JURNAL

FAIR VALUE

JURNAL ILMIAH AKUNTANSI DAN KEUANGAN

VOL 4 NO 4 November 2021

P-ISSN 2622-2191 , E-ISSN 2622-2205

THE MODERATING ROLE OF PROFITABILITY ON GOOD CORPORATE GOVERNANCE AND SUSTAINABILITY REPORT DISCLOSURE

Sari Mujiani[1] , Nurmala Ahmar[2], Darmansyah[3]

Universitas Pancasila, Jakarta[1,2,3]

sari.mujiani0610@gmail.com[1]

Info Artikel :

Diterima : 17 Oktober 2021 Disetujui : 21 Oktober 2021 Dipublikasikan : 25 November 2021

Kata Kunci :

Kepemilikan Institusional, Dewan Komisaris Independen, Komite Audit, Profitabilitas dan Sustainability Report.

ABSTRAK

Laporan keberlanjutan merupakan bentuk laporan yang bersifat sukarela sebagai bentuk tanggung jawab perusahaan terhadap sosial dan lingkungan. Laporan keberlanjutan sangat diperlukan agar stakeholder termasuk masyarakat mengetahui tanggung jawab perusahaan terhadap lingkungan. Corporte Governance adalah serangkaian proses, kebijakan, aturan, pengontrolan, serta pengarahan dalam suatu korporasi atau perusahaan. Tata kelola perusahaan juga didefinisikan konsep untuk meningkatkan transparansi dan akuntabilitas dengan tujuan untuk menjamin agar tujuan perusahaaan dapat tercapai. Penelitian ini bertujuan untuk mengetahui peranan moderasi profitabilitas pada Good Corporate Governance terhadap Sustainability Report. Metode penelitian yang digunakan adalah metode kuantitatif. Sampel menggunakan metode purposive sampling. Sampel yang digunakan dalam penelitian ini adalah perusahaan sektor pertambangan yang terdaftar di Bursa Efek Indonesia yang menerbitkan laporan keberlanjutan dan laporan keuangan secara berturut-turut selama periode 2013-2019. Hasil penelitian menunjukkan kepemilikan institusional berpengaruh positif terhadap sustainability report, sedangkan dewan komisaris independen dan komite audit tidak berpengaruh terhadap sustainability report. Penelitian ini juga menunjukkan bahwa profitabilitas sebagai pemoderasi mampu memberikan dampak positif serta kearah penguat antara peran kepemilikan institusional terhadap sustainability report. Sedangkan profitabilitas sebagai pemoderasi belum mampu memberikan pengaruh antara dewan komisaris independen dan komite audit terhadap sustainability report.

ABSTRACT

A sustainability report is a voluntary report that demonstrates a company's social and environmental responsibilities. Sustainability reports are required so that stakeholders, such as the general public, are aware of the company's environmental responsibilities. Within a corporation or organization, corporate governance refers to a set of procedures, policies, regulations, regulations, and

Keywords :

Institutional Ownership, Independent Board of Commissioners, Audit Committee, Profitability and Sustainability Report.

guidelines. Corporate governance may also be defined as a concept that aims to improve openness and accountability in order to ensure that the company's goals are met. The goal of this research is to investigate the moderating influence of profitability in the sustainability report's Good Corporate Governance. A quantitative research method was applied in this study. Purposive sampling was utilized in this study. The mining sector businesses listed on the Indonesia Stock Exchange that publish sustainability reports and financial reports between 2013 and 2019 were the sample used in this study. The findings revealed that institutional ownership had a beneficial impact on the sustainability report, however the independent board of commissioners and audit committee had no impact. This study also suggests that profitability as a moderator can have a good impact on the sustainability report, as well as boosting the role of institutional ownership. Meanwhile, profitability as a moderator has had no impact on the sustainability report's independent board of commissioners and audit committee.

INTRODUCTION

Sustainability reports have recently become a major issue for companies, as a result of the development of the flow of information in this globalization era, so that the company's goals are not only focused on achieving profits, but also consider the social impacts that businesses have on the community. A sustainability report is a voluntary report that demonstrates a company's social and environmental responsibilities. Sustainability reports are required so that stakeholders, such as the general public, are aware of the company's environmental responsibilities. According to Dilling (2010), the lack of standards means that publication of sustainability reports is only voluntary because there are no clear guidelines regarding the standard format that applies globally (Mujiani & Nurfitri, 2020).

Companies must give transparent and accountable information, even if it is voluntary and not obligatory. Companies must give accurate, precise, clear, and easily available information to stakeholders in order to protect their rights (Wijayana & Kurniawati, 2018). Stakeholders, particularly investors, want a great deal of information on the company's societal and environmental involvement or contribution. As a result, many corporations increasingly make social, environmental, and governance information available on their corporate websites on a voluntary basis (Fuadah et al., 2018)

The earth or planet is the first basic pillar, shareholder communities or people is the second basic pillar, and profit or profit is the third basic pillar for business firms. The three basic pillars are commonly referred to as the 3Ps. If a company or corporation practices good governance, it will contribute to the long-term success of the corporate operation (Lako, 2018:13).

A corporation's or company's corporate governance is a system of processes, policies, rules, controls, and instructions. Corporate governance may also be defined as a concept that aims to promote openness and accountability in order to ensure that the company's goals are met. The publication of sustainability reports is inextricably linked to the implementation of corporate governance or corporate governance, because the primary goal of corporate governance is to promote environmental awareness and social responsibility. Managerial ownership, an independent board of commissioners, and an audit committee will be the research variables for corporate governance.

According to Bowman and Haire (1976), the disclosure of sustainability reports must be supoorted by the company's financial performance, one of which is profitability, which is a measure of an executive's ability to generate profit levels that are taken into account by businesses when designing social programs and environmental preservation that are disclosed in the sustainability report. As part of the company's duty in assisting in the improvement of surrounding socioeconomic conditions and environmental preservation. As a result, the greater the amount of social information exposure, the higher the level of firm profitability.

External and internal factors including as profitability, institutional ownership, independent commissioners, and audit committees can all impact sustainability reporting disclosure. Many research have been undertaken on the elements that influence sustainability report disclosure. Various earlier studies, such as the one conducted by (Mujiani & Nadhifah, 2021); (Carolina et al., 2020); Nuraeni dan Darsono (2020); (Mujiani & Nurfitri, 2020); (SETYAHADI & NARSA, 2020); Yuliawati dkk., (2020); (Ruhana & Hidayah, 2020); (Sonia & Khafid, 2020); (Anandita Zulia Putri & Ningrum Pramudiati, 2019); (Astuti et al., 2019); (Dipo & Aryati, 2019); Latifah dkk., (2019); Puspitasari dkk., (2019); Safitri dan Saifudin (2019); (Sulistyawati & Qadriatin, 2019); Dizar dkk., (2018); (Hardika et al., 2018); (Afsari et al., 2017); Novitaningrum dan Amboningtyas (2017); Diono dan Prabowo (2017); (Dewi, 2017);

The goal of this research is to investigate and establish empirical evidence of the moderating influence of profitability on good corporate governance and sustainability report disclosure.

LITERATURE REVIEW AND HYPHOTHESIS

Stakeholder Theory

Stakeholders, according to Freeman (1984), are those who have a direct interest in the organization, such as shareholders, consumers, suppliers, employees, the government, analysts, and the general public. Stakeholder theory is a theory that assumes the company exists in order to carry out operational activities and contribute to stakeholders. Companies must maintain positive relationships with their stakeholders by addressing their demands and requirements. The stakeholder theory asserts that all stakeholders have the same right to information about a company's operations. This idea takes into account the position of powerful report users. When the firm considers stakeholders to include not just creditors and investors, but all parties involved in the company's operations as a result of changes in the business environment (Chariri dan Ghozali, 2007).

Stakeholder theory is founded on the idea that a quickly growing corporation can engage the public in its economic activities, allowing it to demonstrate greater and unlimited accountability to investors. Information on the company's potential is one of the stakeholder's requirements. A sustainability report provides information on the company's performance in terms of economic, environmental, and social issues. This disclosure is a standard procedure for communicating with the company's stakeholders. The information should be able to meet the needs of stakeholders while also improving the quality of the company's operations. Stakeholder satisfaction influences resource allocation and aids the organization in achieving process objectives (Nuraeni & Darsono, 2020).

Sustainability Report

Sustainability reporting is the process of measuring, reporting and accountability of corporate actions as an internal and external stakeholder duty for sustainable development objectives (GRI, 2013). Sustainability reporting is an overall word regarded to describe reporting on economic, environmental and social aspects as identical with other terms (such as the triple bottom line concept, CSR reporting, and others). In dialog with people and stakeholders, the sustainable development education report is a tool that may be used by both government and enterprise. As a result, the preparation of a sustainability report at this time includes a position that is as important as the disclosure of information as disclosed in the financial statements.

Good Corpotare Governance

According to FCGI (Forum Corporate Governance Indonesia), good corporate governance is a set of rules that govern the rights and obligations of shareholders, company management (managers), creditors, the government, employees, and other internal and external stakeholders. The essence of corporate governance is to improve company performance by supervising or monitoring management performance and holding management accountable to other stakeholders, in accordance with the applicable regulatory framework. Companies are now communicating their form of accountability to stakeholders by disclosing economic, environmental, and social aspects.

The Institutional Ownership

According to Hery (2017:30), institutional ownership is the percentage of a company's shares owned by institutions such as insurance, banks, investment firms, and others. The presence of institutional ownership encourages better monitoring of the company's management performance; greater institutional ownership indicates the company's ability to monitor management. Individual share ownership, corporate share ownership, and institutional share ownership are the three types of share ownership in go-public companies. Managerial share ownership and institutional share ownership are the percentages of shares owned by institutions and blackholder ownership (investors who own more than 5% of the stock) but are not included in the managerial ownership category.

The Independent Board of Commissioners

The protection of the interests of small shareholders and other players and sustaining the fairness principle are one of the key advantaged of having an independent commissioner. It is carried out on both sides in this supervisory position (levels). An independent director of the company is appointed from the operational point of view. According to the policy of the independent commissioner, the harmonious equilibrium (check and balance) of its existence is determined within the company (Effendi, 2016:43).

The Audit Committe

The audit committee is defined by the Indonesian Audit Committee Association (IKAI) as a professional and independent committee comprised of commissions tasked with assisting and strengthening the commission (or supervisory board) in carrying out supervisory functions or procedures. Financial reporting, audit implementation, risk management, and corporate governance implementation (Effendi, 2016:48). The audit committee is a committee of one or more commissioners whose existence is independent of the directors and external auditors and is only accountable to the committee of commissioners. In the preparation of internal control financial reports, the audit committee acts as a supervisor. The audit committee can review each prospective auditor, including remuneration services submitted to the board of commissioners, and is always supervisory (Windarni et al., 2018).

Profitability

Financial performance, according to Jumingan (2006:239), is a description of a company's financial position through time, including features of fund raising and distribution, which are often quantified by indices of capital adequacy, liquidity, and profitability. The financial performance of a corporation is inextricably related to performance measurement and evaluation. Performance measurement refers to a company's qualification, efficiency, and effectiveness in running its operations throughout a given accounting period. Companies utilize performance measurement to improve their operational activities in order to compete with other businesses. Financial performance analysis is a critical evaluation process that involves analyzing data, calculating, measuring, evaluating, and proposing solutions for a given period of time.

HYPHOTHESIS

The effect of the Institutional Ownership on Sustainability Report

The percentage of total shares owned by external parties such as banks, institutions, insurance companies, and other institutions at the conclusion of the accounting period is known as institutional ownership. A high level of institutional ownership can give institutional investors with a stronger supervisory influence, preventing the manager from engaging in opportunistic activity. The corporation's percentage of institutional ownership, on the other hand, would result in more institutional investor supervision, limiting managers' opportunistic behavior. These findings also explain why companies with significant institutional shareholders are more likely to approve sustainability report disclosure (Mujiani & Nadhifah, 2021). Institutional ownership has a beneficial impact on the sustainability report, according to Novitaningrum dan Amboningtyas (2017), because greater institutional shares incentivize companies to disclose sustainability reports. Puspitasari dkk., (2019) and Yuliawati dkk., (2020). The following hypotheses can be derived from the preceding theory and research findings:
H_1 : Institutional Ownership has a positive effect on Sustainability Report

The effect of the independent board of commissioners on Sustainability Report

The fifth hypothesis is based on agency theory. Independent commissioners will be more effective in overseeing the directors' performance results and strives to strengthen corporate governance so that it is more transparent to the public. An independent commissioner is a an organ that works and advising the board of directors, as well as verifying that the corporation has followed appropriate corporate governance practices. The owner shall be informed of the outcomes of the monitoring and performance of the independent commissioners (principal). Commissioners who comes from outside the company or issuers who are not members of an organization and are free of commercial and other affiliations that could impair their capacity to act independently or purely for the benefit of the company are known as independent commissioners. According to Diono dan Prabowo (2017), the independent board of commissioners has a positif impact on the degree of sustainability report disclosure because the higher and more independent the board of commissioners, the more the sustainability report disclosure will be affected. Independent commissioners will be in charge of supervising all operational operations at the organization and will push management to be more cautious in their duties. This is supported by research by Novitaningrum dan Amboningtyas (2017) and Nuraeni dan Darsono (2020), have found this to be the case. The following hypotheses can be derived from the theory and study findings above:

H_2 : The Independent board of commissioners has a positive effect on Sustainability Report

The effect of The Audit Committe on Sustainability Report

The audit committee is a board of commissioners-formed group that is responsible to the board of commissioners for assisting and carrying out the board's tasks and powers. The audit committee is responsible for structuring its members so that they can effectively carry out their responsibilities in financial reporting, internal control, and good corporate governance. The purpose of this committee is to help the board of commissioners in carrying out its duties and responsibilities. As a result, the audit committee's role is to support the board of commissioners in monitoring management's financial reporting process in order to improve the accuracy of financial reports and other information. This audit committee was formed in order to keep track of and decrease knowledge asymmetry between management and other stakeholders (Mujiani & Nadhifah, 2021). According to research by Latifah et.al., (2019), the audit committee has a positive impact on the sustainability report because it must be able to ensure that the company has followed and implemented all applicable legal rules, as well as ensuring that the company has conducted all of its business activities in accordance with ethics and morals.. The audit committee has a positive impact on the expansion of the sustainability of the disclosure report. The readiness to disclose the sustainability report will be influenced by the number and frequency of audit committee meetings (Dizar et.al., 2018); (Safitri and Saifudin, 2019). The following hypotheses can be derived from the theory and study findings above:

H_3 : The Audit Committee has a positive effect on Sustainability Report

The Moderating Role of Profitability on Institutional Ownership and Sustainability Report

Stakeholder theory is the theoretical foundation for the second hypothesis. Profitability is an important indicator of a company's performance. Investors expect a profit from their investment activity. The ability to produce profits from high equity indicates that the company's operations are functioning smoothly, therefore transparency information in sustainability reports is required as a form of entity accountability to stakeholders (investors) and to improve the company's business quality. A company's ability to make earnings or profits over a period of time is characterized as profitability. The wider the level of disclosure in the sustainability report, the higher the institutional ownership of corporate shares. The higher supervisory impact will be due to the high level of institutional ownership. It is possible to monitor sustainability report disclosure activities with institutional ownership at a low cost that can be used to generate a high profit value. According to Novitaningrum and Amboningtyas (2017), the findings of the ROA study have a positive and significant impact on the influence of institutional ownership on the disclosure of sustainability reports. The following hypotheses can be derived from the theory and study findings above:

H_4 : The moderating role of profitability can have an impact on institutional ownership in the sustainability report.

The Moderating Role of Profitability on the independent board of commissioners and Sustainability Report

Stakeholder theory is founded on the idea that a quickly growing corporation can engage the public in its economic activities, allowing it to demonstrate greater and unlimited accountability to investors. Information on the company's potential is one of the stakeholder's requirements. A sustainability report provides information on the company's performance in terms of economic, environmental, and social issues. This disclosure is a standard procedure for communicating with the company's stakeholders. The information should be able to meet the needs of stakeholders while also improving the quality of the company's operations. Stakeholder satisfaction influences resource allocation and aids the organization in achieving process objectives (Nuraeni & Darsono, 2020). The purpose of a sustainability report disclosure is to communicate with stakeholders about the company's profitability. The larger the disclosure of the sustainability report is, the more independent commissioners there are. Because the costs employed in the sustainability report disclosure process might come from the profits made by the company, companies with a high profitability value will be easier or have the ability to reveal. With great profitability a Board of Commissioners can be created to assist the management in monitoring the disclosure of reports on sustainability so that the image or legitimacy of the firm is maintained in front of the stakeholders. Independent commissioners will be in charge of supervising all operational operations at the organization and will push management to be more cautious in their duties. This is supported by research by Novitaningrum dan Amboningtyas (2017) and Nuraeni dan Darsono (2020), have found this to be the case. The following hypotheses can be derived from the theory and study findings above:

H_5 : The moderating role of profitability can have an impact on the independent board of commissioners in the sustainability report.

The Moderating Role of Profitability on Audit Committee and Sustainability Report

Stakeholder theory is based on the idea that a rapidly expanding corporation can involve the general public in its economic activities, allowing it to demonstrate greater and unlimited accountability to investors. One of the stakeholder's requirements is information on the company's potential. A sustainability report details a company's performance in terms of economic, environmental, and social issues. This disclosure is part of the company's standard procedure for communicating with its stakeholders. The data should be able to meet the needs of stakeholders while also improving the efficiency of the company's operations. Stakeholder satisfaction influences resource allocation and aids the organization in achieving process objectives (Nuraeni & Darsono, 2020). The more frequently the audit committee conducts or holds meetings and meetings, the better the audit committee's coordination will be, allowing it to carry out more effective supervision, and it is hoped that the company can expand the disclosure of sustainability reports. Because the existence of the audit committee encourages companies to implement effective good corporate governance, the company's high profitability value can strengthen the audit committee's influence on the sustainability report. One of them is to increase transparency to stakeholders by disclosing sustainability reports, with the goal of increasing public trust in the company. This audit committee was formed in order to keep track of and decrease knowledge asymmetry between management and other stakeholders (Mujiani & Nadhifah, 2021). The following hypotheses can be derived from the theory and study findings above:

H_6 : The moderating role of profitability can have an impact on audit committee in the sustainability report.

RESEARCH METHOD

The population refers to the number of objects that will be researched. The mining sector companies registered on the Indonesia Stock Exchange (IDX) during the period 2013-2019 make up the study's population. The sample represents a portion of the whole population that will be investigated. The study's sample is a mining firm that fits the criteria for filing a sustainability report during the periode 2013-2019. Purposive sampling was used to collect samples, which means that certain conditions must be met before data can be collected. The following are the requirements:

1. Companies in the mining sector that have been listed on the Indonesia Stock Exchange (IDX) in 2013-2019.
2. Companies that publish sustainability reports on a regular basis from 2013 to 2019 and make them available on their website.

Operation Variable

As follows, this theory is utilized as a basis or explanation for why a variable can influence the dependent variable:

Table 1. Variables, Definitions and Measurements

No.	Variables	Definition of operations	Measurements	Notes
1	Sustainability Report Disclosure	A report used by the corporation to transparently reveal its environmental, social, and good governance performance to all stakeholders (Latifah dkk., 2019)	SRDI = $\frac{n \times 100\%}{k}$ Information : n = number of items disclosed k = number of items that should be disclosed	Y

2	The Institutional Ownership	Institutional ownership refers to a non-bank financial institution's ownership of shares in a corporation that manages funds on behalf of another individual. (Situmorang dan Hadiprajitno, 2016)	The Institutional Ownership = $\frac{PSDI}{TSDB}$ Information : PSDI = Percentage of shares owned by the institution TSDB = total shares issued or outstanding	X_1
3	The independent board of commissioners	Commissioners who are not members of management, majority shareholders, officers, or in any other way are directly or indirectly related to the majority shareholders of a corporation and who oversee the firm's management are known as independent commissioners. (Ramdhani dkk., 2019)	The independent board of commissioners = $\frac{JKI}{JSDK}$ Information : JKI = Number of Independent Commissioners JSDK = Total Board of Commissioners	X_2
4	The Audit Committee	The audit committee was constituted by the Board of Commissioners and reports to them in order to help them in carrying out their duties and functions of the Board of Commissioners. (POJK, 2015)	The audit committee = $\frac{JKAP}{JMKA}$ Information : JKAP = Number of Audit Committees in the Company JMKA = Minimum number of Audit Committee	X_3
5	Profitability (Moderating)	According to Fahmi (2015: 80), profitability is a ratio that can be used to assess the efficacy of a company's overall management and is based on the size of profits generated in relation to sales and investment.	ROA = $\frac{\text{Net profit after tax}}{\text{Total Asset}}$	X_4

Data Analysis Method

The data has been tabulated and analyzed using a computer application program Econometric Views (Eviews) version 9. The analysis used in this research was panel regression analysis aimed to determine how well the model used match to test the hypothesis that has been formulated with the dependent variable, namely the disclosure of sustainability report is a indeks variable. Here is a model in this study:

$$\mathbf{Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_{1*} X_4 + \beta_6 X_{2*} X_4 + \beta_7 X_{3*} X_4 + e}$$

Where :

Y = *Sustainability Report*
α = Constant
X_1 = The Institutional Ownership
X_2 = The independent board of commissioners

X_3 = The Audit Committee
X_4 = Profitability
e = other factors that influence but aren't studied

RESULTS AND DISCUSSION

Results

The F value is 5.570, which is determined by the results of the simultaneous significance test. The independent variables as a whole have a significance value of 0.000. The regression model's significance value is 0.000, which is significantly less than 0.05. This reveals that all of the study's independent factors become important explanations for the dependent variable, namely the sustainability report disclosure. The following is a summary table of the findings of hypothesis testing that were conducted:

Table 2. Hypothesis Test Results

Relationship Between Variables	Coeficient Value (β)	P Value (≤ 0.05)	H_a	Conclusion
Hypothesis 1 : The Institutional Ownership on Sustainability Report (KI → SR)	6.5329	**0.0527**	Accepted	Positive and significant effect
Hypothesis 2 : The independent board of commissioners on Sustainability Report (DKI → SR)	-2.4797	0.7511	Rejected	The effect is insignificant.
Hypothesis 3 : The Audit Committee on Sustainability Report (KA → SR)	-26.3735	0.3716	Rejected	The effect is insignificant.
Hypothesis 4 : The Moderating Role of Profitability on Institutional Ownership and Sustainability Report (KI*ROA → SR)	158.8384	**0.0494**	Accepted	influence and improve the impact on the sustainability report of institutional ownership
Hypothesis 5 : The Moderating Role of Profitability on the independent board of commissioners and Sustainability Report (DKI*ROA → SR)	125.5347	0.3497	Rejected	Not significant, but it improves the independent board of commissioners' influence on the sustainability report
Hypothesis 6 : The Moderating Role of Profitability on Audit Committee and Sustainability Report (KA*ROA → SR)	88.1034	0.8723	Rejected	Not significant, but it improves the audit committee influence on the sustainability report

Source: Data processing, 2021

The chart below shows the results of the model feasibility test used in this study:

Table 3. Test Results of Model Feasibility

Weighted Statistics			
R-squared	0.590851	Mean dependent var	44.01995
Adjusted R-squared	**0.484775**	S.D. dependent var	28.01789
S.E. of regression	14.06627	Sum squared resid	5342.220
F-statistic	5.570085	Durbin-Watson stat	1.770021
Prob(F-statistic)	0.000475		
Unweighted Statistics			
R-squared	0.231131	Mean dependent var	31.98000
Sum squared resid	6385.319	Durbin-Watson stat	1.293344

Source: Data processing, 2021

The number of R Square (R^2) is 0.4848, as seen in the above figure of the model's feasibility test results. This indicates that the moderating role of profitability has a 48.48 percent influence on the sustainability report. This research model can also be interpreted as a recommendation that the moderating role of profitability can support good corporate governance as an indication of the company's performance assessment in implementing sustainable practices.

Discussion

The first hypothesis is that institutional ownership has an impact on the Sustainability Report. This reveals that all mining companies that have gone public and are listed on the BEI are companies whose shares are mostly owned by the public, and companies must automatically report all activities and conditions of the company to the public so that the community, as a part of shareholders, knows the state of the company. The greater the ratio/level of public ownership in the company's shares, the more disclosures are expected. This is due to the fact that the company's responsibilities and those of other parties, such as the community, namely the community (public). As a result, the higher the institutional ownership, the greater their demands for different disclosures including information on the sustainability report. This leads the corporation to increase the depth of its reporting on sustainability. The institutional ownership has a significant effect on sustainability report disclosure, according to the summary of hypothesis testing results Novitaningrum and Amboningtyas (2017)

The second hypothesis is that the independent board of commissioners has no effect on the Sustainability Report. This is due to the fact that the average value of the Independent Commissioner in the mining sector in this study is only 32.20 percent, indicating that the presence of an independent commissioner in charge and responsible for supervising the company has had no impact on the company. The composition of the company's number of independent commissioners has no significant influence in monitoring the quality of management reporting in financial disclosure and corporate social responsibility. The independent board of commissioners has no significant effect on the sustainability report disclosure, according to the summary of hypothesis testing results Mujiani & Nadhifah (2021) and Latifah dkk., (2019).

The third hypothesis is that the audit committee has no effect on the sustainability report. This reveals that it is possible because the number of audit committee members owned by the company is only a formality to comply with the regulations set by the government, without taking into account the effectiveness and complexity of the company. In this study, the average number of audit committees in the mining sector is three people, or it can be said that the size of the company's audit committee is still small, so it has not been able to affect the extent of the company's sustainability report disclosure. The audit committee has no significant effect on the sustainability report disclosure, according to the summary of hypothesis testing results Sulistyawati and Qadriatin (2019).

The fourth hypothesis, the moderating role of profitability, has a significant positive effect on institutional ownership of the sustainability report. This reveals that the higher the level of institutional ownership in the company's shares, the greater the level of disclosure in the sustainability report. The high level of institutional ownership will have an increasing impact on supervision. With institutional ownership, you can monitor sustainability report disclosure activities at a low cost that can be used to generate a high level of profit. The moderating role of profitability, has a significant positive effect on institutional ownership and sustainability report disclosure, according to the summary of hypothesis testing results Novitaningrum and Amboningtyas (2017)

The fifth hypothesis, the moderating role of profitability, has no significant effect on the independent board of commissioners and the sustainability report. This demonstrates that, with the average number of independent commissioners ranging from 32.19 percent and the average profitability value is only 7.7 percent, where the average percentage of independent commissioners is still less than 50 percent and the number of negative profitability values indicates that the role of the independent board of commissioners is more focused on improving the quality of the sustainability report. The moderating role of profitability, has no significant effect on the independent board of commissioners and sustainability report disclosure, according to the summary of hypothesis testing results Novitaningrum and Amboningtyas (2017).

The sixth hypothesis, the moderating role of profitability, has no significant effect on the audit committee on the sustainability report. This reveals that, based on the data obtained in this study, the value of the audit committee has an average value of 114.63 percent and the average value of profitability is only 7.7 percent. Although the average value of the number of audit committees in the mining sector is already above 100 percent, the number of negative profitability conditions can indicate that the audit committee's role is focused on improving the quality of financial reports rather than the quality of sustainability reports.

CONCLUSION

The following are the conclusions reached based on the statistical findings and the previous chapter's discussion:

Institutional ownership has a significant positive effect on the sustainability report. This demonstrates that the higher the institutional ownership, the greater the demand for various information disclosures, including sustainability report information. As a result, the company expands the scope of its sustainability report disclosure.

The independent board of commissioners has no significant effect on the sustainability report. This is because the average value of the Independent Commissioner in the mining sector in this study is only 32.20 percent, indicating that the presence of an independent commissioner in charge and responsible for supervising the company has had no impact on the disclosure of the company's sustainability report.

The audit committee has no significant effect on the sustainability report. These findings indicate that it is possible because the number of audit committee members owned by the company is only a formality to comply with the Government's regulations, without taking into account the effectiveness and complexity of the company.

The moderating role of profitability has a significant positive effect on institutional ownership in the sustainability report. These findings suggest that institutional ownership can monitor sustainability report disclosure activities at a low cost that can be used to generate a high level of profitability.

The moderating role of profitability has no significant effect on the sustainability report and independent commissioners. This reveals that the average percentage of independent commissioners remains less than 50%, and the number of negative profitability values indicates that the role of independent commissioners is more focused on improving the quality of financial reports rather than the quality of sustainability reports.

The moderating role of profitability has no significant effect on the audit committee's assessment of the sustainability report. These findings indicate that, with an average of more than 100% audit committees, the number of negative profitability conditions indicates that the audit committee's role is focused on improving the quality of financial reports rather than the quality of sustainability reports.

The limitations of this study are that profitability as a moderating factor could not be a strengthening factor for all corporate governance aspects of the company, and the limited sector is only within mining cover and did not review the performance evaluation of companies involved in ISRA activities in relation to the consistency of a sustainability report

As a result, the role of the independent board of commissioners and the audit committee has not influenced the company to disclose the sustainability report, and profitability has not been able to provide factors that strengthen the two supervisory elements in the company. So that it can be used as research material for future studies in order to elevate the two supervisory roles.

REFERENCES

Afsari, R., Purnamawati, I. G. A., & Prayudi, M. P. (2017). Pengaruh Leverage, Ukuran Perusahaan, Komite Audit Dan Kepemilikan Institusional Terhadap Luas Pengungkapan Sustainability Report. *Jurnal Imiah Mahasiswa Akuntansi Undiksha*, *8*(2), 1–12.

Anandita Zulia Putri, F., & Ningrum Pramudiati, F. (2019). Determinan Pengungkapan Tanggung Jawab Sosial Perusahaan Dalam Sustainability Report. *Jurnal Akuntansi*, *7*(2), 188–198. https://doi.org/10.26460/ja.v7i2.1013

Astuti, S., Zuhrohtun, Z., & Sunaryo, K. (2019). *Characteristics of Sustainability Report Disclosure in Indonesia*. *86*(Icobame 2018), 225–229.

https://doi.org/10.2991/icobame-18.2019.49

Carolina, Y., Maryana, M., & Yunianti, N. (2020). Sustainability Report Disclosure and Corporate Financial Performance (Evidence from Indonesia). *ACM International Conference Proceeding Series*, 50–52. https://doi.org/10.1145/3430279.3430288

Dewi, S. (2017). Pengaruh Ukuran Perusahaan dan Profitabilitas terhadap Pengungkapan Sustainability Report serta Dampaknya kepada Nilai Perusahaan. *Jurnal Akuntansi Dan Bisnis*, *7*(3), 173–186.

Diono, H., & Prabowo, T. J. W. (2017). Analisis Pengaruh Mekanisme Corporate Governance, Profitalbilitas, Dan Ukuran Perusahaan Terhadap Tingkat Pengungkapan Sustainability Report. *Diponegoro Journal of Accounting*, *6*(3), 1–10.

Dipo, A. R., & Aryati, T. (2019). Pengaruh Tekanan Stakeholder dan Kinerja Keuangan terhadap Kualitas Sistainability Report dengan Komite Audit sebagai Variabel Moderasi. *Jurnal Akuntansi Dan Keuanganm Methodist*, *2*(2), 112–130.

Dizar, S., Alifia, S., & Alvionita, F. (2018). The Effect Of Audit Committee, Gender Commissioners And Directors, Role Duality, And Firm Size Againts Extension Of Sustainability Report Disclosure. *Indonesian Management and Accounting Research*, *17*(1), 71. https://doi.org/10.25105/imar.v17i1.4667

Effendi, M. A. (2016). *The Power of Good Corporate Governance Teori dan Implementasi* (2nd ed.). Jakarta: Salemba Empat.

Fahmi, I. (2015) *Pengantar Manajemen Keuangan*. Bandung: Alfabeta.

Fuadah, L. L., Safitri, R. H., & Yuliani. (2018). Pengaruh Ukuran Dewan, Ukuran Perusahaan, Leverage dan Profitabilitas terhadap Laporan Berkelanjutan di Indonesia. *Akuisisi: Journal Akuntansi*, *14*(02), 70–77.

Hardika, A. L., Manurung, D. T. H., & Mulyati, Y. (2018). Corporate governance mechanism, company size financial performance and sustainability reporting. *International Journal of Engineering and Technology(UAE)*, *7*(4.34SpecialIssue 34), 201–203. https://doi.org/10.14419/ijet.v7i4.34.23888

Lako, A. (2018). *Akuntansi Hijau: isu, teori, dan aplikasi* (1st ed.). Salemba Empat.

Latifah, S. W., Rosyid, M. F., Purwanti, L., & Oktavendi, T. W. (2019). Good Corporate Governance, Kinerja Keuangan Dan Sustainability Report (BUMN yang listed di BEI). *Jurnal Reviu Akuntansi Dan Keuangan*, *9*(2), 200–213. https://doi.org/10.22219/jrak.v9i2.56

Mujiani, S., & Nadhifah, A. (2021). *SUSTAINABILITY REPORT DISCLOSURE : A GOOD CORPORATE GOVERNANCE MECHANISM*. *1*(2), 60–72.

Mujiani, S., & Nurfitri, T. (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), 18–35. https://uia.e-journal.id/Akrual/article/view/1042

Novitaningrum, F., & Amboningtyas, D. (2017). Analysis of Good Corporate Governance Principles (Institutional Ownership, Managerial Ownership, Independent Commissioners, And Audit Committee) To Disclosure Sustainability Report Through Roa As Moderating Variables (Study on Manufacturing Companies of V. *Journal of Management*, *3*(3).

Nuraeni, N., & Darsono, D. (2020). Pengaruh Kinerja Perusahaan, Komisaris Independen Dan Kepemilikan Manajerial Terhadap Pengungkapan Sustainability Reporting (Studi Empiris pada Perusahaan yang Mengeluarkan Sustainability Reporting dan Terdaftar pada Bursa Efek Indonesia Periode 2014-2018. *Diponegoro Journal of*

Accounting, *9*(2).

Peraturan Otoritas Jasa Keuangan No. 55/PJOK.04/2015 tentang Pembentukan dan Pedoman Pelaksanaan Kerja Komite Audit, (2015).

Puspitasari, E., Sudiyatno, B., Suharmanto, T., & Setyawati, D. (2019). Kinerja Keuangan, Kinerja Lingkungan, Struktur Kepemilikan dan Ukuran Perusahaan terhadap Pengungkapan Tanggung Jawab Sosial Perusahaan Pertambangan di Bursa Efek Indonesi. *Isu-Isu Riset Bisnis Dan Ekonomi Di Era Disrupsi: Strategi Publikasi Di Jurnal Bereputasi*, *September*, 139–145.

Ruhana, A., & Hidayah, N. (2020). *The Effect of Liquidity, Firm Size, and Corporate Governance Toward Sustainability Report Disclosures (Survey on: Indonesia Sustainability Report Award Participant)*. *120*(Icmeb 2019), 279–284. https://doi.org/10.2991/aebmr.k.200205.048

Safitri, M., & Saifudin. (2019). Implikasi Karakteristik Perusahaan dan Good Corporate Governance Terhadap Pengungkapan Sustainability Report. *Jurnal Bingkai Ekonomi*, *4*(1), 13–25.

SETYAHADI, R. R., & NARSA, I. M. (2020). Corporate Governance and Sustainability in Indonesia. *Journal of Asian Finance, Economics and Business*, *7*(12), 885–894. https://doi.org/10.13106/JAFEB.2020.VOL7.NO12.885

Situmorang, R., & Hadiprajitno, B. (2016). Pengaruh Karakteristik Dewan Dan Struktur Kepemilikan Terhadap Luas Pengungkapan Sustainability Reporting. *Diponegoro Journal of Accounting*, *8*(3), 1–14.

Sonia, D., & Khafid, M. (2020). The Effect of Liquidity, Leverage, and Audit Committee on Sustainability Report Disclosure with Profitability as a Mediating Variable. *Accounting Analysis Journal*, *9*(2), 95–102. https://doi.org/10.15294/aaj.v9i2.31060

Sulistyawati, A. I., & Qadriatin, A. (2019). Pengungkapan Sustainability Report Dan Faktor-Faktor Yang Mempengaruhinya. *Solusi*, *16*(4), 1–22. https://doi.org/10.26623/slsi.v16i4.1665

Wijayana, E., & Kurniawati, K. (2018). Pengaruh Corporate Governance, Return on Asset Dan Umur Perusahaan Terhadap Luas Pengungkapan Sustainability Report. *Jurnal Akuntansi Bisnis*, *11*(2), 157–171. https://doi.org/10.30813/jab.v11i2.1388

Yuliawati, G. A. W., Wahyuni, M. A., & Yudantara, I. G. A. P. (2020). Pengaruh Ukuran Perusahaan, Kinerja Keuangan, Dan Kepemilikan Institusional Terhadap Pengungkapan Sosial Dan Lingkungan Perusahaan (Studi Empiris pada Laporan Keberlanjutan Perusahaan BUMN tahun 2013-2017). *Vokasi: Jurnal Riset Akuntansi*, *9*(1), 28–34.

http://www.globalreporting.org. (website Global Reporting Initiative).

http://www.ncsr_id.org. (Website National for Corporate Social Responsibility).

www:bapepam.go.id

www:idx.co.id

www:yahoofinance.com