
8	WIKA	Wijaya Karya (Persero) Tbk

RESULTS AND DISCUSSION

a. Descriptive Statistical Analysis

Table 2. Descriptive Statistics

N	Minimum	Maximum	Mean	Std. Deviation
Dewan Komisaris Independen Komite Audit	40	,25	,83	,3919
EPS	40	3	6	3,73
Total Asset Turnover	40	,17	6,96	4,6580
Sustainability Report	40	,24	2,39	,8483
Valid N (listwise)	40	,10	,48	,2385
				,16787
				,877
				2,19194
				,55091
				,08574

The output of the SPSS 26 display in table 4.3 above shows a descriptive statistical analysis

of the minimum, maximum, mean, and standard deviation values of each variable. The mean value is the average value of each variable studied and the standard deviation is the distribution of data used in the study which reflects that the data is heterogeneous or homogeneous which fluctuates. The minimum value is the low value for each variable, while the maximum value is the highest value for each variable in the study. In table 4.3 with a total of 45 data, the results of the descriptive statistical analysis obtained can be described as follows:

- 1) The independent board of commissioners variable has a standard deviation value of 0.1679 and a mean value of 0.39. These results indicate that the board of independent commissioners who are the object of research tends to have a relatively higher value than the standard deviation value. The lowest score from the independent board of commissioners is owned by PT. AKR Corporindo Tbk and PT. Aneka Tambang Tbk with a minimum value of 0.25. While the highest value of the independent board of commissioners of 0.83 is found in PT. Unilever Indonesia Tbk in 2019 and 2020.
- 2) The audit committee variable has a standard deviation value of 0.88 and a mean value of 3.73. These results indicate that the audit committee which is the object of research tends to have a relatively higher value than the standard deviation value. The lowest score of the audit committee is owned by PT. AKR Corporindo Tbk (2017- 2020), Indocement Tunggal Perkasa (Persero) Tbk (2016-2020), PT. United Tractors Tbk (2016-2020), and PT. Unilever Indonesia Tbk (2016-2020) with a minimum score of 3. While the highest audit committee score of 6 is found in PT. Aneka Tambang Tbk (2020), PT. Semen Indonesia (Persero) Tbk (2016), and PT. Wijaya Karya TBK (2019).
- 3) Profitability variable as measured using Earning Per Share has a standard deviation value of 2.19 and a mean value of 4.66. These results indicate that profitability which is the object of research tends to have a relatively higher value than the standard deviation value. The lowest value of profitability is owned by PT. Unilver Indonesia Tbk with a minimum value of 0.17 in 2018. While the highest profitability value of 6.96 is found in PT. Indocement Tunggal Perkasa Tbk in 2016.
- 4) Company Activity Variables as measured by Total Assets Turnover have a standard deviation value of 0.55 and a mean value of 0.85. These results indicate that the company's activities which are the object of research tend to have relatively more value than the standard deviation value. The lowest value of the company's activity variable is owned by PT. Wijaya Karya Tbk in 2020 with a minimum value of 0.24. While the highest value of the company's activity variable is 2.39 at PT. Unilever Indonesia Tbk in 2016.

b. Classic Assumption Test

1). Normality test

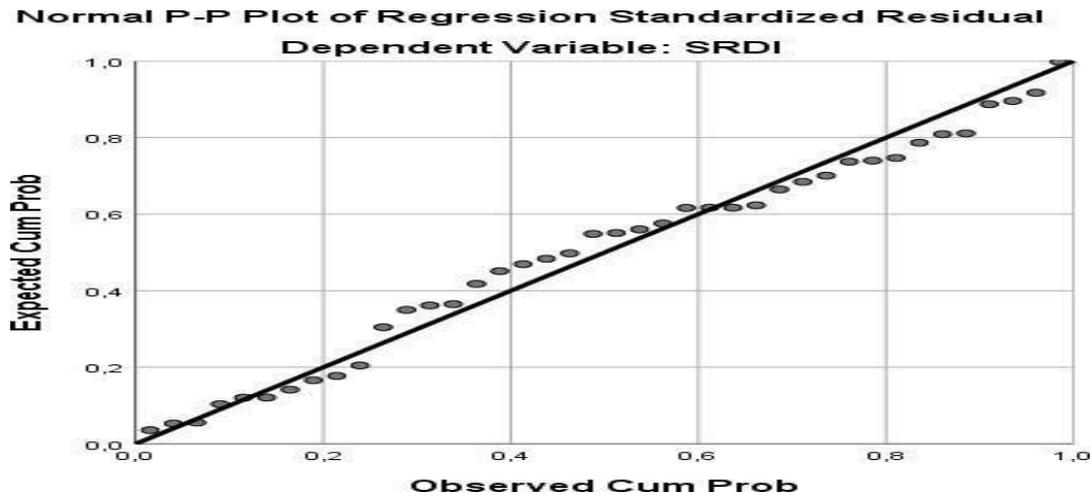


Figure 1. Normality Test Results

Based on the results of the normality test in Figure 1. The normality test results use this P-Plot graph or the dotted data are scattered around the diagonal line and the distribution follows the diagonal line. Thus it can be concluded that the data in this study are normally distributed and the regression model fulfills the assumption of normality.

The normality test can also use the Kolmogorov-Smirnov test with a significance level of 5% looking at the Asymp value. Sig (2-tailed) and its calculations using the SPSS 26 For windows program. To ensure that there is no data error in the image above. Table 6 can be seen, namely the second normality test using the One-Sample Kolmogorov-Smirnov Test, as follows:

Table 3. Kolmogorov-Smirnov Test Results (K-S)

N	Unstandardized Residual	
Normal Parameters ^{a,b}	Mean	40
	Std. Deviation	,06951625
Most Extreme Differences	Absolute	,076
	Positive	,076
	Negative	,076
Test Statistic		,076
Asymp. Sig. (2-tailed)		,200 ^{c,d}

Based on table 3, it can be seen that the results of the normality test on 40 research data show that the data has been normally distributed which is indicated by a significant value on the Kolmogorov-Smirnov test greater than 0.05, namely 0.200

2). Multicollinearity test

Table 4. Multicollinearity Test Results

Model	Collinearity Tolerance	Statistics VIF
1 (Constant)		

Dewan Komisaris Independen	,277	3,607
KomiteAudit	,827	1,209
EPS	,973	1,027
Total AssetTurnover	,258	3,869

From the results of the multicollinearity test above, it can be seen that the variance inflation factor (VIF) value for each variable is less than 10 and the tolerance value for each variable is above 10% or 0.10, so it can be concluded that multicollinearity does not occur.

3). Heteroscedasticity Test

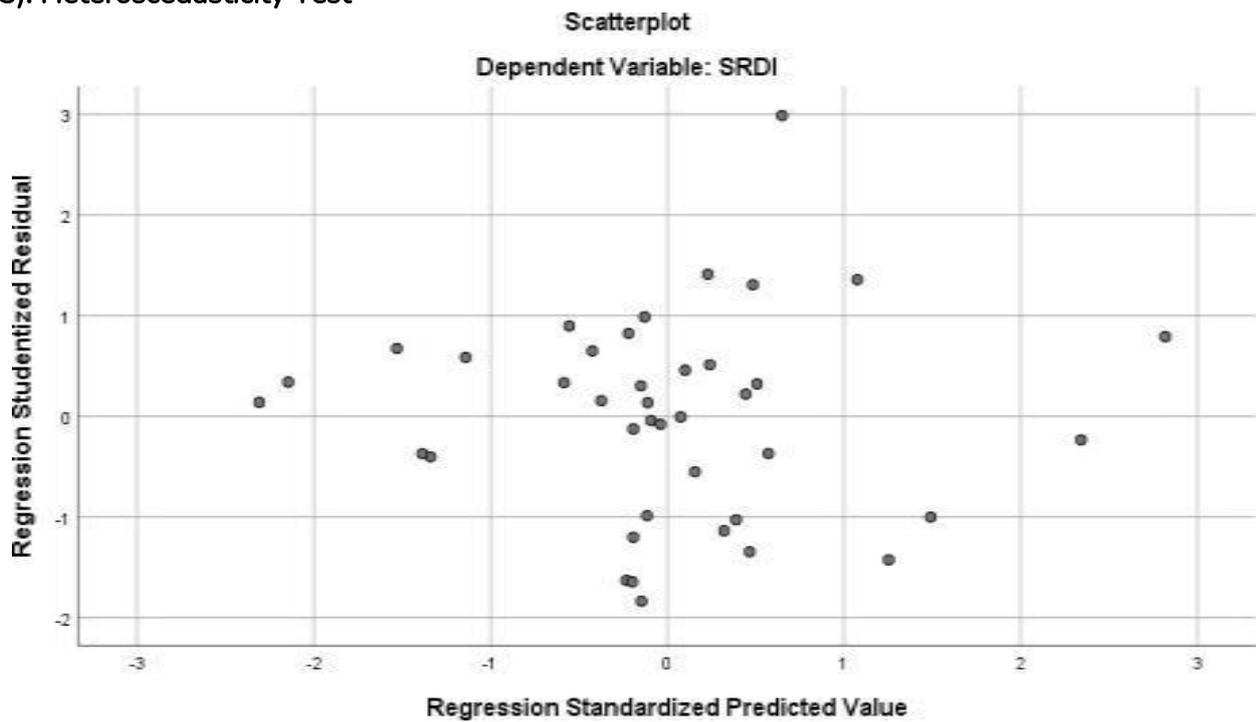


Figure 2. Heteroscedasticity Test Results

In the Scatterplot image pattern above, it can be seen that the points spread randomly, either above the number 0 or below the number 0 from the vertical axis or the Y axis. In addition, the distribution of data points does not form a pattern. Thus it can be concluded that there is no heteroscedasticity in this regression model.

4). Autocorrelation Test

Table 5. Run Test Results

Unstandardized Residual	
<i>Test Valuea</i>	,00913
Cases < TestValue	20
Cases >= TestValue	20
Total Cases	40
Number of Runs	15
Z	-1,762
Asymp. Sig. (2-tailed)	,078

The SPSS output results show that the test value is 0.00913 with a probability of 0.078; is

above the significance at 0.05, which means the null hypothesis is accepted, so it can be concluded that the residuals are random or there is no autocorrelation between the residual values.

c. Multiple Linear Regression Test

Table 6. Multiple Linear Regression Test

Model	Unstandardized Coefficients		Standardized Coefficient Beta	t	Sig.
	B	Std. Error			
(Constant)	,143	,070		2,036	,049
Dewan Komisaris Independen	-,295	,133	-,578	-	,033
Komite Audit	,043	,015	,441	2,924	,006
EPS	-,013	,005	-,328	- 2,362	,024
Total Asset Turnover	,131	,042	,840	3,115	,004

Based on the data taken from the processing results if entered into the equation formula is as follows:

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + e \quad \text{SRDI} = 0,143 - 2,95DKI + 0,043KA - 0,013EPS + 0,131TAT + e$$

The explanation of the multiple linear regression equation is as follows:

- a) The constant has a coefficient of 0.143. This shows that if the independent variables (independent board of commissioners, audit committee, profitability, and company activities) are considered 0, then the disclosure of the sustainability report is 0.143.
- b) The independent board of commissioners has a value of -0.295. This means that if the board of independent commissioners increases with the assumption that the independent variables of the audit committee, profitability and company activities are constant, then the value of the sustainability disclosure variable report will decrease by 0.295.
- c) The audit committee has 0.043. This means that if the audit committee increases with the assumption that independent board of commissioners, profitability, and company activities are constant variables, so the variable value of the sustainability report disclosure will increase by 0.043.
- d) Profitability has a value of -0.013. This means that if profitability increases with the assumption that the independent variables of the board of commissioners, audit committee, and company activities are constant, the variable value of the sustainability report disclosure will decrease by 0.013.
- e) The company's activities have a value of 0.131. This means that if the company's activity increases with the assumption that the independent variables of the board of commissioners, audit committee, and profitability are constant, the variable value of the sustainability report disclosure will increase by 0.131.

d. Goodness of Fit Model or F Test

Table 7. F Test

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	,098	4	,025	4,560	,005 ^b

The Effect Of Good Corporate Governance, Profitability, And Company Activities On The Disclosure Of Sustainability Report- Kurnia Heriansyah, et.al

Residual	,188	35	,005
Total	,287	39	

Based on table 7, it is known that the Adjusted R Square value is 0.267 or 26.7%. This shows that the independent variables of the board of commissioners, audit committee, profitability, and company activities are able to explain the effect of 26.7%. While the remaining 73.3% is influenced by other variables not included in this study.

e. Hypothesis Test

Based on table 6, the results of the t test show as follows:

- a) The board of independent commissioners has a significance value of 0.033 which is less than the significance level of 0.05. This shows that
- b) the board of independent commissioners has an effect on the disclosure of the sustainability report. Thus the H1 hypothesis which states that the independent board of commissioners has an effect on the disclosure of the sustainability report, is accepted.
- c) The audit committee has a significance value of 0.006 which is less than the significance level of 0.05. This shows that the audit committee has an effect on the disclosure of the sustainability report. Thus the H2 hypothesis which states that the audit committee has an effect on the disclosure of sustainability reports, is accepted.
- d) Profitability has a significance value of 0.024 which is less than the significance level of 0.05. This shows that profitability has a significant effect on the disclosure of the sustainability report. Thus the H3 hypothesis which states that profitability affects the disclosure of sustainability reports, is accepted.
- e) The company's activities have a significance value of 0.004 which is less than the significance level of 0.05. This shows that company size has an effect on sustainability report disclosure. Thus the H4 hypothesis which states that company size affects the disclosure of sustainability reports, is accepted.

CONCLUSION

Based on the tests that have been carried out to examine the effect of good corporate governance, profitability, and company activities on disclosure of sustainability reports in LQ45 non-financial companies listed on the Indonesia Stock Exchange for the 2016-2020 period, it can be concluded, the board of independent commissioners has a significant negative effect on the sustainability report. The audit committee has a significant effect on the disclosure of the sustainability report Profitability has a significant negative effect on the disclosure of the sustainability report, and company activities affect the disclosure of sustainability reports. Based on the conclusions, the researcher suggests that we can expand the population and sample other than non-financial LQ45 companies listed on the Indonesia Stock Exchange, in order to get a broader picture of sustainability report disclosure. In addition, it is suggested to be able to add other variables that can be related to the disclosure of the sustainability report, because this study has the ability of the independent variable to explain the dependent variable is very limited. It is expected that the company's management needs to disclose the GRI indicators in full so that the company becomes more transparent in impacting the company's environment so that the company will gain legitimacy from the community. It is hoped that regulators will be able to improve the

quality of regulatory standards regarding the disclosure of sustainability reports.

REFERENCE

- Sugiyono. 2021. "Metode Penelitian Kuantitatif, Kualitatif, Dan R&D. Bandung : CV. Alfabeta." Jurnal Binawakya 15(11).
- Aliniar, Dwita, and Sri Wahyuni. 2017. "Pengaruh Mekanisme Good Corporate Governance (GCG) Dan Ukuran Perusahaan Terhadap Kualitas Pengungkapan Sustainability Report Pada Perusahaan Terdaftar Di BEI." Jurnal Universitas Muhammadiyah Purwokerto 15(1).
- "Analisis Laporan Keuangan / Hery, S.E., M.Si., CRP., RSA.; Editor, Adipramono | OPAC Perpustakaan Nasional RI." <https://opac.perpusnas.go.id/DetailOpac.aspx?id=1171856> (July 22, 2022).
- "Aplikasi Analisis Multivariate Dengan Program IBM SPSS 25 Ed. 9, Cet. IX | Perpustakaan Fakultas Ekonomi." https://digilib.usm.ac.id/fek/index.php?p=show_detail&id=2134 (July 22, 2022).
- Edy, Sutrisno., Edy Sutrisno, and Henry Simamora. 2016. Edisi 2 Manajemen Sumber Daya Manusia.
- Irawati, Rina, and Irawan Budi Prasetyo. 2021. "Pemanfaatan Platform E-Commerce Melalui Marketplace Sebagai Upaya Peningkatan Penjualan Dan Mempertahankan Bisnis Di Masa Pandemi (Studi Pada UMKM Makanan Dan Minuman Di Malang)." Penelitian Manajemen Terapan 6.
- Lament, Marzanna. 2015. "Trends in Corporate Social Responsibility Reporting." Basiq 2015 International Conference: New Trends in Sustainable Business and Consumption: 171– 78.
- Loh, Lawrence, Thomas Thomas, and Yu Wang. 2017. "Sustainability Reporting and Firm Value: Evidence from Singapore-Listed Companies." Sustainability (Switzerland) 9(11): 1–12.
- Mujiani, Sari, and Tuti Nurfitri. 2020. "Analisis Faktor-Faktor Yang Mempengaruhi Pengungkapan Sustainability Report Pada Perusahaan LQ45 Yang Terdaftar Di Bursa Efek Indonesia Sari." Jurnal Akuntansi dan Keuangan 2(1).
- "Penerapan Good Corporate Governance: Mengesampingkan Hak-Hak Istimewa Demi Kelangsungan Usaha / Indra Surya, Ivan Yustiavandana | OPAC Perpustakaan Nasional RI." <https://opac.perpusnas.go.id/DetailOpac.aspx?id=541804> (July 22, 2022).
- Prasetya, H.D., E. Saraswati, and A. Ghofar. 2017. "CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE AND CORPORATE FINANCIAL PERFORMANCE: A META-ANALYSIS." Russian Journal of Agricultural and Socio-Economic Sciences 68(8).
- Purwanti, Meilani. 2021. "Praktik Pengungkapan Sustainability Report Dan Environmental Incidents : Studi Pada Sustainability Report Perusahaan BUMN PT . Pertamina (Persero) Tahun 2017-2018." 18(1): 84–100.
- Saifuddin, Azwar. 2010. "Metode Penelitian.
- Sofa, Faizah Naila, and Naila WeningTyas Respati. 2020. "Ukuran Perusahaan Terhadap Pengungkapan Sustainability Report (Studi Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia Tahun 2017)." Jurnal Ekonomi dan Bisnis 13(1).
- "Strategi Bagaimana Meraih Keunggulan Kompetitif / Mudrajad Kuncoro ; Editor Wisnu Chandra Kristiaji | OPAC Perpustakaan Nasional RI." <https://opac.perpusnas.go.id/DetailOpac.aspx?id=607807> (July 22, 2022).
- Tobing, Rotua Aprilya, Zuhrotun Zuhrotun, and Ruserlistyani Ruserlistyani. 2019. "Pengaruh Kinerja Keuangan, Ukuran Perusahaan, Dan Good Corporate Governance Terhadap *The Effect Of Good Corporate Governance, Profitability, And Company Activities On The Disclosure Of Sustainability Report- Kurnia Heriansyah, et.al*

Pengungkapan Sustainability Report Pada Perusahaan Manufaktur Yang Terdaftar Dalam Bursa Efek Indonesia.” *Reviu Akuntansi dan Bisnis Indonesia* 3(1).

Weda, Nyoman, and I Putu Sudana. 2021. “Sustainability Reporting Dan Return Saham Di Perusahaan Terindeks LQ45.” *E-Jurnal Akuntansi* 31(6).

Wicaksono, Andri. “Penelitian Kausal Komparatif (Ex Post Facto.” <http://andriew.blogspot.co.id/2015/05/penelitian-n-kausal-komparatif-ex-post.html> (July 22, 2022).