THE EFFECT OF COMPANY SIZE, PROFITABILITY, INDUSTRY SENSITIVITY, AND *ANALYST COVERAGE* On SUSTAINABILITY *REPORT DISCLOSURE*

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Abstract

This study aims to analyze and provide empirical evidence regarding the effect of firm size, profitability, industry sensitivity, and analyst coverage on sustainability report disclosure. Sustainability reports are measured using the Sustainability Report Index Disclosure. This study uses secondary data and the population in this study are plantation, mining, and manufacturing companies listed on the Indonesian stock exchange, totaling 243 companies. The sample was selected using the purposive sampling method. Based on the purposive sampling method, the sample obtained in the study was 18 companies. The analytical method used in this study is multiple linear regression analysis with the analysis of (SPSS) version 25.0. The results of this study indicate that the size of the company does not affect the disclosure of the sustainability report. Meanwhile, profitability, industry sensitivity, and analyst coverage affect the disclosure of the sustainability report.

Keywords: company size, profitability, industry sensitivity, analyst coverage, disclosure of sustainability report

Abstrak

Penelitian ini bertujuan untuk menganalisis dan memberikan bukti empiris mengenai pengaruh ukuran perusahaan, profitabilitas, sensitivitas industri, dan cakupan analis terhadap pengungkapan laporan keberlanjutan. Laporan keberlanjutan diukur menggunakan Pengungkapan Indeks Laporan Keberlanjutan. Penelitian ini menggunakan data sekunder dan populasi dalam penelitian ini adalah perusahaan perkebunan, pertambangan, dan manufaktur yang terdaftar di Bursa Efek Indonesia yang berjumlah 243 perusahaan. Sampel dipilih dengan menggunakan metode purposive sampling. Berdasarkan metode purposive sampling, sampel yang diperoleh dalam penelitian sebanyak 18 perusahaan. Metode analisis yang digunakan dalam penelitian ini adalah analisis regresi linier berganda dengan analisis (SPSS) versi 25.0. Hasil penelitian ini menunjukkan bahwa ukuran perusahaan tidak berpengaruh terhadap pengungkapan laporan keberlanjutan. Sedangkan profitabilitas, sensitivitas industri, dan cakupan analis berpengaruh terhadap pengungkapan laporan keberlanjutan.

Kata Kunci: ukuran perusahaan, profitabilitas, sensitivitas industri, cakupan analis, pengungkapan laporan keberlanjutan

INTRODUCTION

The disclosure of *the Sustainability report* in Indonesia has been developed, based on observations (Nawawi *et al.*, 2020) Through companies listed on the IDX, the development of SR reporting in Indonesia in 2016 has increased by 60% compared to 2012. In Indonesia, the disclosure of sustainability reports is still voluntary. therefore, not all companies want to issue SRs because it requires the cost and energy to set them up. The latest data from GRI and IDX shows that out of a total of 629 Listed Companies as of April 23, 2019, only 110 sustainability reports have been released (Maulandy, 2019). With strict rules that require companies to carry out social and environmental responsibilities, it will encourage company managers to disclose *sustainability reports*. However, this reason does not make all companies in Indonesia disclose *sustainability reports.* Each company manager has a different level of initiative to disclose *a sustainability report*, and this disclosure requires a lot of money.

In Indonesia, the obligation to disclose *sustainability reports* for *financial companies* and companies that have entered the stock exchange is regulated by POJK Number 51/POJK.03/2017 which states that:

> To realize a national economy that grows stably, inclusively, and sustainably with the ultimate goal of providing economic and social welfare to all people, as well as protecting and managing the environment wisely in Indonesia, the economic development process must prioritize the harmony of economic, social, and environmental aspects. Financial service institutions, issuers, and public companies are required to prepare sustainability reports (Financial Services Authority, 2017).

Based on this, every financial and *non-financial* company that has entered the stock exchange is required to make and submit *a sustainability report*. If the company does not implement it, it will be given administrative sanctions in the form of a reprimand or written warning.

According to *the Global Reporting Initiative* (GRI), *the Sustainability Report* is the practice of measuring, disclosing and striving for accountability and organizational performance in achieving sustainability development goals for both internal and external stakeholders. *The Global Reporting Initiative* (GRI) has issued guidelines/guidelines that can be used to measure sustainability management practices (*sustainability management* in the form of *GRI Sustainability Reporting Guidelines* with a menu with 3 (three) aspects, namely economic, environmental, and human or triple bottom line (*profit, planet, and people*).

Environmental cases that occurred in Indonesia over plantation, mining, and manufacturing activities include the case of forest and land fires Director of PT Duta Swakarya Indah was sentenced to 1 year in prison. In this case, the negligence of providing facilities and infrastructure for forest and land fire prevention could not prevent the occurrence of a 9.41 ha fire in Kotogasib District. The impact of forest and land fires from the oil palm plantation company PT DSI has caused changes in soil physics, soil chemistry, and biology. So it is said that environmental damage has occurred, and it should be able to be detected early through monitoring hotspots.

The case of PT. Chevron Pacific Indonesia (CPI) in the Rokan Block, Riau Province, Throughout 2018 there were 33,128.7 tons of waste from oil and gas production classified as hazardous and toxic materials (B3). Meanwhile, PT CPI has the largest amount of B3 waste-contaminated soil, reaching 27,275.6 tons. As a result of PT Chevron Pacific Indonesia's B3 waste pollution, Dwiyana continued, broadly speaking, there are two losses, namely environmental losses and community losses. People affected by PT CPI's B3 waste suffer material and immaterial losses, such as losses of lost business opportunities and loss of business profits, loss of enjoyment of life, worries, and of course loss of the right to a good and healthy environment, which implies the violation of the human rights of the community (Frieda, 2021).

Researchers are interested in choosing plantation, mining, and manufacturing companies because cases that have already occurred, show the lack of concern of plantation and mining companies for the environment and the surrounding social community. This makes the public more critical and participates in monitoring the company's activities. Some companies whose business intersects directly with environmental aspects call themselves a movement to protect nature. They package it through corporate social responsibility (CSR) activities. However, CSR disclosure does not contribute to sustainable development and many more are more targeted for greenwashing or a marketing tool for the company to gain sympathy from the public that the company has been responsible for its activities.

One of the factors that affect the disclosure of a *sustainability report* is the size of the company. The size of the company describes the size of a company. Large companies generally have a large number of assets, large sales, many employees with good skills, sophisticated information systems, superior products, and complete ownership structures, so they require a wider level of information disclosure than small companies. Research conducted (Adhipradana and Daljono, 2014) shows that Company Size has a positive effect on the disclosure of *sustainability reports*. This is contrary to research conducted by (Ariyani *et al.*, 2018) shows that the size of the company does not affect the disclosure of the *Sustainability Report*.

Another factor that affects the disclosure of sustainability *reports* is profitability. Profitability is an indicator used to see a company's ability to generate profits. The higher the level of profitability, the more detailed information the company conveys to stakeholders, including information about social responsibility. Several studies on profitability, company size, industry sensitivity, and *analyst coverage* on *sustainability report disclosure*. (Fitri and Yuliandari, 2018) which shows that profitability affects the disclosure of *sustainability reports*. This is contrary to the research (Adhipradana and Daljono, 2014) showing that profitability does not affect the disclosure of *sustainability reports*.

Furthermore, another factor that affects the disclosure of *sustainability reports* is industry sensitivity. Industry sensitivity is defined as how much the level of the industry is directly related to consumers and other broad interests. In general, companies that have high industrial sensitivity to their environment will receive higher attention to the environment compared to companies that have low industrial sensitivity. *The high-profile* industry is a company that has a high level of sensitivity because it is believed to disclose more social responsibility and will get the spotlight from the public. Research on the Measured Industry Sensitivity with Industrial Type. Research conducted by (Widiastuti *et al.*, 2018) stated that the type of industry has a significant positive effect on the disclosure of social responsibility because the influence of the type of industry on the disclosure of social responsibility shows that *high-profile* companies have a lot of spotlight because they are involved with various stakeholders so that disclosure is an effective communication tool. Research conducted by Harsono, Handoko, & Fransisca, (2012) industry type has no significant effect on the level of social responsibility disclosure because of pressure from social and environmental activists, and supervision by the government is not only centered on companies with certain types of industries.

The factor that affects the disclosure of the *sustainability report* is *Analyst Coverage*. An analyst is someone who has an important role as an information intermediary in the capital market. Their work includes interpreting, buying, and communicating information to market participants. *Analyst coverage* can directly or indirectly affect managers' decisions. Analysts can monitor management by publishing research reports and asking many questions as they interact with management. In previous research on *analyst coverage*, (Chun and Shin, 2018) found empirical evidence that *analyst coverage* has a positive effect on corporate social performance, and argued that analysts can provide information to improve a company's reputation and thus their reputation capital by paying attention to *corporate social performance* which will be considered as the sustainability of the company. On the other hand, (Adhikari,

2016) found that *analyst coverage* has no effect on *corporate social responsibility* (CSR) and is of the view that *analyst coverage* limits discretionary spending by managers who utilize CSR involvement for their benefit, and consequently reduces CSR involvement—a manifestation of agency problems.

This research refers to research conducted by (Dewi, 2019) entitled " The Effect of Company Size and Profitability on Sustainability Report Disclosure and its Impact on Company Value". The difference in the research conducted by Dewi is the addition of independent variables, namely industry sensitivity and *analyst coverage*, research objects, differences in research years, and differences in research samples. The research object to be used is plantation and mining companies listed on the Indonesia Stock Exchange for 2018-2020. This is because there is still little research on sustainability reports in the mining sector. In addition, there is still little research on industry sensitivity variables and analyst coverage, this variable is only a small amount of research even for analyst coverage research is very small in Indonesia. In addition, it was found that there was an inconsistency in the results of the study and researchers wanted to prove whether companies with a high level of industry sensitivity and analysts would disclose sustainability reports.

LITERATURE REVIEW

Stakeholder Theories

The Stakeholder *Theory* is the main theory widely used to underlie *sustainability report research*. The initial idea of *stakeholders theory* was initiated by Freeman (1984). Freeman (1984), defines *stakeholders* as a group that significantly influences the success and failure of a company. Freeman (1984) explained the stakeholder approach, that managers must formulate and implement a process that is very satisfactory and not only to their group of people who have an interest in the business. Briefly, Freeman describes stakeholder theory as a manager's response to the existing business environment (Laplume *et al.*, 2008)

Theory of Legitimacy

Organizational legitimacy can be seen as a reciprocal relationship between society and companies. The theory of legitimacy explains that companies operate in a constantly changing external environment and they seek to ensure that their behavior conforms to societal boundaries and norms (Michelon and Parbonetti, 2012). The activities carried out by the company must have social values that are in harmony with the values that exist in society. When misalignment occurs between these values, the company's legitimacy is in a threatened position that can affect the company in carrying out its business activities. The difference that occurs between the company's values and the people's values is called the *legitimacy gap* which can result in a loss of legitimacy and public trust in the company.

Sustainability Report Disclosure

GRI (*Global Reporting Initiative*) defines *sustainability reporting* as the practice of measuring, disclosing, and holding accountable an organization's performance in achieving sustainable development goals to both internal and external stakeholders. *A sustainability report* is a proof that the company commits to society and the environment, the results of which can be assessed by parties who need this information. In addition, *the sustainability report* is an instrument that can be used by an organization, both the government and companies, in dialogue with citizens or their stakeholders as one of the efforts made in implementing sustainable development.

Company Size

(Brigham and Houston, 2001) The size of a company is the average total net sales for the year in question until a few years later. The size of the company describes the size of a company which can be measured through total assets, total capital used, number of sales, average total sales, and average total assets.

Profitability

According to (Subramanyam and Wild, 2010) Profitability is, "a summary of the net result of business operating activities in a given period expressed in financial terms". The profitability ratio is an important factor because to be able to carry out the company's operational activities, it must be in favorable conditions. Return on Asset (ROA) is the most commonly used basic ratio. ROA is used to assess a company's ability to generate net profit based on a certain asset level (Hanafi, 2013). ROA is also often referred to as ROI (Return on

Investment). The higher the ratio used by the company, the better the asset management (Hanafi and Halim, 2012:81).

Industrial Sensitivity

Industrial sensitivity can be interpreted as how much influence industrial activities have that are directly in contact with the environment. In general, companies with a high level of industrial sensitivity to the environment will also receive high attention from the public because of their operational activities that have the potential to affect nature.

Analyst Coverage

Analysts take information intermediaries between companies and shareholders to improve the quality and quantity of information. They analyze publicly available data including financial statements, income-related disclosure data, and other announcements, and they disseminate it to the public regarding the financial information they have analyzed. Investors are usually unable to analyze the entire company they invest in, so analysts have a significant influence on investor behavior by providing investors with up-to-date information.

Previous Research

The research conducted (Dewi, 2019) examines the Effect of Company Size and Profitability on Sustainability Report Disclosure and its impact on Company Value. The test results prove that the size of the company affects the disclosure of the sustainability report. Profitability does not affect the disclosure of the sustainability report. The disclosure of the sustainability report does not affect the company's value. Research conducted by (Ariyani *et al.*, 2018) researching the *Analysis Of Key Factors Affecting The Reporting Disclosure Indexes Of Sustainability Reporting* In Indonesia. Based on the results of the study, only the variables of leverage and *governance committee* had a significant effect on the disclosure of *the sustainability report*. Meanwhile, company size, profitability, liquidity, and industry type do not have a significant effect on the disclosure of the *sustainability report.*

Research conducted by (Fitri and Yuliandari, 2018) examines the Influence of Financial Performance on the *Sustainability Report.* The results of this study prove that empirical evidence, namely, profitability, liquidity, and dividend policy, have a significant positive effect on *sustainability reports,* while solvency and activities do not affect the disclosure of *sustainability reports.* Research conducted by (Adhipradana and Daljono, 2014) examines the influence of financial performance, company size, and *corporate governance* on the disclosure of *sustainability reports*. The results of this study prove empirical evidence, namely that the variables of total assets, total employees, activities, and *the governance committee* have a significant influence on the disclosure of *sustainability reports*. Meanwhile, profitability, liquidity dividend payout ratio, audit committee, board of commissioners, management ownership, and foreign ownership do not have a significant influence on the disclosure of *the sustainability report.*

The research conducted (Sinaga *et al.*, 2017) researching *The Effect of Profitability, Activity Analysis, Industrial Type, and Good Corporate Governance Mechanism on The Disclosure of Sustainability Reports*. The results of this study prove empirical evidence that the type of industry and board of directors has a positive and significant effect on the disclosure *of sustainability reports*. The profitability variable showed a negative and significant influence on the disclosure of *the sustainability report*. The variables of the activity ratio, audit committee, and independent commissioners do not affect the disclosure of the *sustainability report.* Research conducted by (Syakirli *et al.*, 2019) researching the Influence of Company Characteristics on Sustainability *Report Disclosure*. The results of this study show that profitability, company size, and industry type do not affect the disclosure of *sustainability reports.*

Research conducted by (Hu *et al.*, 2021) researching on *Analyst coverage, corporate social responsibility, and firm value: Evidence from China.* The results of the study found that analyst coverage significantly increased *Corporate Social Responsibility.* Research conducted by (Adhikari, 2016) examines the *Causal Effect of Analyst Following on Corporate Social Responsibility.* The results of the study found empirical evidence that companies with greater analyst coverage tend to be less socially responsible and that *analyst coverage* limits discretionary spending by managers who leverage CSR involvement for their benefit, and consequently reduces CSR involvement-a manifestation of agency problems.

RESEARCH METHODS

Population

The population in this study is plantation, mining, and manufacturing companies listed on the Indonesia Stock Exchange for the 2018-2020 period. The criteria used in selecting samples are as follows:

1. Companies in the plantation, mining, and manufacturing sectors listed on the Indonesia Stock Exchange in 2018-2020
2. Companies in the plantation, mining, and manufacturing sectors listed on the Indonesia Stock Exchange that continuously publish *sustainability reports* from 2018-2020 on the company's official website and www.idx.co.id.
3. Companies in the plantation, mining, and manufacturing sectors that did not earn negative profits continuously from 2018-2020.

Data Collection Techniques

The type of data in this study is quantitative with data sources in the form of secondary data. According to (Sugiyono, 2016:225) said that secondary data is a source of data that does not directly provide data to data collectors, for example through other people or documents. Secondary data sources are used to support information obtained from primary data sources, namely from library materials, literature, previous research, books, activity reports held by the library and so on.

Operational Variables

Sustainability Report Disclosure

GRI (Global Reporting Initiative) defines sustainability reporting as the practice of measuring, disclosing and holding accountable an organization's performance in achieving sustainable development goals to both internal and external stakeholders. In this study, the researcher used a dichotomous approach, the approach was chosen because based on research (Riza, 2017) this measurement is the most suitable for calculating the disclosure of sustainability reports compared to other approaches. The calculation formula can be written as follows:

$$\mathbf{SRDI} = \frac{Number\ of\ Item\ Disclosed}{Total\ Items}$$

Source: Riza (2017)

Company Size

According to (Khafid and Mulyaningsih, 2017), the larger the size of a company, the wider its stakeholders so generally large companies have more creditors and investors (both local and foreign investors) than smaller companies. In this study, the size of the company is calculated by the natural log of total assets.

$$\boldsymbol{SIZE} = LN\ (TOTAL\ ASET)$$

Source: Muhammad Khafid, (2019)

Profitability

According to (Hanafi, 2013) Profitability is the ability of a company to obtain profits related to certain assets, sales levels and share capital. Profitability is an indicator used to assess a company's ability to generate profits. In this study, researchers used ROA to measure profitability.

$$\boldsymbol{ROA} = \frac{LABA\ BERSIH\ SETELAH\ PAJAK}{TOTAL\ ASET}$$

Source: Muhammad Khafid, (2019)

Industrial Sensitivity

Industrial sensitivity is defined as the impact and influence created by a company related to the business field, business risks, and employees on the corporate environment (Adam et al., 1998 in Reverte 2008). Industrial sensitivity also refers to industries that have a high impact and risk to the environment. In this study, business environmental risks are based on Ministerial Regulation No. 5 of 2012. Ministerial Regulation No. 5 of 2012 (Ministry of Environment of the Republic of Indonesia, 2021) requires companies in environmentally sensitive industries to make environmental impact analysis related to business and submit their reports to the Ministry of Environment.

The Ministerial Regulation No. 5 of 2012 also categorizes industrial environmental sensitivity into three levels of environmental risk that are sensitive level 1 (low-risk environment), sensitive level 2 (medium environmental risk), and sensitive level 3 (high-risk environment). The measurement of industrial sensitivity in this study uses research conducted by (Putra *et al.*, 2021). Industrial sensitivity is measured by a score level where a score of 0 for companies in environmentally insensitive industries, a score of 1 for companies in environmentally sensitive industries, a score of 2 for companies in environmentally sensitive industries of level 2, and a score of 3 for companies in environmentally sensitive industries of level 3.

Sumber: (Putra *et al.*, 2021)

Analyst Coverage

According to Andrade et al (2013), an analyst is a specialized professional who collects information about stocks and disseminates them in periodic reports, earnings forecasts, holds, and recommendations to buy or sell. Analysts provide information on both existing and potential shareholders, reducing agency costs.

In this study, *the analyst following* indicator is used as a measure of analyst coverage. The indicators in this study are proxied with the number of analysts who follow the company's stocks (Putra *et al.*, 2021). Analyst coverage is measured by the number of analysts who follow the company and analyst coverage for the company's shares can be accessed through www.reuters.com.

Sumber : (Putra *et al.*, 2021)

Data Analysis Techniques

The data analysis technique used in this study is multiple linear regression analysis. The data analysis in this study uses the *statistical product and service solution (SPSS) program version 25.0*

RESULTS AND DISCUSSION

Data Description Analysis

Descriptive analysis is used in describing or providing an overview of the frequency distribution of the variables in this study, the maximum, minimum, mean and standard deviation (Ghozali, 2011; 11). The results of the following descriptive analysis will be explained in Table 1 as follows:

Table 1. Description Analysis Test Result

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Ukuran Perusahaan	54	28.6921	33.4945	30.672270	1.0476029

Profitabilitas	54	0.0010	0.8489	0.110943	0.1488245
Sensitivitas Industri	18	2	4	3.33	0.907
Analyst Coverage	18	1	18	9.50	5.426
Pengungkapan Sustainability Report	54	0.2198	0.4615	0.318754	0.0579580
Valid N (listwise)	18				

Source: SPSS processed data, 2022

Classical Assumption Test

Normality Test

Table 2. Normality Test Result

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		18
Normal Parameters[a,b]	Mean	0.0000000
	Std. Deviation	0.02530650
Most Extreme Differences	Absolute	0.140
	Positive	0.130
	Negative	-0.140
Test Statistic		0.140
Asymp. Sig. (2-tailed)		0.200[c,d]

Source: SPSS processed data, 2022

It can be seen in Table 2 namely, the results of statistical testing from the data normality test using the *Kolmogorov-Smirnov* test and in the table it is known that the *Asymptotic Significance* result is 0.200, meaning that the value is greater than 0.05. Therefore, it can be concluded that the regression model in this study has normally distributed data.

Multicoloniality Test

Table 3. Mutlticoloniality Test Result

Coefficients[a]			
		Collinearity Statistics	
Model		Tolerance	VIF
1	Ukuran Perusahaan	0.526	1.902
	Profitabilitas	0.934	1.070
	Sensitivitas Industri	0.521	1.921
	Analyst Coverage	0.888	1.126
a. Dependent Variable: Pengungkapan Sustainability Report			

Source: SPSS processed data, 2022

Based on Table 5.3 above, it can be seen that the results of the multicollinearity test for the Company Size Variable have a *tolerance* value of 0.526 and a VIF value of 1.902. The Profitability variable has a *tolerance value* of 0.934 and a VIF value of 1.070. The Industrial Sensitivity variable has a *tolerance* of 0.521 and a VIF value of 1.921. The Analyst *Coverage* variable has a *tolerance* value of 0.888 and a VIF value of 1.126. It can be concluded that the four independent variables of this study have a *tolerance* value of > 0.10 and a VIF value of < 10, so the regression model used in this study does not exist or is free from the symptoms of multicoloniality (no multicoloniality occurs in each independent variable).

Autokorelation Test

Table 4. Autokorelation Test Result

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.946[a]	0.895	0.863	0.0289391	2.993

Source: SPSS processed data, 2022

Based on the table above, the value of *Durbin Watson* (DW) was obtained as 2.993. When compared with the *Durbin Watson value* in the table with a significant level of 0.05 (5%) with k = 4 and n = 18, a dL of 0.8204 and a dU of 1.8719 were obtained. Following the basis of the above decision, the value *of Durbin Watson* (DW) of 2.993 is at Dl < dw < du or 4 – du < dw < 4-dl. Therefore, there is no certainty or definitive conclusion from the *Durbin-Watson* results of the regression analysis model used in this study. To further ascertain whether or not there is an autocorrelation in the regression model, the Run Test is used.

Table 5. Runs Test Results

Runs Test	
	Unstandardized Residual
Test Value[a]	0.00580
Cases < Test Value	9
Cases >= Test Value	9
Total Cases	18
Number of Runs	11
Z	0.243
Asymp. Sig. (2-tailed)	0.808

Source: SPSS processed data, 2022

It can be seen in Table 5. namely, the results of statistical testing from the autocorrelation test using the *run test* and in the table it is known that *the Asymptotic Significance result* is 0.808 which means that the value is greater than 0.05 and the data used is scattered (random). Therefore, it can be concluded that the regression model in this study has met the requirements, namely that there are no autocorrelation symptoms so that linear regression analysis can be continued.

Heteroscedasticity Test

Table 6. Heteroskedasticity Test Result

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.135	0.441		0.307	0.763
	Ukuran Perusahaan	-0.004	0.014	-0.116	-0.320	0.754
	Profitabilitas	0.034	0.073	0.126	0.462	0.652
	Sensitivitas Industri	0.004	0.007	0.202	0.553	0.590
	Analyst Coverage	0.000	0.001	0.149	0.533	0.603

Source: SPSS processed data, 2022

Based on Table 5.6 above, it can be seen that the significance value of the four independent variables is greater than 0.05. Where the significance level of the Company Size variable is 0.754, the profitability variable with a significance level of 0.652, the Industrial Sensitivity variable with a significance level of 0.590 and *the Analyst Coverage* variable with a significance level of 0.603 means that the value is greater than 0.05. Therefore, it can be concluded that the data used in this study are free from heteroskedasticity symptoms.

Multiple Linear Regression Analysis

Table 7. Multiple Linear Regression Analysis

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.820	0.705		1.162	0.266
	Ukuran Perusahaan	-0.007	0.022	-0.041	-0.332	0.745
	Profitabilitas	0.396	0.117	0.314	3.377	0.005
	Sensitivitas Industri	-0.075	0.011	-0.874	-7.026	0.000
	Analyst Coverage	-0.004	0.001	-0.247	-2.597	0.022

Source: SPSS processed data, 2022

Based on the table above, it can be concluded that the multiple linear regression equations produced in this study are:

SRDI = $\alpha + \beta_1$ Ukuran + β_2 Profit + β_3 Sensitivitas + β_4 *Analyst* + e

SRDI = 0,820 – 0,007 Ukuran + 0,396 Profit – 0,075 Sensitivitas – 0,004 Analyst + e

t- Test Results

Table 8. Results of Statistical Tests

Coefficients						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	0.820	0.705		1.162	0.266
	Ukuran Perusahaan	-0.007	0.022	-0.041	-0.332	0.745
	Profitabilitas	0.396	0.117	0.314	3.377	0.005
	Sensitivitas Industri	-0.075	0.011	-0.874	-7.026	0.000
	Analyst Coverage	-0.004	0.001	-0.247	-2.597	0.022

Source: SPSS processed data, 2022

Based on the results of the t-test in the table above, it can be analyzed and discussed the partial influence of independent variables on the dependent as follows:

1. The effect of company size on the disclosure of *sustainability reports* with a significance value of the test conducted showed a value of 0.745 (0.745 > 0.05) which means that the variable of company size partially does not influence the disclosure of sustainability reports. This can be supported by a smaller $_{\text{t-count}}$ value compared to $_{\text{t-table}}$ (-0.332 < 2.160).
2. The effect of profitability on the disclosure of *sustainability reports* with the significance value of the test conducted showed a value of 0.005 (0.005 > 0.05) which means that the profitability variable partially influences the disclosure of the sustainability report. This can be supported by a greater $_{\text{t-count}}$ value compared to the $_{\text{t-table}}$ (3.377 < 2.160).
3. The effect of industry sensitivity on the disclosure of *sustainability reports* with the significance value of the test conducted showed a value of 0.000 (0.000 < 0.05) which means that the industry sensitivity variable partially influences the disclosure of the sustainability report. This can be supported by a larger $_{\text{t-count}}$ value compared to $_{\text{t-table}}$ (-7,026 > 2,160) which shows that industry sensitivity has a negative and significant effect on the disclosure of sustainability reports.
4. The effect of *analyst coverage* on the disclosure of *sustainability reports* with the significance value of the test conducted showed a value of 0.022 (0.022 > 0.05) which

means that the analyst coverage variable partially influences the disclosure of the sustainability report. This can be supported by a larger $_{\text{t-count}}$ value compared to the $_{\text{t-table}}$ (-2,597 > 2,160) which shows that *analyst coverage* has a negative and significant effect on the disclosure of *sustainability reports.*

R^2 Test Determination Coefficient Test

Table 9. R^2 Test Determination Coefficient Test

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.946[a]	0.895	0.863	0.0289391

Source: SPSS processed data, 2022

Based on the regression analysis calculation table, the *Adjusted R Square* (R2) value was obtained at 0.863. Thus, it can be concluded that the changes that occur in the disclosure of the company's *Sustainability Report* can be explained by the Company Size, Profitability, Industry Sensitivity, and *Analyst Coverage* of 86.3%, while the remaining 13.7% is influenced by other independent factors that are not observed in this study.

Hypothesis 1 (H1) (Company Size Affects Sustainability Report Disclosure)

Based on the test results, it is known that the significance value of the test conducted shows a value of 0.745 (0.745 > 0.05) which means that the Company Size Variable partially does not influence the Sustainability *Report Disclosure*. This can be supported by a smaller calculated t-value compared to the $_{\text{t-table}}$ (-0.332 < 2.160). With this test, it can be concluded that the first hypothesis (H1) which states that "Company Size affects the Disclosure of the Sustainability Report", is **rejected.**

The results of this study support research conducted by (Ebiringa, 2013) and (Gatimbu and Wabwire, 2016) which obtained the result that the size of the company does not affect the disclosure of *sustainability reports*. According to (Ariyani *et al.*, 2018) Large companies see more benefits from the costs used to disclose *sustainability reports* while small companies pay less attention to sustainability reports because they focus more on market competition to expand their business. The decision to perform a social responsibility and to express it is a management policy. So that the information disclosed by the company has different levels of disclosure following the management policy of each company. Management policies are taken by looking at the cost and benefit of making such disclosures for companies, this means that small companies can also disclose sustainability *report information*. This is inversely proportional to the results of research conducted by (Dewi, 2019) which found that company size has a positive effect on the disclosure of *sustainability reports.*

Hypothesis 2 (H2) (Profitability Affects Sustainability Report Disclosure)

Based on the test results, it is known that the significance value of the test conducted shows a value of 0.005 (0.005 > 0.05) which means that the Profitability Variable partially influences the Sustainability *Report Disclosure*. This can be supported by a greater $_{\text{t-calculated}}$ value compared to $_{\text{t-table}}$ (3.377 < 2.160). With this test, it can be concluded that the second hypothesis (H2) which states that "Profitability affects the Disclosure of *Sustainability Report"*, is accepted**.**

The results of this study are in line with research conducted by, (Fitri and Yuliandari, 2018) and (Dewi, 2019) which found that profitability affects the disclosure of *sustainability reports*. Because to carry out the company's operational activities, it must be in favorable conditions. If the company suffers losses, it will be difficult to attract capital from third parties (external). According to (Dewi, 2019) For companies that have high profitability, the information disclosed is better than for companies that have low profitability. The larger the company's operational funds, the more freely the company determines activities. Profitability can be used as a tool to demand companies to make voluntary disclosures and gain legitimacy from the public. This happens because, the public and the government consider that high profitability reflects that the company can make disclosures, and does not make a burden for the company. However, this study is contrary to the research conducted by (Ariyani *et al.*, 2018) which found that profitability does not affect *the sustainability report.*

Hypothesis 3 (H3) (Industry Sensitivity Affects Sustainability Report Disclosure)

Based on the test results, it is known that the significance value of the test conducted shows a value of 0.000 (0.000 > 0.05) which means that the Industrial Sensitivity Variable partially influences the Disclosure of *the Sustainability Report*. This can be supported by a larger $_{\text{t-count}}$ value compared to a $_{\text{t-table}}$ (-7.026 < 2.160). With this test, it is shown that industry sensitivity has a negative and significant effect on the disclosure of *the sustainability report* and it can be concluded that the second hypothesis (H3) which states that "Industry sensitivity affects the disclosure of the Sustainability Report", is declared **accepted.**

The results of this study are in line with research conducted by (Anggrayny and Yunilma, 2019) which found that in this study industrial sensitivity has a negative effect. The higher the level of risk to the environment, society, and society, the less information will be reported in the disclosure of *the sustainability report*. Industries that have a high level of environmental risk will disclose a lot of information also to gain legitimacy from the public, but to disclose a wider range of information needs to spend a lot of money that must be incurred, this will be a consideration in company management. And there is no binding obligation to disclose *sustainability reports* because it is still *voluntary*. However, this condition is different from the research conducted by (Widiastuti *et al.*, 2018) which found that industry sensitivity had a positive effect on the disclosure of the Sustainability Report.

Hypothesis 4 (H4) (*Analyst Coverage* Affects Sustainability *Report* Disclosure)

Based on the test results, it is known that the significance value of the test conducted shows a value of 0.022 (0.022 > 0.05) which means that the *Analyst Coverage* variable partially influences the Sustainability *Report Disclosure*. This can be supported by a smaller $_{\text{t-count}}$ value compared to $_{\text{t-table}}$ (-2.597 < 2.160). With this test, it is shown that *analyst coverage* has a negative and significant effect on the disclosure of the sustainability report and it can be concluded that the second hypothesis (H4) which states that "*Analyst Coverage* affects the *disclosure of the Sustainability Report*", is accepted**.**

The results of this study support the research conducted by (Adhikari, 2016) and (Qian *et al.*, 2019) which found evidence that *analyst coverage* hurts *sustainability reports*. According to (Adhikari, 2016), analyst coverage limits discretionary spending made by managers who take advantage of *corporate social responsibility* involvement for their benefit and as a result, will reduce CSR disclosure in the company. The results of the research conducted by (Qian *et al.*, 2019) proves that the scope of the analyst makes managers more focused on the short term, while this sustainability report is a long-term program carried out by the company to continue to gain legitimacy from the surrounding community. This is inversely proportional to research conducted by (Chun and Shin, 2018) which found that *analyst coverage* is one of the key factors to improve a company's reputation through the disclosure of sustainability *reports.*

Conclusion

Based on the analysis carried out, the following conclusions can be drawn:

1. The size of the company does not affect the disclosure of *the sustainability report* (Empirical Study of Plantation, Mining and Manufacturing Companies Listed on the Indonesia Stock Exchange in 2018-2020)
2. Profitability affects the disclosure of *sustainability reports* (Empirical Study of Plantation, Mining and Manufacturing Companies Listed on the Indonesia Stock Exchange in 2018-2020)
3. Industry Sensitivity Affects Sustainability *Report* Disclosure (Empirical Study of Plantation, Mining and Manufacturing Companies Listed on the Indonesia Stock Exchange in 2018-2020)
4. *Analyst Coverage* affects the disclosure of *sustainability reports* (Empirical Study of Plantation, Mining and Manufacturing Companies Listed on the Indonesia Stock Exchange in 2018-2020)

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