E-ISSN : 2986-5050, P-ISSN : 2986-5336
DOI: https://doi.org/10.38035/gijea.v1i3
Received: 29 July, Revised: 20 August 2023, Publish: 3 September 2023

GIJEA
Greenation International Journal of Economics and Accounting
+62 81210467572 https://research.e-greenation.org/GIJEA egreenation.info@gmail.com
GREENATION Research

The Effect of Company Size on The Disclosure of Sustainability Reports in Mining Companies

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Abstract: Sustanability Reports in Indonesia have experienced development, with the existence of strict rules that require companies to carry out social and environmental responsibilities that will encourage company managers to disclose sustainability reports. However, these reasons do not make all companies in Indonesia disclose sustainability reports. Each company manager has a different level of initiative to disclose a sustainability report. Company size as one of the characteristics of a company that also determines the level of investor confidence, requires good credibility so that companies need to contribute to economic, social and environmental growth. Research objectives To determine the effect of company total assets on sustainability report disclosure, to determine the effect of company total sales on sustainability report disclosure, to determine the effect of company size on sustainability report disclosure. This type of research is quantitative. The population in this study were mining companies listed on the Indonesia Stock Exchange in 2017-2018. The sampling technique used was a purposive sampling technique.

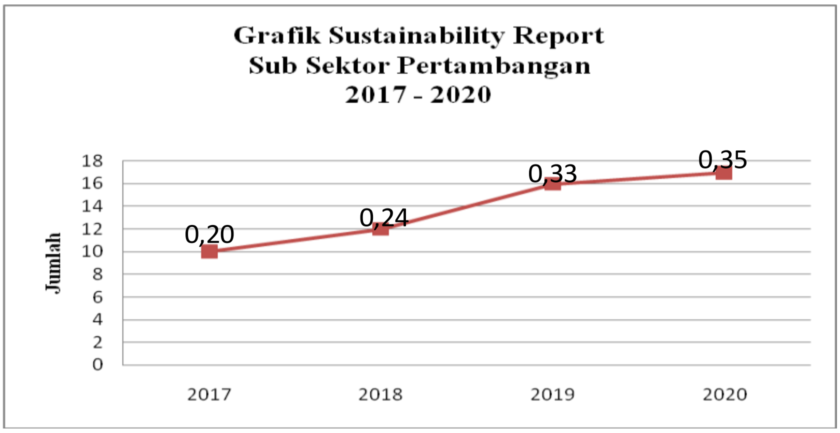
Keyword: Total Assets, Total Sales, Company Size, Sustainability report

INTRODUCTION

Sustainability reports are increasingly becoming something that is always discussed for every company besides the demands of stakeholders. Sustainability reports are needed to show that the company is not only oriented towards profit or generated profit. The issue of sustainability reports is growing rapidly along with the number of companies that publish sustainability reports, but the development of sustainability reports publishing is not proportional to the increasing number of companies in Indonesia. The emergence of the sustainability report started from the damage to environmental and natural resource problems caused by the rapid growth of the industry. Currently companies are demanded by stakeholders, investors, employees, government and even the public to be more transparent and accountable in implementing sustainability reports. Companies are required to carry out social activities in response to economic and social issues that are currently developing in society. According tothe Global Reporting Initiative (GRI) sustainability report is the practice of measuring, disclosing and accountability efforts of an organization's performance in achieving sustainable development goals to both internal and external stakeholders. There are five factors that make the concept of sustainability into an important whole, namely the availability of funds, environmental mission, social responsibility, implementation in policiy, and has a beneficial value.

Sustainability Reports in Indonesia have experienced development, with the existence of strict rules that require companies to carry out social and environmental responsibilities that will encourage company managers to disclose sustainability reports. However, these reasons do not make all companies in Indonesia disclose sustainability reports. Each company manager has a different level of initiative to make disclosures sustainability report and this disclosure requires a lot of portofolio. Disclosure of sustainability reports in Indonesia is still voluntary.

The Indonesian government has provided support for the disclosure of sustainability reports by issuing Law number 40 of 2007 concerning Limited Liability Companies which was ratified in July 2007. Law No. 40 of 2007 Limited Liability Companies Article 74 paragraph (1) of the Company Law reads, "Companies that carry out their business activities in the field of and/or related to natural resources are obliged to carry out social and environmental responsibilities." If this regulation is not implemented properly, synchronized penalties will be imposed using laws and regulations.



The table above shows that there are still many companies that do not disclose sustainability reports, there are only 10 companies that disclose sustainability reports from year to year in a row. The company reports or discloses 3 aspects of disclosure, namely disclosure of economic aspects, social aspects and environmental aspects.

Sustainability reporting has emerged and developed as a distinct practice at the global level. Regulation, legitimacy and motivation are largely global. However, local norms and needs also influence the practice. Several studies highlight the relationship between the convergence and standardization of developing sustainability reports and the spread of global institutions on the ground.

This is evidenced by Lodhia & Hess' (2014) findings of similar sustainability reporting patterns among Australian and African mining companies after their differences in arrangements and by Lee et al (2018) who found a convergence trend in sustainability reports in their comparison with other companies. China and US. Other studies report similarities in certain areas of the sustainability report among companies from various countries that are members of the global compact. However, the same study found variations between countries in reporting sustainability reports and CSR issues other than those covered by global opportunity.[1]

Previously conducted research on sustainability report disclosure has different results. Conflicting research results can occur for several reasons such as: differences in research time periods, researchers' interpretations of financial reports and *sustainability reports* companies on the variables used and the differences in the testing methods used by researchers. This research is interesting to do because to find out how much do you realize company in disclose *sustainability report* as responsible answer in facet environmental, social and economic aspect in the company.

The purpose of this study was conducted to determine the variabkes of total assets, total sales and company size on the disclosure sustainability reports partially or simultaneously

Based on the background previously described, the objectives of this study are: To determine the size company proxied by total assets and total sales on the disclosure of sustainability reports on the company mining listed on the IDX in 2017 -2020

METHOD

1. Total Assets (X_1)

Assets are future economic benefits that may be obtained in the future, or controlled by a particular company as a result of past transactions or events. Assets have the same meaning asassets, namely wealth owned by a company to run its business.

$$\boxed{\textbf{SIZE = Ln (Total Assets)}}$$

2. Total Sales (X_2)

Total sales is a measure of company activity related to capacity in units of money or units obtained through the sale of all products over a certain period of time through the company's total sales, which can be categorized as large or small based on the scale of production produced by the company compared to the costs incurred by the company.

$$\boxed{\textbf{SIZE = Ln (Total Sales)}}$$

3. Disclosure of *Sustainability Report*

Sustainability Report is a voluntary report to present a report on corporate responsibility on environmental, economic and social aspects. Disclosure of sustainability reports has many benefits for companies.[15]

[1] Inten Meutia, The Relevance of Governance in Sustainability Report Studies , First printing, Trace Pustaka,2022, Page 11

As a benchmark for self-sustaining performance and others. The formula for calculatingthe Sustainability Report Disclosure Index

$$SRDi = \frac{n}{k}$$

SRD i : *Sustainability Report Disclosure Index* company

n : Total items disclosed by the company

k : Grand total items required by GRI, k = 89

According to the National Center for Sustainability Reporting (NCSR, 2019) there are several benefits that can be obtained from disclosing sustainability reports, including: 1. Improving sustainability performance, 2. Improving management risk and investor communication, 3. Engaging stakeholders and improve connection stakeholders, 4. Motivating and involving employees, 5. Building credibility as inhabitant committed and effective corporation, 6. Strengthen internal data management as well system reporting. 7. Improving the sustainability strategy and selection of performance indicators and targets.[16]

4. Population

Population in this study it means that there are 49 companies in the mining sector listed onthe Indonesia Stock Exchange (IDX) in the 2017-2020 period.

5. Sample

The sampling technique in this study, sampling using *probability non-sampling technique* using *purposive sampling method* is a selection of sampling based on consideration.The sample criteria in this study are;

No	Informa tion	Amo unt
1	Mining companies listed on the Indonesia Stock Exchange for the period 2017 to 2020	**49**
2	The company publishes financial reports consecutively in the research period 2017 to 2020	**46**
3	Companies that do not publish consecutive *Sustainability reports in the research period 2017 to 2020*	**36**
The number of selected research samples		**10**
Research Period		**4**
Total number of samples during the research period		**40**

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

Descriptive Statistics

	N	Range	Minimum	Maximum	Means	std. Deviation
Total Assets	40	2.84235	29.21111	32.05346	30.7661900	**.77804264**
Total Sales	40	4.93745	26.18151	31.11896	30.0970892	**.88511694**
Sustainability Report	40	.5393	.0562	.5955	.313775	**.1605862**
Valid N (listwise)	**40**					

The table above shows the results of the descriptive statistical analysis test for the variable total assets measured by Log(n). Total assets show a minimum value of 29.21111, a maximum value of 32.05346, an average of 30.7661900. This shows from the 40 samples usedin this study. The lowest total asset value is 29.21111 in the company PT Elnusa Tbk, and thehighest total asset value is 32.05346 in the company PT Medco Energy Internasional. The test results of descriptive statistical analysis of the Total Sales Variable measured by Log(n) TotalSales show a minimum value of 26.18151, the value a maximum of 31.11896, an average of 30.0970892.

This shows that of the 40 samples used in this study, the lowest total sales value was 26.18151 for the company PT Bumi Resources Tbk, and the highest total sales value was 31.11896 for the company PT Aneka Tambang Tbk. The *Sustainability report* variable is measured using the GRI index showing a minimum value of 0.0562, a maximum value of 0.5955 and an average value of 0.313775 . This shows that of the 40 samples used in this study the value the lowest *sustainability report* disclosure is 0.0562 for PT Elnusa Tbk company, and the highest *sustainability report disclosure value* is 0.5955 for PT Bukit Asam Tbk company.

Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		**40**
Normal Parameters[a,b]	Mean	**.0000000**
	Std. Deviation	**.15857321**
Most Extreme Differences	Absolute	**.123**
	Positive	**.123**
	Negative	**-.119**
Test Statistic		**.123**
Asymp. Sig. (2-tailed)		**.132[c]**

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

Based on the results of the normality test with the Kolmogorov-Smirnov in the table above, it is known that the probability value of p or Asymp. Sig. (2-tailed) of 0.132. Because the probability value of p, which is 0.132, is greater than the significance level, which is 0.05.This means that the normality assumption is met. Apart from using statistical analysis, the normality test can also be seen using graphical analysis in the form of histograms and normal P-plots. The following are the results of the chart analysis**.**

Multicollinearity Test

Model		Collinearity Statistics	
		tolerance	VIF
1	(Constant)		
	Total Assets	.893	**1,120**
	Total Sales	**.893**	**1,120**

In study this is the data used in the multicollinearity test This is data from variable independent . Based on table on known each VIF value for the Independent Total Asset variableis 1,120 <10 with a tolerance value of 0,893 > 0.10, so the Independent Total Asset variable can be stated that there are no symptoms of multicollinearity. The VIF value for the Independent Total Sales variable is 1,120 < 10 with a Tolerance value of 0,893 > 0.10, so Independent Total Sales variable can say no happen symptom multicollinearity.

Heteroscedasticity Test

The probability value (Sig) of the Total Asset variable is 0.385, and that of the Total Sales variable is 0.378. Because the probability value (Sig) of all variables is more than 0.05 or 5% significance, it can be concluded that the assumption of homoscedasticity is met, whichmeans that there are no symptoms of heteroscedasticity.

Autocorrelation Test

The test results obtained DW of 2,080 . Meanwhile, from the Durbin Watson table for n = 40 and k = 2, it is obtained d u = 1.544. So from the value of DW = 2.080 it is between 4- du = 4- 1.544 = 2,456 so that can it can be concluded that there is no tendency for autocorrelationto occur in the regression equation.

Hypothesis test

Multiple Linear Regression Analysis

Partial Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	Q	Sig.
		B	std. Error	Betas		
1	(Constant)	-.759	1,184		-.641	**.525**
	Total Assets	012	.035	058	.337	**.738**
	Total Sales	**.023**	**.031**	**.129**	**.752**	**.457**

Based on the results of the t test above, the following information is obtained :

1. Total asset variable has a significance value of 0.738, this value is greater than 0.05. Meanwhile, the t count obtained a value of 0.337 <t table (2.026). Based on this, it can be said that the total asset variable has no effect on the Sustainability Report variable. So thatthe first hypothesis, the total asset variable has a partially significant effect on the Sustainability Report variable "rejected".
2. Total sales variable has a significance value of 0.752, this value is greater than 0.05. Meanwhile, the t count obtained a value of 0.457 <t table (2.026). Based on

this, it can be said that the total sales variable has no effect on the Sustainability Report variable. So that the second hypothesis, the total sales variable has a partially significant effect on the variable Sustainability Report “rejected”.

Simultaneous Test Results

ANOVA [a]						
Model		Sum of Squares	Df	MeanSquare	F	**Sig.**
1	Regression	.025	2	013	.473	**.627 [b]**
	residual	.981	37	.027		
	Total	1006	39			
a. Dependent Variable: *Sustainability Report*						
b. Predictors: (Constant), Total Sales, Total Assets						

Based on Table on obtained information on the significance value of 0.672 > 0.05 and the Fcount value of 0.473 <F table of 3,190 which means the independent variable is company size No influential to disclosure dependent variable Sustainability Report. Thus it can be concluded that there is a simultaneous insignificant effect of the independent variable firm sizewith Sustainability Report disclosure.

Coefficient Determination (R 2)

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.158[a]	.025	-.028	.16280	2.080
a. Predictors: (Constant), Total Penjualan, Total Asset					
b. Dependent Variable: *Sustainability Report*					

Based on coefficient test results determination above, the value of R^2 (R *Square*) of the regression model used For know how much big ability variable free (independent) in explaineddependent variable. Based on Table on is known that R2 value - of 0.025, p This means that 2.5% variation.

CONCLUSION

Based on the results of research on company size on the disclosure of Mining sustainability reports listed on the IDX for 2017-2020, the following conclusions can be drawn:

1. Total assets have no effect on Sustainability report. Total assets have a significance value of 0.738, this value is greater than 0.05, this is supported by the t test, the value is 0.337 <t table (2.026). Based on this, it can be said that Total Asset has no effect on Sustainability Report disclosure. **H_1 rejected** the result of the study are consistent with the research of Aliniar & Wahyuni (2017) which states that company size with total asset proxies has no effect on sustainability report disclosure. Where the size with of the company’s total assets is considered capable of publishing a sustainability report ifit is deemed necessary as a form of corporate responsibility to stakeholders. These results are different from research conducted by Tobing and Rusherlistyanu (2019), companies that have large company sizes tend to be more in the spotlight by the publicand stake holders, so they will make wore disclosre than companies whose size is smallwith the aim of convincing stakeholders. The larger the size of the company, the moreattention it will get from stakeholders. So, the company tries to obtain legitimacy from

stakeholders, one of which is by disclosing complete information, both mandatory andvoluntary information

2. Total sales has a significance value of 0.752, this values is greater than 0.05. mean while the t count obtained a value of 0.457 <t table (2.026). Based on this, it can be said that the total sales variable has no effect on the sustainability report. **H2 rejected.**The larger company will have a tendency to disclose more extensive information compared to small companies, this is because of the legitimacy that will be obtained by the company by disclosing more extensive information. This legitimacy arises because stakeholders get more information from the company regarding the company's operating activites to that it makes it easier to make decisions. The greater the sales will lead to greater expenses in realizing the company's legitimacy. This legitimacy is needed by the company as a way to create harmony between the social values of its activities and the norms of behavior that exist in society.
3. Company size has no significant effect on sustainability report disclosure has a significance value of 0.627, this value is greater than 0.05, it is concluded that variable independent has no effect on sustainability report. This research is in line with research from Aliniar & Wahyuni (2017) that the company size has no significant effect on sustainability report disclosure. Companies with large sizes receive more attention from the public and are considered to have sufficient resources to carry out sustainability report disclosure. Large companies also face pressure from various stakeholders who are also greater so that they are considered to disclose more information. The larger company dose not guarantee better quality sustainability report disclosure. Large companies will be increasingly highlighted by stakeholders to carry out information transparency in realizing company legitimacy. On the basis of the legitimacy theory, the large companies have the urge to withhold information to avoid the pressure of political cost in law and tax increases. As wll as pressure to carry out social responsibility. For these reasons, it is posisble that management prefers to disclose only the necessary reports.

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