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Original Research Article

The Effect of Financial Performance, Company Characteristics and *Corporate Governance on the Quality of Sustainability Report* Disclosure (In Manufacturing Companies Listed on the Indonesia Stock Exchange 2017-2020)

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Abstract

This study tries to ascertain how company characteristics, financial success, and excellent corporate governance affect the quality of report disclosures (In Manufacturing Companies Listed on the Indonesia Stock Exchange 2017-2020). Purposive sampling was used to determine the sample in this study, which used data from the annual reports of the Indonesia Stock Exchange and riot reports from 2017 to 2020 as the population and sample. The analytical approach of this study uses statistical techniques and the application of Eviews 12. The findings of this study indicate that although company size has no significant effect on the quality of sustainability report disclosure, other factors such as return on assets (ROA), independent commissioners, and audit committees have an effect. Based on the studies that have been conducted, it is evident that many businesses are starting to disclose their launch reports to provide more significant data because the volume of disclosures and the quality of reports are improved and validated.

Keywords: financial performance, company characteristics, board of commissioner's independent, audit committee, disclosure of *sustainability report*.

PRELIMINARY

Companies must prioritize not only their own economy but also the environmental and social circumstances around them. Particular attention should be paid to any negative effects their commercial operations may have on these conditions. In order to maintain social and environmental harmony in conducting business activities, efforts have been made to realize this world. As a result, a non-financial report consisting of three components economic performance, environmental performance, and social performance has been created and is known as the Sustainability Report (LK) or Sustainability Reporting (SR).

How social responsibility information is provided affects the level of quality of sustainability reports (Leitoniene and Sapkauskiene, 2015). But there is no agreed upon metric to judge the quality of sustainability reports. Disclosure by breadth, disclosure index by breadth, and disclosure index by breadth and depth are the three methodologies that Man (2015) found used in a previous study to measure report incidence. The number of words used by Deegan and Gordon (1996), sentences used by Hooks and van Staden (2011), pages used by Patten (1992), and proportion of pages used by Haron *et al.,* all examples of disclosure levels (2006). This approach does not indicate quality when assessing report quality; it only judges the amount of matter. Lacks the transfer of information necessary to create an excellent report, and lengthy reports may also include irrelevant information (Man, 2015; Unerman, 2000; Chiu and Wang, 2015). The nominal scale-based disclosure index is related to the number of items selected by the company (Khan *et al.*, 2013; Dilling, 2010).

The trend of state-owned and public companies in the industry of European countries such as Denmark, Luxembourg, Switzerland and the UK producing sustainability reports is unexpected given the ratings and excellent scores these countries are getting. Japan is ranked 12th in Asia, while Indonesia is still ranked 116th out of 180 countries (Environmental Performance Index, 2020). Companies recording environmental, social and riot reports on their financial statements are starting to increase dramatically, according to an analysis of KPMG survey data for the journal article "The Impact of Sustainability Reporting on Corporate Performance."

The conditions and impacts that arise on the natural environment and social conditions as a result of business activities carried out by many companies in Indonesia, at least there are several events or phenomena that cause the survival of a company to be threatened, both because of financial problems and social corporate responsibility to the community and the surrounding environment. Among them are included in (kompas.com) PT Mitra Adi Perkasa Tbk which will lay off several of its retail stores due to a decrease in the level of buyers. Then with PT *Freeport* which is very closed by the government because of the divestment of shares and poor waste management, it is likely that the government will revoke its operating license (voaindonesia.com). Followed by the activities of the textile company PT Mahatex which were forcibly banned by local residents because the liquid waste from textile processing, dust, and noise were considered disturbing and polluting the environment (sindonews.com). From these matters, the authors present some of the results of previous research regarding the effect of financial performance and company characteristics as well as *Good Corporate Governance* on the quality of disclosure *of the Sustainability Report, which* are explained below.

Companies with strong financial performance will be able to pay equal attention to all stakeholders by focusing on the quality of their riot disclosures. Report issuance costs require a lot of attention and money, so companies with poor financial performance will disclose them in small amounts. This is because the quantity and quality of sustainability report disclosures are influenced by the company's financial performance (Damanik, 2017). Large companies tend to receive a lot of public scrutiny, therefore large companies tend to spend more to disclose broader information as an effort to maintain company legitimacy which is closely related to financial performance in this case EPS, ROA and ROE only ROA which affects the quality of disclosure *Sustainability Report*. The better the company's financial performance will produce a better *Sustainability Report* so that it has the potential to provide opportunities for companies to invest in social performance domains such as *community relations*, *employee relations*, or the environment (Waddock & Graves 1997). Effect of *leverage*, profitability, and quality of disclosure on firm value with revenue growth as a moderating variable. Average and profitability have a significant positive effect on firm value. In addition, this study found that revenue growth is a moderating variable of the relationship between the quality of corporate sustainability disclosures and firm value (Utami, 2015). Company size, ROA, and the audit committee board have a positive effect, which indicates that the higher (ROA), the larger the company size and the more independent commissioners, the wider the disclosure. The audit committee variable shows a negative direction, which means that the number of audit committee members tends to be less extensive. The variables of liquidity and company age have no effect, which leads to the high or low value of liquidity and the age of the company cannot affect the level of broad disclosure (Yunan, Kadir & Anwar, 2021).

Every company that has different characteristics results in different motivations in disclosing Sustainability Reporting in accordance with the inherent understanding of each company which has the goal of improving corporate image, product information and so on so that company size does not affect quantity and the quality of Sustainability Report Disclosure but the type of Company affects the Quantity of Sustainability Report Disclosure, while the Type of Company does not affect the Quality of Sustainability Report Disclosure (Damanik, 2017). The influence *of Sustainability Reports* and organizational characteristics show that companies that are socially responsible are companies with small sizes and have high financial performance based on ROA (Stanwick & Stanwick, 1998). Profitability has a positive effect on the disclosure of the *sustainability report*. Meanwhile, company size, *leverage*, company activity, board of directors, and independent board of commissioners have no effect on the disclosure *of sustainability reports* (Prabaningrum & Pramita, 2019). There is no relationship between the type of industry and the existence of *Sustainability Report disclosure* both in terms of total quality and quantity, but company size in this case total *assets* and sales results reveal *a Sustainability Report* both in terms of quality and quantity, while total sales only affect quality (Gunawan, 2007). The board of commissioners, audit committee, plantation share ownership, company size have no significant positive effect on the quality of *sustainability report disclosure* (Aliniar & Wahyuni, 2017). Companies with traits such as being based in Europe, working in the energy or manufacturing industries, or having better profit margins tend to issue superior sustainability reports. On the other hand, businesses with faster long-term growth rates are less likely to publish sustainability reports. These groundbreaking research findings immediately advance the understanding of businesses voluntarily disclosing CSR data in the form of high caliber sustainability reports and the importance of creating universally recognized reporting standards (Dilling, 2010).

Publication of implementation reports is an implementation principle and mechanism of Good Corporate Governance (GCG), which states that businesses must consider the interests of stakeholders, comply with applicable laws, and build active partnerships to ensure long-term sustainability. In a situation of global competition like this, the implementation of good *corporate* governance (GCG) is a must in order to build a strong and sustainable company. The implementation of good corporate governance can effectively improve the quality of financial reporting (Sarbanes-Oxley Act-2002) (Setiyawati & Nengzih, 2014:172). The mechanism and *governance* structure itself in the company can be used as a supporting infrastructure for the disclosure of the *Sustainability Report*. Companies are increasingly conveying their level of responsibility to stakeholders by disclosing economic, environmental and social factors, or what is known as triple bottom line reporting. The size of the Board of Commissioners, the proportion of Independent Commissioners, the size of the Audit Committee, ownership share ownership, ownership share ownership, and company size have no significant effect on the quality of SR disclosure in Indonesia, while managerial ownership factors have no significant effect on the quality of SR disclosure in Indonesia. . Therefore, the elements of GCG characteristics mentioned above are still not able to effectively improve the oversight mechanism to encourage the quality of SR disclosure (Aziz, 2014). Factors of the board of commissioners and independent audit committee significantly increase the transparency of the sustainability report. Meanwhile, the board of director's variable does not appear to have an impact on how a company discloses its sustainability report. Thus, it can be concluded that company management does not fully take into account financial performance parameters when disclosing reports of riots (Sari, Marsono, 2013). The proportion of independent commissioners, institutional ownership has a significant positive effect on the quality of *sustainability report disclosure* (Aliniar & Wahyuni, 2017). When viewed from the description above, it is interesting to see whether the financial performance and characteristics of the company are seen from the size of the company and *Good Corporate Governance*, in this case the independent board of commissioners and the audit committee have an influence on the quality of the disclosure *of the Sustainability Report*.

The purpose of this research is to find out whether the quality of disclosures in sustainability reports is influenced by financial performance, company characteristics, company size, and good corporate governance from the perspective of the independent board of commissioners and the audit committee. To assess the quality of the disclosure of the Sustainability Report using content analysis which is guided by research conducted by (Gunawan, 2007 & Damanik, 2017) because in more detail where the disclosure items are weighted to see the quality of the disclosures given. Guidelines for disclosure *of Corporate Social Responsibility* that are widely used by companies globally, including Indonesia, are the *Global Reporting Initiative* (GRI). This research was conducted with reference to GRI as a method for analyzing the relationship between *Corporate Social Responsibility disclosure* and financial performance (Waluyo, 2017: 361). This is also the disclosure guideline used in this study using the *Global Reporting Initiative (GRI Standards)* reporting and disclosure standards which have disclosed items that are quite complete because they continue to materialize and are relevant to current needs.

LITERATURE REVIEW AND DEVELOPMENT HYPOTHESIS

Stakeholder Theory

According to stakeholder theory, a company must manage itself in a way that benefits all its stakeholders and must treat them fairly. Therefore, no shareholder overrides the interests of other stakeholders. Is a theory that explains the interaction between an organization and its constituents, where constituents are any group or person who influences and has an impact on organizational goals?

Legitimacy Theory

A valuable tool for assessing business behavior is legitimacy theory. Since corporations are a component of the social system, their values and norms must be modified to reflect the values and norms of society. The social contract between business and community can be considered as social legitimacy. Both implicitly and stated, this shows how society's expectations about how a company should act are necessary for the company to continue operating in the future. According to this theory, a business can stay in business if its operating principles are in line with social ideals and consider the effects of its actions on the environment and society as well as its financial performance (Rankin, 2010).

Sustainability Report (SR)

Global Reporting Initiative (GRI) is an independent international organization that helps businesses and organizations take responsibility for their impacts by communicating those impacts through reporting. GRI helps government sector clients understand and communicate impacts on sustainability on issues such as climate change, human rights, governance, and social welfare. This enables real action to create social, environmental and economic benefits for all people. Social responsibility reports refer more to the company's effect on the welfare of employees, local communities and the environment (Purnomo, 2014).

Financial Performance (Profitability)

The capacity of a business to generate profits by leveraging its own resources, such as money, sales or assets, is known as profitability. The degree of porosity of a company is directly correlated with the level of its competitiveness. The company's profit numbers show that it is growing. Emerging and growing businesses often increase their investment and add new ones to support future development. The more information needed, the information will be desired more broadly in accordance with the requirements using the Sustainability Report (Ahmad, 2009).

Company Characteristics (Company Size)

According to government regulations in article 74 paragraph (1) of the Limited Liability Company Law no. 40 of 2007, "Companies that carry out their business activities in the field and/or related to natural resources are required to carry out Social and Environmental Responsibilities", the government stipulates that businesses that are business in nature and/or related to natural resources are required to carry out responsibilities social and environmental responsibility.

Good Corporate Governance

Corporate governance explains how the institutions or institutions included in the governance structure interact in an integrated manner in carrying out their respective functions (Soemarso, 2018). *The Corporate Governance Forum on Indonesia* (FCGI) states that the definition of the *Cadbury Committee* , namely: "a set of regulations governing the relationship between shareholders, management (managers) of companies, creditors, government, systems that regulate and manage business, or in other words, systems which includes workers and other internal and external stakeholders about their rights and obligations.

Independent Board of Commissioners

Shareholders, members of the board of directors and other members of the board of commissioners, *interests*, one of which is the disclosure of sustainability *report* (Aniktia and Khafid, 2015).

Audit Committee

The audit committee according to the Indonesian Audit Committee Association (IKAI) is a group that is run professionally and independently and is formed by the board of commissioners. As such, it has a responsibility to support and strengthen the board of commissioners (or supervisory board)'s ability to perform the oversight function (overnight) of the process. Financial reporting, risk management, conducting audits, and implementing corporate governance in business (Arif Effendi, 2017).

Financial Performance and Disclosure *of the Sustainability Report*

Publication of discontinuance reports by the company will improve the company's financial success. This is intended so that the final disclosure becomes better and of higher quality and because corporations have greater resources to pay attention to all stakeholders. According to other research that identified a relationship between the success of financial companies and the disclosure of riot reports, the quantity and quality of report disclosures were influenced by the performance of financial companies (Damanik, 2017) (Stanwick, 1998). Therefore, the importance of disclosure in the Sustainability Report increases earnings with stronger financial company success. The following statements can be made based on the above considerations:

H1: The Company's financial performance affects the quality of the disclosure *of the Sustainability Report.*

Company Size and Disclosure *of the Sustainability Report*

The resulting disclosures will be kept of excellent quality for all important stakeholders and in an effort to maintain the legitimacy they already have, regardless of how big the company is or how much credibility it has. (ROA), company size, and the audit committee board all have a beneficial impact, indicating that the wider the disclosure, the higher (ROA), the larger the business, and the more independent the board of commissioners (Yunan & Anwar, 2021).). The factors of company characteristics and corporate governance have a positive and insignificant effect on sustainability reports, according to moderate regression analysis using the t test (Azzaki, 2019). Therefore, larger businesses will provide more information about their social and environmental obligations in terms of quality. In this study, total company assets are used as a stand-in for firm size as an independent variable. Based on the previous description, this study makes the following claims:

H2: Company size has an effect on the quality of *Sustainability Report disclosures.*

Board of Commissioners Independent Take Effect to Quality Disclosure *Sustainability Report*

An independent board of commissioners is a separate entity from significant shareholders, the board of directors and other commissioners on the board. To build strong corporate governance, an independent board of commissioners is needed. This will enable businesses to provide more information to stakeholders, including sustainability reports. The percentage of institutional shareholders and independent commissioners has a sizable favorable report impact on the quality of disclosure (Aliniar & Wahyuni, 2017). Factors of the board of commissioners and independent audit committee significantly increase the transparency of the sustainability report. 2013 (Sari, Marsono). Based on the previous description, this study makes the following claims:

H3: The Independent Board of Commissioners influences the quality of *Sustainability Report disclosure.*

The Audit Committee Influences the Quality of *the Sustainability Report Disclosure*

Members of the audit committee are: A professional and independent working committee formed by the board of commissioners, tasked with supporting and strengthening the supervisory board's function in carrying out overnight oversight of the process of financial reporting, risk management, audit implementation, and the application of corporate governance in business. Factors of the board of commissioners and independent audit committee significantly increase the transparency of the sustainability report 2013 (Sari, Marsono). Reports of riots are influenced by various boards of directors and business size and audit committees. The leverage, liquidity and profitability factors of the governance committee have no impact on the sustainability report (Khoiriyah, Swissia & Olovia, 2020). Based on the previous description, this study makes the following claims:

H4: The Audit Committee influences the quality of *the Sustainability Report disclosure.*

RESEARCH METHODOLOGY

This section describes the types of data collected, data sources, data periods, and the methodology used to test relationships this.

Data, Population and Sample

Manufacturing businesses listed on the Indonesia Stock Exchange in 2017–2020 are the study population. Secondary data from annual reports and riot reports for 2017 to 2020 are used in this study. Purposive sampling was used to obtain samples for this study. There were 28 manufacturing firms in the entire sample that met the requirements.

Data Analysis

The EVIEWS 12 software supports the statistical approach used in the analytical approach of this study. The analysis in this paper uses panel data, which combines cross-sectional and time-series data.

RESULTS AND DISCUSSION

Model Selection Test

Stage next is choose the most efficient research model from Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM) after change the original data from all variable (variable independent and dependent) into data that can learned (Gi, 2015). Chow's test, Hausman's test, and later Lagrange 's multiplier test will used for determinant approach panel data estimates to be used.

***Chow* Test**

Instead of ascertaining whether the general effects model is superior to the fixed effects model, the Chow test is used. The model chosen is the common effect if the possible redundant F test value is greater than (0.05). The adopted model, however, is fixed effect if the probability of redundant F test results is less than (0.05). The results of the analysis can be seen from the table lower this is as following:

Table 1: *Chow* test

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	1.928637	(27,80)	0.0129
Cross-section Chi-square	56.148917	27	0.0008

Because H1 is accepted and can displayed from table above _ that effect model permanent more superior than effect general what presence, Chow's test results are revealing significance probability 0.0129 0.05, Hausman test now will carried out (Ghozali and Ratmono, 2011).

***Hausman* Test**

The second test is the Hausman test, which is a statistical test used to determine whether a fixed effect model or random effects model should be selected for panel data after the increase in the significance phase of the fixed effect model and general effects is complete (Gujarati and Porter, 2009). The significance level chosen was 5%. H0 is rejected and H1 is accepted if the probability value is less than 0.05, and vice versa if the probability value is greater than 0.05; in this case H0 is accepted and H1 is rejected. The table below shows the results of the Hausman test using eviews 12:

Table 2: *Hausman* test

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0.930442	4	0.9202

Based on table 4.5 above, it can be seen that the probability value is 0.9202 > 0.05, which means that H0 is accepted and Ha is rejected so that the estimation model used is the *Random Effect Model* (REM). Because the chosen model is the *Random Effect Model* (REM), it does not require the classical assumption test to be carried out (Gujarati, 2015).

Test *Lagrange Multiplier* (LM)

For determinant whether the Common Effect Model (CEM) and Random Effect Model are the most appropriate models, the Langrange Multiplier (LM) (REM) test is used. If the Common Effect Model (CEM) is selected at the chow test stage, test this used. The CEM model is used if LM is bigger of chi - squared (Sarwono and Hendra NS, 2014) table below this show Hausman test results using review 12 as following:

Table 3: Test *Lagrange Multiplier* (LM)

Lagrange Multiplier Tests for Random Effects
Null hypotheses: No effects
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	5.631653 (0.0176)	1.907450 (0.1672)	7.539103 (0.0060)
Honda	2.373110 (0.0088)	1.381105 (0.0836)	2.654631 (0.0040)
King-Wu	2.373110 (0.0088)	1.381105 (0.0836)	2.060674 (0.0197)
Standardized Honda	3.011217 (0.0013)	1.905756 (0.0283)	-0.936966 (0.8256)
Standardized King-Wu	3.011217 (0.0013)	1.905756 (0.0283)	-0.234850 (0.5928)
Gourieroux, et al.	--	--	7.539103 (0.0088)

Based on table above, obviously that H0 is rejected and Ha is approved based on Langrange Multiplier (LM) test feature, which is derived from probability 0.006 which indicates figure 0.05. Effect Models Random therefore more appropriate for used, got said.

Not need verify assumption classic because the Random Effect Model (REM) was selected based on the selection test between the Chow, Hausman, and Langrange Multiplier (LM) tests (Gujarati, 2015).

Determination Test Model

Significance Test Simultaneous (Test F)

Testing this see is every variable free or variable free in regression have significant influence _ in a manner simultaneous to variable bound (Ghozali, 2013). All variable independent have influence combined to variable depends if Fcount more big from Table. Models can received if score probability not enough of 0.05, accordingly with testing with score possibility. The F test table is provided below this:

Table 4: F Test Results

R-squared	0.458402	Mean dependent var	0.942589
Adjusted R-squared	0.248533	S.D. dependent var	0.183905
S.E. of regression	0.159422	Akaike info criterion	-0.599563
Sum squared resid	2.033239	Schwarz criterion	0.177151
Log likelihood	65.57553	Hannan-Quinn criter.	-0.284425
F-statistic	2.184228	Durbin-Watson stat	1.802902
Prob(F-statistic)	0.002816		

Fcount is 2.184 and the probability (F-statistic) is 0.002816, as seen in the table above. The likelihood value of 0.002816 indicates 0.05 that quality Sustainability report disclosure is influenced by sustainability report, return on assets, firm size, board of commissioners, and audit committee.

Coefficient Determination (R^2)

Coefficient determination (R2) is useful for measure how much far deep ability models explained variable depends. Coefficient determination (R2) aims for see how much big variable free *return on assets*, size company, board of commissioners, audit committee against variable bond influence sustainability report. Following this is results testing coefficient determination:

Table 5: Coefficient Test Results Determination (R2)

R-squared	0.458402	Mean dependent var	0.942589
Adjusted R-squared	0.248533	S.D. dependent var	0.183905
S.E. of regression	0.159422	Akaike info criterion	-0.599563
Sum squared resid	2.033239	Schwarz criterion	0.177151
Log likelihood	65.57553	Hannan-Quinn criter.	-0.284425
F-statistic	2.184228	Durbin-Watson stat	1.802902
Prob(F-statistic)	0.002816		

From table 4.10 it is clear that the value of R2 is 0.458402. In other words, the ability of the independent variables in this study, namely return on assets, company size, board of commissioners, and audit committee can explain the dependent variable, namely firm value of 45.84%, while the remaining (100%-45.84%) 54, 16% is explained by other variables outside the model. Many academics suggest using modified R2 values because R2 has drawbacks, in particular the bias towards the number of independent variables included in the model. When the independent variables are included in the model, the adjusted R2 can increase or decrease (Ghozali and Ratmono, 2011). The corrected R2 value is 24.85%, indicating that additional factors outside the model can explain the remaining dependent variable (100%-24.85%), which is 75.15% of the research independent variables.

Analysis Regression Double

Same linear regression on panel data using Random Effect Model technique. Random Effect technique is selected as method panel data analysis on research previously through the Chow Test, Hausman Test, and Langrange Multiplier Test, so that the most appropriate model is with the Random Effects Model approach. Summary findings analysis panel data regression then in the table below _ this:

Table 6: Panel Data Regression Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.382416	0.183513	7.533050	0.0000
X1	-0.124787	0.062358	-2.001134	0.0479
X2	-0.010232	0.008248	-1.240416	0.2175
X3	-0.364932	0.157567	-2.316046	0.0225
X4	-0.021378	0.007485	-2.856008	0.0052

Based on the table above, the multiple linear regression equation can be arranged with the following formula:
$SR=1.382-0.124\ _{X1}-0.010\ _{X2}-0.364\ _{X3}-0.021\ _{X4}+e$

From the regression agreement that has been compiled, it can be interpreted as follows:

a. The constant value has a value of 1.382 that if the independent variables in the study have a value of 0, then the quality value of the *sustainability report* is 1.382 units.
b. The value of the regression coefficient on return on assets has a value of -0.124, meaning that if the other independent variables are constant, then everyone-unit increase in the *return on assets value* will be followed by a decrease in the quality of the *sustainability report* by -0.124 units.
c. The value of the regression coefficient for company size has a value of -0.010, meaning that if the other independent variables are constant, then everyone-unit increase in the value of company size will be followed by a decrease in the quality of the *sustainability report* by -0.010 units.
d. The regression coefficient value for the board of commissioners has a value of -0.364, meaning that if the other independent variables are constant, then everyone-unit increase in the value of the board of commissioners will be followed by a decrease in the quality of the *sustainability report* by -0.364 units.
e. The regression coefficient value for the audit committee has a value of -0.021, meaning that if the other independent variables are constant, then everyone-unit increase in the value of the board of commissioners will be followed by a decrease in the quality of the *sustainability report* by -0.021 units.

Significance Test Partial (t test)

For ensure is variable independent part have substantial impact _ to variable depending on, done individual testing or partially (t test). Moment test hypothesis, level significance (sig) compared with level error () = 5%. Partial t test results are as following:

Table 7: Partial Test Results (t test)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.382416	0.183513	7.533050	0.0000
X1	-0.124787	0.062358	-2.001134	0.0479
X2	-0.010232	0.008248	-1.240416	0.2175
X3	-0.364932	0.157567	-2.316046	0.0225
X4	-0.021378	0.007485	-2.856008	0.0052

Hypothesis Testing 1: *Return on Assets* (X1) Against Quality *Sustainability Report* (Y)

The t-statistic value obtained from *return on assets* (X1) to quality *sustainability report* (Y) is 2,001 > 1,982 at a significance level above 5% (significant), then score possibility is 0.04 < 0.05 this means that the *return on assets* (ROA) has an effect significant to Quality Disclosure *Sustainability Report* so that the first hypothesis (H1) is accepted. With good performance company have special funds fired for To do activity sustainable good from aspect social nor possible environment be measured no only based on non-monetary information but also information mot so that effect on quality or quality report resulting social . this at a time Fulfill theory legitimacy or Fulfill contract social company where contract social something business run and do in accordance with system score social and caring to environment so that company could Keep going endure in Century front because with performance good finances company could Keep going operate and produce disclosure *Sustainability Report* with quality or good quality in framework maintain sustainable. This supported by results study Damanik (2017) found that there is connection performance finance company with disclosure *Sustainability Report*.

Hypothesis Testing 2: Firm Size (X2) Against Quality *Sustainability Report* (Y)

The t-statistic value obtained from the size company (X2) against quality *sustainability report* (Y) is 1,240 > 1,982 at a significance level above 5% (significant), then score possibility is 0.21 < 0.05 it means that the size company no take effect significant to Quality Disclosure *Sustainability Report* so that the second hypothesis (H2) is rejected. This show that magnitude Size Company or the more good credibility company no Becomes determinant that quality said what was said in *Sustainability Report* will more competent and experienced than more organization small. Regardless from Size Company them, neither fine business big nor small will - give disclosure quality high. However, ownership one set company possible no always translated to in level not quite enough high answer on quality disclosure sustainable as described in Report Sustainabilit. The core idea of the theory stakeholder's interest no supported by description this. According to theory stakeholder's interest, organization must manage himself alone for profit all stakeholders importance and must treat them all in a manner fair. This means that one *shareholder* no Becomes more important from *stakeholders* other is established theory existing relationship between organization and its *stakeholders*, where stakeholders could defined every group or influencing and influencing individuals target organization. Theory *stakeholders* explain that the more big size company so agreement *stakeholders* on benefit existence company they tend more large (Ghozali & Chairi, 2007). These results are also in agreement with results study Azzaki (2019) which shows that that characteristics company takes effect no significant to *sustainability report.*

Hypothesis Testing 3: Board of Commissioners Independent (X3) Against Quality *Sustainability Report* (Y)

The t-statistic value obtained from the board of commissioners independent (X3) against quality *sustainability report* (Y) is 2,316 > 1,982 at a significance level above 5% (significant), then score possibility is 0.02 < 0.05 this means that the board of commissioners independent take effect significant to Quality Disclosure *Sustainability Report* so that the third hypothesis (H3) is accepted. board of commissioners as the supervisory board based on OJK Regulation Number 33 of 2014 has Duty main protect interest holder stock and supervise performance director through aspect finance so that could prove take effect direct to breadth disclosure *sustainability report*. This because Duty main board of commissioners who guarantee implementation of corporate strategy , do supervision management risk and director in management company form recommendation repair based on findings the audit committee has walk with effective and task the could be held accountable . In accordance with theory stakeholders interests, who suppress that company must arrange self they alone for interest all stakeholders interests and treats they all in a manner fair. This define interaction Among business and stakeholders interests, where are the stakeholders interest could depicted as every group or people who influence and influence destination organization . This also implies that one holder share no Becomes more significant than stakeholders interest other. Findings study this in line with Sari & Marsono 's research (2013) found that disclosure report sustainable increase in a manner significantly by the board of commissioners independent.

Hypothesis Testing 4: Audit Committee (X4) Against Quality *Sustainability Report* (Y)

The t-statistic value obtained from audit committee (X4) against quality *sustainability report* (Y) is 2,856 > 1,982 at a significance level above 5% (significant) and then score possibility is 0.00 < 0.05 this means that the audit committee takes effect significant to Quality Disclosure *Sustainability Report* so that the fourth hypothesis (H4) is accepted. Possibility Thing this occur because audit committee as functioning committee strengthen supervision commissioner to company as well as take action continue related internal auditor findings with reporting finance (OJK Regulation No. 55 of 2015) implemented and implemented with ok . Internal audit committee walk worker could focus complete audit findings as well study with maximum complaints that are in every company and focus on broad Disclosure of sustainability report regularly direct. In accordance with theory stakeholders interests, who suppress that company must arrange self they alone for interest all stakeholders interests and treats they all in a manner fair. This define interaction Among business and stakeholders interests , where are the stakeholders interest could depicted as every group or people who influence and influence destination organization . This also implies that one holder share no Becomes more significant than stakeholders interest other. Research results this same with results research obtained by Sari & Marsono (2013) where influential audit committee positive significant to disclosure *sustainability report*.

CONCLUSION

The results of this study indicate that financial performance, independent commissioners, and company audit committees have a significant effect on the quality of disclosure of manufacturing sustainability reports on the Indonesia Stock Exchange in 2017-2020 based on the test results. Then company characteristics take effect significant on the quality of disclosure of *sustainability Reports Company* Manufacturing on the Indonesia Stock Exchange 2017-2020.

Some suggestions that can conducted in study future is to be expected researcher next study influence performance company with disclosure *Sustainability Report* for standard general GRI-G4 in general more specific. Next expected researcher next To do agar modification could more in accordance with ideal conditions of disclosure *Sustainability Report*. Then expected researcher next use intervention variable or variable moderation so could add findings new more good again.

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