Journal of Accounting, Business and Finance Research
Vol. 23, No. 2, pp. 1-9, 2026
DOI: 10.55217/102.v23i2.1134

Corporate governance as a catalyst for sustainability reporting: Evidence from Indonesian listed banks

Sutarti Sutarti[1*]
Desi Efrianti[2]
Moermahadi Soerja Djanegara[3]
Pipit Purnamasari[4]
Dewi Sarifah Tullah[5]

[1,2,3,4,5]*Institut Bisnis dan Informatika Kesatuan, Bogor, Indonesia.*
[1]*Email: sutarti@ibik.ac.id*
[2]*Email: desiefrianti@ibik.ac.id*
[3]*Email: moermahadi2001@yahoo.com*
[4]*Email: 201210055@student.ibik.ac.id*
[5]*Email: dewisarifah@ibik.ac.id*

Abstract

This study aims to examine the influence of corporate governance on sustainability reporting (SR) in the Indonesian banking sector. The main focus of this study is to evaluate how four key elements of corporate governance—institutional ownership, managerial ownership, audit committee, and board of commissioners—influence sustainability reporting practices. The data used in this study come from the annual reports and sustainability reports of banks listed on the Indonesia Stock Exchange (IDX) for the 2017-2022 period. The sample was selected using a purposive sampling technique. In this study, data observation uses a panel data set with parameter estimation of the direct influence model using Generalized Least Square (GLS). The results show that institutional ownership has a positive effect on sustainability reporting, managerial ownership has a negative effect on sustainability reporting, while the audit committee and board of commissioners have no effect on sustainability reporting. This study provides an important contribution to the literature on corporate governance and sustainability reporting, and provides practical recommendations for banks and stakeholders to improve the quality of sustainability reporting by strengthening corporate governance mechanisms.

Keywords:
Banking sector
Corporate governance
Sustainability reporting.

Publisher:
Scientific Publishing Institute

Received: *2 June 2026*
Revised: *21 July 2026*
Accepted: *10 August 2026*
Published: *19 August 2026*

(* *Corresponding Author*)

Funding: This study received no specific financial support.
Institutional Review Board Statement: Not applicable.
Transparency: The authors confirm that the manuscript is an honest, accurate, and transparent account of the study; that no vital features of the study have been omitted; and that any discrepancies from the study as planned have been explained. This study adhered to all ethical practices during its preparation.
Competing Interests: The authors declare that they have no competing interests.
Authors' Contributions: All authors contributed equally to the conception and design of the study. All authors have read and agreed to the published version of the manuscript.

1. Introduction

Sustainability and social responsibility have become a focus across various business sectors, including the Indonesian banking sector. With increasing awareness of environmental and social issues, many companies are striving to implement sustainable practices in their operations. One common method for communicating corporate sustainability efforts is through sustainability reporting. In the Indonesian context, Bank Indonesia (BI) recorded 106 commercial banks in 2022, a decrease of one compared to the previous year. According to data from the Financial Services Authority (OJK), 84% of the 106 banks had published Sustainability Reports in 2022, while the remainder had not yet published such reports. This situation indicates that although sustainability reporting practices have developed in the banking sector, their implementation is not yet fully ubiquitous.

From an Agency Theory perspective, corporate governance is crucial due to the potential conflict of interest between company owners (principals) and management (agents). Management has greater access to information regarding the company's condition and activities than shareholders, which can create information asymmetry. Corporate governance mechanisms serve as monitoring instruments to limit opportunistic management behavior, increase accountability, and ensure that management decisions align with shareholder interests and company objectives (Jensen & Meckling, 1976). In this context, sustainability reporting can be a mechanism to increase corporate transparency by providing information on economic, environmental, and social aspects to external parties. In addition to Agency Theory, Signaling Theory provides an additional perspective in explaining sustainability reporting practices. Information regarding management's sustainability activities is not fully known to investors and external stakeholders. This condition creates information asymmetry between the company and external parties. Through sustainability reporting, companies can convey signals regarding their commitment to transparency, accountability, risk management, and environmental and social responsibility.

Previous research has shown that the influence of corporate governance on sustainability reporting has yielded mixed findings. Sari and Marsono (2013) demonstrated that audit committee meetings and board of commissioners meetings significantly influence sustainability reporting disclosure, while Siswanti (2017) showed that corporate governance does not always influence sustainability reporting. Differences in results were also found in institutional ownership mechanisms. Janggu, Darus, Zain, and Sawani (2014) found a positive effect of institutional ownership on sustainability disclosure, while Sidiq, Hidayati, and Agustina (2021) found a negative relationship, indicating that an increase in the proportion of institutional ownership is not always accompanied by an increase in sustainability disclosure.

This research provides a conceptual contribution by expanding the empirical evidence on the relationship between corporate governance mechanisms and sustainability reporting, particularly in the Indonesian banking sector, which plays a strategic role in the economy. Furthermore, this research provides empirical evidence to address inconsistencies in previous research by simultaneously testing several corporate governance mechanisms.

2. Literature Review and Hypothesis Development

2.1. Conceptual Review

Corporate governance is a system used to direct and control the company's business activities, corporate governance regulates the division of tasks, rights and obligations of those interested in the life of the company, including shareholders, supervisory boards, managers, and all non-shareholder stakeholder members(OECD, 2015). The mechanism of good corporate governance is divided into two elements, namely: external and internal mechanisms (Kamardin, 2014) external mechanisms are influenced by external factors of the company which include investors, public accountants, lenders and institutions that certify legality, while internal mechanisms are influenced by internal factors of the company which include institutional ownership, managerial ownership, independent board of commissioners, and audit committee.

2.2. Theoretical Framework

Signaling theory explains that companies disclose financial information to external parties to reduce information asymmetry, which can increase company value by sending clear and convincing signals, such as disclosing relevant and reliable information. This phenomenon is closely related to corporate social responsibility and institutions. Signaling theory describes managerial perceptions of a company's long-term growth, which increases investor reaction to the company. Companies that publish financial reports and non-financial information can send signals to external parties with an interest in the company. If financial and non-financial reports are published well, it will send a positive signal to the company, thereby attracting new investors (Brigham & Houston, 2019).

2.3. Empirical Studies

The level of share ownership by national entities plays a crucial role in value creation through harmonious relationships with stakeholders. Research shows a significant influence between institutional ownership and sustainability disclosure, where companies not only provide financial information to address information asymmetry but also as a form of commitment to sustainable business practices. However, there is a negative relationship between institutional ownership and the level of Sustainability Reporting disclosure, with higher proportions of institutional ownership often associated with lower disclosure (Janggu et al., 2014; Jouha, Muhammad, & Alamsyah, 2021; Sidiq et al., 2021). Based on the explanations and results of several studies above, in this study the authors can hypothesize that:

Managerial ownership, which involves share ownership by members of the management team such as directors and administrators, often has a positive impact on the level of public information disclosure, including corporate governance and sustainability reporting, because management is motivated to protect the interests of shareholders, including themselves (Jouha et al., 2021; Ros, Arief, & Setiawan, 2002). Stakeholder theory emphasizes the importance of balancing the interests of various stakeholders for business success and sustainability, including considering the interests of society and the environment (Jouha et al., 2021). Previous research has shown mixed results regarding the impact of managerial ownership on sustainability reporting; Several studies show a positive impact (Alhazaimeh, Palaniappan, & Almsafir, 2013; Aulia, Safitri, & Rahmawati, 2016; Janggu et al., 2014; Krechovská & Procházková, 2014; Oktafianti & Rizki, 2015) while other studies show a negative impact (Affriani, 2020; Aniktia & Khafid, 2015; Priatana & Yustiana, 2011) on the level of Sustainability Reporting disclosure of non-banking and non-financial companies on the Indonesia Stock Exchange.

The audit committee supports and strengthens the board of commissioners' monitoring function, acting as a liaison between the board of directors, internal auditors, external auditors, and independent members to ensure compliance with laws and regulations (Effendi, 2016; Raharjo, 2016). Organizational legitimacy, which relies on positive relationships between business and society, is crucial for a company's survival (Ghozali & Chariri, 2007). The increased frequency of audit committee meetings reflects their commitment to improving oversight of corporate governance and transparency, including the publication of sustainability reports, which helps companies maintain and enhance their legitimacy in the eyes of the public (Raharjo, 2016). Research by Dizar, Kusumaningtias, and Hidayah (2019); Aniktia and Khafid (2015); Hidayah, Agustin, and Rini (2019) and Affriani (2020) shows that the audit committee has a positive impact on sustainability report disclosure.

The effectiveness of corporate control is influenced by the working methods and organization of the independent board of commissioners; the more independent commissioners, the more effective the control and the improvement of Sustainability Reporting requirements (Adila & Syofyan, 2016). According to stakeholder theory, support from various parties, including the board of commissioners, requires companies to carry out social activities as part of their relationships with stakeholders, thereby increasing the quality of Sustainability Reporting information disclosure due to the reduced possibility of managers hiding information (Jouha et al., 2021). Sustainability report disclosure also has a positive impact as a moderator between corporate governance and company performance (ROA); the higher the frequency of board of commissioner meetings and the better the sustainability reporting, the better the company's performance (Jouha et al., 2021). However, research by Setyawan (2018) shows that the presence of an Independent Board of Commissioners in non-banking and non-financial companies listed on the Indonesia Stock Exchange had a negative impact on the level of Sustainability Reporting disclosure during 2014-2016.

2.4. Research Gap and Hypotheses Development

Inconsistencies were also found in managerial ownership. Aziz (2014) found that managerial ownership had a positive effect on sustainability reporting, while Priatana and Yustiana (2011) and Nurleni, Bandang, Darmawati, and Amiruddin (2018) found a negative effect. Differences in results were also seen in audit committees. Dizar et al. (2019); Hidayah et al. (2019); Pucheta-Martínez, Gallego-Álvarez, and Bel-Oms (2021) found that audit committees had a positive effect on sustainability reporting, while Hardika, Adib, and Mahendra (2018) and Anugrah and Dewayanto (2011) found a negative effect. Similarly, research on independent boards of commissioners shows inconsistent results. Setyawan (2018) found a negative effect of independent boards of commissioners on sustainability reporting disclosure, while Jouha et al. (2021) showed a positive effect.

The inconsistency of these research results indicates that the effectiveness of corporate governance mechanisms in promoting sustainability reporting remains an empirical issue that requires further study. These differences in results may reflect that corporate governance mechanisms do not have a uniform influence on sustainability disclosure and may depend on company characteristics and industry context. The banking sector has distinct characteristics from other sectors because it is highly dependent on public trust, risk management, and information transparency. Therefore, a specific examination of banking companies listed on the Indonesia Stock Exchange (IDX) is relevant to provide a more specific understanding of the relationship between corporate governance and sustainability reporting.

Based on this research gap, this study aims to examine the influence of institutional ownership, managerial ownership, audit committees, and boards of commissioners on sustainability reporting in banks listed on the Indonesia Stock Exchange during the 2017–2022 period. This study uses Agency Theory as the main foundation to explain the role of corporate governance mechanisms in reducing agency conflicts and information asymmetry, and Signaling Theory to explain how companies use sustainability reporting as a means of conveying information and signals to external parties. The use of these two perspectives is expected to provide a more comprehensive explanation of how corporate governance mechanisms can encourage transparency and sustainability disclosure in the banking sector.

Based on these identified gaps, the following hypotheses were developed.

i. Institutional ownership has a positive effect on sustainability reporting.
ii. Managerial Ownership has a positive effect on sustainability reporting.
iii. The Audit Committee has a positive influence on sustainability reporting.
iv. The Board of Commissioners has a positive influence on sustainability reporting.

3. Methodology

3.1. Research Design

this study applies a quantitative method to evaluate the effect of *corporate governance* on *sustainability reporting*. The quantitative approach is used because it allows for measurement, analysis, and identification of relationships between variables on a large scale, as well as providing accurate statistical data to test hypotheses, identify patterns, and draw strong and objective conclusions, which can be repeated to ensure the reliability of the study.

3.2. Population and Sampling

The unit of analysis in this study is banking companies listed on the Indonesia Stock Exchange (IDX) and have *sustainability reporting* in 2017-2022. The study population includes 46 banking companies that meet both criteria, with a focus on the influence of institutional ownership, managerial ownership, audit committees and boards of commissioners on *sustainability reporting*. The sampling technique used is purposive sampling, where samples are selected based on specific criteria to ensure the representation of certain characteristics, namely banking companies listed on the IDX and have published *sustainability reporting* during the 2017-2022 period.

3.3. Data Collection

The unit of analysis in this study is banking companies listed on the Indonesia Stock Exchange (IDX) and have *sustainability reporting* in 2017-202

3.4. Measurement Variable

In this study, *corporate governance* serves as an independent variable (X) proxied by institutional ownership (X1), managerial ownership (X2), audit committee (X3), and independent board of commissioners (X4), while *sustainability reporting* is the dependent variable (Y), with company size as a control variable. In this study, a sampling technique was used, namely purposive sampling, and

This study was conducted to determine the effect of *corporate governance* on sustainability reporting. The sample size was 46 banking companies listed on the Indonesia Stock Exchange (IDX) from 2017 to 2022. A total of 270 data points were analyzed.

Table 1. presents the variables, their measurements, and the references used in this study.

Variables	**Measurement**	**Reference**
Independent Variables		
Institutional Ownership (IP)	Institutional ownership is measured by the percentage of shares owned by institutional investors to the total shares outstanding. KI = Number of shares owned by institutions / Number of shares outstanding × 100%	Jensen and Meckling (1976) and Jouha et al. (2021)
Managerial Ownership (KM)	Managerial ownership is measured by the percentage of shares owned by directors, commissioners, and managers to the total shares outstanding. KM = Number of shares owned by management / Number of shares outstanding × 100%	Jensen and Meckling (1976) and Jouha et al. (2021)
Audit Committee (JKA)	The audit committee is measured based on the number of audit committee members the company has.	Debby, Smith, and Lee (2017)
Board of Commissioners (JDK)	The board of commissioners is measured based on the number of board of commissioners members in the company.	Thesaria (2017)
Sustainability Reporting (SR)	Sustainability reporting is measured using the GRI disclosure index, which is the ratio of the number of disclosed items to the number of applicable GRI items. SR = n/k, where *n* is the number of disclosed items and *k* is the total number of applicable GRI items.	Manisa and Defung (2017)

3.5. Data Analysis Techniques

The data analysis comprised panel data regression, accompanied by the Chow and Hausman tests to determine the optimal regression model among pooled least squares, fixed effects, or random effects. The estimation method used in the panel data regression analysis was Generalized Least Squares (GLS).

The regression was carried out using STATA software version 13. Furthermore, classic assumptions for multicollinearity were tested using VIF (Variance Inflation Factor), where a mean VIF above 10 indicates the presence of multicollinearity. Violations of multicollinearity were addressed by centering and eliminating independent variables causing multicollinearity.

3.6. Model Specification

The research model for hypothesis testing is shown in the following model.

$$SR_{it} = \alpha + \beta 1\ KI_{it} + \beta 2\ KM_{it} + \beta 3\ JKA_{it} + \beta 4\ JDK_{it} + e \quad (1)$$

Where:
SR = Sustainability Reporting
α = Constant Value.
KI = Institutional Ownership.
KM = Managerial Ownership.
JKA = Audit Committee.
JDK = Board of Commissioners.
$\beta_{1,2,3,4}$= Regression Coefficient of Variable $X_{1,2,3,4}$.
e = Residual or Error Term.

4. Result

4.1. Descriptive Statistics

Based on the established criteria from sustainability reports and annual reports of banking companies listed on the Indonesia Stock Exchange (IDX), 46 company samples were obtained with a total of 276 observations. Table 2 explains the descriptive statistics for the variables used in the analysis of the influence of corporate governance on sustainability reporting, with the dependent variable being Sustainability Reporting and the independent variables being Institutional Ownership, Managerial Ownership, Audit Committee, and Board of Commissioners.

Table 2. Descriptive Statistics of Study Data.

No.	Variables	Mean (π)	Stdev (σ)	Min.	Max.
1	Sustainability Reporting (SR)	0.210	0.021	0.15	0.26
2	Institutional Ownership (IP)	0.794	0.233	0.00	1,000
3	Managerial ownership (KM)	0.009	0 .058	0.000	0.540
4	Audit Committee (JKA)	3,789	1,215	1,000	10.00
5	Board of Commissioners (JDK)	4,732	2,245	2,000	12.99

Source: Processed secondary data.

The descriptive statistics result shows that institutional ownership has an average of 0.7949 with a standard deviation of 0.23333, indicating that the majority of banking company shares are owned by institutional investors with a relatively moderate level of variation. In contrast, managerial ownership has a very low average of 0.0098 with a standard deviation of 0.05818, indicating that management only has a small proportion of share ownership. Meanwhile, the audit committee has an average of 4 members (standard deviation of 1.21566) and the board of commissioners has an average of 4.73 members (standard deviation of 2.24549), so the structure of the board of commissioners appears more diverse compared to the audit committee.

The dependent variable, sustainability reporting, has an average of 0.2104 with a standard deviation of 0.02086. This average value indicates that the level of sustainability reporting disclosure in banking companies is still relatively low, while the small standard deviation indicates that the level of disclosure between companies tends to be homogeneous. Overall, the descriptive statistics show that corporate governance structures have varying characteristics, while sustainability reporting practices are relatively uniform across the banking companies included in the study sample.

4.2. Correlation Analysis

Before conducting regression testing, an initial investigation of the sample was to conduct a correlation analysis between the variables. Based on the results of the correlation test in Table 3. The results of the correlation analysis in Table 3 show that sustainability reporting (SR) has a positive and significant relationship with institutional ownership (KI), company size (SIZE_FIRM), the number of audit committees (JKA), and the number of boards of commissioners (JDK), while the relationship with managerial ownership (KM) is negative but not significant. In addition, all correlation coefficients between independent variables are below the threshold of 0.80, thus indicating the absence of multicollinearity problems that can affect the estimation of the regression model.

Table 3. Correlation of research variables.

	SR	KI	KM	SIZE_FIRM	JKA	JDK
SR (Sustainability Reporting)	1.00					
IP (Institutional Ownership)	0.182***	1.00				
KM (Managerial Ownership)	-0.089	-0.196***	1.00			
SIZE_FIRM (Company size)	0.156**	0.154**	-0.206***	1.00		
JKA (number of Audit committees)	0.138**	0.155**	-0.080	0.438***	1.00	
JDK (Number of Board of Commissioners)	0.179***	0.216***	-0,116*	0.709***	0.554***	1.000

Note: * p<0.1, ** p<0.05, *** p<0.001.

4.3. Regression Analysis

Table 4 presents the results of the regression analysis examining the effects of the independent variables on sustainability reporting (SR). The results show that institutional ownership (KI) has a positive and statistically significant effect on sustainability reporting, while managerial ownership (KM) has a negative and statistically significant effect. In contrast, the number of audit committee members (JKA) and the number of board ofcommissioners members (JDK) have positive but statistically insignificant effects on sustainability reporting. The control variable, firm size (Log_Aset), also does not have a statistically significant effect. Overall, the regression model is statistically significant, as indicated by the Chi-square value of 30.53 ($p < 0.01$), with an R^2 of 2.82%. The detailed results of the hypothesis testing are presented in Table 4.

Table 4. Results of Regression (Hypothesis 1,2,3 and 4).

		Dependent Variable SR
Description	**Predict**	**Sig (P value)**
Independent Variable		
KI	+	0.012 (0.0075***)
KM	+	-0.018 (0.0105**)
JKA	+	0.001 (0.398)
JDK	+	0.001 (0.185)
Control Variable		
Log_Aset	+/-	0.001 (0.416)
Cons		0.184 (0.000)
N		270
R2		2.82%
Chi2		30.53***

*****, **, * Significance at the 1%, 5%, 10%, levels**

4.4. Test of Hypotheses

4.4.1. Test of Hypothesis One

H_1: Institutional ownership has a positive effect on sustainability reporting.

Based on Table 4, the results of multiple linear regression analysis obtained the results of Institutional ownership (KI) has a positive effect on Sustainability Reporting with a β coefficient of 0.012 *with a* p value of 0.0075. The results of the regression analysis support the hypothesis H1 which states that institutional ownership has a positive effect on *sustainability reporting* so that H1 is accepted. Companies with a higher proportion of institutional ownership tend to have better sustainability reporting practices. Institutional shareholders demand high standards of ethics and social responsibility, reflecting their commitment to sustainable and ethical business practices.

4.4.2. Test of Hypothesis Two

H_2: Managerial Ownership has a positive effect on sustainability reporting

Based on Table 4, the results of *the* multiple linear regression analysis show that Managerial Ownership (KM) has a negative effect on *sustainability reporting*, with a coefficient of β of -0.018 with a p-value of 0.0105. The results obtained indicate a negative relationship between the two variables, which contradicts the H2 hypothesis which states that managerial ownership has a positive influence on *sustainability reporting*, in other words, *H2 is rejected. Based on research data, the* higher the proportion of managerial ownership in a company, the lower the level of disclosure in sustainability reporting

4.4.3. Test of Hypothesis Three

H3: The Audit Committee has a positive influence on sustainability reporting.

Based on Table 4, the results of the Audit Committee (JKA) regression analysis show a positive coefficient of 0.001, but no significant effect on sustainability reporting with a p-value of 0.398. These results indicate that the number of audit committee members is not sufficient to improve sustainability reporting.

4.4.4. Test of Hypothesis Four

H4: The Board of Commissioners has a positive influence on sustainability reporting.

Based on Table 4, the board of commissioners (JDK) has a positive coefficient of 0.001, but it does not significantly influence sustainability reporting, with a p-value of 0.185. This result indicates that increasing the number of board members does not necessarily improve sustainability reporting.

4.5. Discussion of Result

The finding that institutional ownership has a positive effect on sustainability reporting is in line with Agency Theory Jensen and Meckling (1976) which explains that institutional investors act as an effective monitoring mechanism in reducing agency conflicts between management and shareholders. The results of the study are in line with Janggu et al. (2014) which shows a positive influence between institutional ownership and sustainability disclosure. Institutional shareholders encourage more complete and detailed sustainability reports in an effort to create a relationship which is harmonious with stakeholders so that it will have an impact on the long-term success of the company (Jouha et al., 2021).

The higher the proportion of managerial ownership in a company, the lower the level of disclosure in sustainability reporting. The results of this study are in line with research conducted by Affriani (2020); Aniktia and Khafid (2015); Priatana and Yustiana (2011) which found a negative influence of managerial ownership on *sustainability reporting*. In companies with low managerial ownership, management may *be less* motivated to act in the interests of shareholders, which can influence strategic decisions. Conversely, high managerial ownership can make managers more focused on increasing personal and company profits, thus neglecting sustainability reporting disclosure. Higher sustainability disclosure can reveal problems or weaknesses that damage reputation and stock value, so companies with high managerial ownership may reduce disclosure to avoid this risk. Jouha et al. (2021). Management with significant ownership may be less motivated to disclose information because they already have enough information and do not feel the need to share it with external parties. Recent international evidence also highlights the important role of managerial ownership in shaping ESG disclosure and sustainability-related transparency, particularly in emerging markets (Kiran, Chughtai, Rabbani, & Aysan, 2024; Liu, Abdelbaky, Elamer, & Elmahgoub, 2023).

The negative relationship between managerial ownership and *sustainability reporting disclosure* can raise important questions about management's motivations and priorities within a company. Managers who own shares in their companies may be motivated to control the information released to the public, reduce external scrutiny, and maintain strategic advantage by minimizing disclosure (Liu et al., 2023). They may choose to prioritize short-term financial performance over investing in more transparent sustainability initiatives that can require significant resources and may not provide immediate returns (Liu et al., 2023). The conflict of interest resulting from their dual roles as managers and shareholders may encourage more protective behavior regarding information disclosure, especially when such disclosures potentially pose legal or reputational risks. Furthermore, with substantial shareholding, managers feel less pressure from external shareholders to provide high levels of transparency, particularly in the context of sustainability, which often requires a long-term approach and resource commitment (Kiran et al., 2024). In this regard, shareholder managers may also be less responsive to social pressures to act as responsible corporate citizens. Finally, a strong focus on managerial ownership may also indicate a lack of awareness or appreciation of sustainability practices as a critical element in building long-term relationships with stakeholders and maintaining a sustainable corporate reputation (Kiran et al., 2024; Liu et al., 2023).

The audit committee essentially has a monitoring function over the company's reporting process, but its effectiveness is not solely determined by the number of members. Accounting and sustainability competency, independence, meeting frequency, and audit committee involvement in overseeing the reporting process can be more determining factors in audit committee effectiveness. In this study, the audit committee is measured by the number of its members, so this measure does not fully represent the quality and effectiveness of the audit committee's oversight function (Debby et al., 2017). This finding is in line with research that found that audit committee characteristics do not affect sustainability reporting (Idawati & Hanifah, 2022). Therefore, the insignificance of the audit committee in this study may indicate that the structural existence of an audit committee does not necessarily result in improved sustainability reporting if it is not accompanied by adequate competency and effective oversight.

Theoretically, a larger board size can improve monitoring capacity because there are more members who can provide perspective and provide oversight of management. However, board size only reflects quantitative aspects and does not reflect the effectiveness of the oversight function. A larger board is not always more effective if there are constraints on coordination, communication, independence, or limited competencies related to sustainability. In this study, the board of commissioners is measured by the number of board members, so this measure does not capture the qualitative characteristics of the board (Thesaria, 2017). This result is consistent with research that found that board size does not influence sustainability reporting quality (Steelyana W & Raharjo, 2024). However, other research found that board size has a positive effect on ESG disclosure (Sari & Fitriani, 2023). The difference in results indicates that the influence of the board of commissioners on sustainability reporting is likely determined more by the quality and characteristics of the board than just the number of its members.

5. Conclusion, Implications of Results and Limitations

This study aims to examine the influence of *corporate governance* on *sustainability reporting* in banking in Indonesia, based on the results of the study showing that the Institutional ownership variable has a positive effect on *sustainability reporting*, the managerial ownership variable shows a negative effect on *sustainability reporting*, while the Audit Committee and the Board of Commissioners have no effect on sustainability reporting.

The research results can have implications for companies, including providing companies with an understanding of the influence of corporate governance, particularly regarding the internal mechanisms of Institutional ownership, the Audit Committee and the Board of Commissioners, where these mechanisms have been proven to support sustainability *reporting*.

This study has several limitations: first, although it involved 46 samples out of a total of 276 over a six-year period in the banking sector, it did not cover all sectors of companies listed on the Indonesia Stock Exchange, limiting the generalizability of the findings. Second, this study was limited to the use of only four independent variables in the corporate governance analysis (Institutional Ownership, Managerial Ownership, Audit Committee, and Board of Commissioners), while there are other independent variables that could potentially influence sustainability reporting but were not included in this analysis. Additional variables could provide a deeper understanding of the factors influencing sustainability reporting practices in companies.

References

Adila, W., & Syofyan, E. (2016). The influence of corporate governance and company characteristics on sustainability report disclosure: An empirical study of companies listed on the IDX in 2010-2014. *Jurnal WRA, 4*(2), 777-792.

Affriani, E. (2020). The influence of corporate governance on sustainability reporting disclosure in non-banking and non-financial companies listed on the Indonesia stock exchange. *Jurnal Akuntansi dan Bisnis, 22*(1), 67-78.

Alhazaimeh, A., Palaniappan, R., & Almsafir, M. (2013). The impact of corporate governance on voluntary disclosure in annual reports: Evidence from Jordanian corporations. *Journal of Business Management and Economics, 4*(1), 12-31.

Aniktia, R., & Khafid, M. (2015). The influence of corporate governance on sustainability reporting disclosure. *Jurnal Dinamika Akuntansi, 7*(2), 123-137.

Anugrah, W. M., & Dewayanto, T. (2011). The influence of corporate governance on sustainability reporting disclosure. *Jurnal Ilmiah Akuntansi, 9*(1), 78-89.

Aulia, F. P., Safitri, H., & Rahmawati, N. (2016). The influence of managerial ownership on sustainability reporting disclosure. *Jurnal Akuntansi dan Auditing Indonesia, 20*(2), 94-105.

Aziz, M. N. (2014). The influence of managerial ownership on sustainability reporting disclosure in manufacturing companies in Indonesia. *Jurnal Akuntansi dan Bisnis, 15*(3), 178-189.

Brigham, E. F., & Houston, J. F. (2019). *Fundamentals of financial management*. Boston, MA, USA: Cengage Learning.

Debby, R., Smith, J., & Lee, C. (2017). The role of the audit committee in enhancing financial reporting quality: A global perspective. *Journal of Accounting and Economics, 63*(1), 15-34.

Dizar, E., Kusumaningtias, R., & Hidayah, Y. R. (2019). The influence of the audit committee on sustainability reporting disclosure. *Jurnal Akuntansi Multiparadigma, 10*(2), 145-160.

Effendi, M. A. (2016). *The power of good corporate governance: Theory and implementation*. Jakarta: Salemba Empat.

Ghozali, I., & Chariri, A. (2007). *Accounting theory*. Semarang: Badan Penerbit Universitas Diponegoro.

Hardika, F. Y., Adib, N., & Mahendra, I. (2018). The influence of audit committee meeting frequency on sustainability reporting disclosure. *Jurnal Akuntansi dan Keuangan, 23*(1), 85-98.

Hidayah, Y. R., Agustin, H., & Rini, P. (2019). The influence of corporate governance on sustainability reporting disclosure in manufacturing companies listed on the Indonesia stock exchange. *Jurnal Ekonomi dan Bisnis, 15*(2), 202-216.

Idawati, W., & Hanifah, A. N. (2022). The influence of board independence, audit committee, and managerial ownership on sustainability reporting in the ASEAN corporate governance scorecard. *Ultima Accounting: Jurnal Ilmu Akuntansi, 14*(2), 312-330.

Janggu, T., Darus, F., Zain, M. M., & Sawani, Y. (2014). Does good corporate governance lead to better sustainability reporting? An analysis using structural equation modeling. *Procedia-Social and Behavioral Sciences, 145*, 138-145. https://doi.org/10.1016/j.sbspro.2014.06.020

Jensen, M. C., & Meckling, W. H. (1976). Theory of the Firm. *Managerial Behavior, Agency Costs and Ownership Structure, 3*(4), 305-360.

Jouha, A., Muhammad, N., & Alamsyah, D. P. (2021). The moderating role of sustainability reporting in the relationship between corporate governance and firm performance. *Jurnal Akuntansi dan Auditing Indonesia*, *25*(1), 49-65.

Kamardin, H. (2014). Managerial ownership and firm performance: The influence of family directors and non-family directors. *Ethics, Governance and Corporate Crime: Challenges and Consequences.* https://doi.org/10.1108/S2043-052320140000006002

Kiran, M., Chughtai, S., Rabbani, M. R., & Aysan, A. F. (2024). ESG disclosure and cost of finance: The moderating role of managerial ownership. *Journal of Financial Reporting and Accounting.* https://doi.org/10.1108/JFRA-05-2024-0251

Krechovská, M., & Procházková, P. T. (2014). Sustainability and its integration into corporate governance focusing on corporate performance management and reporting. *Procedia Engineering*, *69*, 1144-1151. https://doi.org/10.1016/j.proeng.2014.03.103

Liu, T., Abdelbaky, A., Elamer, A. A., & Elmahgoub, M. (2023). Real earnings management and ESG disclosure in emerging markets: The moderating effect of managerial ownership from a social norm perspective. *Heliyon*, *9*(12), e22832.

Manisa, A., & Defung, L. (2017). Sustainability reporting and corporate accountability: A comparative study. *Journal of Sustainable Finance & Investment*, *7*(1), 23-41.

Nurleni, N., Bandang, A., Darmawati, & Amiruddin. (2018). The effect of managerial and institutional ownership on corporate social responsibility disclosure. *International Journal of Law and Management*, *60*(4), 979-987. https://doi.org/10.1108/IJLMA-03-2017-0078

OECD. (2015). *G20/OECD principles of corporate governance.* Paris: OECD Publishing.

Oktafianti, L., & Rizki, M. (2015). The influence of managerial ownership and institutional ownership on sustainability reporting disclosure. *Jurnal Akuntansi dan Bisnis*, *11*(2), 87-96.

Priatana, R. A., & Yustiana, D. Y. (2011). The influence of corporate governance on sustainability reporting disclosure in non-banking and non-financial companies in Indonesia. *Jurnal Akuntansi dan Auditing Indonesia*, *15*(1), 53-66.

Pucheta-Martínez, M. C., Gallego-Álvarez, I., & Bel-Oms, I. (2021). Corporate social and environmental disclosure as a sustainable development tool provided by board sub-committees: Do women directors play a relevant moderating role? *Business Strategy and the Environment*, *30*(8), 3485-3501. https://doi.org/10.1002/bse.2815

Raharjo, A. (2016). *Corporate governance and its impact on company performance.* Jakarta: Rajawali Pers.

Ros, D., Arief, M., & Setiawan, D. (2002). The influence of managerial ownership on sustainability reporting disclosures. *Jurnal Akuntansi dan Keuangan Indonesia*, *19*(1), 75-89.

Sari, R. N., & Marsono, M. (2013). The influence of audit committee meetings and commissioners meetings on sustainability reporting disclosure. *Jurnal Akuntansi Indonesia*, *22*(2), 65-76.

Sari, T. K., & Fitriani, N. (2023). How do board characteristics influence the ESG disclosure in Indonesia? *Jurnal Akuntansi dan Auditing Indonesia*, *27*(2), 208–218. https://doi.org/10.20885/jaai.vol27.iss2.art9

Setyawan, A. A. (2018). The influence of independent board of commissioners on sustainability reporting disclosure in non-banking and non-financial companies in Indonesia. *Jurnal Akuntansi dan Keuangan*, *20*(3), 107-119.

Sidiq, M., Hidayati, N., & Agustina, L. (2021). The influence of institutional ownership on sustainability reporting disclosures in manufacturing companies in Indonesia. *Jurnal Akuntansi dan Auditing Indonesia*, *25*(2), 89-99.

Siswanti, M. (2017). The influence of corporate governance on sustainability reporting disclosure in the banking sector in Indonesia. *Jurnal Ekonomi dan Bisnis*, *19*(1), 45-55.

Steelyana W, E., & Raharjo, K. M. K. (2024). Sustainability reporting: Stakeholder pressure and board composition influence. *Jurnal Bisnis dan Akuntansi*, *26*(1), 67–84. https://doi.org/10.34208/jba.v26i1.2440

Thesaria, R. (2017). Corporate governance and sustainability reporting. *Journal of Business Ethics*, *142*(4), 649-668.