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FACTORS AFFECTING SUSTAINABILITY REPORT DISCLOSURE AMONG IDX-LISTED MINING COMPANIES

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ABSTRACT

This study aims to analyze the effect of profitability, leverage, and Board Diversity on sustainability report disclosures in mining companies listed on the Indonesia Stock Exchange. The sampling method used purposive sampling technique. The sample was 15 mining companies in the 2019 to 2021 research period and 45 data were processed. The data was processed using E-views 12 software. The results showed that profitability positively influences sustainability report disclosures. On the other hand, leverage and board diversity do not affect the disclosure of the sustainability report.

Keywords *: Sustainability Report Disclosure; Profitability; Leverage; Board Diversity*

1. INTRODUCTION

As economies around the world develop, competition between companies is getting tougher, which is shown in the increasing number of companies that are established and growing rapidly. Every company must try to survive, grow, and ensure long-term survival. One way a company grows is to earn as much profit as possible. On the other hand, stakeholders have a significant role in the sustainability of the company's operations. Therefore, the company also needs to consider its stakeholders welfare.

In the past, the company only applied the concept of single P (profit), where the company's goal was only to achieve maximum profit without being responsible to the surrounding environment and thinking about the impact of the company's activities [1]. Over time, the concepts applied changed when various environmental and humanitarian issues emerged, such as global warming, pollution, extinction, and others. Environmental issues make stakeholders change their perspective on the company, where protecting the environment is one of the important things the company must do. Stakeholders have a vital role in the company's operational activities. Therefore, the company needs to think about ways to continue to benefit while simultaneously improving the welfare of the company's stakeholders.

Currently, most companies implement the Triple Bottom Line (TBL) concept. Elkington first introduced the concept of the Triple Bottom Line in 1997. In his book Cannibals With Forks, the Triple Bottom Line of Twentieth Century Business, he explained that companies should prioritize stakeholders interests where all parties are involved in the company's activities compared to shareholders interests [1]. The interests of these stakeholders are summarized into the 3P concept, namely profit, people, and planet. The profit referred to in the 3P concept is maximizing profits and creating fair and ethical trade in business [1]. The 3P concept is the basis for a company to disclose a sustainability report.

The Global Reporting Initiative defines sustainability reporting as measuring and disclosing company activities as accountability to all internal and external stakeholders regarding the company's organizational performance in realizing sustainable development goals [2].

In Indonesia, some laws support corporate social and environmental responsibility, such as Law number 40 of 2007 article 74 concerning legal risks for companies that do not carry out social and environmental duties. In addition to the law, PSAK No. 1, paragraph 14 of 2021 [3] implicitly recommends disclosing environmental and social issues in a supplementary report. Although it has been supported by law and written implicitly in the SAK, in reality, many companies in Indonesia still have not disclosed a sustainability report, presumably because sustainability report disclosures in Indonesia are still voluntary. Companies voluntarily publish sustainability reports, and there are no government regulations regulating the issuance of sustainability reports. In fact, the disclosure of the sustainability report is important for the company. The importance of sustainability report disclosure is reinforced in the theory of legitimacy. According to [4], management tries to ensure that the company's operational activities are legal and follow the norms that exist in society. If the company discloses a sustainability report, the company's activities will be legitimized by the community that the company has participated in sustainable development [4]. In addition to the theory of legitimacy, sustainability report disclosures are also in accordance with the theory of stakeholders. According to [5], the company not only operates to fulfill its interests but is obliged to provide benefits to other stakeholders such as shareholders, consumers, government, and society. Therefore, by disclosing the sustainability report, stakeholders can find out the types of activities carried out by the company for the welfare of the interests of stakeholders.

This research takes the mining industry as a research subject because the mining industry is one of the most significant contributors to environmental pollution and damage [6]. Based on information from the Kompas article, about 70% of environmental damage in Indonesia is caused by the mining sector [6]. With so much environmental damage caused by the mining sector, it should be an awareness and obligation for mining companies to publish sustainability reports. But in fact, there are still many mining companies that are unaware of sustainability report disclosures. An example is PT Mikgro Metal Perdana.

According to the website of PT Mikgro Metal Perdana, since the company was founded until the business license of PT Mikgro Metal Perdana was revoked, PT Mikgro Metal Perdana has never published a sustainability report. During PT Mikgro Metal Perdana's operation, the company caused several damages, such as damage to mangrove plants, coral reefs, and marine biota [6]. The damage caused by the company causes damage to its image, especially coupled with the absence of a disclosed sustainability report, where the sustainability report should be able to help the company improve its image through the disclosure of social and environmental activities carried out by the company. In the end, the company was sued by the public, and the business license of PT Mikgro Metal Perdana was revoked.

The next phenomenon occurred at PT Adaro Energy. Based on the news from Kompas, PT Adaro Energy was sued in the case of water pollution of the Balangan river at the end of 2009. PT Adaro was obliged to compensate fish farmers affected by the damage. The total damage was Rp. 2.261 billion [6]. In this case, PT Adaro Energy experienced a decline in the company's image. PT Adaro Energy also had to fulfill its obligation to compensate the farmers affected by the pollution. Based on the 2010 annual report, ROA was recorded at 5.4, while in the previous year, it was recorded at 10.3, which shows that PT Adaro Energy has experienced a drastic decline in profit. PT Adaro Energy finally decided to disclose the sustainability report. It is hoped that by publishing a sustainability report, PT Adaro Energy can improve its corporate image and increase its profits. In 2011, PT Adaro Energi experienced an increase in profit. The 2011 annual report shows that net profit increased by 123.7% compared to the previous year. This phenomenon is in line with research conducted by [7] [8], which stated that profitability positively influences sustainability report disclosures. Companies with greater profitability tend to disclose sustainability reports to show the company's performance to stakeholders [9]. On the other hand, this study contradicts research by [10], stating that profitability does not affect sustainability report disclosures.

In 2017 and 2018, PT Adaro Energy experienced another lawsuit due to the people's livestock grazing land used by PT Adaro Energy for coal distribution access [6]. The community felt disadvantaged and sued PT Adaro Energy. It was also proven that PT Adaro Energy did not have a Borrow-to-Use Forest Area permit to build a road because the road is part of a forest area. This issue caused the community members to demand compensation from PT Adaro Energy. Based on information from the 2018 annual report, PT Adaro Energy has a debt of $2,758, whereas PT Adaro Energy experienced an increase in debt compared to the previous year. Based on PT Adaro Energy's website, in 2017-2018, PT Adaro Energy did not disclose the sustainability report. This issue is presumably because PT Adaro Energy wants to minimize costs, including the costs of making sustainability disclosures, so as not to be in the spotlight of debtholders. This phenomenon is in line with research [9] stating that leverage negatively affects sustainability report disclosures. On the other hand, other contradictory studies where in the research conducted [5] stated that leverage does not affect sustainability report disclosures.

Based on PT Adaro Energy's annual report, until 2021, of the six boards of directors, PT Adaro Energy does not have a female board at all. It shows that PT Adaro Energy has not implemented a gender diversity policy, as evidenced by the absence of a female board of directors. At the same time, women are more empathetic and sensitive to environmental issues than men [11]. This is due to the nature of women, who are nurturing, attentive, sensitive, and rely on intuition, compared to men, who are independent, competitive, and rational [11]. Women directors are also more oriented to stakeholders interests than men [11]. The absence of female directors is suspected to be one of the causes of the many environmental pollution cases resulting from decisions on mining activities made by the board of directors. This phenomenon is supported by research conducted by [12], where it is stated that board diversity has a positive influence on sustainability report disclosures. According to [11], companies whose board members have diverse gender tend to disclose sustainability reports compared to companies with only male board members. On the other hand, a study by [13] stated that board diversity does not affect sustainability report disclosures.

This study takes the 2019-2021 period as the research period, which is the period of the Covid-19 pandemic. Covid-19 has affected many economic industries, so companies compete to maintain their survival [14]. The company needs investor funds from both domestic and foreign in order to continue operating. Investors certainly have limited funds in investing, especially during the Covid-19 pandemic. Therefore, investors tend to be careful in investing their funds, so they choose transparent companies, meaning that these companies have complete and accurate information to assist investors in decision-making [4]. Publishing a sustainability report can show the company's transparency to help investors make decisions, especially amid the Covid-19 pandemic conditions [4].

This study aimed to obtain empirical evidence about the effect of profitability, leverage, and board diversity on sustainability report disclosure. It is hoped that this research can provide knowledge for companies to consider sustainability report disclosures as a form of environmental awareness and build the trust of stakeholders, be a consideration for potential investors to invest in the company, add insight and develop the ability of researchers in the field of research, become a reference for further researchers who will conduct the sustainability report research.

Related Work

Stakeholder Theory

Stakeholders are individuals, groups, and communities with a relationship and interest in the company [15]. [15] also stated that stakeholders can influence the success and failure of a company. According to [5], the company operates not only to prioritize the interests of the company itself. Companies must also provide benefits and maintain good relations with stakeholders such as shareholders, consumers, government, and society. One way that companies can maintain good relations with stakeholders is to disclose sustainability reports. By disclosing the sustainability report, stakeholders can find out the types of activities carried out by the company for the welfare of the interests of its stakeholders.

Legitimacy Theory

[4] states that management seeks to ensure that the company's operational activities are legal, namely following the norms that exist in society. In addition, legitimacy theory also describes the concept of a social contract, which is used to show people's expectations about how an organization carries out an activity. By disclosing the sustainability report, the company will be legitimized by the community because it is considered to have participated in sustainable development and followed the norms.

Agency Theory

Agency theory can be defined as the relationship between company management and owners. [5] states that agency theory explains the agency relationship between two parties where each party wants to maximize its interests. By disclosing the sustainability report, stakeholders interests will be fulfilled, as well as the company's interests, so the company's performance can be assessed well by stakeholders.

Sustainability Report

The Global Reporting Initiative defines sustainability reporting as measuring and disclosing company activities as accountability to all internal and external stakeholders regarding the company's organizational performance in realizing sustainable development goals [2]. The sustainability report is prepared based on the Global Reporting Initiative (GRI) principles. Sustainability reports can be measured by giving a score of 1 if the information is disclosed and a value of 0 if the information is not disclosed. Next, sum the score of each indicator to obtain an overall score [17].

Profitability

According to [7], profitability is a ratio that measures the company's ability to generate profits for shareholders. Measurement of profitability can be proxied by return on assets (ROA). ROA is a ratio that shows the return on the number of assets used in the company. In addition, according to [18], ROA provides a better measure of company profitability because ROA can show the effectiveness and performance of management in using assets to earn income.

Leverage

The leverage ratio measures the extent to which the company's assets are financed with debt or the proportion of total debt to the average shareholder equity [19]. This study uses the Debt to Equity (DER) proxy to measure leverage. DER measures an organization's capacity to pay most or all of its long-term and short-term debt with finance that comes from total capital compared to total debt [20].

Diversity Boards

According to [21], gender diversity shows the distribution between the number of men and women in the board of directors positions. The percentage of gender diversity can be measured by comparing the number of female members of the board of directors and the total number of members of the board of directors.

Profitability related to Sustainability Report disclosure

The higher profitability generated by the company, the company must have more funds so the company will carry out more activities related to social and environmental [9]. Activities related to the environment will be disclosed in the sustainability report. Based on research conducted by [7] [8] stated that profitability has a positive influence on sustainability report disclosure. On the other hand, this study contradicts [10] [17], stating that profitability does not affect the sustainability report's disclosure.

Leverage related to Sustainability Report disclosure

According to [8], companies with high leverage tend not to disclose sustainability reports because they have high debt and monitoring costs, so companies reduce costs, including the cost to disclose sustainability reports to pay off their obligations. [22] also stated that companies with a high level of leverage tend not to disclose sustainability reports to avoid being in the spotlight of creditors. Based on research conducted by [9] stated that leverage has a negative effect on sustainability report disclosure. On the other hand, this study contradicts [5], stating that leverage does not affect sustainability report disclosure.

Board Diversity related to Sustainability Report disclosure

The board of directors has a decisive role in a company. The board of directors has the power to manage all existing resources in the company, and all decisions made by the board of directors can affect the company in the short and long term [23]. According to [24], female directors are highly responsible for decision-making. Women tend to be more generous and considerate in making decisions, especially regarding moral and environmental values [24], so the more diverse genders in a company, the more disclosures related to sustainability will be. The description above is in line with research [12] [25], stating that board diversity positively influences sustainability report disclosure. On the other hand, this study contradicts [13] [24], stating that board diversity does not affect sustainability report disclosure.

Hypothesis Development

Stakeholder theory states that companies operate not only for their profit but must prioritize stakeholders interests by providing benefits [5]. This means the company focused on generating profits for its shareholders and delivering the profits to other interested parties other than shareholders, for example, contributing to the surrounding community, such as the construction of houses of worship, schools, and others. Related to the stakeholder theory above, where the profits earned by the company are not only intended for investors, companies that earn profits tend to make disclosures to other stakeholders in the form of a sustainability report.

Profitability is proxied by Return on Assets (ROA). ROA was chosen as a proxy because it measures a company's performance in generating profits by using its assets. Companies with a high ROA want to show their performance by disclosing a sustainability report to all stakeholders compared to companies with a low ROA. Thus, the greater the company profitability, the more disclosures are made. This explanation is in line with research [7] [8], stating that profitability influences the sustainability report disclosure. On the other hand, this explanation contradicts research [10] [17], stating that profitability does not affect sustainability report disclosure.
H_1: Profitability has a positive effect on sustainability report disclosure.

Agency theory says that conflicts of interest between principals and agents arise because each individual wants to maximize their interests [26]. The agent or management always tries to show their performance to the principal. A high level of leverage indicates poor performance for the agent, so the agent always tries to provide as little disclosure as possible to the principal regarding the company's leverage. In this case, companies with high-leverage management will maximize their interests by minimizing costs for sustainability disclosures [27]. Therefore, the company will avoid the spotlight of stakeholders. This study measures leverage using the Debt to Equity Ratio (DER) proxy. DER explains how much debt is guaranteed by the company's equity. Thus, DER can show management's performance in managing debt. Management certainly has an interest in offering good performance to stakeholders. Therefore, companies with high debt tend to minimize costs, including costs to disclose sustainability so that the company's performance is good in the eyes of stakeholders. This description is in accordance with research [9], where it is stated that leverage has a negative effect on sustainability report disclosures. On the other hand, there are other contradictory studies where in research [5], it is stated that leverage does not affect sustainability report disclosures.
H_2: Leverage has a negative effect on sustainability report disclosure.

One of the themes of stakeholder theory is how managers think about the management and success of the company [28]. Stakeholder theory can be divided into three types: instrumental, normative, and descriptive. The descriptive aspect focuses on how powerful actors roles and actions affect their stakeholder's interests [28]. One of the powerful actors in the company is the board of directors.

Gender differences between men and women on the board of directors have different characteristics. Companies with female board members tend to disclose more complete sustainability reports than companies with only male board members [11]. This is because women tend to have social-environment-oriented characteristics compared to men [11]. This explanation is in accordance with the stakeholder theory where women on the board of directors have powerful actors in the actions and decisions of the company, so with the characteristics of these women, the female board of directors will tend to carry out activities related to sustainability and provide benefits to stakeholders. This description is in accordance with research [12] [25], stating that board diversity influences sustainability report disclosure. On the other hand, this contradicts research [13] [24], stating that board diversity does not affect sustainability report disclosure.
H_3: Board Diversity has a positive effect on sustainability report disclosure.

Based on the description of the development of the hypothesis above, the research framework is described as follows:

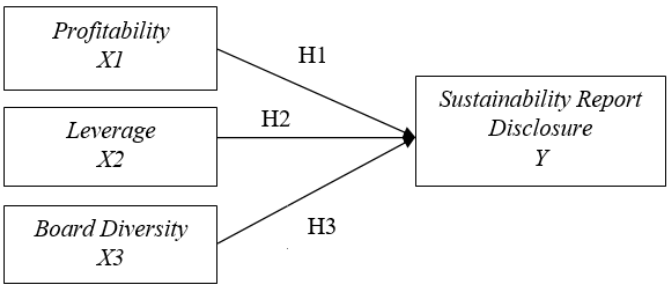


Figure 1. Research Framework

Our Contribution

This study aimed to obtain empirical evidence about the effect of profitability, leverage, and board diversity on the sustainability report disclosure of mining companies listed on the Indonesia Stock Exchange. The method of determining the sample in this study is a purposive sampling method with several criteria for sampling. The total sample that meets the criteria is 15 mining companies in 2019-2021. The data was processed using the panel data regression method with E-views 12 software. Based on the results of the study found that profitability has a positive influence on the sustainability report disclosure. In contrast, leverage and board diversity do not affect the sustainability report disclosure.

Paper Structure

This study uses a causal research design. According to [29], causal research is research that has the aim of knowing the causal relationship between the independent variable and the dependent variable. The data used in this study is secondary data, which is already available and obtained from sources. Secondary data was obtained from the company's annual and sustainability reports for 2019-2021. Annual reports and sustainability reports can be accessed through the official website of the Indonesia Stock Exchange, www.idx.co.id, and the company's official website. The method for determining the sample is purposive sampling, where samples that can be taken are samples that meet the criteria. Here are some criteria:

1. Mining companies were consecutively listed on the Indonesia Stock Exchange in 2019-2021.
2. Mining companies that publish annual reports in 2019-2021.
3. Mining companies that publish sustainability reports successively in 2019-2021 using the GRI Standard.

The total sample that meets the criteria is 15 mining companies in 3 years, so 45 data are obtained.

2. RESEARCH METHODS

This study uses descriptive statistical analysis, Chow test, Hausman test, Lagrange Multiplier test, normality test, multicollinearity test, heteroscedasticity test, multiple linear regression analysis, F-test, t-test, and the coefficient of determination test. The following is a table of operational variables and measurement formulas for each dependent and independent variable:

Table 1. Operational and Measurement Variables

No	Variable	Indicator	Measurement Formula	Scale	Source
1	Sustainability Report Disclosure	SRDI	$\frac{Number\ of\ items\ disclosed}{Total\ item}$	Ratio	Marsuking (2020)
2	Profitability	Return on Asset	$\frac{Net\ income}{Total\ Asset}$	Ratio	Bhatia and Tuli (2017)
3	Leverage	Debt to Equity Ratio	$\frac{Total\ Debt}{Total\ Equity}$	Ratio	Bhatia and Tuli (2017)
4	Board Diversity	BD	$\frac{Number\ of\ female\ directors}{Total\ board\ of\ directors}$	Ratio	Chicchiello et al., (2021)

3. RESULT AND DISCUSSION

Descriptive Statistics

Table 2. Descriptive Statistics

	SR	PROFIT	LEV	BOD
Mean	0.531832	0.040906	1.508888	0.072842
Median	0.547297	0.031079	0.811797	0.000000
Maximum	0.959459	0.285307	11.32430	0.400000
Minimum	0.290541	-0.098400	0.114611	0.000000
Std. Dev.	0.143417	0.065767	1.955378	0.109473
Skewness	0.430991	1.507300	3.176739	1.350955
Kurtosis	3.222413	6.772370	15.40658	3.864760

Jarque-Bera	1.485903	43.72236	364.2937	15.09023
Probability	0.475708	0.000000	0.000000	0.000529
Sum	23.93243	1.840791	67.89994	3.277886
Sum Sq. Dev.	0.905006	0.190316	168.2341	0.527313
Observations	45	45	45	45

Source: Data Processed by Using EViews 12

Profitability has a minimum value of -0.098400 and a maximum value of 0.285307. The minimum value of -0.098400 was owned by PT Bumi Resource in 2020, while PT Indo Tambangraya Megah owned the maximum value of 0.285307 in 2021. Profitability also has a mean value of 0.040906, a median of 0.031079, and a standard deviation of 0.065767.

Leverage has a minimum value of 0.114611 and a maximum value of 11.32430. The minimum value is 0.114611, owned by PT Bumi Resources Minerals in 2021, while the maximum is 11.32430, owned by PT Bumi Resources in 2020. Leverage also has a mean value of 1.508888, a median of 0.811797, and a standard deviation of 1.955378.

Board Diversity has a minimum value of 0. 000000 and a maximum value of 0.400000. The minimum value of 0.000000 owned by several companies such as PT Adaro Energi in 2019 to 2021, PT Merdeka Copper Gold in 2019 and 2020, PT Bukit Asam in 2019 and 2020, PT Indo Tambangraya Megah in 2019 to 2021, PT Aneka Tambang in 2019 and 2020, PT Medco Energi Internasional in 2019 to 2021, PT Bumi Resource Mineral in 2019 to 2021, PT Indika Energi in 2019, PT Timah in 2019 and 2020, PT Gunung Raja Paksi in 2020 and 2021, PT Petrosea in 2019, PT Elnusa in 2019, and PT Darma Henwa from 2019 to 2021. The maximum value of 0.400000 is owned by PT Elnusa in 2021. Board Diversity also has a mean value of 0.072842, a median of 0.000000, and a standard deviation of 0.109473.

The sustainability report disclosure has a minimum value of 0.290541 and a maximum value of 0.959459. The minimum value of 0.290541 was owned by PT Gunung Raja Paksi in 2019 and 2020, while PT Indika Energi owned the maximum value of 0.959459 in 2021. The sustainability report disclosure also has a mean value of 0.531832, a median of 0.547297, and a standard deviation of 0.143417.

Chow Test

Table 3. Chow Test Results

Effects Test	Statistics	df	Prob.
Cross-section F	2.131389	(14.27)	0.0445
Cross-section Chi-square	33.497711	14	0.0024

Source: Data Processed by Using EViews 12

Based on Table 3 above, the value of Prob. Cross Section Chi-Square is 0.0024. The result shows a probability value below 0.05, so it can be concluded that the best estimation model for this research is the Fixed Effect Model. Selected Fixed Effect Model requires the Hausman test.

Hausman Test

Table 4 . Hausman Test Results

Test Summary	Chi-Sq. Statistics	Chi-Sq. df	Prob.
Cross-section Random	1.163829	3	0.7617

Source: Data Processed by Using EViews 12

Based on Table 4 above, the value of Prob. Cross Section Random is 0.7617. The result shows a probability value above 0.05, so it can be concluded that the best estimation model for this research is the Random Effect Model. The selected Random Effect Model requires further testing by performing the Lagrange Multiplier test.

Lagrange Multiplier Test

Table 5. Lagrange Multiplier Test Results

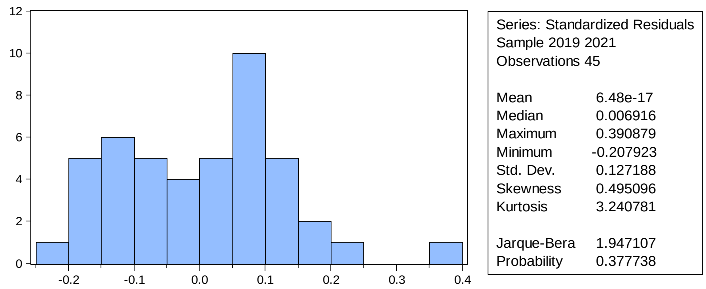
	Hypothesis Test		
	Cross-Section	***Time***	***Both***
Breusch-Pagan	3.020480 (0.0822)	0.013347 (0.9080)	3.033827 (0.0815)
Honda	1.737953 (0.0411)	0.115531 (0.4540)	1.310611 (0.0950)
King-Wu	1.737953 (0.0411)	0.115531 (0.4540)	0.722528 (0.2350)
Standardized Honda	2.208695 (0.0136)	0.808759 (0.2093)	-1.662360 (0.9518)
Standardized King-Wu	2.208695 (0.0136)	0.808759 (0.2093)	-1.423759 (0.9227)
Gourieroux et al.	-	-	3.033827 (0.0956)

Source: Data Processed by Using EViews 12

Based on Table 5 above, the probability value is 0.0815. The result shows a probability value above 0.05, so it can be concluded that the best estimation model for this research is the Common Effect Model.

Normality Test

Table 6. Normality Test Results



Source: Data Processed by Using EViews 12

Based on Table 6 above, the probability value is 0.377738. The result shows a probability value above 0.05, so it can be concluded that the data is normally distributed.

Multicollinearity Test

Table 7. Multicollinearity Test Results

	Profit	***Lev***	***BOD***
Profit	1.0000000	-0.467971	0.021822
Lev	-0.467971	1.0000000	0.040983
BOD	0.021822	0.040983	1.0000000

Source: Data Processed by Using EViews 12

Based on Table 7 above, the value between profitability, leverage, and board diversity variables has a correlation value below 0.85. It shows no multicollinearity between the independent variables in this study.

Heteroscedasticity Test

Table 8. Heteroscedasticity Test Results

Heteroskedasticity Test: Glejser Null hypothesis: Homoskedasticity			
F-statistics	0.790596	Prob. F(3.41)	0.5061
Obs*R-squared	2.460826	Prob. Chi-square(3)	0.4824
Scaled explained SS	1.800574	Prob. Chi-square(3)	0.6148

Source: Data Processed by Using EViews 12

Based on Table 8 above, the probability value Obs*R-squared is 0.4824. The result shows a probability value above 0.05, so it can be concluded that this study does not have heteroscedasticity problems.

Multiple Linear Regression Analysis

Table 9. Multiple Linear Regression Result

Variable	Coefficient	Std. Error	t-Statistics	Prob.
C	0.446504	0.035259	12.66348	0.0000
PROFIT	1.008801	0.342124	2.948639	0.0053
LEV	0.016780	0.011514	1.457369	0.1526
BOD	0.257292	0.181794	1.415297	0.1645

Source: Data Processed by Using EViews 12

Multiple linear regression analysis was conducted to see the relationship between the independent variables profitability, leverage, and board diversity, towards the dependent variable, sustainability report disclosure. Based on Table 9 above, the equation model can be formulated as follows:

$$SR = 0.446504 + 1.008801\ PROFIT + 0.016780\ LEV + 0.257292\ BOD + e$$

Where SR is a sustainability report disclosure; α is a constant; β1 β2 β3 are multiple linear regression coefficients; PROFIT is profitability; LEV is leverage; BOD is board diversity; e is an error.

F-Test

Table 10. F-Test Results

Method: Least Squares Panel			
R-squared	0.213514	Mean dependent var	0.531832
Adjusted R-squared	0.155966	S.D. dependent var	0.143417
S.E. of regression	0.131759	Akaike info criterion	-1.131002
Sum squared resid	0.711774	Schwarz criterion	-0.970410
Log likelihood	29.44755	Hannan-Quinn criter.	-1.071135
F-statistic	3.710207	Durbin-Watson stat	1.332451
Prob(F-Statistic)	0.018876		

Source: Data Processed by Using EViews 12

The F-test was conducted to determine whether there is an overall effect between the independent variables, profitability, leverage, and board diversity, on the dependent variable sustainability report disclosure. Based on Table 9 above, it is shown that the probability value of the F-statistic is 0.018876, where the probability value of the F-statistic is below the significance level of 0.05. This result indicates that profitability, leverage, and board diversity simultaneously affect the sustainability report disclosure.

t-Test

Table 11. t-Test Results

Variable	Coefficient	Std. Error	t-Statistics	Prob.
C	0.446504	0.035259	12.66348	0.0000
PROFIT	1.008801	0.342124	2.948639	0.0053
LEV	0.016780	0.011514	1.457369	0.1526
BOD	0.257292	0.181794	1.415297	0.1645

Source: Data Processed by Using EViews 12

The t-test was conducted to determine the partial effect of each independent variable profitability, leverage, and board diversity, on the dependent variable sustainability report disclosure.

Table 11 above shows that profitability symbolized by PROFIT has a probability of 0.0053, where the probability value is below the significance level of 0.05. This result indicates that profitability positively influences the sustainability report disclosure. The results of this study are in line with [7] [8], where it is stated that profitability positively influences the sustainability report disclosure. The results of this study also state that the higher company profitability, the more disclosures will be made.

The research results in Table 11 show that leverage, which LEV symbolizes, has a probability of 0.1526, where the probability value is above the significance level of 0.05. This result indicates that leverage does not affect the sustainability report disclosure. The results of this study are in line with [5], where it is stated that leverage does not affect the sustainability report disclosure. On the other hand, this study is not in line with [9], where it is stated that leverage has a negative effect on sustainability report disclosure.

The results in Table 11 show that the board diversity symbolized by BOD has a probability of 0.1645, where the probability value is above the significance level of 0.05. This result indicates that board diversity does not affect the sustainability report disclosure. The results of this study are in line with [13] [24], where it is stated that board diversity does not affect the sustainability report disclosure. On the other hand, this study is not in line with [12] [25], stating that Board Diversity positively influences the sustainability report disclosure.

Table 12. Hypothesis Test Results

Hypothesis	Test results
H_1: Profitability has a positive effect on sustainability report disclosure.	Accepted
H_2: Leverage has a negative effect on sustainability report disclosure.	Rejected
H_3: Board Diversity has a positive effect on sustainability report disclosure.	Rejected

Source: Data Processed by Using EViews 12

Coefficient of Determination Test (R^2)

Table 13. Coefficient of Determination Test Result

Method: Panel Least Squares			
R-squared	0.213514	Mean dependent var	0.531832
Adjusted R-squared	0.155966	S.D. dependent var	0.143417
S.E. of regression	0.131759	Akaike info criterion	-1.131002
Sum squared resid	0.711774	Schwarz criterion	-0.970410
Log likelihood	29.44755	Hannan-Quinn criter.	-1.071135
F-statistic	3.710207	Durbin-Watson stat	1.332451
Prob(F-Statistic)	0.018876		

Source: Data Processed by Using EViews 12

The coefficient of determination test was conducted to determine the percentage influence of the independent variables on the dependent variable so that it can be seen how much the independent variable can explain the dependent variable. Table 12 above shows that the coefficient of determination test results can be seen from the adjusted R-squared value. Adjusted R-Squared above indicates a value of 0.155966 or around 15.60%, it can be concluded that 15.60% of sustainability report disclosure can be explained by profitability, leverage, and board diversity variables. Independent variables can explain the remaining 84.40% of the dependent variable on sustainability report disclosure outside of the independent variables in this study.

Discussion

Profitability has a probability of 0.0053, where the probability value is below the significance level of 0.05, which shows that profitability influences the sustainability report. Profitability also has a coefficient of 1.008801, indicating a positive effect. This research revealed that profitability positively influences the disclosure of the sustainability report. Thus, we accepted H1. The results of this study are in line with research [7] [8], where it is stated that profitability positively influences sustainability report disclosures. Following the stakeholder's theory, [5] says that companies operate not only for their profit but must prioritize stakeholders interests by providing benefits. The positive effect of this study shows that mining companies prioritize stakeholders' interests by disclosing sustainability reports.

Leverage has a probability of 0.1526 and a coefficient of 0.016780, where the probability value is above 0.05, which shows that leverage does not affect the sustainability report disclosure. Our findings do not support H2. Thus, we rejected H2. The results of this study are in line with [5], where it is stated that leverage does not affect the disclosure of the sustainability report. The results of this study are also supported by PT Bumi Resource, where PT Bumi Resource has the highest leverage ratio in 2020, which is 11.3243. Nevertheless, PT Bumi Resource still discloses the sustainability report of 84 out of 148 items; the result is 0.5676. The result indicates that sustainability report disclosure is above the average value, so it can be concluded that although PT Bumi Resource has the highest leverage, PT Bumi Resource still disclosed many sustainability report disclosures. Then, in 2020 PT Gunung Raja Paksi had a relatively low leverage ratio compared to other companies, which is 0.4962. Even though the leverage is low, PT Gunung Raja Paksi only discloses a small amount of sustainability report disclosure, which is 43 out of 148 items; the result is 0.2905. The result indicates that PT Gunung Raja Paksi discloses below the average value. Based on these results, it can be concluded that although PT Gunung Raja Paksi's leverage is low, PT Gunung Raja Paksi still discloses little sustainability report disclosure. Following the agency theory, the agent always tries to show their performance to the principal. A high level of leverage indicates poor performance for the agent, so the agent always tries to provide as little disclosure as possible to the principal regarding the company's leverage. This study shows that leverage does not affect the sustainability report disclosure. Therefore, this study's results do not follow agency theory, where agents still disclose a lot of sustainability reports and are not concerned with their interests.

Board diversity has a probability of 0.1645 and a coefficient of 0.257292. The probability value is above 0.05, indicating that board diversity does not affect the sustainability report disclosure. Our findings do not support H3. Thus, we rejected H3. This study's results align with research [13] [24], stating that board diversity does not affect the sustainability report's disclosure. The results of this study are also supported by PT Elnusa, where PT Elnusa has two female directors out of a total of 5 directors. However, PT Elnusa only disclosed a sustainability report of 66 of 148 items and obtained a result of 0.4459. The result indicates that the disclosure of the sustainability report by PT Elnusa is below the average value. Based on these results, it can be concluded that although PT Elnusa has a high ratio of women's boards, PT Elnusa still makes little disclosure of the sustainability report. Then, PT Bukit Asam in 2020 does not have a female board of directors at all. However, PT Bukit Asam still makes a lot of disclosures in the sustainability report, where the sustainability report disclosed 108 out of 148 items, and the result is 0.7297. The result indicates that the disclosures made by PT Bukit Asam are above the average value. It can be concluded that although PT Bukit Asam does not have a women's board, PT Bukit Asam still makes a lot of disclosures in the sustainability report. Following the stakeholders theory, it is stated that women on the board of directors have powerful actors in the actions and decisions of the company, so they will tend to carry out activities related to sustainability and provide benefits to stakeholders. This study's results do not follow stakeholders theory, where company still disclose a lot of sustainability report even though there are few female boards.

In accordance with the theory of legitimacy, [4] states that stakeholders can recognize the company if the company's operational activities follow the norms. The results of the research above show that every company wants to get recognition or legitimacy from its stakeholders by disclosing sustainability reports without paying attention to leverage and board diversity factors.

4. CONCLUSIONS AND RECOMMENDATIONS

Based on the research results above, it can be concluded that the profitability variable positively influences the sustainability report disclosure, which shows that the company makes the higher the profitability, the more disclosures. On the other hand, it was found that the leverage and board diversity variables did not affect the sustainability report's disclosure because the variables only contributed 15.60% to the sustainability report disclosure, so other variables influenced 84.40% of the disclosure.

This research is far from perfect. The limitation of this study are: the sample used in this study is only mining companies listed on the Indonesian stock exchange, so it does not reach all companies in Indonesia; This study only uses three independent variables: profitability, leverage, and board diversity. The contribution of these three variables is only 15.60%, so other independent variables still influence the sustainability report disclosure.

Based on the limitations of this study, it is recommended that further researchers examine other industries besides the mining industry. In addition, it is hoped that further researchers can choose and add other independent variables such as company size, company cash flow, audit committee, independent commissioner, and other variables that can affect the disclosure of the sustainability report. In addition, further researchers can increase the period of the research. For the investor, it is advisable to pay attention to the quality of sustainability reports disclosure before investing. After that, investors who have invested are advised to encourage management to improve the quality of sustainable development.

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