THE EFFECT OF CORPORATE GOVERNANCE AND COMPANY CHARACTERISTIC ON SUSTAINABILITY REPORT

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Abstract

The purpose of this study was to analyze the effect of good corporate governance and company characteristics on sustainability report. The population of this study was 71 companies obtained from all consumer goods industry listed on the Indonesian Stock Exchange. The research sample was selected using purposive sampling technique and 12 companies was selected in order to obtain 48 units of analysis. This study used logistic regression analysis. The result of this study is that the audit committee has a positive effect on the sustainability report. Company size has a negative effect on sustainability report. Independent commissioner, managerial ownership, profitability, and liquidity have no effect on the sustainability report. Further research is expected to use different research objects, a wider research period, and use other variables outside of the variables in order to see the effect of other variables on the sustainability report.

Keywords: *Company Characteristics; Good Corporate Governance; Sustainability Report.*

1. INTRODUCTION

Traditional view defines that the company's profit can only be measured by profits earned by company. However a modern view of corporate social responsibility has appeared because this traditional view is no longer supports the importance of stakeholders (Diono & Prabowo, 2017). Company that run business activities to obtaining as much profit as possible, must also pay attention to take responsibility for the environment in which the company operates (Khafid & Mulyaningsih, 2015). Public concern for company activities that have an impact on environment makes the assumption that companies must be responsible for their business activities in the sustainability reports. Sustainability report is a report that published by company with the aim to disclosing company's performance and business activities. Sustainability report is based on the Global Reporting Initiative. GRI established three aspects in the disclosure of sustainability report, namely economics, environmental, and social aspects. The disclosure of sustainability report is carried out transparently so that public can know for sure the impact of company's activities. The disclosure of sustainability report can build public trust to the company which will affect continuity of business.

Research of sustainability reports is a very important topic due to the large number of environmental damage that caused by company activities. Case of environmental damage shows that company has a low level of concern regarding to the impact of their business activities on the environment. Furthermore, the number of expired drugs cases and hazardous cosmetics require companies to issue sustainability reports. This case results in the need for information that presents how the company runs its business. Information about the company's business activities can be presented through a sustainability report (Roviqoh & Khafid, 2021). This study uses primary consumer sector listed on the Indonesian Stock Exchange (IDX) as the research object because this sector is very close to everyday life. This sector produces basic needs such as food and beverages, cosmetics, medicines, and household goods. Primary consumer sector has a major impact on the environment. Based on Greenpeace Indonesia, in 2019 the beverage industry grew by 22.74% which lead to an increase in the volume of waste.

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Food and beverage industry contributes 65% to plastic demand. Consumption of plastic packaging also reaches 65% of the total national plastic consumption.

Research about sustainability reports has been studied a lot by previous researchers such as study by Adhipradana & Daljono (2014) dan Aniktia & Khafid (2015). However, from various previous studies there are inconsistencies so that the purpose of this study is to bringing up the topic about the effect of good corporate governance and company characteristic on sustainability reports. This research is based on the study by Aniktia & Khafid (2015). The difference between this study and previous research repose in the company's characteristics. The previous research used profitability and leverage as an indicators to measure company characteristic. Meanwhile this research adding liquidity and company size as an indicators to measure company characteristic.

2. LITERATURE REVIEW

Grand Theory

Jensen dan Meckling (1976) describe that agency theory as a relationship that arises as a result of an agreement between a principal who hires an agent to run the company. The existence of a separation goals between agent and principal, caused information asymmetry that can lead to a problem known as agency conflict. To reduce conflicts arise as a result of these problems, good corporate governance is needed as a mechanism that can adjust the difference interests between agent and principal.

Freeman (1984) describe that stakeholder theory is a theory that describe how management fulfil stakeholder expectations. The amount of attention to stakeholders affects the level of social information and company's social performance disclosure (Septiani et al., 2018). Sustainability report is a report that presents the information of corporate social responsibility that does not only focus on economic aspects, but also environmental and social aspects. The publication of sustainability report indicate that the company has a good corporate governance.

Legitimacy theory by Dowling and Pfeffer (1975) describe that companies operated based on the norms and rules that apply in public which the company operates. Legitimacy theory emphasize company to provide trust to the public that the company's activities and performance are acceptable. To gain public trust, companies can use annual reports and sustainability reports to shows company's capabilities and corporate responsibility to the environment. The most effective way to gain trust from the public is to report environmental and social responsibilities in sustainability report (Adhipradana & Daljono, 2014).

The Influence of Independent Commissioner on The Publication of Sustainability Report.

Independent commissioner is an organ that consisting of a board of commissioners from external company who have the task for assessing the overall performance of the company (Madona & Khafid, 2020). The existence of independent commissioner is expected to encourage the working atmosphere to be objective because there is no relationship with any part in company so that independent commissioners are considered to be able to realize good corporate governance. Stakeholder theory explains that the company must be able to give benefit for stakeholders. The independent board of commissioners serves to supervise and advise the board of directors in order to apply good governance to improve the company's reputation, thus making the company need to publish sustainability reports. (Adila & Syofyan, 2016). One of the part for implementing good governance is an independent board of commissioners that is expected to encourage management to disclose additional information to stakeholders, which is the disclosure of sustainability reports (Aniktia & Khafid, 2015). The composition of independent commissioners increasingly makes the more objective independent commissioners in making decisions to protect stakeholder rights and prioritize the company. (Madona & Khafid, 2020).

Aliniar & Wahyuni (2017), Diono & Prabowo (2017), and Nuraeni & Sudarno (2020) conducted research stated that independent commissioners has a positive effect on sustainability reports.

H_1 = Independent Commissioner has a positive effect on sustainability report.

The Influence of Audit Committee on The Publication of Sustainability Report.

Audit committee is an organ that supports the board of commissioners in overseeing management performance (Oktaviani & Amanah, 2019). Audit committee as a support committee for independent commissioners in performing controling functions can be an independent part for controling all policies and mechanisms carried out by management, including the disclosure of sustainability reports. Khafid & Mulyaningsih (2015) stated that the existence of an audit committee may influence management who have an interest in publishing sustainability reports as a means to accommodate stakeholder information needs. The frequency of audit committee meetings shows the perseverance of the audit committee to discuss decisions that must be taken in importance of all parties, especially the needs of stakeholders, which is the transparency of company reporting in the sustainability report. Stakeholder theory states that audit committee meetings can be a means of communication between members to exchange opinions regarding to the disclosure of company information. The more frequent audit committee meetings, indicate the better coordination between audit committees so that the effectiveness of supervision of management performance is higher which is expected to encourage increased sustainability report publications (Ruhana & Hidayah, 2020).

Safitri & Saifudin (2019), Triwacananingrum et al (2020), Ruhana & Hidayah (2020), dan Yunan et al (2021) stated that audit committee has a positive effect on sustainability report.

H_2 = Audit Committee has a positive effect on sustainability report.

The Influence of Managerial Ownership on The Publication of Sustainability Report.

Managerial ownership indicates the conditions which is management holds a certain number of shares in the company. Managerial ownership is one of the means to create an alignment of importance between management and shareholders so that potential disagreements can be overcome quickly. When management owns a number of shares of the company, then the management will feel directly involved and responsible for any risks that may arise due to decision making. Management who also act as shareholders will try to do the best for the company as much as possible, including to strive for transparency of company information by publishing sustainability reports. Agency theory states that managerial ownership is considered to minimize agency conflicts because with managerial ownership, management and owners will have the same goal to increase the value of the company. The company will show a good performance to increase the value of the company in order to attract investors to invest in the company. Good performance can be observed from financial conditions, corporate governance, and corporate responsibility to the environment and social that can be reported in the sustainability report. Nurrahman & Sudarno (2013) stated that management will likely have the awareness to disclose economic, environmental, social and corporate governance information by publishing sustainability reports if there is management acting as shareholders. Aziz (2014) stated that managerial ownership has a positive effect on sustainability report.

H_3 = Managerial Ownership has a positive effect on sustainability report.

The Influence of Profitability on The Publication of Sustainability Report.

Profitability serves to measure the amount of a profit company gets from its sales. Profitability is a scale that indicates a company's ability to get a profit. Profitability is defined as the results obtained from management efforts on capital invested by the owner of the company (Anshori et al., 2020). Profit is something important in the business process, because the assessment of the quality of the company can be seen from the stability of profit (Fadilla et al., 2021). Profitability is used by investors in assessing the quality of a company. Profitable companies tend to disclose more information so that stakeholders are confident to invest in the company, and tend to disclose more in sustainability reports (Masud et al., 2018). Stakeholder theory stated that companies with high profitability indicate that the company has good financial conditions so that the company feels more responsibility for stakeholders. The company will publish a sustainability report as a form of accountability for stakeholders and a means to accommodate stakeholder information needs. Sustainability reports can also serve as a means to maintain stakeholders trusts and supports by reporting company activities to show how the company runs its business to get a profit. The company publishes additional relevant information about its business activities so that stakeholders retain trust in the company and assist in the decision-making process (Nuraeni & Sudarno, 2020).

Rely (2018) dan Lucia & Panggabean (2018) conducted research stated that profitability has a positive effect on sustainability reports. Khafid & Mulyaningsih (2015) conducted research stated that profitability has a positive effect on sustainability reports which stated that company with high profitability tend to publish sustainability report.

H_4 = Profitability has a positive effect on sustainability report.

The Influence of Liquidity on The Publication of Sustainability Report.

Liquidity is a scale used to determine a company's ability to pay its short-term obligations. High liquidity indicates strong company conditions (Aniswatur, 2016). High liquidity indicates that the company's finances are in good shape. Liquid financial conditions can facilitate the running of the company's operations because liquidity can be a tool to anticipate unexpected needs and require the company to pay it off immediately. If the liquidity ratio shows a yield of more than 1 then the better the company's ability to pay its current obligation. Stakeholder theory explains that companies with high liquidity have high confidence to expand the disclosure of company information to stakeholders through sustainability reports because the company feels able to meet stakeholder expectations. Companies with high liquidity describe that company is being able to manage its current assets to the maximum so that it can pay its current obligations on time and minimize the risks arising (Sonia & Khafid, 2020). Companies with high liquidity have a tendency to present more information than companies with low liquidity (Lucia & Panggabean, 2018).

Ruhana & Hidayah (2020) stated that liquidity has a positive effect on sustainability report which means that companies with high liquidity will increase to publish sustainability reports.

H_5 = Liquidity has a positive effect on sustainability report.

The Influence of Company Size on The Publication of Sustainability Report.

Company size is used to classify the size or size of a company. According to UU No. 20 2008 classification of companies size is divided into three categories, namely micro, small, and medium enterprises. This classification is based on the total assets of the company and the total sales made in one year. The large companies receive more attention from public, so they have a tendency to use more costs to present the wider additional information, namely sustainability reports to maintain the legitimacy of the company. (Sulistyawati & Qadriatin, 2019). Legitimacy theory explains that the large companies, have a greater probability of publishing a voluntary information because large companies often get attention from the public in all of their business activities both economic, environmental and social activities. The presence of public attention makes the company will try its best to increase public trust by disclosing all its business activities into sustainability reports. Ruhana & Hidayah (2020) stated that large companies have greater resources and responsibilities towards the community so as to present more information to the public.

Khafid & Mulyaningsih (2015), Wulanda et al. (2017), dan Sulistyawati & Qadriatin (2019) conducted research stated that company size has a positive effect on sustainability report. The similar research was conducted by (Setiawan et al., 2019) Which explains that large companies have a greater impact on society so they must disclose their business activities in order to still gain legitimacy from the community.

H_6 = Company size has a positive effect on sustainability report.

3. RESEARCH METHOD

This research population amounted to 71 companies in the primary consumer field listed on the IDX in 2017-2020. The sample in this study is a primary consumer sector company that published consecutive annual reports from 2017-2020 and has the complete data needed in the study. The type of data in this study is secondary data. Data is collected by documentation techniques and literature studies. Data sources in this study are obtained from the company's website, articles, research journals, books, as well as various relevant sources. Purposive sampling techniques are used as sample selection techniques. The selection of samples is based on the following criteria:

a. Primary consumer sector companies listed on the IDX in 2017-2020.
b. Primary consumer sector companies that publish consecutive annual reports in 2017-2020.
c. Primary consumer sector companies publish a sustainability report separate from the annual report.
d. The company has the complete data needed in the research.

Based on the above criteria, 12 companies was selected in order to obtain 48 units of analysis.

Table 1. Research Sample Selection Criteria

No	Company Identification	Total
1	The number of primary consumer sector companies listed on idx in 2017-2020	71
2	Companies that have not published consecutive annual reports since 2017-2020	(26)
3	Companies that do not display complete data	(33)
4	Primary consumer sector companies that can be analyzed	12
5	Year of observation	4
	Total units of analysis	48

Data Analysis Techniques

This research is quantitative research analyzed with descriptive statistical analysis. Logistic regression is used in hypothesis testing because the dependent variables in this study use a nominal scale. Testing this hypothesis is done to see the influence of free variables on bound variables.

The stages in performing logistic regression analysis are:

1. Testing overall model fit to test whether the hypothesized model fits the data.

   a. Determinant coefficient test (R2) to determine the size of variable independent that is able to explain the dependent variable.
   b. Regression feasibility test to assess whether the hypothesized model fits the model.
2. Testing regression coefficient to determine the ability of independent variable to influence dependent variable.

The logistic regression equations in this study are as follows:

$$Ln \frac{P(sustainability)}{1 - P(sustainability)} = \alpha + \beta X1 + \ \beta X2 + \beta X3 + \beta X4 + \beta X5 + \beta X6$$

4. RESULT AND DISCUSION

Logistic Regression Analysis Results

Table 1. Overall Model Fit Test

-2 *Log Likelihood Block Number=0*	-2 *Log Likelihood Block Number=1*
66,542	44,685

The table above shows that the value -2 log likelihood block number=0 (beginning) with only a constant of 66.542, then the value of -2 log likelihood block number=1 (end) after being given 6 free variables of 44.685. So log likelihood on logistic regression decreased by 21,857. The decrease in log likelihood values indicates that with the addition of 6 free variables in the logistic regression model can make the model better or it can be concluded that the hypothesized model is fit with the data.

Table 2. Determination Coefficient Test

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	44.685[a]	.366	.488

The table above shows Cox & Snell R Square value of 0.366 and Nagelkerke R Square value of 0.488 which means sustainability report can be explained by independent commissioner variables, audit committee, managerial ownership, profitability, liquidity and company size of 48.8%, while the remaining 51.2% is explained by other variables beyond the research variables.

Table 3. Model Feasibility Test

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	8.575	8	.379

Chi-Square value is 8,575 with a Significance value of 0.379. Because of sig. (0.379) is greater than α=(0.05) then H0 is accepted and Ha is rejected which means there is no difference between observation and prediction (model matches).

Hypothesis Test

Table 3. Regression Logistic Test Results

Variables in the Equation							
		B	S.E.	Wald	Df	Sig.	Exp(B)
Step 1[a]	DKI	5.921	4.267	1.925	1	.165	372.600
	KA	.370	.186	3.964	1	.046	1.448
	KM	-.071	.040	3.217	1	.073	.931
	ROA	8.101	4.282	3.579	1	.058	3.299E3
	CR	.389	.280	1.928	1	.165	1.475
	SIZE	-.973	.333	8.555	1	.003	.378
	Constant	22.134	8.315	7.086	1	.008	4.101E9

The result of regression logistic test shows that independent commissioner variable (DKI) shows a regression coefficient value of 5.912 with a significant value of 0.165. Sig. 0.165>0.05 so hypothesis 1 is rejected which means that independent commissioner has no effect on sustainability report.

Audit committee variable (KA) shows a regression coefficient value of 0.370 with a significant value of 0.046. Sig. 0.046<0.05 so hypothesis 2 is accepted which means that audit committee has a positive effect on sustainability report.

Managerial ownership variable (KM) shows a regression coefficient value of -0.071 with a significant value of 0.073. Sig. 0.073>0.05 so hypothesis 3 is rejected which means that managerial ownership has no effect on sustainability report.

Profitability variable (ROA) shows a regression coefficient value of 8.101 with a significant value of 0.058. Sig. 0.058>0.05 so hypothesis 4 is rejected which means that profitability has no effect on sustainability report.

Liquidity variable (CR) shows a regression coefficient value of 0.389 with a significant value of 0.165. Sig. 0.165>0.05 so hypothesis 5 is rejected which means that liquidity has no effect on sustainability report.

Company size variable (SIZE) shows a regression coefficient value of -0.973 with a significant value of 0.008. Sig. 0.008>0.05 so hypothesis 5 is rejected which means that company size has negative effect on sustainability report.

The Effect of Independent Commissioner on Sustainability Report.

Independent commissioner is an organ that consisting of a board of commissioners from external company who have the task for assessing the overall performance of the company (Madona & Khafid, 2020). Members of the independent commissioner are taken from outside parties which have no relationship with company. The existence of independent commissioners supports the effectiveness in controling director’s performance to improve corporate governance to be more transparent for public (Nuraeni & Sudarno, 2020). Stakeholder theory describes that proportion of independent commissioners can maximize the effectiveness of their duties in transparency and disclosure of company information through sustainability reports.

Disclosure of sustainability report is carried out in order to fulfil the needs of minority shareholders and stakeholders for additional company information. The results of the hypothesis test are not in line with stakeholder theory because the hypothesis results indicate that independent commissioner has no effect on sustainability report. One of the reasons for the non-effect of independent commissioners on sustainability reports is the number of independent commissioners is considered ineffective to intervening the publication of sustainability reports. Putri (2013) stated that if the association parties in the company are more powerful and can manipulate the board, it will lead to limited the function of independent commissioners to control the process of disclosure and information providers.

Research by Aniktia & Khafid (2015) in line with the results of this hypothesis which shows that independent commissioners have no influence on sustainability report disclosure due to several reasons. The first reason is independent board of commissioners is less than optimal in carrying out its duties and functions. The second reason is possible due to the internal factors of individual members of independent commissioners. The third reason is the independence of independent commissioners. The fourth reason is in terms of thoughts and opinions of the independent board of commissioners members.

The Effect of Audit Committee on Sustainability Report.

Audit committee is one of the important organs in realizing good corporate governance. Audit committee is an organ that supports the board of commissioners in overseeing management performance (Oktaviani & Amanah, 2019). The task of audit committee according to the OJK Regulation is to check the financial information to be reported for public, recommend the accountant to be appointed to the board of commissioners, examine the plan and implementation of the audit conducted by the accountant, and check internal control and risk management. Based on stakeholder theory, the frequency of audit committee meetings shows the level of effectiveness audit committee in carrying out its duties. A qualified audit committee can understand the importance of the information delivered and the needs of stakeholders (Indrianingsih & Agustina, 2020). Audit committee meetings can be a means of communication between members to exchange opinions regarding to the disclosure of company information. The number of audit committee meetings that are increasingly frequent, indicates the better coordination between audit committees so that the effectiveness of control for management performance is higher which is expected to encourage increased publication of sustainability reports (Ruhana & Hidayah, 2020). The results of this hypothesis are in line with stakeholder theory, so the audit committee has a significant positive effect on the probability of publication of sustainability reports..

Triwacananingrum et al (2020) conducted research showing that audit committee has a significant effect on sustainability. The research found that communication between audit committees can support the discovery of audits that will be used as evaluations and management reports so that it is expected to encourage the better publication. Safitri & Saifudin (2019) also conducted a study with similar results. The research shows that the frequency of audit committee meetings can influence management to publish sustainability reports as a means of communication between companies and stakeholders.

The Effect of Managerial Ownership on Sustainability Report.

Managerial ownership indicates the condition which is manager holds a certain numbers of company's shares so that manager doubles as a shareholder who can take a part in making decisions. Managerial ownership is defined as an internal control mechanism that has a positive control function to minimize agency conflicts (Sintyawati, Ni Luh Ary, 2018). Agency theory states that managerial ownership is considered to minimize agency conflicts. Nurrahman & Sudarno (2013) stated that management will likely have the awareness to disclose economic, environmental, social and corporate governance information by publishing sustainability reports if there is management that acting as shareholders. The results of this hypothesis are not in line with the agency theory. Managerial ownership has no effect on sustainability reports can be caused because to increase the value of the company, management tends to focus more on publishing financial statements as well as possible rather than publishing sustainability reports. This can happens because management assumes that investors prefer to see the value of the company from the financial statements so that management prefer to focus more on publishing financial statements.

The results of this hypothesis are supported by previous research conducted by Nurrahman & Sudarno (2013) which showed that managerial ownership has no effect on company's probability to publish sustainability reports. Adhipradana & Daljono (2014) conducted a similar study which found that managerial ownership has no effect on sustainability reports is due to the possibility of managers to focusing more on publishing financial statements to build a company image.

The Effect of Profitability on Sustainability Report.

Profitability is defined as the results obtained from management efforts on capital invested by the owner of the company (Anshori et al., 2020). Profit is something important in the business process, because the assessment of the quality of the company can be seen from the stability of profit (Fadilla et al., 2021). Investors can assess the effectiveness of the company's management in achieving profits by looking at the profitability ratio. Profitability ratio is an important factor because company must be in profitable conditions (Dewi, 2019). Stakeholder theory explains that companies with high profitability indicate that company has a good financial conditions so that the company has a greater responsibility towards stakeholders. The Company will publish sustainability report as a form of accountability to stakeholders and a means to accommodate stakeholder information needs. The results of this hypothesis are not in line with stakeholder theory because the results of this hypothesis found that profitability has no influence on the probability of publication of sustainability reports. Aniktia & Khafid (2015) stated that companies that have high profitability tend not to disclose their business activities because it is possible that the profitability obtained comes from business activities that can cause adverse impacts on society and the environment.

Sulistyawati & Qadriatin (2019) conducted research showing that profitability (ROA) has no influence on sustainability reports. The study found that rising profitability has not been able to influence companies to publish sustainability reports. Safitri & Saifudin (2019) also conducted research on similar topics and obtained similar results.

The Effect of Liquidity on Sustainability Report.

Liquidity is defined as a ratio that reflects a company's ability to pay its short-term obligations (Adhipradana & Daljono, 2014). According to Almilia & Ikka (2007) in Aniswatur (2016), the strong financial condition of the company can be seen from the high liquidity ratio. Liquid financial conditions can facilitate the running of the company's operations because liquidity can be a tool to anticipate unexpected needs and require the company to pay it off immediately. Stakeholder theory explains that high liquidity will cause companies to have high confidence to expand disclosure of additional company information to stakeholders through sustainability reports. The results of the hypothesis are not in line with stakeholder theory because it shows that liquidity has no influence on the publication of sustainability reports. Oktaviani & Amanah (2019) explained that high liquidity indicates that the company has sufficient working capital, so company will presented the less information. In addition, liquidity has no effect on sustainability reports can be caused because investors prefer to see financial statements as a reference in decision making, without looking at company activities that can affect social and environmental conditions..

Adhipradana & Daljono (2014) conducted a study that found that liquidity (CR) had no effect on sustainability reports. This may be due to creditors paying more attention to the financial condition of the financial statements than the sustainability report, so that liquidity has no influence on the publication of sustainability report. Lucia & Panggabean (2018) also conducted research with similar topics and obtained similar findings. The findings explain that liquidity has no effect on sustainability reports because companies prioritize their attention to financial performance rather than publishing information about company activities presented in sustainability reports.

The Effect of Company Size on Sustainability Report.

Company size reflects to the scale used to classify the biggest or smallness company by referring to various aspects, including total assets, log size, and stock market value. (Afsari et al., 2017). In general, the information presented by large companies will be wider than small companies because large companies will never be separated from the views and pressures of social responsibility from public (Adila & Syofyan, 2016). Legitimacy theory explains that large companies have a greater probability to presenting voluntary disclosure of information because large companies often get attention from the public in all their business activities. The results of this hypothesis are not in line with the legitimacy theory because the results of hypothesis testing indicate that the size of the company has a significant negative effect on the company's probability to publishing sustainability report. Probability of large companies to disclose sustainability reports is lower, because large companies get attention from the public so that public has trust in all the activities of the company.

Ruhana & Hidayah (2020) conducted research that showed that company size has a negative effect on sustainability reports. The results of the study stated that large companies do not always disclose economic, environmental, and social activities in sustainability reports to gain legitimacy from stakeholders to influence internal and external parties to be interested in investing in stocks. Research with similar results was also conducted by (Nuraeni & Sudarno, 2020) which explained that large companies reveal less information in sustainability reports because large companies have gained public trust from all business activities carried out by companies.

5. CONCLUSION

The purpose of this quantitative research is to determine the influence of good corporate governance and company characteristics on sustainability reports. The overall conclusion of this study is that the audit committee has a positive effect on the sustainability report. Independent commissioners, managerial ownership, profitability, and liquidity have no effect on sustainability reports. While company size has a negative effect on sustainability reports. This study uses good corporate governance and company characteristics as independent variables. Researchers only use independent commissioner indicators, audit committees, and managerial ownership to measure good corporate governance. In addition, researchers also only use profitability, liquidity, and company size as a benchmark for company characteristics. Further research is expected to use different research objects, a wider research period, and use other variables outside of the variablles in order to see the effect of other variables on the sustainability report.

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