

Original Research Article

FACTORS INFLUENCING THE LEVEL OF SUSTAINABILITY REPORT DISCLOSURE

ABSTRACT

Aims: This study was conducted to examine the factors influencing sustainability report disclosure. The independent variables were profitability, intellectual capital, leverage, company activities, company size, audit committee, and board of directors. The dependent variable, sustainability report disclosure, was measured based on environmental, social, and economic topics using the Global Reporting Initiative (GRI) standards.

Methodology: This study was quantitative, using a purposive sampling method based on predetermined criteria. The sample used in this study was 14 construction companies listed on the Indonesia Stock Exchange. Data was collected over a four-year period, from 2021 to 2024, resulting in a total of 56 data points to be processed.

Results: The goodness of fit test (F test) showed that all independent variables influenced sustainability report disclosure. However, a t-test indicated that intellectual capital and leverage significantly influenced sustainability report disclosure. Meanwhile, profitability, company size, company activities, audit committee, and board of directors did not significantly influence sustainability report disclosure. The findings of this study emphasize that external factors or other variables that were not tested have a more dominant role in encouraging sustainability report disclosure, such as pressure from the community, company reputation, or encouragement from top management.

Keywords: Sustainability report disclosure, profitability, intellectual capital, construction companies.

1. INTRODUCTION

In a climate of rapid economic growth, companies across the globe are competing fiercely to optimize operations to maximize profits. However, this expansion also increases the burden of responsibility. Beyond satisfying management and shareholders, both investors and creditors, companies are now also required to prioritize employee welfare, customer satisfaction, and the interests of the wider community. With increasing public and regulatory pressure, sustainability reports have become a crucial tool for progressive companies to affirm their achievements across the three main pillars of people, planet, and profit, known as the Triple Bottom Line (Putri et al., 2023).

Based on Government Regulation No. 27 of 1999 concerning Environmental Impact Analysis (AMDAL), every company is required to conduct an in-depth study of the potential significant impacts of its business plan before commencing operations as a prerequisite for obtaining government permits (Sari & Nugroho, 2024). According to the Global Reporting Initiative, sustainability reporting is a systematic practice for measuring, disclosing, and accounting for an organization's performance in achieving sustainable development goals to all stakeholders.

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Return on Assets (ROA) is a profitability ratio that illustrates how effectively a company converts its total assets into net profit after tax, thus reflecting the overall efficiency of resource utilization (Cahyadi & Rachman, 2024). The higher the ROA, the stronger the signal management sends to investors regarding the reliability of the company's asset allocation strategy and operational competence (Mulyani & Hartono, 2023).

Intellectual capital refers to the value a company possesses, reflecting intangible assets, consisting of human capital, structural capital, and customer capital. Leverage reflects a company's ability to meet its long-term obligations.

In day-to-day operations, capital is allocated to both current assets such as inventory and receivables and fixed assets such as property, plant, and equipment. This is where sustainability reporting plays a role as a voluntary means for companies to report on social and environmental activities to stakeholders, while demonstrating their dedication to creating long-term value in the company's activities.

The Audit Committee, a pillar of corporate governance, is tasked with supporting the Board of Commissioners by reviewing accounting policies, evaluating the effectiveness of internal controls, reviewing external reporting systems, and ensuring regulatory compliance. Meanwhile, the Board of Directors, in accordance with Law No. 1 of 1995, exercising full authority over the management of the company and representing the company both inside and outside the court.

The objective of this study is to examine and analyze the influence of profitability, intellectual capital, leverage, company size, audit committee activity, and the board of directors on the level of sustainability report disclosure.

2. LITERATURE REVIEW

2.1 Stakeholder Theory

The Stanford Research Institute (SRI) was the first institution to use the stakeholder concept. Stakeholder theory views a company not simply as an economic unit focused solely on internal profit, but as an entity whose existence depends heavily on the support of the various parties with whom it interacts. As a concrete manifestation of concern for stakeholders, the implementation of corporate social responsibility (CSR) has emerged as an important strategy for building and maintaining harmonious relationships. In reporting practices, the information presented is divided into two main categories: mandatory and voluntary disclosures. Mandatory disclosures generally include financial statements. One increasingly popular form of voluntary disclosure is the sustainability report, which allows companies to provide a more holistic picture of the impact of their operations on society and the ecosystem. Through this report, corporations can demonstrate their commitment to transparency and accountability in responding to socio-environmental challenges and strengthen their position as business actors responsive to the needs of today and the concerns of future generations.

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2.2 Legitimacy Theory

Legitimacy theory is based on the assumption that an organization's existence depends on how well its behavior and policies align with societal norms, values, and expectations. Within this framework, a company is viewed as an entity that continually strives to obtain and maintain a "social license" (social license to operate) from stakeholders by demonstrating the social acceptability of its activities. The link between legitimacy theory and sustainability becomes increasingly crucial in an era where social and environmental issues are a major focus.

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Through the publication of sustainability reports, corporations utilize legitimacy mechanisms to communicate the achievement of environmental targets, present social impact data, and emphasize that their business strategy prioritizes not solely profit but also a balance of the triple bottom line. Thus, sustainability practices are not merely a reputational risk management tool but a proactive means to respond to stakeholder expectations, strengthen public trust, and ensure business continuity in an ever-evolving socio-ecological context. One such effort is the creation of a sustainability report.

2.3 The Concept of Sustainability

The Global Reporting Initiative (GRI) defines sustainability reporting as a series of processes to measure, disclose, and account for an organization's achievements in supporting sustainable development to all stakeholders, both internal and external. A sustainability report consists of six indicators that can be used in the disclosure process, including economic performance indicators, environmental performance, labor practices and decent work performance, human rights performance, community performance, and product responsibility performance. These six indicators are further detailed into 91 indicator aspect disclosure items. According to the GRI (Global Reporting Index) Sustainability Report disclosures must meet several principles. These principles are listed in the GRI-G3 Guidelines, namely balance, comparability, accuracy, timeliness, appropriateness, and accountability. The details of the sustainability report indicators. The calculation formula for measuring the level of sustainability report is written as follows:

$$\text{SRD} = \frac{\text{Number of items disclosed}}{91}$$

2.4 Triple Bottom Line Concept

The triple bottom line framework emphasizes that corporate performance assessments must encompass three aspects: economic, social, and environmental, not just financial profit. Hidayat et al. (2022), using SEM-PLS analysis in Indonesian industry, demonstrated that efforts to strengthen economic sustainability directly improve social and environmental management outcomes through green marketing practices. Furthermore, the triple bottom line principle, combined with the GRI standards, facilitates the disclosure of both positive achievements and challenges for a company. These dimensions are:

1. Profit

This dimension refers to value creation through the production of goods and services, as well as through employment and revenue generation.

2. People

This dimension encompasses various aspects of the impact of a company's operations on human life, both inside and outside the organization, such as health and safety.

3. Planet

This dimension relates to the company's impact on the natural environment.

2.5 Profitability

The profitability ratio is a measure of a company's ability to generate profits. Measuring profitability provides management with greater freedom and flexibility in communicating corporate social responsibility to shareholders. Therefore, the higher a company's profitability, the greater the disclosure of social information. Corporate growth requires broader disclosure to meet the information needs of individual users (Laura et al., 2023). The profitability ratio in this study will use the return on assets ratio, with the following formula:

$$ROA = \frac{\text{Net profit after tax}}{\text{Total assets}}$$

2.6 Intellectual Capital

Intellectual capital is an intangible asset owned by a company, which, although not directly recorded on the balance sheet, has the potential to increase the company's added value (Ermanda & Puspa, 2022). Intellectual capital refers to a company's value that reflects intangible assets, including human capital, structural capital, and customer capital (Laura et al., 2023). As a company's resource, intellectual capital can provide added value when presented in the company's periodic reports. Intellectual capital is measured using VAICTM, with the following calculation steps:

1. Value Added (VA)

$$VA = \text{OUT} - \text{IN}$$

2. Value Added of Capital Employed (VACA)

$$VACA = VA / CE$$

3. Value Added Human Capital (VAHU)

$$VAHU = VA / HC$$

4. Structure Capital Value Added (STVA)

$$STVA = SC / VA$$

5. Value Added Intellectual Capital Coefficient (VAICTM)

$$VAIC^{TM} = VACA + VAHU + STVA$$

2.7 Leverage

Leverage is a company's ability to meet its long-term obligations (Rakahenda and Mahardika, 2019). Leverage indicates the extent to which a company relies on lenders to finance its assets. Leverage indicates the extent of financial risk a company faces. The greater the level of leverage (debt-to-equity ratio), the greater the likelihood of violating credit agreements. Therefore, companies strive to report higher current earnings. The calculation formula used to calculate a company's leverage level is the debt-to-equity ratio, as follows:

$$DER = \frac{\text{Debt Total}}{\text{Equity Total}}$$

2.8 Company Size

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A company's size can be used to reflect its financial characteristics. Company size can be understood as the size of a company, as assessed by its equity value, total company value, or the return on assets (Arifin and Destriana, 2016). Companies with substantial assets often receive more public attention. Therefore, large companies typically spend more to provide more comprehensive information in an effort to maintain their legitimacy. Corporate legitimacy can be demonstrated through the disclosure of sustainability reports.

Size = Ln total assets

2.9 Company Activities

According to Sari and Nugroho (2024), activity ratio analysis assesses a company's effectiveness in utilizing assets to generate revenue while projecting capital requirements for both daily operations and long-term investments. This ratio is obtained by comparing net sales to various types of assets, from inventory and receivables to property, plant, and equipment, thus reflecting the balance between sales levels and capital expenses. The formula for measuring inventory turnover is as follows:

$$\text{Inventory Turnover} = \frac{\text{Sale}}{\text{Supply}}$$

2.10 Audit Committee

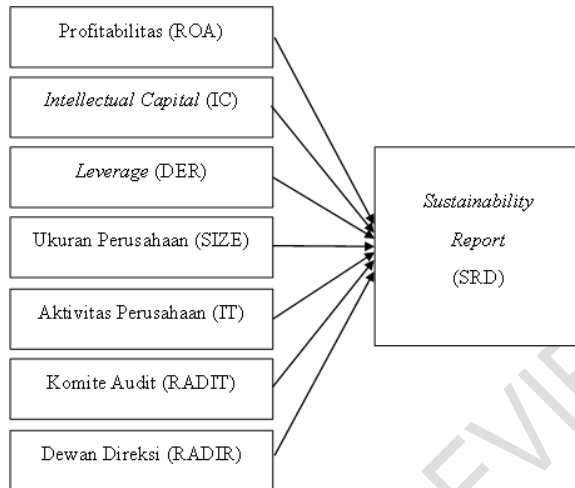
The Audit Committee is a group of independent professionals formed to support the Board of Commissioners in overseeing the performance of company management. According to Suryanto and Hidayat (2023), the Audit Committee's duties include reviewing accounting policies, assessing the effectiveness of internal controls, examining external reporting systems, and monitoring the company's compliance with regulations. In this study, Audit Committee activity was measured based on the frequency of meetings held by its members within a year.

2.11 Board of Directors

Article 1 paragraph 5 of Law Number 40 of 2007 concerning Limited Liability Companies states that the board of directors is a body that is authorized and fully responsible for managing the company for the benefit of the company, in accordance with the company's goals and objectives and represents the company inside and outside the court in accordance with the provisions contained in the articles of association. The board of directors is estimated based on the number of meetings held by the board of directors in a period of 1 (one) year.

2.12 Framework

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2.13 Hypothesis Development

2.13.1 The Influence of Profitability on the Level of Disclosure of Sustainability Reports

Financial performance is prioritized over other performance measures. Companies with strong financial performance attract many investors. One of the key factors investors consider when investing is the profitability ratio. Profitability is a measure used to determine a company's ability to generate profits.

Oktaviani (2020), Putri (2025), and Sitohang and Suhendro (2024) argue that profitability has a positive influence on sustainability report disclosure, as the higher a company's profitability, the greater its social information disclosure. High profitability also increases stakeholder trust. However, research by Aditya and Sinaga (2021) contradicts this view, stating that there is a significant negative influence between profitability and sustainability report disclosure. This is because when company profitability declines, management will seek to maximize performance other than financial performance.

H1: Profitability Has a Positive Influence on the Level of Sustainability Report Disclosure.

2.13.2 The Influence of Intellectual Capital on the Level of Disclosure of Sustainability Reports

Intellectual capital is an intangible asset owned by a company, which, although not directly recorded on the balance sheet, has the potential to increase the company's added value (Ermanda & Puspa, 2022). Intellectual capital refers to a company's value, reflecting intangible assets, including human capital, structural capital, and customer capital (Laura et al., 2023). Widyastuti et al. (2021), Chaudhry (2022), and Setiawan et al. (2021) show that intellectual capital influences sustainability report disclosure. Companies with superior internal qualities, such as strong intellectual capital, will use sustainability report disclosure as a tool to attract the attention of investors and other stakeholders, ultimately increasing credibility, building trust, and creating higher company value and sustainable competitive advantage. Therefore, this study assumes the following:

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profitability cannot capture audit Committee, meetings, number of directors and activities.. it measures profits only

H2: Intellectual Capital Has a Positive Effect on the Level of Sustainability Report Disclosure

2.13.3 The Effect of Leverage on the Level of Disclosure of Sustainability Reports

Leverage is a company's ability to meet long-term obligations (Liana, 2019). A high level of leverage in a company also increases the company's tendency to violate credit agreements, leading to higher current earnings. Thomas, Aryusmar, and Indriaty (2020) and Gunawan and Sjarief (2022) found a positive effect on sustainability report disclosure. The results of this study indicate that higher leverage can encourage higher sustainability report disclosure. This is because companies are dependent on debt and need to divert attention to this financing through sustainability reports. Sustainability report disclosure is intended to cover financial deficiencies and maintain a positive corporate image among stakeholders.

A different opinion is found in research by Huu Nguyen and Ha Nguyen (2020), who stated that leverage has a significant negative effect on sustainability disclosure. This is because the higher the level of leverage, the lower the sustainability report disclosure, as companies tend to reduce these costs.

However, companies with high leverage do not necessarily reduce social and environmental performance disclosure. Therefore, it can be assumed that the higher the level of leverage, the greater the sustainability report disclosure. This is also supported by research conducted by Putri (2025) and Sari (2021), which shows that leverage has a positive effect. Therefore, this study assumes the following:

H3: Leverage Has a Positive Effect on the Level of Sustainability Report Disclosure

2.13.4 The Influence of Company Size on the Level of Disclosure of Sustainability Reports

Company size is often used as a predictor to determine its influence on a company's social responsibility disclosure. Damayanty et al. (2022) and Pertiwi (2020) offer differing opinions, as their research shows that company size has no significant influence on sustainability report disclosure. Company size only influences the company's identity without changing the company's incentive to disclose sustainability reports.

Meanwhile, research by Sofa and Respati (2020), Putri (2025), and Raihan (2023) shows a positive effect of company size on sustainability report disclosure. Larger companies, with numerous assets and activities and relationships with more stakeholders, are shown to disclose broader sustainability reports as a communication tool and a form of corporate responsibility to all stakeholders.

Larger companies receive more public scrutiny. Therefore, larger companies tend to spend more money disclosing broader information as an effort to maintain corporate legitimacy. This study formulates the following hypothesis:

H4: Company Size Has a Positive Influence on the Level of Sustainability Report Disclosure.

2.13.5 The Influence of Company Activities on the Level of Disclosure of Sustainability Reports

This ratio is intended to measure a company's effectiveness in managing its financial resources. A company's effectiveness is reflected in the turnover of all its assets over a given

period. Leverage is a company's ability to meet its long-term obligations (Rakahenda and Mahardika, 2019).

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Research by Putri (2025), Damayanty et al. (2022), and Mujiani and Nurfitri (2020) argues that company activity has a positive and significant impact on sustainability report disclosure. The higher the activity ratio, the higher the sustainability report disclosure. When assets circulating during a period are managed effectively and efficiently, the company tends to achieve stability. Therefore, the hypothesis is as follows:

H5: Company Activity Has a Positive Impact on the Level of Sustainability Report Disclosure.

2.13.6 The Influence of the Audit Committee on the Level of Disclosure of Sustainability Reports

The audit committee is a committee formed by the board of commissioners to assist in carrying out its duties and functions. One of the audit committee's duties is to ensure that the company's internal control structure is properly implemented. According to Indrianingsih and Agustina (2020), the audit committee can have a positive influence on sustainability report disclosure. This is because the more frequent the audit committee meets, the better its coordination, allowing for more effective management oversight and, hopefully, supporting increased publication of social and environmental information by the company. Based on the above description, the research hypothesis is:

H6: The Audit Committee Has a Positive Influence on the Level of Sustainability Report Disclosure.

2.13.7 The Influence of the Board of Directors on the Level of Disclosure of Sustainability Reports

The company's management duties carried out by the board of directors encompass five functions: governance, risk management, internal control, communication, and social responsibility. These functions align with the company's intentions and objectives, and represent the company both inside and outside the courts, in accordance with the provisions of the articles of association (Law Number 40 of 2007, Article 1, paragraph 5). The number of board meetings is represented by the number of board meetings held within a one-year period. The more frequently the board of directors meets, the more frequently they will discuss in-depth information to gain the company's legitimacy regarding its activities. Documents that demonstrate a company's responsibility for its activities are social and environmental activities listed in the Social Responsibility Report. The Sustainability Report is also one of the board of directors' responsibilities in terms of communication. The board's duties require the company to ensure smooth communication between the company and various stakeholders.

H7: The Board of Directors Has a Positive Influence on the Level of Disclosure in the Sustainability Report.

3. METHODS

3.1 Research Object

This study employed quantitative research. The population sample comprised all publicly listed construction companies on the Indonesia Stock Exchange (IDX) that published sustainability reports for the period 2021 to 2024. The sample selection technique employed was a non-

probability sampling method, specifically purposive sampling. Based on the criteria outlined in the table above, 14 companies were selected for this study.

3.2 Definition of Operational Variable

3.2.1 Dependent Variable

The dependent variable in this study is the level of sustainability report disclosure. The GRI is used as an indicator of sustainability report disclosure, because companies that have disclosed sustainability reports refer to the GRI in their corporate sustainability report disclosures. The total number of disclosed items is 91. The content analysis method is used to measure the disclosure of corporate sustainability reports. If a company discloses an item, it is given a value of 1 and if it does not disclose, it is given a value of 0. Next, each item is added together, then divided by the total number of disclosures based on the GRI (91 items). The calculation formula is written as follows:

$$SRD = \frac{\text{Number of items disclosed}}{91}$$

3.2.2 Independent Variables

1. Profitability

Profitability is a company's ability to generate profits, thereby increasing its value (Laura et al., 2023). Profitability ratios illustrate a company's ability to generate profits through all available capabilities and resources, such as assets, sales activities, cash, capital, number of employees, and number of branches. Profitability in this study is measured using return on assets (ROA) with the following formula:

$$ROA = \frac{\text{Net profit after tax}}{\text{Total assets}}$$

2. Intellectual Capital

Intellectual capital is an intangible asset owned by a company. Although not directly recorded on the balance sheet, it has the potential to increase the company's added value (Ermanda & Puspa, 2022). Intellectual capital refers to a company's value, reflecting intangible assets, including human capital, structural capital, and customer capital (Laura et al., 2023). As a company's resource, intellectual capital can provide added value when presented in the company's periodic reports. Intellectual capital is measured using VAICTM, with the following calculation steps:

a. Value Added (VA)

$$VA = \text{OUT} - \text{IN}$$

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$$VACA = VA/CE$$

c. Value Added Human Capital (VAHU)

$$VAHU = VA/HC$$

d. Structure Capital Value Added (STVA)

$$STVA = SC/VA$$

e. Value Added Intellectual Capital Coefficient (VAICTM)

$$VAIC^{TM} = VACA + VAHU + STVA$$

3. Leverage

Leverage is the degree to which a company relies on debt to finance its operations (Rakahenda & Mahardika, 2019). In this study, leverage is measured using the debt-to-equity ratio (DER), with the following formula:

$$DER = \frac{\text{Debt Total}}{\text{Equity Total}}$$

4. Company Size

Arifin & Destriana (2016) state that company size can be measured by the number of employees, total asset value, sales volume, or index ranking. This study uses total assets to measure the company size variable. The company size variable is presented in natural logarithm form due to its wide range and distribution. Arifin & Destriana (2016) state that company size is measured using the natural logarithm of total assets with the following formula:

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

5. Company Activity

Activity ratios are used to measure a company's effectiveness in utilizing its assets (Natalia, 2016). In this study, the activity ratio is measured using inventory turnover. Inventory turnover is formulated as follows.

$$\text{Inventory Turnover} = \frac{\text{Sale}}{\text{Supply}}$$

6. Audit Committee

Sari & Marsono (2013) stated that the existence of an audit committee can be an effective tool for implementing a supervisory mechanism, thereby reducing agency costs, improving internal control, and enhancing the quality of corporate information disclosure. The committee, appointed by the company as a liaison between the board of directors and the external auditor, internal auditor, and independent members, is tasked with providing auditor oversight and ensuring management takes appropriate corrective actions in accordance with laws and regulations. In this study, the audit committee is proxied by the number of meetings held by audit committee members within a company within a one-year period.

7. Board of Directors

The board of directors is the authorized and fully responsible organ for managing the company for the benefit of the company, in accordance with the company's purposes and objectives,

and representing the company both inside and outside the courts, in accordance with the provisions of the articles of association (Law Number 40 of 2007, Article 1, paragraph 5). The board of directors is proxied by the number of board meetings held within a one-year period.

3.3 Data Analysis Techniques

3.3.1 Descriptive Statistics

Descriptive statistics is a type of statistics that presents a description or explanation of data, seen from the mean, standard deviation, variance, maximum value, minimum value, kurtosis, and skewness (the slope of the distribution) of a sample. Descriptive statistics is used to process samples. Descriptive statistics relates to the collection and analysis of data, as well as the presentation of the results of that analysis.

3.3.2 Classical Assumption Test

1. Normality Test

A normality test is conducted to assess whether the interfering or residual variables in the regression model have a normal distribution. To identify data normality, researchers applied the non-parametric Kolmogorov-Smirnov (KS) statistical test. Using the Kolmogorov-Smirnov test, data are declared normally distributed if the Asymp. Sig. (2-tailed) value is greater than 0.05. If the Asymp. Sig. (2-tailed) value is less than the research significance level of 5%, it can be concluded that the variable data are not normally distributed.

2. Multicollinearity Test

This test aims to evaluate whether there is a relationship between the independent variables in the regression analysis model. To determine whether multicollinearity exists in the regression, the tolerance value and variance inflation factor (VIF) values can be observed. A regression model that does not experience multicollinearity is one with a tolerance value above 0.1 or a VIF below 10.

3. Autocorrelation Test

This test is conducted to assess whether there is a relationship between user error in period t and error in period $t-1$ in a linear regression model. This phenomenon is detected using a Run Test. The Run Test is used to determine whether the residual data occurs randomly or systematically. If the Asymp. Sig. (2-tailed) is 0.05, then the residual data does not experience autocorrelation.

4. Heteroscedasticity Test

The Heteroscedasticity Test aims to determine whether errors in the data have uniform variance. Heteroscedasticity can be identified through graphical and statistical approaches. When using graphs to detect heteroscedasticity, one method is to observe the presence or absence of certain patterns in the scatter plot. If there is no clear pattern, such as points spread above and below zero on the axes, then heteroscedasticity does not occur.

3.3.3 Multiple Linear Regression Analysis

Multiple regression analysis was conducted to determine the effect of independent variables on the dependent variable. The multiple regression equation for hypothesis testing in this study is as follows:

$$SRD = \beta_0 + \beta_1ROA + \beta_2IC + \beta_3DER + \beta_4SIZE + \beta_5IT + \beta_6RADIT + \beta_7RADIR + \epsilon$$

Explanation of the multiple regression equation:

SRD: Sustainability report disclosure

ROA: Profitability (Return on Assets)

IC: Intellectual Capital

DER: Leverage (Debt to Equity Ratio)

SIZE: Company Size

IT: Company Activity (Inventory Turnover)

RADIT: Audit Committee (number of meetings per year)

RADIR: Board of Directors (number of meetings per year)

$\beta_1, \beta_2, \dots, \beta_7$: Variable coefficients

ϵ : Error rate

3.3.4 Hypothesis Testing

The hypothesis testing conducted in this study is as follows:

1. Model Fit Test

a. F Test

The F statistic test essentially indicates whether all independent variables included in the model have a simultaneous impact on the dependent variable. The F statistic test is also conducted to evaluate the fit of the regression model, so that it can be used in hypothesis analysis in the study. The criterion applied in this test is the probability value (p-value). If the p-value in the test results is less than 5%, it can be concluded that the model is suitable for use as a regression model in the study. Conversely, if the p-value exceeds 5%, it can be concluded that the model is not suitable for use in testing the research hypothesis.

b. Coefficient of Determination (Adjusted R2)

The coefficient of determination is a number that describes the extent to which the independent variables can explain the dependent variable. The coefficient of determination (R2) can be seen in the results of multiple regression tests involving independent and dependent variables. The higher the adjusted R2 value, the more the independent variables are able to explain the dependent variable.

2. Hypothesis Testing

a. Partial Test (t-Test)

The t-test essentially measures the impact of one independent variable individually on the dependent variable. To determine whether the effect of an independent variable on the dependent variable is significant, we need to examine the probability ratio of each independent variable at a significance level of 0.05. The following decisions are made:

- 1) If the t-value is greater than 0.05, then H0 is accepted, indicating no significant effect between the independent variable and the dependent variable.
- 2) If the t-value is less than 0.05, then H0 is rejected, indicating a significant effect between the independent variable and the dependent variable.

4. RESULTS AND DISCUSSION

4.1 Result

4.1.1 Descriptive Statistical Analysis

Descriptive statistical analysis in this study provides a data overview of each variable that can be seen through the average value (mean), standard deviation (standard deviation), minimum value, and maximum value. The independent variables in this study are profitability (ROA), intellectual capital (IC), leverage (DER), company size (SIZE), company activity (IT), audit committee (RADIT), and board of directors (RADIR). Meanwhile, the dependent variable used is sustainability report disclosure (SRD). Based on statistical tests on a total of 56 data samples that have been conducted in this study, the results are as follows:

Table 1. Descriptive Analysis Results
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
ROA	56	-.12	.24	.033	.063
IC	56	-2.45	8.53	2.734	2.004
DER	56	.14	8.79	1.882	1.955
SIZE	56	27.00	32.00	29.536	1.673
IT	56	.00	255.89	17.390	42.280
RADIT	56	7.00	97.00	26.929	18.137
RADIR	56	4.00	101.00	15.018	16.864
SRD	56	.60	.73	.657	.045
Valid N (listwise)	56				

Source: SPSS Output 26, 2025

Based on the results of the descriptive statistical test in table 1, it can be seen that: (1) The profitability variable obtained a minimum value of -0.12, while the maximum value of profitability is 0.24 and has an average value of 0.033 and a standard deviation value of 0.063. (2) The intellectual capital variable obtained a minimum value of -2.45, while the maximum

value of intellectual capital was 8.53 and had an average value of 2.734 and a standard deviation value of 2.004. (3) The leverage variable obtained a minimum value of 0.14, while the maximum leverage value was 8.79 and had an average value of 1.882 and a standard deviation value of 1.955. (4) The company size variable obtained a minimum value of 27.00, while the maximum value of company size was 32.00 and had an average value of 29.536 and a standard deviation value of 1.673. (5) In the company activity variable, the minimum value is 0.00, while the maximum value of company activity is 255.89 and has an average value of 17.390 and a standard deviation value of 42.280. (6) In the audit committee variable, the minimum value is 7.00, while the maximum value of the audit committee is 97.00 and has an average value of 26.929 and a standard deviation value of 18.137. (7) In the board of directors variable, the minimum value is 4.00, while the maximum value of the board of directors is 101.00 and has an average value of 15.018 and a standard deviation value of 16.864. (8) In 8. The dependent variable, namely sustainability report disclosure, shows the results of the minimum value of 0.60 and the maximum value of 0.73 and has an average value of 0.657 and a standard deviation of 0.045.

4.1.2 Classical Assumption Test

1. Normality Test

This test is conducted to determine whether the dependent and independent variables, or both, in the regression model have a normal distribution. A good regression model indicates a normal or near-normal distribution. The results of the normality test are as follows:

a. Normality Test Probability Plot Graph

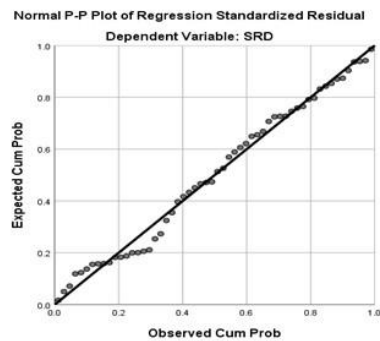


Figure 1. Normal Probability Plot Test Results
Source: SPSS 26 Output, 2025

Based on Figure 1 above, the points follow the diagonal line and do not spread far from it. Therefore, it can be concluded that the residuals meet the assumption of a normal distribution.

b. Uji One-Sample Kolmogorov-Smirnov

**Table 2. One-Sample Kolmogorov-Smirnov
One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		56
Normal Parameters^{a,b}	Mean	.0000000
	Std. Deviation	.03817227
Most Extreme Differences	Absolute	.108
	Positive	.108
	Negative	-.060
Test Statistic		.108
Asymp. Sig. (2-tailed)		.098 ^c

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

Sumber: Output SPSS 26, 2025

Based on Table 2, the results of the normality test using the Kolmogorov-Smirnov test obtained an Asymp. Sig (2-tailed) value or significance of 0.098. This value is $0.098 > 0.05$, so it can be concluded that the regression model in this study is suitable for use because the residuals have met the assumption of normal distribution.

2. Multicollinearity Test

Based on the results of the multicollinearity test, the following results were obtained:

Tabel 3. Multicollinearity Test Results

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	ROA	.330	3.030
	IC	.432	2.317
	DER	.355	2.818
	SIZE	.274	3.651
	IT	.835	1.197
	RADIT	.720	1.388
	RADIR	.729	1.372

a. Dependent Variable: SRD

Source: SPSS Output 26, 2025

Based on Table 3, the results of the multicollinearity test between all variables show a VIF value of less than 10 and a tolerance value of more than 0.1. Therefore, it can be concluded from these test results that multicollinearity does not occur or is free from cases of multicollinearity.

3. Autocorrelation Test

The results of the Durbin-Watson test are as follows:

**Table 4. Autocorrelation Test Results
Model Summary^b**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.531 ^a	.282	.177	.04086	1.943

a. Predictors: (Constant), RADIR, IT, IC, RADIT, DER, ROA, SIZE

b. Dependent Variable: SRD

Source: SPSS 26 Output, 2025

Table 4 shows that the regression model meets the assumptions and there is no autocorrelation. This is indicated by the Durbin-Watson value of 1.943, which falls between $1.858 < 1.943 < 2.142$.

4. Heteroscedasticity Test

Heteroscedasticity can be detected by examining the Glejser test and the presence of certain patterns in the scatterplot. The following are the results of the heteroscedasticity test in this study:

**Table 5. Glejser Test Results
Coefficients^a**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-.075	.091		-.831	.410
ROA	.120	.078	.364	1.534	.132
IC	-.003	.002	-.250	-1.206	.234
DER	4.275	.002	.004	.018	.986
SIZE	.004	.003	.302	1.161	.251
IT	7.315	.000	.149	1.002	.322
RADIT	.000	.000	-.122	-.758	.452
RADIR	.000	.000	.116	.725	.472

a. Dependent Variable: ABS_RES

Source: SPSS Output 26, 2025

Based on Table 5 above, using the Glejser test, it can be seen that the significance value for the independent variables is greater than 0.05 or 5%. Therefore, it can be concluded that the regression model does not exhibit heteroscedasticity, which is further supported by the following scatterplot results:

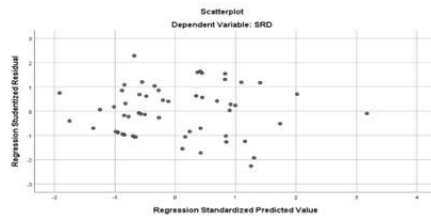


Figure 2. Scatter Plot Test Results
Source: SPSS 26 Output, 2025

The scatterplot in Figure 2 shows that the points are randomly distributed, do not form a clear pattern, and are spread both above and below the number 0 on the Y-axis (Ghozali, 2018:137). This means that there is no heteroscedasticity in the regression model, so the regression model is suitable for use.

4.1.3 Multiple Linear Regression Analysis

This multiple linear regression test aims to examine the influence of profitability, intellectual capital, leverage, company size, company activity, audit committee, and board of directors on sustainability report disclosure. The following are the results of the multiple linear regression used to test the overall hypothesis in this study:

Table 6. Results of Multiple Linear Regression Analysis Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	59.759	17.722		3.372	.001
	ROA	-7.964	15.291	-.111	-.521	.605
	IC	.908	.419	.404	2.170	.035
	DER	1.179	.473	.512	2.492	.016
	SIZE	.037	.629	.014	.059	.953
	IT	.020	.014	.191	1.428	.160
	RADIT	-.013	.036	-.051	-.351	.727
	RADIR	.027	.038	.101	.705	.484

a. Dependent Variable: SRD

Source: SPSS Output 26, 2025

Based on the results of the multiple linear regression test in Table 6, the equation is as follows:

$$SRD = 59.759 - 7.964(ROA) + 0.908(IC) + 1.179(DER) + 0.037(SIZE) + 0.020(IT) - 0.013(RADIT) + 0.027(RADIR) + e$$

From this equation, the regression model can be explained as follows: (1) The constant (α) from the multiple linear regression test yielded a positive value of 59.759, indicating that when all independent variables, such as ROA, IC, DER, SIZE, IT, RADIT, and RADIR, are all 0, the SRD value is 59.759. (2) The profitability regression coefficient (ROA) has a negative value of -7.964, indicating a negative relationship between profitability and sustainability report disclosure. (3) The regression coefficient of intellectual capital (IC) has a positive value of 0.908, which indicates a positive relationship between intellectual capital and sustainability report disclosure. (4) The regression coefficient of leverage (DER) has a positive value of 1.179, which indicates a positive relationship between leverage and sustainability report disclosure. (5) The regression coefficient of company size (SIZE) has a positive value of 0.037, which indicates a positive relationship between company size and sustainability report disclosure. (6) The regression coefficient of company activities (IT) has a value of 0.020, which indicates a positive relationship between company activities and sustainability report disclosure. (7) The regression coefficient of the audit committee (RADIT) has a value of -0.013, which indicates a negative relationship between the audit committee and sustainability report disclosure. (8) The regression coefficient of the board of directors (RADIR) has a positive value of 0.027, which indicates a positive relationship between the board of directors and sustainability report disclosure.

Commented [Frank Csa10]: Let's be precise ROA

4.1.4 Model Feasibility Test

1. F Test

The results of the F test were conducted at $\alpha = 5\%$, as shown in the following table:

Table 7. F-Test Results ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	.031	7	.004	2.687	.020 ^b
Residual	.080	48	.002		
Total	.112	55			

Source: SPSS Output 26, 2025

Table 7 shows that the F-test significance figure is 0.020. These results indicate that the significance value is less than 5% ($0.020 < 0.05$), which means that H_0 is rejected and H_a is accepted. Therefore, it can be stated that the independent variables consisting of profitability, intellectual capital, leverage, company size, company activities, audit committee, and board of directors show a reasonable and significant influence on sustainability report disclosure.

2. Coefficient of Determination (R^2) Test

The following are the results of the coefficient of determination (R^2) test conducted on this research model:

Table 8. Results of the Coefficient of Determination (R^2) Test Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.531 ^a	.282	.177	.04086	1.943

a. Predictors: (Constant), RADIR, IT, IC, RADIT, DER, ROA, SIZE

b. Dependent Variable: SRD

Source: SPSS Output 26, 2025

In table 8, the output shows that the R^2 value is 0.282 or R square is 28.2%, meaning that the independent variable can explain the dependent variable by 28.2%, the remainder is explained by other independent variables that are not included in the model.

4.1.5 Hypothesis Testing

1. Statistical t-Test (t-Test)

This t-test is conducted by comparing the significance value at $\alpha = 5\%$ with the test results and discussion as follows:

Table 9. Results of the t-Statistic Test (t-Test) Coefficients^a

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients		
1	(Constant)	59.759	17.722		3.372	.001
	ROA	-7.964	15.291	-.111	-.521	.605
	IC	.908	.419	.404	2.170	.035
	DER	1.179	.473	.512	2.492	.016
	SIZE	.037	.629	.014	.059	.953
	IT	.020	.014	.191	1.428	.160
	RADIT	-.013	.036	-.051	-.351	.727
	RADIR	.027	.038	.101	.705	.484

a. Dependent Variable: SRD

Source: SPSS Output 26, 2025

Based on the results of the t-test in table 8 above, the partial influence of each independent variable on the dependent variable can be seen as follows: (1) Profitability (ROA) through the t-test shows that the t-value is -0.521 and the significance value is 0.605 which means more than 5% ($0.605 > 0.05$), and has a coefficient value of profitability of -7.964 which is negative. So it is stated that profitability (ROA) has no significant and negative effect on sustainability report disclosure. (2) Intellectual capital (IC) through the t-test shows that the t-value is 2.170 and the significance value is 0.035 which means less than 5% ($0.035 < 0.05$), and has a coefficient value of intellectual capital of 0.908 which is positive. So it is stated that IC has a significant positive effect on sustainability report disclosure. (3) Leverage (DER) through the t test shows that the t value is 2.492 and the significance value is 0.016 which means less than 5% ($0.016 < 0.05$), and has a coefficient value of 1.179 which is positive. So it is stated that DER has a significant positive effect on sustainability report disclosure. (4) Company size (SIZE) through the t test shows that the t value is 0.059 and the significance value is 0.953 which means more than 5% ($0.953 > 0.05$), and has a coefficient value of 0.037 which is positive. So it is stated that SIZE has no effect on sustainability report disclosure. (5) Company Activity (IT) through the t test shows that the t value is 1.428 and the significance value is 0.160 which means more than 5% ($0.160 > 0.05$), and has a coefficient value of 0.020 which is positive. So it is stated that AP has no effect on sustainability report disclosure. (6) The audit committee (RADIT) through the t-test shows that the t-value is -0.351 and the significance value is 0.727 which means more than 5% ($0.727 > 0.05$), and has a coefficient value of -0.013 which is negative. So it is stated that the audit committee has no significant effect on sustainability report disclosure. (7) The board of directors (RADIR) through the t-test shows that the t-value is 0.705 and the significance value is 0.484 which means more than 5% ($0.484 > 0.05$), and has a coefficient value of 0.027 which is positive. So it is stated that the board of directors has no significant effect on sustainability report disclosure.

4.2 Discussion

1. The Effect of Profitability on Sustainability Report Disclosure

The results show that profitability has no significant effect on Sustainability Report Disclosure (SRD) in construction companies for the 2021–2024 period, with a significance value of 0.605 (>0.05) and a negative coefficient of -7.964. The average company profitability was recorded as low at 3.3%, while the SRD disclosure rate was high, averaging 65.7%. This finding indicates that companies with high profitability tend not to increase non-financial transparency, as substantial profits are already considered a primary source of legitimacy in the eyes of stakeholders.

Conversely, companies with low profitability have a greater incentive to disclose sustainability reports as a legitimacy strategy to maintain a positive image. This aligns with legitimacy theory, which explains that sustainability disclosure serves as a tool for companies to maintain public trust, and agency theory, which asserts that management is more likely to allocate profits to activities that provide direct financial benefits rather than voluntary sustainability disclosure. Overall, this study concludes that profitability is not the primary determinant of sustainability report disclosure in construction companies in Indonesia, suggesting that non-financial transparency is more influenced by factors other than purely financial performance. This finding is inconsistent with research conducted by Sitohang and Suhendro (2024), Putri (2025), Oktaviani (2020), and Huu Nguyen and Ha Nguyen (2020).

However, this study aligns with Damayanty et al. (2022) and Aditya and Sinaga (2021), which found a significant negative effect between profitability and sustainability report disclosure. This is because when a company's profitability declines, management will seek to maximize performance beyond financial performance, such as in the company's economic, social, and environmental sectors, which is achieved by increasing sustainability reporting.

2. The Influence of Intellectual Capital on Sustainability Report Disclosure

The results of this study indicate that Intellectual Capital has a positive and significant effect on Sustainability Report Disclosure (SRD) in companies, with a significance value of 0.035 (<0.05) and a coefficient of 0.908. This indicates that the better the management of a company's intangible assets, such as employee knowledge, innovation, and expertise, the higher the level of sustainability report disclosure.

This finding confirms that companies with strong intellectual capital have a higher internal awareness of the importance of transparency and accountability, not only due to regulatory pressures but also due to the role of human resources as agents of change. Employees with knowledge and skills in sustainability are able to identify risks and opportunities related to social and environmental aspects, thus encouraging companies to provide more comprehensive sustainability disclosures. The results of this study align with the theory that intellectual capital is a strategic factor that can strengthen credibility, increase stakeholder trust, and create value and sustainable competitive advantage through sustainability report disclosure.

These results align with research by Widyastuti et al. (2021), Chaudhry (2022), Laura et al. (2023), and Setiawan et al. (2021) as well as the theory in this study, where companies with superior internal qualities, such as strong intellectual capital, will use sustainability report disclosure as a tool to attract the attention of investors and other stakeholders, which ultimately can increase credibility, build trust, and create higher company value and sustainable competitive advantage.

3. The Effect of Leverage on Sustainability Report Disclosure

The results of this study indicate that leverage has a positive and significant effect on Sustainability Report Disclosure (SRD), with a significance value of 0.016 (<0.05) and a coefficient of 1.179. This means that the higher a company's debt level, the more extensive its sustainability report disclosure. These results indicate that companies with high leverage tend to face greater pressure from external stakeholders, particularly creditors and investors. To gain legitimacy and maintain their trust, companies use sustainability report disclosure as a strategic tool to manage risk perceptions and affirm their commitment to good governance practices, social responsibility, and environmental stewardship.

This finding aligns with legitimacy theory and stakeholder theory, which emphasize that companies need to demonstrate non-financial accountability to maintain relationships with stakeholders. Thus, high leverage encourages companies to increase non-financial transparency while simultaneously expanding access to sustainable funding sources. Therefore, the results of this study align with stakeholder theory and research conducted by Putri (2025), Sari (2021), Nurdiah and Asrosi (2021), and Gunawan and Sjarief (2022) that found a positive influence on sustainability reporting disclosure. However, this study disagrees with Huu Nguyen and Ha Nguyen's (2020) study, which found that leverage has a significant negative effect on sustainability disclosure.

4. The Effect of Company Size on Sustainability Report Disclosure

The results of this study indicate that company size does not significantly influence Sustainability Report Disclosure (SRD), with a significance value of 0.953 (>0.05) and a coefficient of 0.037. These results indicate that company size is not a primary determinant of sustainability information disclosure. Although larger companies have greater resource capacity, their focus tends to be directed towards asset management and internal financial performance. Therefore, company size is more representative of a company's identity and stability, without providing additional incentives to increase non-financial transparency through sustainability reporting.

This finding is consistent with research by Damayanty et al. (2022) and Pertiwi (2020), which showed that company size does not significantly influence sustainability report disclosure. Company size only influences the company's identity without changing the company's incentive to disclose sustainability reports. However, these results are inconsistent with legitimacy theory and several previous studies, such as those by Zahir et al. (2020), Putri (2025), Raihan (2023), and Sofa and Respatu (2020).

5. The Influence of Company Activities on Sustainability Report Disclosure

The results of this study indicate that Company Activities do not significantly influence Sustainability Report Disclosure (SRD), with a significance value of 0.160 (>0.05) and a coefficient of 0.020. This indicates that the level of operational efficiency or asset turnover in construction companies does not directly drive increased sustainability disclosure.

Efficiencies gained through company activities are more often directed towards profitability-oriented goals, such as cost optimization, product innovation, or market expansion, rather than allocated to social and environmental reporting. The lack of binding regulations regarding sustainability reporting obligations also reinforces the tendency for companies to prioritize sustainability report disclosure as a secondary agenda.

This finding is consistent with research by Putri (2025) and Indrianingsih and Agustina (2020), which found that company activities do not significantly influence SRD. However, it is inconsistent with research by Damayanty et al. (2022) and Mujjani and Nurfitri (2020), which found a positive and significant influence on sustainability report disclosure.

6. The Influence of the Audit Committee on Sustainability Report Disclosure

The results of this study indicate that the Audit Committee does not significantly influence Sustainability Report Disclosure (SRD), with a significance value of 0.727 (>0.05) and a coefficient of -0.013. This finding indicates that the existence of an audit committee in construction companies does not play a direct role in promoting transparency regarding sustainability issues. The audit committee's primary focus is directed towards oversight of

financial reporting, compliance with accounting standards, and financial risk management, leaving non-financial aspects such as sustainability reporting underserved.

The absence of regulations explicitly mandating audit committee involvement in the oversight and preparation of sustainability reports further weakens their role in enhancing social and environmental disclosure. Consequently, although audit committees are an important part of corporate governance mechanisms, their contribution to sustainability transparency is limited.

The results of this study are consistent with Putri (2025) and Oktaviani (2020) who found that the audit committee had no effect on SRD, but are inconsistent with stakeholder theory and previous research such as that by Ndrianingsih and Agustina (2020), Ardiani et al. (2022), and Mujiani and Rohmawati (2022) who stated that the audit committee had a positive effect.

7. The Influence of the Board of Directors on Sustainability Report Disclosure

The results of this study indicate that the Board of Directors has no significant effect on Sustainability Report Disclosure (SRD), with a significance value of 0.484 (>0.05) and a coefficient of 0.027. This finding indicates that the existence and frequency of board of directors meetings have not played an optimal role in promoting sustainability transparency in construction companies. The board of directors' primary focus is directed towards financial issues, regulatory compliance, and risk mitigation, while sustainability aspects tend to be placed on a secondary agenda rather than a top priority.

From an agency theory perspective, high meeting frequency does not guarantee quality oversight of ESG issues, as the meeting agenda emphasizes protecting shareholder interests through financial performance. Meanwhile, from a legitimacy theory perspective, companies may feel they have gained sufficient legitimacy from financial performance or formal compliance, thus being less motivated to increase voluntary disclosures such as sustainability reports.

The results of this study are consistent with the findings of Susilawati & Suardana (2020) and Safitri & Saifi (2020), which stated that the number of board of directors meetings does not significantly influence corporate social responsibility (CSR) disclosure in manufacturing companies. However, these results are not in line with the research of Ananda & Yusraini (2023), which found that the board of directors can influence sustainability report disclosure.

5. CONCLUSION

5.1 Conclusion

This study was conducted to examine the effect of profitability, intellectual capital, leverage, company size, company activities, audit committee, and board of directors on sustainability report disclosure. The sample used in this study was 56 construction companies listed on the Indonesia Stock Exchange (IDX) in 2021-2024. The analysis used was multiple linear regression analysis. Based on the results of the data analysis that has been carried out and the discussion in the previous chapter, the following conclusions can be drawn: (1) Profitability has no effect on Sustainability Report Disclosure. (2) Intellectual capital has a positive and significant effect on sustainability report disclosure. (3) Leverage has a positive and significant effect on sustainability report disclosure. (4) Company size has no effect on sustainability report disclosure. (5) Company activities have no significant effect on sustainability report disclosure. (6) The audit committee has no significant effect on sustainability report disclosure. (7) The board of directors has no significant effect on sustainability report disclosure.

5.2 Limitations

Based on the results of the research conducted by the researcher, there are limitations, namely: (1) This research is limited to construction companies listed on the Indonesia Stock Exchange, so it does not represent all companies in other sectors listed on the Indonesia Stock Exchange. (2) This research only focuses on the influence of profitability, leverage, company activity, independent board of commissioners, audit committee, company size, and industrial type variables on sustainability report disclosure. However, the analysis of this research only produces an R Square of 28.2%, the remainder is explained by other independent variables not included in the model.

5.3 Suggestion

This research has implications for future research, particularly those related to sustainability reports. Therefore, the suggestions that can be put forward based on the results of this research are as follows: (1) Future research can expand the population, not only construction companies. But also other types of companies such as manufacturing companies, finance and banking, hotels and trading companies (retail) so that the number of samples can be maximized. (2) It is recommended that future researchers can add or test several other variables outside the variables of this research that are suspected to have an influence on the disclosure of sustainability reports such as gender diversity, industrial type, proportion of good corporate governance, and others. (3) External factors or other variables that are not tested have a more dominant role in encouraging the disclosure of sustainability reports, such as pressure from the community, company reputation, or encouragement from top management. Therefore, it is hoped that the government can also help in the role of providing sanctions in regulations, especially for companies listed on the Indonesia Stock Exchange as a form of encouragement to disclose sustainability reports.

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