

The Influence of Company Characteristics and Foreign Ownership on Sustainability Report Disclosure in LQ45 Companies Listed on the Indonesia Stock Exchange

Christin Natalia Sitompul¹, Meliana Puspitasari², Awaliawati Rachpriliani³

^{1,2,3} *Program Studi Akuntansi, Fakultas Ekonomi dan Bisnis Universitas Buana Perjuangan Karawang Indonesia*

Abstract

This study analyzes how company size, profitability, debt levels, age, and foreign ownership influence the way companies report on sustainability issues. The study focuses on 32 corporations listed on the LQ45 index of the Indonesian capital market between 2020 and 2024, with the sample selected using a *purposive sampling technique*. The findings indicate that company size, debt ratio, and firm age do not significantly influence sustainability reporting practices. However, profitability and foreign ownership were found to have a significant impact. The results suggest that a company's ability to generate profit and the participation of foreign investors can drive increased corporate transparency through the disclosure of sustainability-related information. These findings assist stakeholders in evaluating the extent of a company's commitment to sustainability practices based on the information it has published.

Keywords: *Company Size; Profitability; Leverage; Company Age; Foreign Ownership; Sustainability Report.*

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✉ Corresponding author:

Email Address: ak22.christinsitompul@mhs.ubpkarawang.ac.id

INTRODUCTION

In recent years, sustainability issues have become a hot topic, both nationally and internationally. Rising public and environmental awareness has led companies to embrace sustainability reporting as a crucial aspect of their business. According to a survey conducted by KMPG in its 2022 *Survey of Sustainability Reporting*, approximately 96% of large companies across the globe have published sustainability reports as a commitment to increasing transparency and building public trust. Sustainability reports serve not only to convey information but also to strengthen stakeholder trust by presenting more transparent and accountable data. Furthermore, investors' growing attention to environmental, social, and corporate governance dimensions when selecting investments, coupled with increasingly stringent demands for good governance and stringent corporate governance requirements, is encouraging companies to focus not only on financial performance but also on the social and environmental impacts of their operations.

In this country, the commitment to sustainability has been established through Law No. 40 of 2007 concerning Limited Liability Companies, specifically regulating

corporate responsibility towards society and the environment. This provision was later reinforced by Financial Services Authority Regulation No. 51/POJK.03/2017 concerning the Implementation of Sustainable Finance (Financial Services Authority, 2017). The regulation states that financial services institutions, publicly traded companies, and issuers are required to prepare and submit sustainability reports regularly. However, in implementing this regulation, some companies still fail to comply. This is because sanctions for violations have not been implemented effectively. As a result, some companies only prepare sustainability reports as a formality, without paying attention to the quality and completeness of the data based on the *Global Reporting Initiative* guidelines. (GRI, 2023).

The LQ45 is a group of companies recognized for their high stock liquidity, significant market capitalization, and strong financial performance. These companies are also required to disclose information about their situation in their annual reports (Dwi Safitri & Yanthi, 2024). Although companies in this category are the issuers with the largest capital and liquidity on the Indonesia Stock Exchange, they are still inconsistent in providing sustainability reports.

Table 1. Percentage of Sustainability Report Disclosure on the IDX

Year	Total LQ45 Issuers	Publishing Sustainability Reporting	Not Publishing Sustainability Reporting	Percentage of Disclosure (%)
2020	45	32	13	71.11%
2021	45	40	5	88.89%
2022	45	42	3	93.33%
2023	45	43	2	95.56%
2024	45	45	0	100%

Source: Data processed by the author (2026)

Based on Table 1, data was obtained from the list of companies included in the LQ45 index and through a review of each company's sustainability reports covering the 2020–2024 period. The findings indicate that the number of companies publishing sustainability reports increased annually. In 2020, 32 of the 45 companies had released sustainability reports, representing approximately 71.11% of the total. However, 13 companies had not yet done so. In 2021, the number of entities preparing sustainability reports increased to 40, representing approximately 88.89% of the total. In 2022, 42 companies submitted sustainability reports, representing approximately 93.33% of the total. Then, in 2023, the number increased again to 43 companies, representing approximately 95.56% of the total. Finally, in 2024, all companies included in the LQ45 index had issued sustainability reports, bringing the disclosure level to 100%. This demonstrates the increasing commitment of these companies to sustainability reporting. In this way, they can meet the information needs of relevant parties. Some examples of issuers observed include PT Unilever Indonesia Tbk, as well as other large corporations such as PT Chandra Asri Petrochemical Tbk, which have consistently published their sustainability reports from 2020 to 2024. On the other hand, some companies only began reporting on sustainability in subsequent years, such as PT Amman Mineral Internasional Tbk, which began reporting in 2023, and PT Bank Jago Tbk, which only released its sustainability report in 2024.

Variations in sustainability reporting disclosure levels across companies are influenced by characteristics inherent to each entity, such as company size, profitability,

debt levels, and operational tenure (Mujiani & Nurfitri, 2020). Large, highly profitable, and long-established companies typically possess a greater capacity for comprehensive sustainability reporting (Setiawan *et al.*, 2025). In sustainability accounting research, corporate characteristics serve as indicators to explain variations in the extent of sustainability information disclosure. The most frequently utilized variables include company size, profitability, leverage, and company age, as these four aspects reflect internal conditions that can influence a company's ability to formulate policies and disclose information to stakeholders. Beyond these inherent corporate characteristics, ownership structure, particularly foreign ownership, also influences the extent of sustainability reporting disclosure. The presence of foreign investors is generally associated with heightened demands for transparency and reporting quality, as these investors typically expect the application of reporting standards aligned with global practices (Kholmi & Nizzam Zein Susadi, 2021). Foreign ownership refers to the portion of a company's shares held by overseas investors, whether individuals, institutions, corporate entities, or foreign governments (Muhammad Faisal Arbain & Kusumawati, 2025). Companies with foreign investors, particularly multinational corporations, generally face greater pressure to adhere to effective governance practices in order to gain and maintain the trust of international stakeholders, thereby enabling long-term operational continuity.

Research by Setiawan *et al.* (2025) on company characteristics indicates that these attributes impact the level of sustainability report disclosure. Meanwhile, a study by Dwi Safitri & Yanthi (2024) finds that company characteristics, specifically measured by industry type, do not influence sustainability report disclosure. However, that study did not comprehensively incorporate the variable of foreign ownership, nor did it specifically focus on companies listed in the LQ45 index.

Research on the impact of foreign ownership on sustainability reporting has yielded mixed results. A study by Kholmi & Nizzam Zein Susadi, 2021, found that foreign ownership influences the extent of sustainability reporting disclosure. Conversely, research by (Zakiah, 2023) indicates that foreign ownership has no impact on sustainability reporting disclosure. In addition, (Yohana & Suhendah, 2023) state that several factors influence a company's performance, particularly profitability, debt levels, and size, which influence how companies disclose their sustainability reports on the Indonesia Stock Exchange. However, a study (Diliana *et al.*, 2023) found that company size does not influence the amount of information they share in their sustainability reports. Current research findings are inconsistent, resulting in varying empirical findings. Therefore, additional research is needed to obtain comprehensive empirical evidence regarding the components that influence sustainability reports.

Based on the differences in prior research, the researchers were motivated to examine the characteristics of companies and their foreign ownership in the context of sustainability reporting in entities listed on the LQ45 list on the Indonesia Stock Exchange (IDX) from 2020 to 2024. LQ45 companies were selected because they are the issuers with the largest capital and liquidity on the Indonesia Stock Exchange, as well as possessing high market value and liquidity. This study is expected to contribute to the advancement of research in sustainability accounting and serve as a reference for regulators and stakeholders to improve the effectiveness of sustainability reporting in Indonesia.

RQ1: How do company characteristics, proxied by company size, profitability, leverage, and company age, affect sustainability report disclosure?

RQ2: How does foreign ownership influence sustainability report disclosure?

LITERATURE REVIEW

Stakeholder Theory

According to Stakeholder Theory, a company should not only prioritize the interests of investors, but also consider all stakeholders involved in its activities, such as creditors, customers, employees, communities, and the government. Companies that prioritize the interests of these stakeholders will generally improve transparency and accountability by publishing non-financial information, one example of which is through the preparation of sustainability reports.

Sustainability reports serve as a strategic communication tools that connect companies with various stakeholders, with the goal of building and maintaining public trust. Companies that actively engage with stakeholders are generally more likely to disclose information about social and environmental aspects more clearly and openly. (GRI, 2023). Therefore, stakeholder theory is crucial in explaining the motivation for companies to report on their sustainability responsibilities in order to maintain harmonious relationships with stakeholders.

Company Characteristics

A company's characteristics are one of the internal elements that can influence the amount of information disclosed in a sustainability report. According to (Dwi Safitri & Yanthi, 2024), a company's characteristics reflect its economic capacity and risk level, thus influencing various strategic decisions, including policies regarding the disclosure of non-financial information. This opinion is supported by research findings (Diliana *et al.*, 2023), which outline that companies with certain characteristics, such as large size, high profitability, and more complex ownership structures, typically face greater pressure from stakeholders to expand sustainability disclosure. In research on sustainability accounting, company characteristics are typically proxied by several factors, such as company size, profitability, debt level, and length of existence. These four indicators were chosen because they are theoretically related to a company's ability, capacity, and motivation to submit a sustainability report (Kholmi & Nizzam Zein Susadi, 2021). Based on the theory studied and previous research, company characteristics in this study were measured using the following indicators:

Company Size

Company size reflects the scale of a business entity's operations, which can be assessed based on total assets, total sales, number of employees, or total capital under management. Companies operating on a larger scale tend to face more intense political demands and social pressure. This situation encourages entities to produce more comprehensive sustainability reports to gain and maintain public and stakeholder trust (Jannah *et al.*, 2021). The formula for calculating sustainability is:

$$\text{Size} = \ln (\text{Total Assets})$$

Profitability

Profitability is how effectively a company generates profits over a given period, as measured by the amount of assets they own and the amount of capital they have available. Companies that generate high profits typically have better financial performance. This

allows them to support social activities and help the environment, as evidenced by sustainability reports (Wagiswari & Badera, 2021). The measurement formula is:

$$\text{ROA} = \text{Net Income} / \text{Total Assets}$$

Leverage

Leverage is the proportion of borrowed capital in a company's funding mix. As *leverage* increases, the financial challenges faced by an entity also increase, prompting management to reduce disclosure of additional information, including sustainability information, due to pressure from creditors and increased financial risk. (Sari *et al.*, 2023). The *leverage* measurement formula is formulated as follows:

$$\text{DER} = \text{Total Liabilities} / \text{Total Equity}$$

Company Age

Company age reflects how long a business has been operating since its founding or since its initial listing on the stock market. Long-standing businesses typically possess extensive knowledge and better management and reporting methods. This allows companies to provide sustainability information in a more consistent and structured manner (Yuliandhari & Citta, 2023). The formula for calculating it is:

$$\text{Firm Age} = \text{Research Year} - \text{Year of Establishment/IPO}$$

Foreign Ownership

Foreign ownership is the proportion of a company's shares held by individuals, institutions, or companies from other countries. This ownership structure indicates the extent of foreign investors' role in the company's management and strategic decision-making. In research on corporate governance, foreign ownership is often associated with improved oversight, transparency, and the implementation of reporting standards consistent with international norms, due to pressure from external investors on the company's management team (Putra *et al.*, 2023).

Foreign investors typically come from institutions that implement stricter corporate governance and information disclosure standards, so foreign ownership can put pressure on management to release clear and high-quality information, including sustainability reporting (Wulandari & Trinawati, 2021). This is in line with stakeholder theory, which states that entities must respond to the demands of individuals or groups dependent on the company, such as foreign investors, by increasing clarity and accountability in information disclosure.

In the context of sustainability reporting, foreign ownership serves as an external element that encourages businesses to use honest and accountable reporting methods. Foreign investors typically request sustainability information that aligns with globally recognized standards, such as the Global Reporting Initiative (GRI), as a guideline for assessing a company's environmental, social, and governance performance before making investment decisions (Putra *et al.*, 2023). The formula for calculating this is:

$$\text{Foreign Ownership} = \frac{\text{Number of Shares Held by Foreign Investors}}{\text{Total Outstanding Shares}} \times 100\%$$

Sustainability Report Disclosure

Sustainability reporting disclosure is the process of providing stakeholders with information about a company's economic, social, and environmental performance. According to the *Global Reporting Initiative* (GRI), sustainability reporting is an important way for businesses to explain the impact of their operations on sustainable development (GRI, 2023).

The concept of sustainability reporting uses a *triple bottom line approach*, which

emphasizes that a company's success is determined not only by its financial results but also by how the company contributes to social and environmental aspects. Therefore, sustainability reporting is a crucial instrument for evaluating a company's responsibility and commitment to long-term sustainability. According to *Stakeholder Theory*, it must provide essential information to meet the information needs of all stakeholders. The measurement formula is:

$$SRDI = \frac{\sum \text{Number of Item Disclosed}}{\sum \text{Total Expekted Items}}$$

Framework

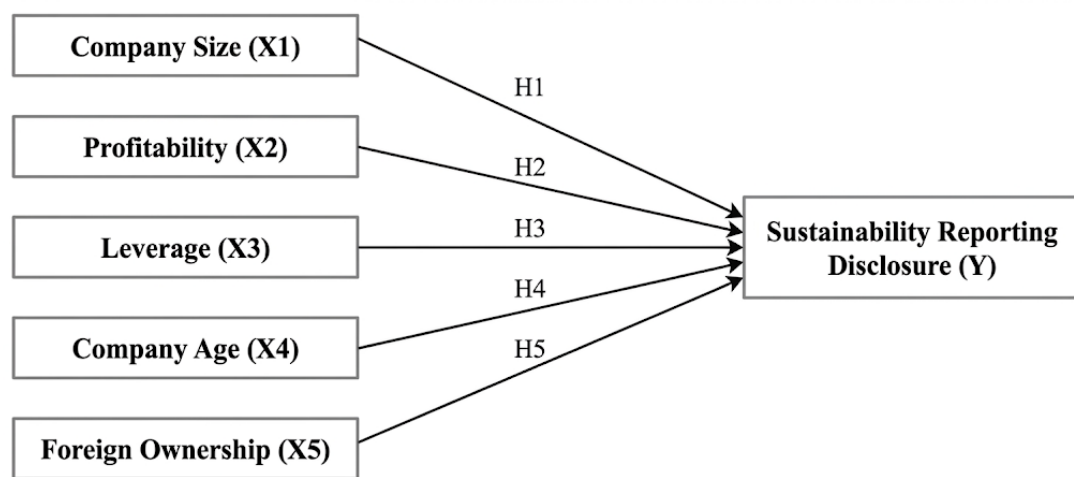


Figure 1. Framework of Thought

The Influence of Company Size on Sustainability Report Disclosure

A company size reflects the size of the organization based on its total assets, total revenue, and total equity. Larger companies generally face increasing pressure to meet their social and environmental obligations. According to *Stakeholder Theory*, large entities typically have an impact on society at large, and they seek to protect their image by sharing sustainability information (GRI, 2023).

At the same time, large companies have sufficient funds and staff to prepare sustainability reports that meet the requirements of the *Global Reporting Initiative* (GRI) standards. This means that large companies may not regularly report their sustainability reports, especially if there are no strict regulations on the matter or if this type of reporting is simply mandatory for them.

H1: Company size has an effect towards sustainability report disclosure.

The Influence of Profitability on Sustainability Report Disclosure

Profitability reflects the extent to which a company is able to generate profits from its operational activities. According to the *Theory Stakeholders*, businesses with high financial performance usually tend to disclose more sustainability information to build a more positive reputation among stakeholders and increase investor confidence.

Success in achieving high profits also indicates that an entity can carry out its social responsibilities without compromising the company's financial health and stability (Indriyani & Yuliandhari, 2020). Research results (Yohana & Suhendah, 2023) support this opinion by indicating that profitability influences sustainability report disclosure, as profitable businesses tend to strive to maintain their social reputation by transparently disclosing their environmental and social performance.

H2: Profitability has an impact on sustainability report disclosure.

The Effect of Leverage on Sustainability Report Disclosure

The Influence of Company Characteristics and Foreign Ownership.....

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Leverage describes the extent to which debt funds are absorbed within a company's funding structure. Based on *Stakeholder Theory*, higher leverage indicates a company's dependence on external parties, particularly creditors who have a vested interest in the company's performance. Under high *leverage*, companies tend to be cautious in disclosing non-financial information, such as sustainability reports, due to concerns about negatively impacting stakeholders. This is driven by the entity's efforts to maintain its reputation for financial stability (Mandagie et al., 2022).

Companies with high debt levels face pressure from various stakeholders. While lenders prioritize a company's ability to meet financial obligations, providing sustainability information is often not a top priority for companies during times of financial hardship.

H3: *Leverage* influences sustainability report disclosure.

The Influence of Company Age on Sustainability Report Disclosure

A company's age reflects how long it has been operating. According to *Stakeholder Theory*, corporations that have been operating for a long time generally have increasingly broad and complex relationships with various parties involved. This condition encourages entities to meet the information demands of all stakeholders by presenting sustainability reports (Indriyani & Yuliandhari, 2020). Research (Faransahada & Wulandari, 2024) and (Yuliandhari & Citta, 2023) indicates that as a company's operating period progresses, the proportion of sustainability information disclosed increases.

H4: Company age influences sustainability report disclosure.

The Influence of Foreign Ownership on Sustainability Report Disclosure

Foreign ownership serves as a form of external oversight that forces stakeholders to be more transparent and accountable. According to *Stakeholder Theory*, foreign investors come from countries that have adopted sound sustainability reporting standards, thus further encouraging companies to implement reporting practices aligned with these global standards.

However, previous research has found mixed results. (Diliana et al., 2023) found that foreign ownership did not significantly impact sustainability reporting. This discrepancy suggests that further research is needed, particularly in the context of businesses linked to the LQ45 index.

H5: Foreign ownership has an impact on sustainability report disclosure.

METHODOLOGY

This study employed a quantitative approach, utilizing secondary data derived from annual reports and sustainability reports listed on the Indonesia Stock Exchange (IDX) from 2020 to 2024. This data has been released and can be viewed on the official website www.idx.co.id. The sample selection used was *purposive sampling*. To analyze the data in this study, a multiple linear regression method was used, utilizing *Statistical Product and Service Solutions (SPSS)* software. The data processing process took into account the availability of comprehensive annual reports and sustainability reports. The sample requirements were as follows:

Table 2. Sample Determination Criteria

No	Sample Criteria	Number of Samples
1	Business entities that are listed on the LQ45 and listed on the Indonesia Stock Exchange (IDX)	45
2	Business entities listed on the LQ45 index (BEI) but inconsistent from 2020-2024	(13)
3	Business entities that publish annual reports as well as comprehensive sustainability reports throughout the study period	32
5 Years of Research		32 x 5
Total number of research sample companies		160

Source: Data processed by the author

RESULTS AND DISCUSSION

The research focused on entities listed on the LQ45 issuers from 2020 to 2024. All entities included in the index during this period were considered research subjects. However, to obtain data that truly aligns with the research focus, researchers used several sampling criteria. These criteria ensured that only businesses meeting specific requirements, such as comprehensive data and relevant research variables, could be analyzed.

Descriptive Statistical Test

Table 3. Results of Descriptive Statistical Tests

	N	Minimum	Maximum	Mean	Standard Deviation
SR Disclosure	160	6.59	34.07	19.1321	7.54220
Company Size	160	13.96	22.79	18.2647	2.28416
Profitability	160	-10.94	44.30	7.8511	9.94114
Leverage	160	.13	16.37	2.40229	2.98539
Company Age	160	2	42	21.97	8.978
Foreign Ownership	160	.00	95.90	32.4819	27.46183
Valid N (listwise)	160				

Source: SPSS data processing

As a test in Table 2, it shows that each variable has a total data (N) of 160. The lowest value of *sustainability report* (SR) disclosure is 6.59 and the highest is 34.07. The average SR disclosure reaches 19.1321, while the standard deviation of the SR Disclosure data is 7.54220. For the company size variable (SIZE) shows the lowest number of 13.96, the highest number is 22.79, with an average of 18.2647 and a standard deviation of 2.28416. In the profitability variable (ROA), the smallest value obtained is -10.94, the largest number is 44.30, the average is 7.8511, and the level of variation is 9.94114. The lowest value indicates a negative number of companies that suffered during the study period. Furthermore, the *leverage variable* (DER) recorded the lowest value of 0.13, the highest value of 16.37, with an average of 2.40229, and a standard deviation of 2.98539. The company age variable (AGE) had the lowest value of 2, the highest value of 42, with an average of 21.97 and a standard deviation of 8.978. This average indicates that the companies studied have been operating for quite a long time. The foreign ownership

variable (KA) had the lowest value of 0.00, and the highest value of 95.90. The average for this variable was 32.4819, while the standard deviation reached 27.46183.

Classical Assumption Test

Normality Test

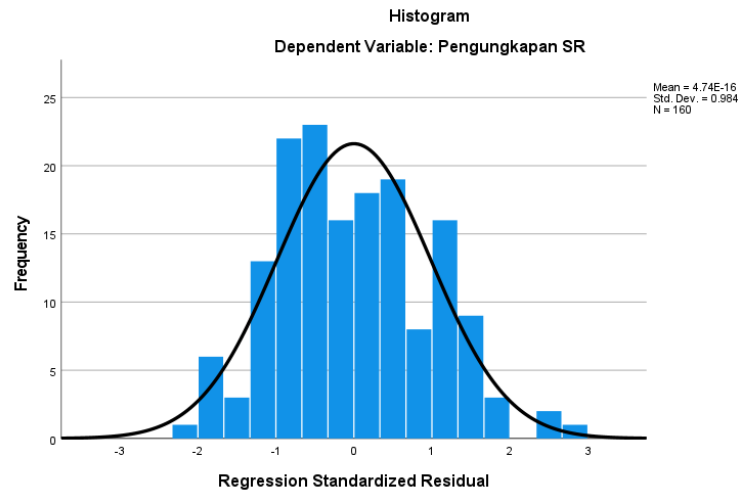


Figure 2. Histogram

The histogram shows that the data is distributed in a bell-shaped pattern, with no significant deviations to the left or right. The data distribution appears fairly balanced around the mean, indicating that the residuals are normally distributed.

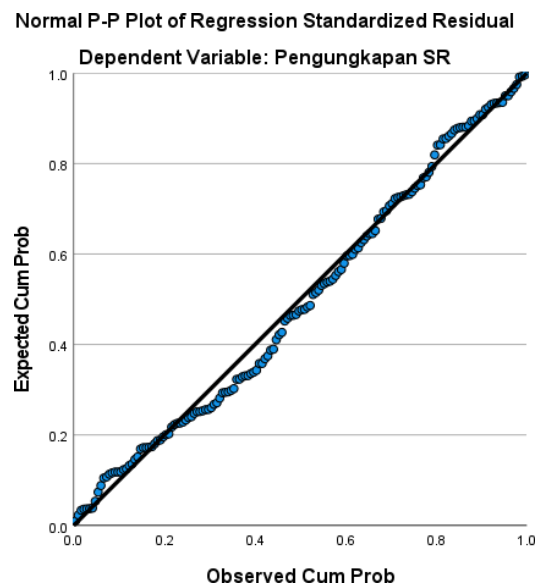


Figure 3. Normal Probability Plot Diagram

The image shows that the data points appear to be close to a straight line, meaning that the data used has met the requirements or has been normally distributed.

Table 4. Normality Test

			Unstandardized Residual
N			160
Normal Parameters ^{a, b}	Mean		.0000000
	Standard Deviation		6.65836368
	Absolute		.066
Most Extreme Differences	Positive		.066
	Negative		-.046
			.066
Test Statistics			.066
Asymp. Sig. (2-tailed) ^c			.089

Source: SPSS data processing

As shown in Table 4 with the Kolmogorov-Smirnov method One sample shows a significance value of $0.089 > 0.05$, indicating that the data is normally distributed.

Multicollinearity Test

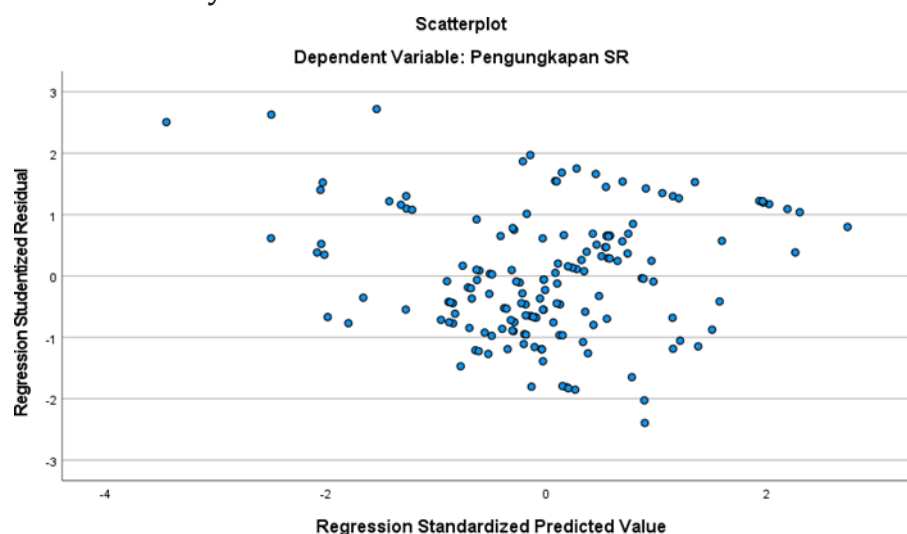
Table 5. Multicollinearity Test

		Collinearity Statistics	
Model		Tolerance	VIF
1	(Constant)		
	Company Size	.709	1.411
	Profitability	.827	1.209
	Leverage	.729	1.371
	Company Age	.767	1.303
	Foreign Ownership	.787	1.270

Source: SPSS data processing

The test results of the five variables show a tolerance exceeding 0.10 and a VIF of less than 10, which means there is no multicollinearity between the independent variables.

Heteroscedasticity Test

**Figure 4.** Scatterplot

Looking at Figure 4, the points in the diagram are randomly distributed and show no particular pattern. Furthermore, the points are distributed on both sides of the 0 value on the Y axis, indicating that the regression model is free from heteroscedasticity.

Autocorrelation Test Results

Table 6. Autocorrelation Test

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate	Durbin-Watson
1	.505 ^a	.255	.231	5.78704	1.901

Source: SPSS data processing

The analysis results show that Durbin-Watson reached 1.901. Referring to the Durbin-Watson statistical table with alpha 5%, n (independent variable) = 5, k (number of research data) = 160, the values of $dU = 1.806$, $4 - dU = 2.193$, and $dL = 1.677$ were obtained. The above shows the value of $dU < dW < 4 - dU$ ($1.806 < 1.901 < 2.193$) which indicates that the research data does not have autocorrelation.

Linear Regression Analysis

Table 7. Multiple Regression Test Results

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	30.443	5.218		5.834	.000
	Company Size	-.538	.279	-.163	-1.927	.056
	Profitability	-.372	.059	-.490	-6.264	.000
	Leverage	-.003	.210	-.001	-.013	.990
	Company Age	-.016	.068	-.019	-.236	.814
	Foreign Ownership	.055	.022	.200	2.499	.014

Source: SPSS data processing

The constant of 30.443 indicates that if all factors such as entity scale, profit, debt ratio, company age, and foreign ownership are all zero, then the level of sustainability report exposure will reach 30.443.

The regression coefficient of company size is recorded at -0.538, indicating that every one-unit increase in company size will result in a 0.538 decrease in the level of sustainability reporting exposure, provided that other variables remain unchanged. A significance value of $0.056 > 0.05$ indicates that entity size does not affect the way companies submit sustainability reports.

The regression coefficient for profitability is -0.372, indicating that each one-unit increase in profitability is associated with a 0.372 decrease in the level of sustainability reporting. The significance level is $0.00 < 0.05$, indicating that profitability influences sustainability reporting disclosure.

The regression coefficient of *leverage* was recorded at -0.003, meaning that a one-unit increase in *leverage* would decrease sustainability report exposure by 0.003. However, a significance value of $0.990 > 0.05$ indicates that *leverage* does not affect sustainability report exposure.

The regression coefficient for company age was recorded at -0.016, indicating that the older the company, the lower the coefficient value. Sustainability report disclosure

reached 0.016. However, the significance level of $0.814 > 0.05$ implies that company age does not affect sustainability report disclosure.

The regression coefficient for foreign ownership is 0.055, meaning that as foreign ownership increases, sustainability report disclosure also increases by 0.055. However, the significance level of $0.014 < 0.05$ indicates that foreign ownership influences sustainability report disclosure.

Partial Test (t-Test)

Table 8. Partial Test

Model		t	Sig.
1	Constant	5.834	.000
	Company Size	-1.927	.056
	Profitability	-6.264	.000
	Leverage	-.013	.990
	Company Age	-.236	.814
	Foreign Ownership	2.499	.014

Source: SPSS data processing

The company size variable showed a significant figure of $0.056 > 0.05$ with a calculated t-value of -1.927, this finding indicates that the scale of the entity does not affect the submission of sustainability reports. From the analysis results, the profitability variable recorded $0.000 < 0.05$ with a calculated t-value of -6.264, it can be concluded that profitability influences sustainability reporting.

Leverage variable shows a significance level of $0.990 > 0.05$ and a calculated t-value of -0.013, indicating that *leverage* has no effect on the presentation of sustainability reports. The company age variable obtains a significance level of $0.814 > 0.05$ and a calculated t-value of -0.236, indicating that company age also does not affect the presentation of sustainability reports. The foreign ownership variable produces a significance level of $0.014 < 0.05$ and a calculated t-value of 2.499. It can be concluded that foreign ownership influences the way companies prepare sustainability reports.

Simultaneous Significance Test (F Test)

Table 9. Simultaneous Significance Test

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1995.600	5	399,120	8,720	.000 ^b
	Residual	7049.075	154	45,773		
	Total	9044.676	159			

Source: SPSS data processing

The test conducted resulted in an F value of 8.720 with a significance level of 0.000. Considering the significance level of $0.000 < 0.05$, it can be concluded that all independent variables have a simultaneous/overall effect on the dependent variable of sustainability report disclosure.

Determinant Coefficient Test (R²)

Table 10. Determination Coefficient Test

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	.505 ^a	.255	.231	5.78704

Source: SPSS data processing

The evaluation results indicate that the Adjusted R Square reached 0.231, equivalent to 23.1%. This figure suggests that company characteristics and foreign ownership contribute 23.1% of the dependent variable, while the remaining 76.9% is influenced by other elements not included in the study model.

DISCUSSION

Company Size in Sustainability Report Disclosure

The research results indicate that company size does not influence sustainability report disclosure. This suggests that company size regardless of whether the company is large or small does not have a direct impact on the level of sustainability reporting. According to Stakeholder Theory, every company is required to provide information to its stakeholders. Therefore, the level of sustainability reporting is not determined solely by company size, but also by the extent of the company's commitment to implementing sustainability practices.

Profitability in Sustainability Report Disclosure

The research findings indicate that profitability influences sustainability report disclosure. These results demonstrate that a company's ability to generate profit affects how it communicates information regarding sustainability. This aligns with Stakeholder Theory, which emphasizes that an entity is accountable not only to shareholders but also to all involved parties, including investors, the government, employees, the community, and customers.

Leverage in Sustainability Report Disclosure

The study results demonstrate that corporate *leverage* is not influenced by sustainability report disclosure. This indicates that the level of corporate debt whether high or low is not a primary factor determining the extent of information presented in sustainability reports. Based on Stakeholder Theory, an entity remains obligated to meet the information expectations of all stakeholders, regardless of its funding sources. Consequently, the level of leverage does not necessarily influence corporate decisions regarding the provision of sustainability information.

Company Age in Sustainability Report Disclosure

Research findings indicate that company age does not have a significant effect on sustainability reporting. The study suggests that the length of time a company has been in operation does not automatically guarantee the publication of a sustainability report. Long-established companies do not necessarily have a better understanding of the importance of sustainability reporting. Conversely, companies that have not been established for long can also demonstrate a strong commitment to sustainability reporting, provided that management maintains clear policies and faces external pressure. According to Stakeholder Theory, both newly established and long-standing companies bear the same obligation to meet the information demands of their stakeholders.

Foreign Ownership in Sustainability Report Disclosure

Research findings indicate that foreign ownership has a significant impact on sustainability report disclosure. The study suggests that as the percentage of shares held by foreign investors increases, so does the incentive for companies to provide sustainability reporting. These results are consistent with Stakeholder Theory, which posits that companies are obliged to meet the expectations of all stakeholders, including

foreign investors. Foreign investors generally place greater emphasis on transparency, corporate governance, and environmental and social issues. Consequently, companies are motivated to improve the quality of their sustainability reporting to meet the expectations of foreign investors while simultaneously upholding their credibility and reputation on the international stage.

CONCLUSION AND IMPLICATIONS

Based on the research findings, it can be concluded that company size, *leverage*, and company age do not individually influence sustainability report disclosure. This indicates that not all corporate characteristics necessarily affect how companies report on sustainability. Conversely, profitability and foreign ownership were found to individually influence sustainability report disclosure. The study implies that highly profitable entities possess both the capability and the strong motivation to provide more extensive sustainability information. Furthermore, the presence of foreign investors encourages companies to be more open and accountable by presenting clearer and more comprehensive sustainability reports. In other words, a company's profitability and the presence of foreign shareholding can act as drivers for increased transparency in sustainability reporting. Finally, when considered simultaneously, company size, profitability, *leverage*, company age, and foreign ownership were found to influence sustainability report disclosure; this demonstrates that the combination of these factors explains the variations in the level of sustainability reporting disclosure among companies.

The findings of this study imply that companies must enhance the quality and transparency of their sustainability reporting as a means of demonstrating accountability to stakeholders. Companies should also pay attention to profitability and the management of relationships with foreign investors, as these factors have been shown to influence sustainability disclosure practices. For government bodies and regulatory agencies, these results can serve as a reference for formulating and strengthening policies regarding sustainability reporting, thereby motivating companies to present sustainability information in greater detail and on a more consistent basis. Future researchers are encouraged to utilize larger samples, extend the study period, and explore a wider range of independent variables influencing sustainability reporting, such as corporate governance structures, institutional ownership, environmental performance, or the size of the board of commissioners. Future research is expected to provide broader insights and contribute to the body of knowledge regarding the factors that influence sustainability reporting disclosures.

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