



Sustainability Reporting Disclosure: Does Corporate Governance Internal Mechanism Matter?

Desi Ilona

¹Universitas Ekasakti, Indonesia

desiilona@unespadang.ac.id

Article History

Received : 16-07-2025

Revised : 17-07-2025

Accepted : 17-07-2025

Published : 01-08-2025

Kata Kunci : pengungkapan pelaporan keberlanjutan, ukuran dewan komisaris, ukuran komite audit, kepemilikan terkonsentrasi

Keywords: sustainability reporting disclosure, Board of commissioner size, audit committee size, ownership concentration.

Abstrak

Laporan keberlanjutan berfungsi sebagai alat yang berharga untuk menjembatani kesenjangan informasi antara manajemen perusahaan dan pemangku kepentingan, menawarkan data keuangan dan non-keuangan terkait kinerja lingkungan, ekonomi, dan sosial. Selain itu, pengungkapan laporan keberlanjutan sangat penting untuk meningkatkan legitimasi perusahaan dengan menunjukkan dedikasinya terhadap praktik berkelanjutan. Namun, penelitian sebelumnya gagal mempertimbangkan lingkungan ekonomi dan tata kelola perusahaan yang unik, seperti di Indonesia. Studi ini menentukan faktor-faktor yang mempengaruhi pengungkapan laporan keberlanjutan dari mekanisme tata kelola perusahaan internal. Mekanisme ini diwakili oleh tiga variabel: ukuran dewan komisaris, ukuran komite audit, dan kepemilikan terpusat. Studi ini menggunakan teori agensi sebagai teori dasar. Sampel akhir dari penelitian ini adalah lima belas perusahaan yang mengungkapkan laporan keberlanjutan. Data sekunder diterapkan, dan data dianalisis menggunakan analisis regresi multivariat. Asumsi klasik harus dipenuhi terlebih dahulu sebelum melanjutkan ke regresi. Hasilnya menunjukkan bahwa dua hipotesis ditolak, dan satu diterima. Hipotesis yang diterima menunjukkan bahwa konsentrasi kepemilikan yang lebih tinggi meningkatkan pengungkapan laporan keberlanjutan. Temuan penelitian ini memiliki implikasi teoritis bahwa konsentrasi kepemilikan adalah variabel penting dalam meningkatkan pengungkapan laporan keberlanjutan.

Abstract

Sustainability reports serve as a valuable tool to bridge the information gap between company management and stakeholders, offering financial and non-financial data related to environmental, economic, and social performance. In addition, Sustainability reporting disclosure is essential for enhancing the legitimacy of a company by showcasing its dedication to sustainable practices. However, previous studies have failed to consider the unique economic and corporate governance environment, such as that in Indonesia. This study examines the factors influencing the disclosure of sustainability reporting through internal corporate governance mechanisms. This mechanism is represented by three variables: Board of commissioner size, audit committee size, and concentrated ownership. This study employs agency theory as its underpinning theory. The final sample of this study is fifteen companies that disclose sustainability reports. Secondary data are applied, and the data are analysed using multivariate regression analysis. The classical assumptions must be satisfied first before proceeding to regression. The result shows that two hypotheses were rejected, and one was accepted. The accepted hypothesis suggests that higher ownership concentration leads to improved sustainability reporting disclosure. This research finding has theoretical implications, as ownership concentration is a significant variable in enhancing sustainability reporting disclosure.



© 2025 by the authors. Submitted for possible open access publication under the terms and conditions of the Creative Commons Attribution 4.0 International License (CC BY 4.0) license

INTRODUCTION

Sustainability report disclosure involves organisations disclosing their economic, environmental, and social performance to both internal and external stakeholders. It encompasses transparent reporting on sustainable practices, projects, impacts, and outcomes,

addressing environmental stewardship, social responsibility, community participation, governance practices, ethical business conduct, diversity, and inclusion. Lucia & Panggabean (2018) highlight the influence of company characteristics and corporate governance structures on sustainability report disclosure, including the audit committee and the Board of Directors. These factors are crucial in determining the extent and quality of information shared in sustainability reports, reflecting the organisation's commitment to sustainable practices and transparency. Furthermore, Wahyuni et al. (2019) emphasise the importance of effective corporate governance processes in enhancing the quality of sustainability reporting disclosures. Governance structures ensure that sustainability reports provide stakeholders with accurate, relevant, and reliable information, thus improving accountability and transparency.

Publishing sustainability reports enables firms to demonstrate their commitment to sustainable development objectives and ethical business practices. This allows stakeholders, including investors, consumers, employees, regulators, and the broader community, to evaluate the organisation's environmental and social impacts, performance, and sustainability initiatives. By supplying relevant information in sustainability reports, firms may cultivate trust, enhance their reputation, and foster positive change in their operations and stakeholder relationships. In summary, disclosing sustainability reports is crucial for promoting transparency, accountability, and sustainable practices within organisations. It serves as a manifesto for companies to articulate their environmental, social, and governance strategies, performance, and impacts, fostering trust and engagement with stakeholders and advancing the overarching goals of sustainable development.

The research gap in sustainability report disclosure is a significant topic of interest, highlighted by contradictory findings in prior studies about the determinants of such disclosures (Khafid et al., 2019). Furthermore, the revelation of novel endeavours in sustainability reports necessitates additional investigation to improve transparency and provide stakeholders with thorough information (Bronzetti et al., 2021). Comprehending the determinants affecting sustainability report disclosure is crucial for organisations to proficiently convey their environmental, social, and economic performance to stakeholders. The audit committee and the depth of information in sustainability reporting reveal a substantial research gap (Ani et al., 2020). Materiality disclosure in sustainability reporting requires empirical evidence to successfully integrate materiality ideas (Ngu & Amran, 2021). The influence of governance effectiveness—specifically, Board of commissioner size, ownership concentration, and audit committee size—on sustainability report disclosure represents a vacuum in existing research (Anh, 2024; Sofia, 2019). Moreover, the impact of company size

on sustainability report disclosure necessitates further examination to enhance the understanding of sustainability reporting methods (Krasodomska & Zarzycka, 2020; Sitorus, 2024). Addressing the research gap in sustainability report disclosure is crucial for enhancing knowledge of corporate transparency, accountability, and the influence of sustainability reporting on company value. Future studies should examine the factors influencing sustainability report disclosure, the role of governance structures, the impact on financial and market performance, and the incorporation of materiality principles to enhance the effectiveness of sustainability reporting methods. This study examines the effect of board commissioner size, audit committee size, and ownership concentration on the disclosure of sustainability reports.

LITERATUR REVIEW

Sustainability report disclosure

Sustainability reporting has emerged as an essential component of corporate transparency and accountability. Numerous studies have explored various aspects of sustainability reporting, elucidating its consequences and efficacy. Farooq & Villiers (2019) underscore the necessity of institutionalising sustainability reporting and propose that increased training for Sustainability Reporting Managers (SRMs) and potential regulations requiring the disclosure of materiality assessments in sustainability reports could improve the quality and consistency of reporting. Papoutsis & Sodhi (2020) dispute whether the information included in sustainability reports accurately represents the genuine sustainability performance of organisations, emphasising the need for further study to address this discrepancy. Eng et al. (2021) analyse the informativeness of sustainability disclosures regarding ESG disclosure ratings, promoting the standardisation of criteria to enhance the quality and comparability of sustainability disclosures.

Cantele et al. (2018) identify numerous water utilities that demonstrate inadequate transparency in their sustainability reports, particularly concerning critical aspects such as water management, underscoring the need for enhanced reporting practices under recognised sustainability reporting standards (Cantele et al., 2018). Khan et al. (2023) highlight the necessity of incorporating sustainability concerns into directors' responsibilities, emphasising the importance of aligning sustainability reporting with established frameworks, such as the Integrated Reporting Framework, to enhance the quality and relevance of disclosures. In conclusion, the integration of this research underscores the significance of sustainability reporting in providing stakeholders with relevant information about companies' economic,

environmental, and social performance. It emphasises the necessity of defined rules, training, and regulations to enhance the quality, consistency, and effectiveness of sustainability reporting processes.

Corporate governance internal mechanism

Internal mechanisms in corporate governance are crucial for ensuring transparency, accountability, and effective oversight within businesses. These techniques are essential for fostering ethical behaviour, mitigating risk, and promoting sustainable business practices. Numerous studies underscore the importance of internal governance mechanisms. Research highlights the pivotal function of the Board of Directors as a fundamental governance mechanism, alongside other internal mechanisms such as CEO compensation and ownership structure, in addressing governance challenges within firms (Andrés & González, 2008). Davies et al. (2005) examine the impact of internal governance structures, such as the Board of Directors, audit committee, and internal audit function, on earnings management practices, highlighting the significance of robust internal mechanisms for preserving the integrity of financial reporting (Davidson et al., 2005). Aguilera et al. (2015) emphasise the importance of external corporate governance practices in conjunction with internal mechanisms, noting that although internal mechanisms are vital, external governance practices also substantially contribute to preventing harmful actions. Zhang & Guo (2022) emphasise the manifestation of internal governance systems in corporate culture, internal control, and remuneration frameworks, highlighting the significance of these internal factors in promoting a culture of compliance and ethical conduct within firms. Examine the governance structures of family enterprises, highlighting the crucial role of the Board of Directors in shaping decisions and business strategies, particularly within family-owned organisations (Sacristán-Navarro & García, 2019). Internal governance structures, including the Board of Commissioners, audit committee, and ownership structure, are essential for maintaining effective oversight, risk management, and ethical conduct within firms. These procedures are essential for maintaining corporate governance standards, enhancing transparency, and protecting the interests of stakeholders.

Board of Commissioners size

The influence of the Board of Commissioners on sustainability report disclosure is a significant subject in corporate governance studies. Numerous studies elucidate how the traits and behaviours of the Board of Commissioners can influence the disclosure of sustainability

reports. Research by Susilawati et al. (2022) demonstrates a favourable correlation between the Board of Commissioners and the disclosure of sustainability reports, indicating that the presence and efficacy of the Board can affect the scope of sustainability reporting. Conversely, Mujiani et al. (2021) concluded that an autonomous board of commissioners did not substantially influence a company's decision to publish its sustainability report. This highlights the complexity of the relationship between board attributes and sustainability reporting practices.

Furthermore, Ifada et al. (2021) and Nindiasari (2021) propose that the magnitude of the Board of Commissioners correlates favourably with the degree of corporate social responsibility and voluntary disclosure, suggesting that a larger board may facilitate more extensive reporting procedures. Moreover, Aliyu (2019) asserts that heightened oversight and evaluation by the Board can enhance the quality of disclosures, perhaps encompassing sustainability reporting. The combination of these studies suggests that the Board of Commissioners has a significant influence on the disclosure of sustainability reports. The size and structure of the Board can influence reporting procedures; nonetheless, the Board's efficacy in supervising sustainability issues and ensuring openness is crucial for substantive sustainability reporting.

The size of the Board of Commissioners has garnered attention in sustainability reporting within corporate governance studies. Numerous studies have investigated the influence of board characteristics, such as board size, on the disclosure of sustainability reports. Shamil et al. (2014) found a positive correlation between board size and sustainability reporting, suggesting that larger boards are more inclined to participate in sustainability reporting activities. It indicates that an increased number of commissioners may enhance a company's commitment to disclosing sustainability information. Karaman et al. (2018) have emphasised a positive correlation between company size and sustainability reporting, indicating that larger organisations are more likely to participate in sustainability reporting procedures. It suggests that the size of the Board of Commissioners, typically associated with the Company's scale, may affect the degree of sustainability reporting. Additionally, Karaman et al. (2018) examined the moderating effect of firm size on the impact of independent commissioners, audit committees, and boards of directors regarding sustainability report disclosure. Although corporate size may not directly influence the effectiveness of these governance measures, it highlights the complex elements that affect sustainability reporting standards.

H1: The size of the Board of Commissioners is positively related to sustainability report disclosure.

Audit committee size.

The size of the audit committee has been a subject of interest in corporate governance and sustainability reporting research. Several studies have explored the relationship between audit committee size and sustainability report disclosure, shedding light on the potential impact of audit committee characteristics on reporting practices. Lin et al. (2006) found that the effect of audit committee size on financial reporting quality is mixed, indicating that the relationship between audit committee size and reporting quality may vary across different contexts and industries. It suggests that the influence of audit committee size on sustainability reporting quality may also be nuanced and context-dependent. In contrast, Al-Shaer et al. (2017) highlighted the positive contribution of audit committees to the credibility of sustainability reports. The study suggests that through their independence, expertise, and oversight, audit committees play a crucial role in enhancing the credibility of sustainability reporting. This underscores the importance of audit committee characteristics in improving the quality and reliability of sustainability disclosures. Moreover, Groff & Valentincic (2011) emphasized the role of audit committee characteristics, such as independence and industry expertise, in enhancing the quality of sustainability assurance. The study suggests that specific attributes of audit committees, including regular meeting attendance, can help reduce stakeholder-agency conflicts and improve the quality of sustainability statement assurance. It highlights the potential for audit committees to positively influence sustainability reporting practices.

Overall, the synthesis of these studies suggests that while the impact of audit committee size on sustainability report disclosure may vary, audit committees play a crucial role in enhancing the credibility, quality, and assurance of sustainability reporting. Their independence, expertise, and oversight functions significantly improve the transparency and reliability of sustainability disclosures. The size of the audit committee has been identified as a significant factor influencing the disclosure of sustainability reports. Studies by Khoiriyah et al. (2022) and Adegboye et al. (2020) support the notion that the size of the audit committee has a positive impact on the extent of sustainability reporting. Larger audit committees are associated with increased voluntary disclosure of sustainability-related information, indicating that a greater number of members in the audit committee may enhance a company's commitment to disclosing sustainability practices. These findings underscore the importance

of the audit committee size as a governance mechanism in promoting transparency and accountability in sustainability reporting.

H2: Audit committee size is positively related to sustainability report disclosure.

Concentration ownership

Fadhlihi (2018) discusses how concentrated ownership within a company can lead to a decline in voluntary disclosure. This study highlights that controlling shareholders with concentrated ownership may have easier access to information than smaller shareholders, potentially impacting the organisation's disclosure level. This insight is crucial for understanding how ownership concentration affects company transparency and reporting practices. Additionally, Wachira (2017) delves into the determinants of corporate social disclosures in Kenya, noting that companies with dispersed ownership tend to disclose more information than those with concentrated ownership. This finding underscores the relationship between ownership structure and the extent of information disclosure, suggesting that ownership concentration may have implications for the transparency and communication of corporate social information. Moreover, Lefort & Urzúa (2008) explore the interplay between board independence, firm performance, and ownership concentration in Chilean firms. The study highlights that in companies with high ownership concentration, such as those in Chile, agency conflict often arises between controlling shareholders and minority shareholders. This sheds light on the complexities of governance mechanisms in concentrated ownership and their potential challenges for shareholder interests and firm performance.

Fallah & Mojarrad (2019) Ownership concentration positively influences Corporate Social Responsibility (CSR) disclosure levels, with companies with majority shareholders tending to disclose more CSR information. It suggests that concentrated ownership structures may increase transparency in CSR reporting practices. Haj-Salem et al. (2019) highlighted that concentrated ownership can enhance the disclosure of relevant information to stakeholders and mitigate discretionary behaviour by managers. It implies that ownership concentration may lead to more comprehensive and pertinent disclosures, aligning the interests of managers with those of shareholders. Fadhlihi (2018) discussed how ownership concentration can align managers' interests, reduce agency costs, and potentially increase voluntary disclosure. However, high ownership concentration may also lead to reduced voluntary disclosure, including in areas such as internet financial reporting. It indicates a nuanced relationship between ownership concentration and disclosure practices.

H3: Concentrated ownership is positively related to the sustainability reporting disclosure

RESEARCH METHODS

Fifteen companies that publish sustainability reports are the objects of this research. The method used in this research is purposive sampling, and all companies listed on the IDX for the 2016-2018 period are the population for this research. Sustainability Report: According to the Global Reporting Initiative (GRI) G4 Guidelines, there are 91 disclosure indicators categorised into three main areas: economic, environmental, and social. The sustainability report is measured by the formula $SRDI = V/M$. The management or company management provides instructions and direction through a supervisory mechanism known as the CGI Board of Commissioners (2002) (Aziz, 2014). The formula for estimating the total management of the Board of Commissioners: $DK = \Sigma$ members of the Board of Commissioners. The Audit Committee assists the Board of Commissioners in supervising management. The formula for calculating the number of audit committee members is $UDIT = \Sigma$ audit committee members. A small number of individuals or a particular group that owns the majority of stock holdings is referred to as a concentrated stockholder. He said it is concentrated if shareholders have rights above or more than 50% of the Company. Measurement of concentrated share ownership: KT = percentage of concentrated share ownership.

$$SRD = \alpha + \beta_1 DK + \beta_2 KA + \beta_3 FD + \beta_4 KT + \beta_5 UP + \beta_6 Lev + \beta_7 Profit + \varepsilon$$

Where:

SRD	= sustainability report disclosure
DK	= Board of commissioner size
KA	= audit committee size
KT	= ownership concentration
Ump	= firm age
UP	= firm age
Lev	= firm leverage
Profit	= firm Profitability
α	= Constant
β_1 - β_7	= Coefficient
ε	= Error

The data analysis method used was multivariate regression analysis (Sekaran, 2003). The analysis begins with statistical descriptions using analysis tools for averages, minimum, maximum and standard deviations (Gujarati, 1995). The hypothesis is tested after the model is freed from the classical assumptions (Wooldridge, 2003), including tests of normality, multicollinearity, autocorrelation, and heteroscedasticity (Hair et al., 2014).

RESULTS AND DISCUSSION

Table 1 presents descriptive statistics on the research variables, including the sustainability report, Board of Commissioners, audit committee, concentrated share ownership, and four control variables: company size, company age, leverage, and Profitability, as outlined in Table 1.

Table 1. Statistical descriptive

Variable	Min	Max	Mean	Std. Dev.
SRD (Index)	0.17	0.670	0.493	0.23
DK (member)	3	12	6.467	1.94
KA (member)	2	5	3.4	0.62
KT (%)	0.41	0.85	0.626	0.12
UP (Rp. Million)	2.950.560	333.325.000	42.017.897	71.148.019
Ump(Year)	12	113	44.133	24.96
Lev (Index)	0.13	0.92	0.474	0.22
Profit (%)	-18.04	46.66	7.972	10.81

Table 1 indicates that the sustainability report has a minimum index value of 0.17, a maximum value of 1, and an average value of 0.493. This suggests that the typical sustainability report released by corporations covers a wide range of topics. The Board of Commissioners has a minimum score of 3, a maximum score of 12, and an average score of 6,467. This suggests that as the number of commissioners in a company increases, the range of quality in Sustainability Report information disclosure also widens. The audit committee is required to have a minimum of two members, with a maximum of five members. On average, the committee consists of 3.4 members. It suggests that a larger audit committee is associated with higher quality disclosure of information in the Sustainability Report. Concentrated share ownership ranges from a minimum of 0.14% to a maximum of 0.85%, with an average of 0.626%. It suggests that as concentrated share ownership increases, the disclosure of sustainability information in reports also tends to be stronger. The firm size ranges from a minimum of 2,950,560 million to a maximum of 333,325,000 million, with an average of 42,017,897 million. This indicates that the Company falls into the large-scale category. The Company's age ranges from a minimum of 2 years to a maximum of 113 years, with an average

age of 44.133 years. It suggests that the typical Company has been in existence for 44,133 years. The Company's leverage ranges from a minimum of 0.13 to a maximum of 0.92, with an average value of 0.474. It suggests that sustainability reports generally possess assets close to the average assets possessed by the Company. The Company's Profitability is characterised by a lowest value of -18.04%, a maximum value of 46.66%, and an average of 79.72%. This indicates the Company's potential to generate profit from its assets is quite high.

Table 2. Normality test

Variable	Asym Sig	Decision	Asym. Sig Post Transformation			Decision	Skewness per SE
			Ln	Sqrt	Ln		
SRD (Index)	0.106	Normal					
DK (member)	0.065	Normal					
KA (member)	0.000	Not Normal	0.000	0.000	0.000		0.055
KT (%)	0.458	Normal					
UP (Rp. Million)	0.000	Not Normal	0.750			Normal	
Ump (Year)	0.337	Normal					
Lev (Index)	0.656	Normal					
Profit (%)	0.019	Tidak Normal	0.200			Normal	

Based on Table 2 above, the asym sig shows that there are five normal variables, namely Sustainability Report of $0.106 > 0.005$, Board of Commissioners $0.065 > 0.05$, Concentrated Share Ownership $0.458 > 0.05$, Company Age $0.337 > 0.05$, Leverage $0.656 > 0.05$. It can be concluded that the five variables are normal. Meanwhile, the other two variables undergo a Ln transformation, namely Company Size ($0.750 > 0.05$) and Profitability ($0.200 >$), so it can be concluded that these variables are normal. Meanwhile, one other variable carried out a Skewness test where the Audit Committee was $0.055 > 0.05$, so it was concluded that it was normal. So, based on the data above, it can be concluded that the variables are normally distributed.

Table 3. Regression result

Variable	Coef. Reg	t start	sig	Decision
Constanta				
DK (member)	-0.005	-0.174	0.863	Reject
KA (member)	7.287	0.814	0.422	Reject
KT (%)	1.443	3.195	0.003***	Accepted
UP (Rp. Million)	0.000	0.107	0.915	
Ump (Year)	-0.0003	-0.128	0.899	
Lev (Index)	-0.122	-0.638	0.528	
Profit (%)	-0.004	-0.555	0.583	
F significant		0.044		
R square		0.465		
Durbin-Watson		0.927		
White test		0.744		

*Note: *** indicates significant at 1%*

Table three (3) above shows the significant number for the DK variable $0.863 > 0.05$, which proves that there is no influence between the y variable and the x variable, the KA variable $0.442 > 0.05$, this proves that there is no influence between the y variable and the x variable, the KT variable $0.003 < 0.05$ shows that there is an influence between variable y and variable, and the PROF variable $0.583 > 0.05$, the hypothesis is rejected. Heteroscedasticity does not occur if the regression model is good. If the significance value (sig) between the independent variable and the absolute residual is more than 0.05, then heteroscedasticity will not occur in the regression model. Based on the table above, the p-value is 0.744, which is greater than 0.05. Therefore, it can be concluded that heteroscedasticity does not occur. Durbin-Watson, namely the Autocorrelation test, tests whether the linear regression model is correlated with confounding errors in the current period and confounding mistakes in the previous period. This test is carried out with estimates; the regression form must include a constant, and the dependent variable is not a Lag variable. If $du < d < 0.186$.

DISCUSSION

Board of Commissioners Size and Sustainability Reporting disclosure

This study finds no significant effect of the Board of Commissioners' size on the disclosure of sustainability reporting. The size of the Board of Commissioners does not appear to significantly influence sustainable reporting disclosure, as indicated by several studies. While various factors, such as board characteristics, corporate governance mechanisms, and company size, have been explored concerning sustainability reporting, the size of the Board of Commissioners does not appear to significantly influence the disclosure of sustainability reports (Febriyanti, 2021). Research has shown that factors like the presence of women on the Board of Commissioners, Profitability, and firm size do not significantly affect sustainability reporting disclosure (Febriyanti, 2021). Additionally, the size of the Board of Commissioners has been found not to affect environmental disclosure practices in companies listed on stock exchanges in Indonesia, Malaysia, and Thailand (Febriani & Yanto, 2021). Moreover, the influence of board characteristics on sustainability reporting has been investigated, revealing that board size and dual leadership are positively associated with sustainability reporting.

Audit committee size and sustainability reporting disclosure

The audit committee size does not appear to be significantly associated with sustainability reporting disclosure, as indicated by various studies. Research has explored the

impact of audit committee attributes on sustainability reporting and found that factors such as financial expertise, independence of members, and meeting frequency do not show a significant relationship with sustainability reporting (Buallay & Al-Ajmi, 2019). Additionally, studies have indicated that the size of the audit committee does not significantly influence sustainability disclosure practices (Adegboye et al., 2020). Furthermore, investigations into the role of audit committee characteristics in corporate sustainability reporting have shown that while factors like audit committee independence and financial expertise may impact sustainability reporting, the audit committee size itself does not appear to be a determining factor (Mohammadi et al., 2020). Studies have also highlighted that audit committees prioritise monitoring financial statements over disclosing social and environmental information, indicating that the size of the audit committee may not directly affect sustainability reporting disclosure (Indriawati et al., 2022). Moreover, research has demonstrated that the frequency of audit committee meetings can strengthen the influence of company size on sustainability reporting disclosure, suggesting that the focus may be more on the activities and engagement of the audit committee rather than its size alone (Baroroh et al., 2022).

Ownership concentration and sustainability reporting disclosure

Based on various research findings, ownership concentration has been shown to significantly influence sustainability reporting disclosure. Studies have demonstrated a positive correlation between ownership concentration and the level of corporate social responsibility (CSR) disclosures (Garas & ElMassah, 2018). Ownership concentration has been identified as a key factor that positively influences CSR disclosure levels, with companies having majority shareholders tending to disclose more CSR information (Fallah & Mojarrad, 2019). Additionally, concentrated ownership has been linked to enhancing the disclosure of relevant information to stakeholders and reducing discretionary behaviour by managers, thereby promoting transparency and accountability (Haj-Salem et al., 2019). Moreover, research has indicated that ownership concentration can lead to reduced voluntary disclosure, including sustainability reporting, as closely held firms may have less motivation to disclose information voluntarily (Fadhlihi, 2018). Studies have also highlighted that concentrated ownership can positively impact corporate social disclosures, indicating that a higher degree of ownership concentration among investors can lead to increased CSR disclosure (Wachira, 2017).

CONCLUSION

It can be concluded from the research above that the first hypothesis is rejected, where the research results prove that the Board of Commissioners does not influence the disclosure of sustainability reports. So, it can be concluded that the higher the Board of Commissioners, the lower the sustainability report. The second hypothesis is rejected, where the research results show that the audit committee does not affect sustainability report disclosure. In this way, it can be concluded that the higher the audit committee's independence, the lower the sustainability report's reliance on it. The third hypothesis is accepted: concentrated share ownership has a significant influence on sustainability report disclosure. So, it can be concluded that the higher the concentrated share ownership, the higher the sustainability report. This finding suggests that shareholders can identify the concentration of ownership when considering the disclosure of the sustainability report. Theoretically, this study contributes to the agency theory. This study has several limitations, which will allow future investigators to further research in this area. First, the sample size of this study is limited; the next survey can be conducted by adding more samples. Second, this study analyses the direct relationship between corporate governance internal mechanisms and sustainability report disclosure. Future research can examine the disclosure of sustainability reports from external corporate governance mechanisms.

REFERENCES

- Adegboye, A., Ojeka, S., Alabi, O., Alo, U. U., & Aina, A. (2020). Audit Committee Characteristics and Sustainability Performance in Nigerian Listed Banks. *Verslas Teorija Ir Praktika*, 21(2), 469–476. <https://doi.org/10.3846/btp.2020.10463>
- Aguilera, R. V., Desender, K. A., Bednar, M. K., & Lee, J. H. (2015). Connecting the Dots: Bringing External Corporate Governance Into the Corporate Governance Puzzle. *Academy of Management Annals*, 9(1), 483–573. <https://doi.org/10.5465/19416520.2015.1024503>
- Al-Shaer, H., Salama, A., & Toms, S. (2017). Audit committees and financial reporting quality. *Journal of Applied Accounting Research*, 18(1), 2–21. <https://doi.org/10.1108/JAAR-10-2014-0114>
- Aliyu, U. S. (2019). Board Characteristics and Corporate Environmental Reporting in Nigeria. *Asian Journal of Accounting Research*, 4(1), 2–17. <https://doi.org/10.1108/ajar-09-2018-0030>
- Andrés, P., & González, E. V. (2008). Corporate Governance in Banking: The Role of the Board of Directors. *Journal of Banking & Finance*, 32(12), 2570–2580. <https://doi.org/10.1016/j.jbankfin.2008.05.008>
- Anh, N. T. M. (2024). The Influence of Financial Indicators on the Sustainability Reporting Process of Vietnamese Enterprises. *Journal of Risk and Financial Management*, 17(4), 146. <https://doi.org/10.3390/jrfm17040146>
- Ani, D. A., Kusumaningrum, D., & Tantra, A. R. (2020). Sustainability Reporting: The Moderating Role of Audit Committee on Financial Performance. *Akuntabilitas*, 13(2),

- 137–150. <https://doi.org/10.15408/akt.v13i2.17467>
- Aziz, A. (2014). Studi Pengaruh Good Corporate Governance (GCG) Terhadap Sustainability Report". *Jurnal Audit Dan Akuntansi Fakultas Ekonomi Universitas Tanjungpura*, 3(2), 65–84.
- Baroroh, N., Ardelia, D., Yanto, H., & Handayani, B. D. (2022). *The Effect of Company Size and Audit Committee on Sustainability Reporting*. <https://doi.org/10.4108/eai.27-7-2021.2316916>
- Bronzetti, G., Rija, M., Sicoli, G., & Ippolito, D. A. (2021). Disclosure of Innovation on Sustainability Report. *European Journal of Innovation Management*, 26(3), 885–907. <https://doi.org/10.1108/ejim-04-2021-0195>
- Buallay, A., & Al-Ajmi, J. (2019). The Role of Audit Committee Attributes in Corporate Sustainability Reporting. *Journal of Applied Accounting Research*, 21(2), 249–264. <https://doi.org/10.1108/jaar-06-2018-0085>
- Cantele, S., Tsalis, T. A., & Nikolaou, I. E. (2018). A New Framework for Assessing the Sustainability Reporting Disclosure of Water Utilities. *Sustainability*, 10(2), 433. <https://doi.org/10.3390/su10020433>
- Davidson, R., Goodwin-Stewart, J., & Kent, P. W. (2005). Internal Governance Structures and Earnings Management. *Accounting and Finance*, 45(2), 241–267. <https://doi.org/10.1111/j.1467-629x.2004.00132.x>
- Davies, J. R., Hillier, D., & McColgan, P. (2005). Ownership structure, managerial behaviour and corporate value. *Journal of Corporate Finance*, 11(4), 645–660. <https://doi.org/10.1016/j.jcorpfin.2004.07.001>
- Eng, L. L., Fikru, M. G., & Vichitsarawong, T. (2021). Comparing the Informativeness of Sustainability Disclosures Versus ESG Disclosure Ratings. *Sustainability Accounting Management and Policy Journal*, 13(2), 494–518. <https://doi.org/10.1108/sampj-03-2021-0095>
- Fadhlihi, A. (2018). Structure of Ownership and Disclosure of Internet Financial Reporting. *Russian Journal of Agricultural and Socio-Economic Sciences*, 80(8), 242–248. <https://doi.org/10.18551/rjoas.2018-08.34>
- Fallah, M., & Mojarrad, F. (2019). Corporate Governance Effects on Corporate Social Responsibility Disclosure: Empirical Evidence From Heavy-Pollution Industries in Iran. *Social Responsibility Journal*, 15(2), 208–225. <https://doi.org/10.1108/srj-04-2017-0072>
- Farooq, M. B., & Villiers, C. D. (2019). Understanding How Managers Institutionalise Sustainability Reporting. *Accounting Auditing & Accountability Journal*, 32(5), 1240–1269. <https://doi.org/10.1108/aaaj-06-2017-2958>
- Febriani, N., & Yanto, H. (2021). Environmental Disclosure Practices Analysis on Companies Listed on the Indonesia Stock Exchange, Malaysia Exchange, and Thailand Stock Exchange. *Afebi Accounting Review*, 5(02), 104. <https://doi.org/10.47312/aar.v5i02.320>
- Febriyanti, G. A. (2021). Factors Affecting Sustainability Reporting Disclosure. *E-Jurnal Akuntansi*, 31(12), 3195. <https://doi.org/10.24843/eja.2021.v31.i12.p12>
- Garas, S., & ElMassah, S. (2018). Corporate Governance and Corporate Social Responsibility Disclosures. *Critical Perspectives on International Business*, 14(1), 2–26. <https://doi.org/10.1108/cpoib-10-2016-0042>
- Groff, M. Z., & Valentincic, A. (2011). Determinants of Voluntary Audit Committee Formation in a Two-Tier Board System of a Post-transitional Economy – The Case of Slovenia. *Accounting in Europe*, 8(2), 235–256.
- Gujarati, D. (1995). *Basic Econometrics*. McGraw-Hill.
- Hair, J. F., William, C., Babin, B. J., & Anderson, R. E. (2014). *Multivariate Data Analysis* (7th Edition). Pearson Education Limited.
- Haj-Salem, I., Damak-Ayadi, S., & Hussainey, K. (2019). Corporate Governance and Risk

- Disclosure Quality: Tunisian Evidence. *Journal of Accounting in Emerging Economies*, 9(4), 567–602. <https://doi.org/10.1108/jaee-01-2019-0005>
- Ifada, L. M., Suhendi, C., & Hanafi, R. (2021). The Role of the Board of Commissioners in Islamic Social Reporting. *Jurnal Economia*, 17(2), 195–207. <https://doi.org/10.21831/economia.v17i2.39682>
- Indriawati, F., Nurlis, N., & Dhewi, R. M. (2022). Sustainability Report Disclosure: Analysis of the Impact of Company Characteristics and Good Corporate Governance. *International Journal of Multidisciplinary Research and Analysis*, 05(12). <https://doi.org/10.47191/ijmra/v5-i12-36>
- Karaman, A. S., Kılıç, M., & Uyar, A. (2018). Sustainability Reporting in the Aviation Industry: Worldwide Evidence. *Sustainability Accounting Management and Policy Journal*, 9(4), 362–391. <https://doi.org/10.1108/sampj-12-2017-0150>
- Khafid, M., Baroroh, N., Tusyanah, T., & Tyas, V. (2019). Analysing the Determinants of Disclosures of Sustainability Report on LQ45 Companies. *ISSET*, 212–219. <https://doi.org/10.4108/eai.29-6-2019.2290458>
- Khan, N. J. M., Ali, H. M., & Alam, H. S. M. N. (2023). Addressing Sustainability Challenges as Part of the Director's Duty in Malaysia. *International Journal of Law and Management*, 65(6), 538–559. <https://doi.org/10.1108/ijlma-03-2023-0044>
- Khoiriyah, M., Zarefar, A., Afifah, U., & Oktari, V. (2022). The Role of Audit Committee in Corporate Sustainability Disclosure. *Akurasi Jurnal Studi Akuntansi Dan Keuangan*, 5(2), 167–179. <https://doi.org/10.29303/akurasi.v5i2.243>
- Krasodomska, J., & Zarzycka, E. (2020). Key Performance Indicators Disclosure in the Context of the EU Directive: When Does Stakeholder Pressure Matter? *Meditari Accountancy Research*, 29(7), 1–30. <https://doi.org/10.1108/medar-05-2020-0876>
- Lefort, F., & Urzúa, F. (2008). Board independence, firm performance and ownership concentration: Evidence from Chile. *Journal of Business Research*, 61(6), 615–622. <https://doi.org/10.1016/j.jbusres.2007.06.036>
- Lin, J. W., Li, J. F., & Yang, J. S. (2006). The effect of audit committee performance on earnings quality. *Managerial Auditing Journal*, 21(9), 921–933. <https://doi.org/10.1108/02686900610705019>
- Lucia, L., & Panggabean, R. R. (2018). The Effect of a Firm's Characteristics and Corporate Governance on Sustainability Report Disclosure. *Social Economics and Ecology International Journal (Seeij)*, 2(1), 18–28. <https://doi.org/10.31397/seeij.v2i1.15>
- Mohammadi, S., Saeidi, H., & Naghshbandi, N. (2020). The Impact of Board and Audit Committee Characteristics on Corporate Social Responsibility: Evidence From the Iranian Stock Exchange. *International Journal of Productivity and Performance Management*, 70(8), 2207–2236. <https://doi.org/10.1108/ijppm-10-2019-0506>
- Mujiani, S., Juardi, & Nadhifah, A. (2021). Sustainability Report Disclosure: A Good Corporate Governance Mechanism. *Relevan Jurnal Riset Akuntansi*, 1(2), 60–72. <https://doi.org/10.35814/relevan.v1i2.2256>
- Ngu, S. B., & Amran, A. (2021). Materiality Disclosure in Sustainability Reporting: Evidence From Malaysia. *Asian Journal of Business and Accounting*, 14(1), 225–252. <https://doi.org/10.22452/ajba.vol14no1.9>
- Nindiasari, A. D. (2021). Good Corporate Governance Practices and Voluntary Disclosure in Companies Listed in the Indonesia Sharia Stock Index (ISSI). *Asian Journal of Islamic Management (Ajim)*, 3(1), 45–55. <https://doi.org/10.20885/ajim.vol3.iss1.art5>
- Papoutsis, A., & Sodhi, M. S. (2020). Does Disclosure in Sustainability Reports Indicate Actual Sustainability Performance? *Journal of Cleaner Production*, 260, 121049. <https://doi.org/10.1016/j.jclepro.2020.121049>
- Sacristán-Navarro, M., & García, L. C. (2019). When Family Firm Corporate Governance

- Fails: The Case of El Corte Inglés. *Journal of Family Business Management*, 10(2), 97–115. <https://doi.org/10.1108/jfbm-02-2019-0010>
- Sekaran, U. (2003). Research Methods for Business - A Skill-Building Approach. In *John Wiley & Sons, Inc.* (4th ed.). John Wiley & Sons, Inc. <https://doi.org/10.1017/CBO9781107415324.004>
- Shamil, M. M., Shaikh, J. M., Ho, P.-L., & Krishnan, A. (2014). The Influence of Board Characteristics on Sustainability Reporting. *Asian Review of Accounting*, 22(2), 78–97. <https://doi.org/10.1108/ara-09-2013-0060>
- Sitorus, C. I. (2024). The Influence of Company Size, Board of Directors and Leverage on Sustainability Report Disclosure With Profitability as a Moderation Variable in LQ45 Companies Listed on the Indonesia Stock Exchange. *International Journal of Current Science Research and Review*, 07(05). <https://doi.org/10.47191/ijcsrr/v7-i5-29>
- Sofia, I. P. (2019). The Impact of Governance Effectiveness and Company Size on Environmental Performance. *Eaj (Economics and Accounting Journal)*, 2(2), 76–85. <https://doi.org/10.32493/eaj.v2i2.y2019.p76-85>
- Susilawati, S., Ambarwati, S. K. W. N., & Prakoso, R. (2022). The Effect of Leverage and Good Corporate Governance on Sustainability Report Disclosure. *International Journal of Science and Society*, 4(4), 60–74. <https://doi.org/10.54783/ijssoc.v4i4.553>
- Wachira, M. (2017). Determinants of Corporate Social Disclosures in Kenya: A Longitudinal Study of Firms Listed on the Nairobi Securities Exchange. *European Scientific Journal Esj*, 13(11), 112. <https://doi.org/10.19044/esj.2017.v13n11p112>
- Wahyuni, P. D., Dirman, A., Oktavia, & Kristanto, S. B. (2019). Effectiveness of the Implementation of Good Corporate Governance and Financial Performance on the Quality of Sustainability Reporting Disclosure. *Saudi Journal of Economics and Finance*, 03(12), 562–569. <https://doi.org/10.36348/sjef.2019.v03i12.001>
- Wooldridge, J. M. (2003). *Introductory Econometrics: A Modern Approach* (2nd Edition). Thomson South Western. <https://doi.org/10.1017/asb.2017.16>
- Zhang, Y., & Guo, X. (2022). Digital Transformation of Enterprises and the Governance of Executive Corruption. *Journal of Global Information Management*, 30(11), 1–18. <https://doi.org/10.4018/jgim.315128>