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Determinants of Sustainability Report On Mining Companies In Indonesia Sharia Stock Index (ISSI)

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Abstract

Sustainability Reports in recent years have become a crucial part of Integrated Reporting, which combines financial and non-financial parameters. In Indonesia, 144 issuers have implemented Environment-Social-Governance principles and sustainability reporting. This aims of research to determine how board size, gender representation, profitability, leverage, and institutional ownership affected sustainability report disclosure. This form of field study uses explanatory research approaches based on quantitative analysis. In data analysis, statistical computation is used to evaluate the hypothesis, which is a verification using SPSS 26. This research found that the disclosure of sustainability reports is unaffected by profitability, leverage, or the participation of female directors. However, the size of the board of directors positively affects the disclosure of sustainability reports, whereas institutional ownership negatively affects sustainability report disclosure. The findings offer guidance on corporate transparency and sustainability reporting. Companies can use these insights to refine governance structures, such as expanding board size, to enhance their sustainability disclosures. Additionally, institutional investors can consider these factors when evaluating investment companies, particularly in industries with a strong focus on sustainability, like mining.

Keywords: *Sustainability Report, Profitability, Leverage, Good Governance*

Abstrak

Laporan Keberlanjutan beberapa tahun terakhir telah menjadi bagian penting dari pelaporan terpadu, yang menggabungkan parameter keuangan dan non-keuangan. Di Indonesia, 144 penerbit telah menerapkan prinsip Lingkungan-Sosial-Tata Kelola dan pelaporan keberlanjutan. Tujuan penelitian ini adalah untuk mengetahui bagaimana ukuran dewan, representasi gender, profitabilitas, leverage, dan kepemilikan institusional memengaruhi pengungkapan laporan keberlanjutan. Bentuk studi lapangan ini menggunakan pendekatan penelitian eksplanatif berdasarkan analisis kuantitatif. Dalam analisis data, komputasi statistik digunakan untuk mengevaluasi hipotesis, yang merupakan verifikasi menggunakan SPSS 26. Penelitian ini menemukan bahwa pengungkapan laporan keberlanjutan tidak dipengaruhi oleh profitabilitas, leverage, atau partisipasi direktur perempuan. Namun, ukuran dewan direksi memengaruhi pengungkapan laporan keberlanjutan secara positif, sedangkan kepemilikan institusional memengaruhi pengungkapan laporan keberlanjutan secara negatif. Temuan ini memberikan kontribusi tentang pelaporan keberlanjutan. Perusahaan dapat menggunakan temuan ini untuk menyempurnakan struktur tata kelola, seperti memperluas ukuran dewan direksi, untuk meningkatkan pengungkapan keberlanjutan mereka. Selain itu, investor institusional dapat mempertimbangkan faktor-faktor ini saat mengevaluasi perusahaan untuk investasi, khususnya dalam industri dengan fokus kuat pada keberlanjutan, seperti pertambangan.

***Kata Kunci**: Laporan Keberlanjutan, Profitabilitas, Leverage, Tata Kelola yang Baik*

INTRODUCTION

Enterprises are encouraged to integrate social, environmental, corporate governance, ethical, and human rights concerns into their business strategy and operations. This shift towards sustainability fundamentally changes the way the companies are managed, with sustainability goals being added to the economic goals and integrated into business strategy. However, many companies consider sustainability activities as costly ones. Apart from the legal obligation to implement sustainability in everyday operations, there should be incentives for companies to include sustainability recommendations in the business. These may include the positive impact of sustainability performance on enhancing resources management efficiency, strengthening competitive position, improved financial results, and positive reactions from the financial market. Consequently, companies are interested in sustainable activities, provided they prove beneficial (Błach et al., 2025).

The Sustainability Report has evolved into a vital component of Integrated Reporting for Indonesian companies in recent years. This reporting merges both financial and non-financial metrics. The sustainability report aims to convey details about the company's performance and its effects on environmental, social, and governance aspects (B20 Sustainability 4.0 Awards, 2022). This shift is due to investors considering the profits reflected in financial statements and the company's ability to operate a sustainable business according to Environment, Social, and Governance (ESG) principles. They focus on the three bottom lines: Profit, People, and Planet (Hidayat, 2022). The concept of Sustainable Reporting in Indonesia dates back to 2005, following the establishment of the National Centre for Sustainability Reporting (NCSR), which emphasizes Sustainable Reporting according to GRI standards. The mandatory preparation of Sustainability

Reports in Indonesia commenced in 2017, adhering to five frameworks aligned with the International Sustainability Reporting standards (Pratiwi, 2023). However, data from IFAC states that out of 1,400 corporate business entities, only 51% of companies have compiled a Sustainability Report (Hidayat, 2022; Wartoyo et al, 2022). Even though not all of Indonesia's 144 issuers meet the requirements, a substantial number have created sustainability reports and adopted ESG concepts. A company's sustainability report should illustrate its impact on sustainability, such as outlining its plan to achieve zero carbon emissions by 2050 (Pratiwi, 2023; Jakaria et al, 2024).

Several factors can affect a company's decision to disclose its sustainability report. Profitability is one such factor in the company's financial performance. Management is inclined to implement CSR initiatives and submit sustainability reports when the company is highly profitable. Therefore, one conclusion is that companies are more likely to provide sustainability reports when they have strong financial performance. This is following research conducted by Meutia & Titik (2019), Rahayu & Cahyaningsih (2020), Shofiyah (2021), Putri et al. (2022), and Widyastuti & Endarwati (2023). However, it is different from the research conducted by Damayanti & Hardiningsih (2021), Pulungan et al. (2022), and Widowati & Mutmainah (2023). The result is that the disclosure of sustainability reports is not influenced by profitability. Another factor is leverage, which measures the degree to which a business depends on debt financing to support its assets. According to Widyastuti & Endarwati (2023) Companies with high leverage ratios will require loans from outside sources to fund their assets. To increase disclosure of sustainability reports, companies use strong leverage to foster a positive corporate image among stakeholders. Previous research conducted by Putri et al. (2022) and Widyastuti & Endarwati (2023) showed that leverage positively affects the disclosure of sustainable reports. However, the results of research conducted by Meutia & Titik (2019),Damayanti & Hardiningsih (2021), Shofiyah (2021), Pulungan et al. (2022), and Widowati & Mutmainah (2023) get different results, namely, leverage does not affect the disclosure of sustainable reports.

Disclosure in financial statements can also be affected by institutional ownership. The relationship between a company's social and environmental disclosure level and the extent of institutional ownership can be assessed through enhanced monitoring of these disclosure practices. Previous research conducted by Yuliawati et al. (2020) shows that institutional ownership has a positive effect on the disclosure of sustainability reports while research by Meutia & Titik (2019) and (Damayanti & Hardiningsih, 2021) prove that the disclosures made in the sustainability report under institutional ownership. However, different results from (Rahayu & Cahyaningsih, 2020), Sukardi et al. (2022) and (Widowati & Mutmainah, 2023) show that institutional ownership does not affect on the disclosure of sustainability reports. The composition of the board of directors can impact how financial statements are disclosed. This research examines structural factors such as board size and gender diversity. Research on this topic indicates that board size influences the transparency of sustainability reports. This impact is most noticeable when considering the following factors Justin & Hadiprajitno (2019) which found a positive effect and (Chai & Suparman, 2022) which found a negative effect. Also, previous research by (Justin & Hadiprajitno, 2019) shows the result that the representation of female directors negatively influences the disclosure of sustainability reports and (Chai & Suparman, 2022) shows that the representation of female directors does not affect the disclosure of sustainability reports.

This research focuses on mining companies listed on the Indonesia Sharia Stock Index (ISSI). Mining companies were chosen because they are crucial to societal and industrial growth. Additionally, the mining sector is inherently linked to sustainable mining efforts, which involve reorganizing non-renewable resource practices within the framework of sustainable development. This represents one of the most significant transformations occurring in the mining industry. Even the government has issued guidelines for the application of good mining engineering principles to realize sustainable mining that is environmentally friendly and takes into account the health and welfare of the community (Alamsyah, 2023; Wartoyo et al, 2024).

On the other hand, mining businesses in Indonesia face several problems. A total of 2,078 mineral and coal mining company licences were revoked in early 2021 by the Ministry of Energy and Mineral Resources (ESDM). The reason for the revocation was that the companies holding IUPs needed to fulfil the requirements for running operations by having a business licence and submitting a Work Plan and Budget (RKAB) since 2017 (Ahdiat, 2022). In line with that, IDX records show that PT Borneo Lumbung Energi & Metal Tbk (BORN) has been suspended since 30 June 2015 for not paying and not submitting audits and interim financial reports. In addition, BORN's suspension was prolonged due to signs of uncertainty regarding the company's ability to continue operating due to disputes between its subsidiary, PT Asmin Koalindo Tuhup (AKT), and the Ministry of Energy and Mineral Resources' decision to terminate its coal mining cooperation agreement (CCOW). In 2016, AKT borrowed money from Standard Chartered Bank (SCB) with the PKP2B contract as collateral, which was considered a significant violation because the contract was a state asset (Ayuningtyas, 2019; Jamila et al, 2024).

Profitability, leverage, institutional ownership, board size, and female director representation are the variables that this research aims to analyze in sustainability report disclosure. Theoretically and pragmatically, this research will make a difference. As part of the Sustainable Development Goals (SDGs), this research aims to make theoretical contributions that can inform capital markets and accounting science, focusing on social and environmental challenges. The ultimate goal is to contribute to the advancement of science. The practical contribution expected from this research is providing more information to issuers to formulate fundamental analysis policies to attract investor interest. In addition, investors should be able to use this knowledge to select companies with strong performance and sustainable mining practices.

LITERATURE REVIEW

Legitimacy Theory

Legitimacy theory is a perception or assumption that a company's activities follow morals, values, and beliefs that society can accept (Yosua & Tundjung, 2022). Legitimacy theory is expected to resolve the research hypothesis because it can support companies in voluntarily implementing corporate responsibility towards society and the environment to fulfil social responsibilities. Companies must disclose the quality of sustainability reports so that legitimacy continues to be obtained by the public (Berthelot & Robert 2011).

Compliance Theory

Compliance theory has been studied in the social sciences, especially in psychology and sociology, emphasizing the influence of socialization processes on

individual behaviour. There are two views on legal compliance in the sociological literature: instrumental and normative. The instrumental perspective assumes that individuals are driven by self-interest and response to changes in behaviour. The normative perspective is concerned with what people consider to be moral and conflicting with personal interests. Individuals tend to obey laws that are considered appropriate and consistent with the individual's internal norms. Commitment through personal ethics (Commitment Through Ethics) means compliance with the law because the law is considered necessary. Normative commitment through legality means compliance with statutory regulations because the legislature can determine behaviour.

Sustainability Report

According to the Global Reporting Initiative (GRI), Sustainability Reporting is a general overview of a company's economic, environmental and social impacts caused by daily activities. This Indonesian Company Sustainability Report shows the commitment of companies in Indonesia to a sustainable global economy. It can help organizations measure, understand, and communicate their economic, environmental, social, and governance performance, set goals, and manage change more effectively (Initiative, 2013).

Hypothesis

Profitability is a ratio that evaluates a business performance. One of the most common ways to measure profitability in research is by looking at Return on Assets (ROA). So, one way of measuring the contribution of assets to net income is through the Return on Assets Ratio (ROA). The ratio of net income to total asset funds measures the efficiency of an organization's financial operations. Investing one rupiah in total assets will provide more significant net income if the return on assets is high. On the other hand, a lower return on assets indicates that a smaller portion of the total capital invested generates profits. Return on Assets (ROA) is determined by dividing net income by total assets (Pulungan et al., 2022). So this research formulates the following hypothesis:

H_1: Profitability affects the disclosure of sustainable reports

Leverage involves the utilization of assets and financial resources by the company to increase potential income for shareholders, given that the company has fixed expenses Sartono (2008) in Damayanti & Hardiningsih (2021). Determine and evaluate the company's ability to fulfil its business commitments using the leverage ratio approach. The main proxy for the leverage ratio in this research is the debt-equity ratio (DER). The higher this percentage, the greater the company's dependence on creditor debt. Determining DER by comparing total debt to total equity (Pulungan et al., 2022). So this research formulates the following hypothesis:

H_2: Leverage affects the disclosure of sustainable reports

Institutional shareholders closely scrutinize disclosure of corporate social and environmental responsibility. Institutional ownership pressures companies to be transparent about their social and environmental policies. The explanation above clarifies that there is a direct correlation between the level of a company's social and environmental disclosure and the extent of institutional ownership (Yuliawati et al., 2020). This research divides institutional investors' share ownership based on the total number of shares in the company. Therefore, the following hypothesis was developed by this research:

H_3: Institutional ownership affects the disclosure of sustainability reports

Since a larger board of directors can draw on more knowledge and experience to make better judgements, a larger board opens up more possibilities and resources than a smaller board. In addition, board size has a more minor effect on larger boards than board size itself Shamil et al. (2014) in (Justin & Hadiprajitno, 2019). This research uses the natural log of the total number of board members. So, this research formulates the following hypothesis:

H_4: The size of the board of directors affects the disclosure of sustainability reports

According to gender stereotype theory, when applied to the male-dominated realm of corporate boards, women are viewed as a marginalized group lacking the financial resources necessary to be considered for board positions Nielsen and Huse (2010) in (Justin & Hadiprajitno, 2019). Female directors may be stereotyped as less effective than men if seen as unequal to men on the board, limiting their potential to influence decision-making (Justin & Hadiprajitno, 2019).

Descriptive analysis from Buallay et al. (2022)demonstrates that gender diversity tends to be higher with banks that have low financial leverage and high assets. Further, gender diversity is better in banks located in low GDP/high-governance/high unemployment countries. Regression modelling supports the finding, at a level of 21–50%, female participation in bank board's positively affects ESG disclosure. In levels in excess of 50%, however, a negative effect obtains with respect to corporate governance disclosure.

One of the metrics used in this research is the percentage of female directors; this is measured using a dummy variable, with a value of "0" for no female directors and a value of "1" for directors who fall into this category (Glass et al., 2016). Therefore, this research formulates the following hypothesis:

H_5: Representation of female directors affects the disclosure of sustainable reports

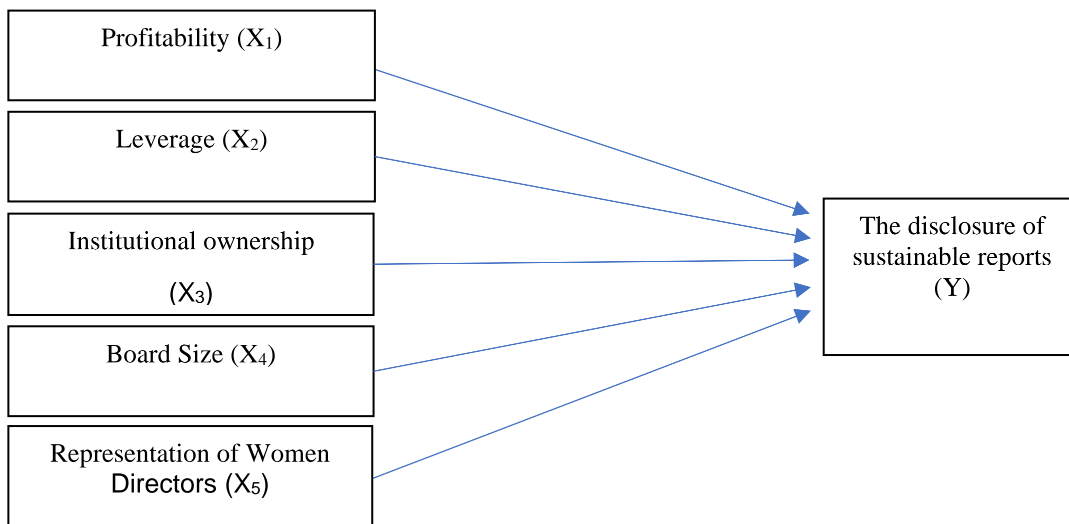

Figure 1. Research Model

METHOD

This research uses field research using a quantitative analysis method and an explanatory approach. This method investigates how profitability, leverage, institutional ownership, board size, and female director representation affect sustainability report disclosure. The Sustainability Reporting Disclosure Index (SRDI), using indicators from the Global Reporting Initiative (GRI) version 4.0, is the basis for measuring the disclosure of sustainability reporting. GRI uses The following measures: 1. Economic (consists of 9 indicators) 2. Environmental (includes 34 indicators) 3. Social (includes 48 indicators, each of which has sub-indicators): (i) Forty-six factors relating to working procedures and comfort at work. (ii) Twelve indicators relating to human rights [iii] Eleven indicators relating to society (iv) Product accountability, totalling nine indicators. This brings the total number of GRI indicators assessed to 91. The following is the measurement of all variables:

Table 1. Measurement of Variables

Variables	Measurement
Disclosure of Sustainability Report (Y)	Total items disclosed: Total GRI items
Profitability (X_1)	ROA = Net income: Total assets
Leverage (X_2)	DER = Total Debt: Total Equity
Institutional Ownership (X_3)	Number of institutional shares: All shares
Board Size (X_4)	natural log of the total number of board members
Representation of Women Directors (X_5)	0" if there are no female directors and "1" if female directors are on the board

Source: Processed Data, 2024

Based on Table 1. the subject of this research is manufacturing businesses in the mining industry listed on the Indonesian Sharia Stock Index (ISSI). This group was chosen to research how various factors influence Sharia-indexed companies and to encourage economic growth and Sharia-compliant enterprises. The research sample was selected using a purposive sampling approach based on the criteria: (1) mines continuously listed on the ISSI from 2018 to 2021; (2) mines that provided financial and sustainability reports during the research period; and (3) one mine that supplied all the necessary data for this research. This sample of businesses fulfills the requirements below:

Table 2. Sample

No	Code	Company Name
1	ADRO	PT Adaro Energy Tbk.
2	ANTM	PT Aneka Tambang (Persero) Tbk.
3	BSSR	PT Baramulti Suksessarana Tbk.
4	CITA	PT Cita Mineral Investindo Tbk.
5	DEWA	PT Darma Henwa Tbk.
6	ELSA	PT Elnusa Tbk.
7	ESSA	PT Surya Esa Perkasa Tbk.
8	GEMS	PT Golden Energy Mines Tbk.
9	HRUM	PT Harum Energy Tbk.

10	INCO	PT Vale Indonesia Tbk.
11	ITMG	PT Indo Tambangraya Megah Tbk.
12	MBAP	PT Mitrabara Adiperdana Tbk.
13	MYOH	PT Samindo Resources Tbk.
14	PTBA	PT Tambang Batubara Bukit Asam (Persero) Tbk.
15	PTRO	PT Petrosea Tbk.
16	TOBA	PT Toba Bara Sejahtera Tbk.

Source: Processed Data, 2024

The secondary data sources for this research are annual reports and sustainability reports published on company websites and evaluated for quality according to the Global Reporting Initiative (GRI) criteria which are listed in Table 2. The data consists of annual compilations of the factors under investigation. Verification techniques are applied in data analysis to assess the acceptance or rejection of hypotheses, utilizing statistical calculations. The data analysis was conducted using SPSS, which includes normality and multiple regression tests.

RESULTS AND DISCUSSION

Classical Assumption Test

Table 3. Classical Assumption Test

Test	Result		Conclusion
Normality Test			
One-Sample Kolmogorov-Smirnov	Asymp. Sig. (2-tailed)	0,200	Normal Data
Multicolonierity Test	**Collinearity Statistics**		No multicollinearity
	Tolerance	VIF	
ROA	0,568	1,760	
DER	0,927	1,079	
Institutional ownership	0,510	1,961	
Board Size	0,937	1,067	
Representation of Women Directors	0,753	1,328	
Heteroscedasticity Test	The Glejser test (**Sig.**)		
ROA	0,102		No Heteroscedasticity
DER	0,539		
Institutional ownership	0,240		
Board Size	0,583		
Representation of Women Directors	0,788		
Autocorrelation Test			
Runs Test	Asymp. Sig. (2-tailed)	0,286	No Autocorrelation

Source: Processed Data, 2024

Table 3. shows the normality test aims to determine whether the residual or confounding variables in the regression model follow a normal distribution. The t-test and the F-test operate under the general assumption that the residual values are normally distributed. This test assesses whether the cumulative distribution of the sample aligns with the predicted cumulative distribution in a normal distribution, using a significance level of 5%. The results of the data normality test indicate that the research data is normally distributed, as shown in Table 3, with a One-Sample Kolmogorov-Smirnov test result of 0.20, which is greater than 0.05.

A multicollinearity test is used to determine whether the independent variables in the regression model are correlated. An ideal regression model should have no relationship between the independent variables. By comparing the tolerance and VIF (Variance Inflation Factor) values, we can assess the presence of multicollinearity. Both measurements indicate how well the others can explain each independent variable. The multicollinearity test results, as shown in Table 3, indicate tolerance values greater than 0.1 and VIF values lower than 10. This suggests that multicollinearity is not a concern in the data.

A heteroscedasticity test is performed on the regression model to determine if the variances of the residuals across different observations are unequal. A successful regression model should exhibit homoscedasticity. The Glejser test was used for this purpose. The results in Table 3 indicate no heteroscedasticity, as the data has a significance value greater than 0.05.

The Autocorrelation Test examines the relationship between period t and period t-1 confounding errors in a linear regression model known as the (previous) autocorrelation test. Autocorrelation can be detected using the Run test. There is no autocorrelation, as shown in Table 3, with a significance value of 0.286 greater than 0.05.

Hypothesis Testing

Table 4. Multiple Regression Test

Results	B	Sig.	Hipotesis
Constant	33,321	0,000	
ROA	0,188	0,275	H_1 Rejected
DER	0,048	0,076	H_2 Rejected
Institutional ownership	-0,174	0,036	H_3 Accepted
Board Size	3,139	0,000	H_4 Accepted
Representation of Women Directors	3,352	0,323	H_5 Rejected

Source: Processed Data, 2024

The results of hypothesis testing show in Table 4, that the first hypothesis (H_1) shows a significance of 0.275, it can be concluded that H1 is rejected so that there is no influence between profitability proxied by ROA on the disclosure of sustainable reports. This indicates that high profitability does not motivate company management to carry out corporate social responsibility programs and disclose sustainable reports as part of corporate responsibility. This outcome supports previous research from Damayanti & Hardiningsih (2021), Pulungan et al. (2022), and (Widowati & Mutmainah, 2023) which

reveals the same thing that profitability does not affect the disclosure of sustainable reports.

Profitability, often measured by Return on Assets (ROA), reflects a company's financial health and its ability to generate profits from its assets. Theoretically, higher profitability is expected to motivate companies to engage in Corporate Social Responsibility (CSR) initiatives, including disclosing sustainability reports, to showcase their responsible business practices (Meutia & Titik, 2019). Companies with higher profitability might be more inclined to publish sustainability reports to improve their image and appeal to socially responsible investors. However, this study found no significant effect of profitability on sustainability report disclosure, aligning with the findings of Damayanti & Hardiningsih (2021) and Pulungan et al. (2022). This lack of effect may be due to other factors influencing the decision to disclose sustainability practices, such as internal corporate culture or external market pressures, beyond just profitability.

The Effect of Leverage on Sustainable Report Disclosure

The results of hypothesis testing show that the second hypothesis (H_2) shows a significance of 0.076, it can be concluded that H2 is rejected so that there is no influence between leverage proxied by DER on the disclosure of sustainable reports. Companies with a high level of leverage do not disclose sustainable reports just to get a good corporate image. Companies prefer to provide a good image to investors in other ways that are not examined by this research. (Yuni et al., n.d.). High debt obligations often cause companies to focus more on meeting their financial obligations, reducing attention to sustainability issues, so this finding is inconsistent with legitimacy theory. In this case, they assume that disclosing sustainability information can add to the financial burden or distract from more pressing financial performance. In addition, companies with high debt may feel more pressure to show solid financial performance to their creditors, which can result in neglecting sustainability disclosures.

Leverage, or the use of borrowed funds to finance a company's assets, is another factor considered in sustainability reporting. The theoretical framework suggests that companies with high leverage might disclose sustainability reports to improve their corporate image and attract investors who prioritize ESG (Environmental, Social, and Governance) criteria (Putri et al., 2022). However, this research did not find a significant impact of leverage on sustainability report disclosure, corroborating earlier studies (Meutia & Titik, 2019; Damayanti & Hardiningsih, 2021; Soviana et al, 2024). It may indicate that companies with high leverage prioritize financial stability over sustainability reporting or choose other means to improve their image, such as financial performance announcements or other forms of transparency. This outcome supports previous research conducted by Meutia & Titik (2019), Damayanti & Hardiningsih (2021), Shofiyah (2021), Pulungan et al. (2022) and Widowati & Mutmainah (2023).

The Effect of Institutional Ownership on Sustainable Report Disclosure

The results of hypothesis testing show that the third hypothesis (H_3) shows a significance of 0.036 with a negative beta coefficient, it can be concluded that H_3 is accepted so that it is stated that institutional ownership has a negative effect on the disclosure of sustainable reports. This indicates that stakeholders consider that by reducing the costs incurred by the company, especially the cost of disclosing sustainable reports, the level of profit they get will also increase. This outcome supports research

Meutia & Titik (2019) and (Damayanti & Hardiningsih, 2021)proving that disclosures made in sustainability reports are negatively affected by institutional ownership.

Institutional ownership refers to the proportion of shares held by institutional investors, who are expected to push for higher transparency in corporate reporting, including sustainability disclosures. The theory of institutional pressures suggests that institutional investors demand greater social and environmental accountability from companies (Yuliawati et al., 2020). The higher institutional ownership in the company causes themto be able to control decisions in the company (Nurhalisa & Hernawati, 2023). However, this study found that institutional ownership has a negative effect on the disclosure of sustainability reports. The possible explanation for this is that institutional investors may prioritize cost-efficiency and profitability, potentially viewing sustainability disclosures as an unnecessary expense that reduces short-term profitability (Meutia & Titik, 2019; Damayanti & Hardiningsih, 2021). This finding contradicts some studies that suggest a positive correlation between institutional ownership and sustainability reporting (Yuliawati et al., 2020).

The Effect of Board Size on Sustainable Report Disclosure

The results of hypothesis testing show that the fourth hypothesis (H_4) shows a significance of 0.000 with a positive beta coefficient, it can be concluded that H_4 is accepted so that the structure of the board of directors has a positive effect on the disclosure of sustainable reports.

This outcome provides reinforcement to previous research conducted by Justin & Hadiprajitno (2019) explaining how transparency in sustainability reports is positively influenced by board size. A larger board of directors, according to resource dependency theory, will have more access to opportunities and resources making it less vulnerable to outside influences and a higher board size will allow the board of directors to have different specialized knowledge from each other.

Board size is theorized to influence a company's transparency, including sustainability reporting. A larger board is expected to have a broader range of expertise and access to resources, which enhances decision-making and may lead to increased transparency in reporting (Shamil et al., 2014). This study found that board size positively affects sustainability report disclosure, confirming the hypothesis that larger boards are more likely to support transparency in sustainability efforts (Justin & Hadiprajitno, 2019). Larger boards can better manage corporate social responsibility programs, resulting in more comprehensive sustainability reports.

The Effect of Women Directors Representation on Sustainable Report Disclosure

The results of hypothesis testing show that the fifth hypothesis (H_5) shows a significance of 0.323, it can be concluded that H_5 is rejected so that there is no influence between the representation of female directors on the disclosure of sustainable reports. From the results of the research, some have a female board of directors and those who do not have a female board of directors, so the representation of female directors does not make companies more likely to fulfill their obligations to disclose sustainable reports, the outcomes of this research also support previous research by Chai & Suparman (2022).

The representation of women on boards has been theorized to influence corporate decision-making by fostering a more diverse approach to governance, potentially leading to increased attention to social and environmental issues (Nielsen & Huse, 2010). However, this research found that the representation of women directors did not

significantly affect sustainability report disclosure. This result supports previous studies by Chai & Suparman (2022), suggesting that while gender diversity may bring different perspectives to the board, it does not necessarily lead to more extensive sustainability reporting. The marginal impact of female representation might be due to other stronger influences, such as board size or institutional ownership, overshadowing gender diversity's effect.

CONCLUSION

The research analyzed the factors affecting sustainability report disclosure in mining companies listed on the Indonesian Sharia Stock Index. Key findings show that profitability, leverage, and women directors' representation do not significantly impact sustainability disclosures. However, board size positively influences sustainability reporting, while institutional ownership negatively affects it. Another result is that institutional ownership can hinder sustainability report disclosure, as stakeholders often expect a direct correlation between cost-cutting measures (including those related to corporate performance reporting) and increased profits. However, sustainability report disclosure is positively influenced by the size of the board of directors. This is because a larger board has a broader reach, which is essential for maintaining a good business image, and thus, sustainability report disclosure increases with board size.

Based on the research results, the contributions are both theoretical and practical. theoretical contribution from this study enhances the understanding of the factors influencing sustainability report disclosure, particularly in the context of mining companies listed on the Indonesian Sharia Stock Index. It provides new insights into how board size and institutional ownership affect sustainability reporting, contributing to the academic discourse on corporate governance and sustainability practices. Otherwise, practical contributions from this study are: For practitioners, the findings offer guidance on corporate transparency and sustainability reporting. Companies can use these insights to refine governance structures, such as expanding board size, to enhance their sustainability disclosures. Additionally, institutional investors can consider these factors when evaluating investment companies, particularly in industries with a strong focus on sustainability, like mining.

Recommendations Future research could expand the sample to include companies from various industries, not just mining. It may also explore the role of different governance structures or cultural factors in sustainability report disclosures. Additionally, applying alternative analytical methods, such as qualitative approaches or mixed-methods research, could provide further insights into the factors influencing sustainability reporting. Examining the long-term effects of sustainability disclosures on company performance and investor behavior could also be a valuable area for exploration.

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