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Analysis of the Effect of Good Corporate Governance Mechanisms and Financial Performance on the Disclosure of Sustainability Reports with Firm Size as a Moderating Variable in Banking Companies Listed on the Indonesia Stock Exchange 2017-2022

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ABSTRACT

The purpose of this study was to test and analyze the effect of Good Corporate Governance (GCG) and others: managerial ownership, number of Board of Commissioners and Audit Committee, and Financial Performance, which included ROA and ROE on company sustainability in banking sub-sector companies listed on the Indonesia Stock Exchange. In addition, this study also aims to determine whether the firm size can be used as a moderation variable to strengthen or weaken the relationship between good corporate governance (GCG) and the financial performance of the company's sustainability. This research is a type of quantitative research with a descriptive approach. Purposive sampling techniques were used from 47 banking companies in the IDX, and 19 banks were included in the research sample within 6 years of the period. The data used are secondary data and data collection methods, accessed by accessing the IDX's 2017-2022 annual report. The results of this study show that good corporate governance (GCG) has no significant effect on sustainability. The audit committee has no significant effect on sustainability reports. Managerial ownership has a significant effect on sustainability reports, independent commissioners have no significant effect on sustainability reports, the Board of directors has no significant effect on sustainability reports, and financial performance has a significant effect on sustainability reports, where ROA and ROE have a significant effect on sustainability reports. Firm size can moderate the influence of GCG and financial performance with sustainability reports.

Keywords: *good corporate governance, audit committee, board of commissioners, managerial ownership, financial performance, ROA, ROE, sustainability report, and firm size*

INTRODUCTION

For those outside the company's management, financial statements function as information windows that allow them to understand the company's condition at specific reports. The quality of information obtained from financial statements highly depends on the company's disclosure level in its financial statements. Disclosure of adequate information in financial statements is essential to use as a basis for accurate decision-making by investors, creditors, and

other stakeholders. Therefore, the company's transparency in expressing financial information is expected to help decision-makers anticipate changes in dynamic economic conditions.

Viogria (2020) concluded that the disclosure of sustainability can increase public and stakeholders' confidence in investing in the company. Investors prefer to invest in transparent companies because their trust in management is high. The trust obtained by this company can improve the company's image and maintain good relations with external parties. The company also gets legitimacy from the community when it can maintain or improve its positive image. This legitimacy is essential for the company's long-term sustainability.

According to OJK (2014: 16), sustainability has five dimensions, including achieving industrial, social, and economic excellence to reduce the impact of global warming and overcome other environmental and social problems. Therefore, it is important to understand financial sustainability so that companies can gain broader access to the sources of funds needed for development, especially sustainable development, and to improve company governance by increasing the company.

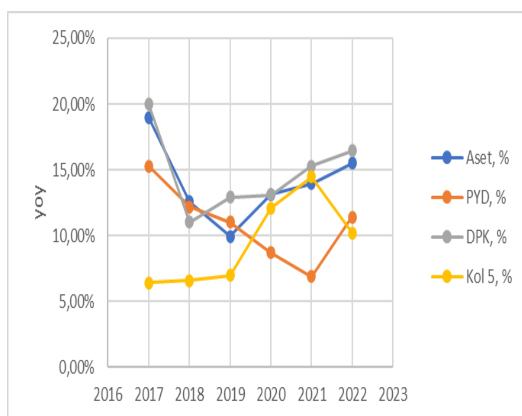

Figure 1. Banking Statistics
Source: Processed by Researchers

Table 1. The phenomenon of the development of banking companies registered in the IDX 2017-2022

	2017	2018	2019	2020	2021	2022
Aset %	18,97%	12,57%	9,93%	13,11%	13,94%	15,50%
PYD%	15,27%	12,17%	11,01%	8,08%	6,90%	11,43%
DPK%	19,89%	11,14%	11,82%	11,98%	15,30%	16,43%
KOL5, %	6,43%	6,58%	6,97%	12,10%	14,45%	10,20%

Source: Processed by Researchers

Based on these data, the total number of banking assets increases yearly. However, the percentage of growth decreased from 2018 to 2019. From 2020 to 2022, total banking assets experienced an increase of 3.18% in 2020 and 5.57% in 2022. Meanwhile, the banking PYD from 2017 to 2022 continues to decline, which means that the distribution of banking financing is slowing down. The percentage of PYD in 2021 grew by 6.90% (yoy), slower than the previous year when it grew by 8.08% (yoy). The cause of this slowdown is slow working capital growth, especially the impact of the pandemic on COVID-19, which affects the distribution of banking financing in the industrial sector. As for third-party funds (DPK) in 2018, it decreased, which subsequently experienced stagnancy of around 11% until 2020 before returning to rise in 2022 with a growth of 15.30% (yoy). The collectibility has continuously increased until 2021, which means that the debtor's disorder in resolving its obligations is increasingly leaving, but in 2022, the debtor's ability is improving. Although it shows a stable position, this is considered adequate because the large number of third-party funds collected has not yet been balanced with the financing distributed. Increased asset growth proves that banks have worked hard to increase public confidence and encourage higher financial performance growth every year.

Previous research on sustainability (disclosure of economic aspects), (environmental aspects), (and social aspects) have a significant negative effect on financial performance (Mulyawati & Augustine, 2019). At the same time, previous research

on finance sustainability related to the disclosure of economic, environmental, and social aspects had a significant positive effect (Wijayanti 2016, and Bukhori & Sopian 2017).

The current company management activities not only focus on economic aspects but also consider social aspects. According to Daniri (2014), demands for companies to provide transparent information, become accountable organizations, and apply good corporate governance increasingly encourage companies to express their social activities. One of the results of applying GCG principles is that companies must evaluate social and environmental performance, not just financial performance. Companies often reveal social and environmental responsibility activities through sustainability reports to meet stakeholders' interests. The concept of GCG mechanism and financial performance is the main reason behind the company's disclosure of the sustainability report, which shows that the company's economic governance and performance are going well (Aliniar & Wahyuni, 2017).

In some previous studies, there are still inconsistencies in research results on factors that influence social responsibility, so they must be re-tested with different samples and periods. Re-testing is intended to believe that the factors in the company's characteristics affect the disclosure of sustainability responsibilities. These diverse results may be due to differences like independent and dependent variables studied, differences in observation periods, types of disclosures, applicable regulations, and statistical methodology.

Previous research by Aliniar and Wahyuni (2017) tested the effect of GCG mechanisms and financial performance on the quality of disclosure of sustainability reports. The results show that the proportion of independent commissioners and institutional share ownership significantly influence the quality of the disclosure of sustainability reports.

Purnamawati (2017), in her research, identified that factors such as leverage, firm size, audit committee, and institutional ownership affect the level of sustainability reports. However, Hasanah's research (2017) concluded that the Board of Commissioners, Board of Directors, and Audit Committees had no significant influence on the disclosure of sustainability reports. Suryanawa's research (2018) shows that government shares ownership and profitability have no effect on sustainability reports, but the type of industry positively influences the removal of sustainability reports.

Latifa's research (2019) found that ROA, Audit Committee, and Board of Directors positively affected the Sustainability Report. However, managerial ownership and independent commissioners do not positively affect the accommodation of sustainability reports.

Based on the explanation and phenomenon above, examining the effect of financial performance and good corporate governance on financial sustainability is crucial. Besides, several studies on the sustainability disclosure above still provide inconsistent results. Therefore, researchers want to research "the effect of good corporate governance, financial performance on sustainability with firm size as a moderation of banking companies registered in the Indonesia Stock Exchange for the 2017-2022 period".

LITERATURE REVIEW

Sustainability Report

A sustainability report is a document that includes information about an organization's economic, social, and environmental performance. This report not only focuses on economic performance alone but also considers the social and environmental impacts produced by the organization. It aims to ensure the continuity of forest natural resources for the future.

The reporting principles have a crucial role in achieving transparency, so all

organizations must apply them when preparing sustainability reports. These principles can be divided into two groups: principles for determining report content and the report's quality. Principles to determine the content of the report guide the steps that must be taken to determine the information that must be included in the report, taking into account the activities, impacts, expectations, and the main interests of the stakeholders (Wijayanti, 2016). The principles for determining the content of reports according to SGR (Sustainable Growth) include:

1. Internal Funding: Companies can use retained earnings, namely the accumulation of net profit not distributed as dividends to shareholders.
2. Issuance of Equity: Companies can increase capital by selling part of their ownership to institutional and retail investors to obtain capital.
3. Issuance of Debt: Companies can increase capital through loan agreements, where lenders provide capital in return for interest payments and principal returns at maturity.

Companies that submit sustainability reports can significantly help shareholders better understand the company's transparency in managing economic, environmental, and social policies (Nilawati, 2019).

OJK launched sustainability in collaboration with the Ministry of Environment. At the launch event, the Chairperson of the OJK Board of Commissioners, Muliaman D Hadad, stated that this roadmap contained a draft of a sustainable financial program for the financial services industry under the supervision of the OJK (OJK, 2014). This roadmap is expected to guide OJK, financial services industry players, and other parties interested in supporting sustainable development headed by the government. This document includes many strategic steps. Calculation of the Sustainability Reporting Index (SRI) Disclosure Quality Index (SRI) is formulated as follows:

$$SGR = Retention\ Rate\ x\ ROE$$

The company's sustainable growth rate only depends on the income retention (R) level for the return on equity.

Good Corporate Governance (GCG)

Good Corporate Governance (GCG) is a company's internal system that aims to manage significant risk, ensure the achievement of business goals, protect company assets, and increase the value of shareholders' investment in the long run (Effendi, 2009). In the context of various company problems, such as corporate responsibility and conflict of environmental interests, implementing GCG practices is considered the right solution. According to Surya & Yustiavanda in Pratama (2013), GCG is expected to improve company performance and positively impact the community as consumers and as shareholders and essential stakeholders for companies, especially those registered in the stock exchange.

Implementing Good Corporate Governance aims to create sustainable added value for all parties with a long-term interest (stakeholder) (forum for corporate governance in Indonesia, 2001). According to (Forum for Corporate Governance in Indonesia) FCGI 2001, the benefit of the application of Good Corporate Governance is to improve company performance through the creation of a better decision-making process, improving the company's operational efficiency and further improving services to stakeholders, making it easier to obtain cheaper financing funds so that can further increase corporate value, restore investor confidence to invest their capital in

Indonesia. Shareholders will be satisfied with the company's performance because it will increase shareholders' value and dividends. According to the National Committee for the Governance Policy (KNKG, 2006: 5), in general, there are 5 basic principles of Good Corporate Governance, namely: Transparency, Accountability, Responsibility, Independency and Fairness.

Two mechanisms help reduce differences in interests between shareholders and managers in the context of implementing Good Corporate Governance (GCG), namely: (1) company internal control mechanisms and (2) market-based external control mechanisms (Wicaksono, 2014). The structure plays an essential role in implementing the corporate governance mechanism. This structure is a basic framework for preparing the company's corporate system, including distributing rights and responsibilities among company organs such as independent commissioners, Board of directors, managerial ownership, and audit committee.

a) Audit Committee

The company appoints the audit committee as a liaison between the Board of directors, external auditors, internal auditors, and independent members (Anikta and Khafid, 2015). The audit committee is measured by comparing the number of all audit committee members in a company. The formula for calculating the size of the audit committee is:

$$\textit{Audit Committee} = \textit{Number of Audit Committee Members}$$

b) Managerial Ownership

Managerial ownership is the percentage of the number of shares owned by management of the total number of company's shares managed (Boediono, 2015).

$$MO = \frac{\textit{Total Managements' Shares}}{\textit{Number of Company Shares}} \text{x}100\%$$

c) Independent Commissioner Size

Independent Commissioner can be calculated by calculating the percentage of members of the Board of Commissioners who originated from outside the company to all sizes of the Board of Commissioners of the sample company (Testyanto, 2017). The formula for calculating the proportion of the Board of Commissioners:

$$IC = \frac{\textit{Members of Board of Commissioners from outside comompany}}{\text{Size of the Board of Commissioners}} x100\%$$

d) Independent Board of Commissioners

Aziz (2014) explained that the Board of Commissioners acts as a supervisory mechanism and directs company managers or management. This variable can be measured by calculating the number of members of the Board of Commissioners based on each company's annual report (annual report). The formula for calculating the size of the Board of Directors:

$$\textit{Board of Commissioners} = \textit{Number of Board of Commissioners Members}$$

Financial Performance

Financial performance reflects the company's financial condition in a certain period, which includes the collection and distribution of funds. It is usually measured by capital adequacy, liquidity, and profitability (Akbar, 2021).

Fahmi (2011) explains that financial performance analysis is essential to assess how well the company manages its finances. Husnan and Padjastuti (2004) highlighted the importance of using ratios or indexes as an analysis tool commonly used by financial analysts to measure the relationship between company financial data. Various kinds of analytical tools can be used to assess a company's financial performance, including:

1. Profitability

Kusnadi et al. (2002: 117) explain that profitability is the result of policies and decisions taken by management in a business organization.

A high level of profitability indicates good performance for the company. It also encourages competition between companies to increase transparency by voluntarily expressing additional information and disclosing sustainability reports (Latifah, 2019).

In the sustainability report, companies must reveal the economic index as part of their accountability to stakeholders (stakeholders) and as an effort to gain more trust. Through the disclosure of sustainability reports, the company is trying to provide convincing information to shareholders who are interested in the company's profitability. One measure that is often used to measure profitability is the Return on Assets (ROA) ratio and Return on Equity (ROE) (Nurkhin, 2007: 36).

ROA is a profitability indicator that calculates the company's net profit as a percentage of the total assets owned. The higher ROA shows that management is more effective in managing company assets. High or low ROA levels can impact the disclosure level of company sustainability (Hanafi and Halim 2017). The formula for calculating ROA, namely:

$$\boldsymbol{ROA} = \frac{\boldsymbol{Net\ Profit}}{\boldsymbol{Total\ Assets}}$$

Return on Equity (ROE) is the profitability for total assets by comparing equity with the total assets owned by the company. The formula for calculating ROE is as follows:

$$\boldsymbol{ROE} = \frac{\boldsymbol{Net\ Profit}}{\boldsymbol{Total\ Equity}}$$

2. Liquidity

Hanafi and Halim (2017) explain that the liquidity ratio is a measure that evaluates a company's ability to deal with short-term obligations by comparing the company's current assets with current debt that must be paid off. The formula for calculating the current ratio (CR):

$$\boldsymbol{Current\ Ratio} = \frac{\boldsymbol{Current\ Assets}}{\boldsymbol{Current\ Liabilities}}$$

Firm Size

The firm size refers to the scale or value used to classify the firm size based on specific indicators such as total assets, log size, stock value, number of labor, sales, and market capitalization.

Larger companies tend to carry out broader activities to have a more significant impact on the community. They also have more shareholders who pay attention to the company's social programs, and the annual report effectively communicates this information (Cowen et al., 1987).

The greater the total assets, sales, and market capitalization of a company, the greater the size of the company. These three indicators, namely total assets, sales, and market capitalization, are used to assess the company's size because they reflect the scale of operations and the company's influence in the market. The greater the company's assets, the greater the capital planted in the company's assets. Likewise, the greater the sales and capitalization of the market, the greater the influence and level of company knowledge in the community (Sudarmadji and Lana, 2007: 54). Formula for calculating firm size, namely:

$$\boldsymbol{Firm\ Size} = \boldsymbol{LN}(\boldsymbol{Total\ Assets})$$

Framework

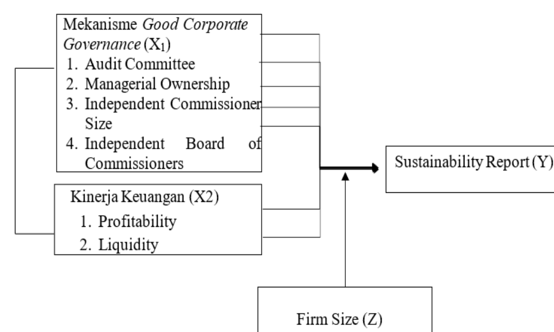

Figure 2. Conceptual Framework

H1: The size of the audit committee positively and significantly affects the disclosure of the sustainability reports.
H2: Managerial ownership positively and significantly affects the disclosure of sustainability reports.
H3: Independent Commissioner positively and significantly affects the disclosure of the sustainability reports.
H4: The size of the Board of Directors positively and significantly affects the disclosure of sustainability reports.
H5: Profitability positively and significantly affects the disclosure of sustainability reports.
H6: Liquidity positively and significantly affects the disclosure of sustainability reports.
H7: Firm size can moderate the effect of GCG on the sustainability reports.
H8: Firm size can moderate financial performance on the sustainability reports.

MATERIALS & METHODS

This study is a causal study that aims to test hypotheses and explain the relationship between the variables of Erlina (2011). The population used in this study are all banking companies listed on the Indonesia Stock Exchange (IDX) from 2017 to 2022, especially financial companies registered in the IDX during that period, which amounted to 47 banking companies, data obtained from www.idx .co.id. In purposive sampling, samples are selected from the population based on established criteria. The sample criteria used are:

1. Banking companies listed on the Indonesia Stock Exchange during the 2017 to 2022 period.
2. Banking companies that make a successive profit participate from 2017 to 2022.
3. Banking companies that publish sustainability reports in 2017-2022.

Sourced to the sampling criteria above, the banking company suitable for use to sample in this study amounted to 19 companies on the IDX multiplied by 6 research periods as a sample studied as many as 114 samples.

RESULT

A. Classical Assumption Testing

1. Normality Test

The normality test is carried out on the residual value of the regression model. The residual normality of the regression model in this study was determined using the Smirnov-Kolmogorov test. If the significance value of the Kolmogorov-Smirnov test> 0.05 (α = 5%), it can be stated that the residual regression model is normally distributed.

Table 2. Normality Test Result

		Unstandardized Residual
N		95
Normal Parameters[a,b]	Mean	0,0000000
	Std. Deviation	0,02276729
Most Extreme Differences	Absolute	0,087
	Positive	0,049
	Negative	-0,087
Test Statistic		0,087
Asymp. Sig. (2-tailed)		0,075[c]

Source: Processed Secondary Data, 2023

Table 2 shows that the Kolmogorov-Smirnov test has a significance of 0.075. These results prove the significance results> 0.05 (α = 5%), which means the residual regression model is normally distributed. Thus, the assumption of the residual normality test was met.

2. Multicollinearity Test

The multicollinearity test is the regression model correlated between independent and independent variables. The regression model is good if no multicollinearity exists in the test results. To detect the presence or absence of multicollinearity in this study using variance inflation factor (VIF), if the tolerance value> 0.10 or VIF value <10, there is no multicollinearity between independent variables in the regression model. The following are the values of tolerance and VIF in this study:

Table 3. Multicollinearity Test Results

Independent Variable	Tolerance	VIF	Description
Audit Committee	0,210	4,757	There is no multicollinearity
Managerial Ownership	0,645	1,549	There is no multicollinearity
Independent Commissioner Size	0,090	9,166	There is no multicollinearity
Independent Board of Commissioners	0,076	8,209	There is no multicollinearity
Board of Directors	0,116	8,657	There is no multicollinearity
Profitability	0,688	1,453	There is no multicollinearity
Liquidity	0,794	1,260	There is no multicollinearity

Source: Processed Secondary Data, 2023

Table 3 shows that the independent variable tolerance value is more than 0.10. VIF value is below the value of 10. The conclusion is that the independent variable regression model has no multicollinearity and has met the assumption of multicollinearity tests.

3. Autocorrelation Test

The autocorrelation test is used to test whether, in the linear regression model, there is a correlation between the disturbing error in the period (T) and a disturbing error in the previous period (T-1). A good regression model is a variable that does not have autocorrelation. To detect the presence or absence of autocorrelation in this study by conducting the Durbin Watson (DW-Test) test. There is no autocorrelation if the value of du <dw <4-du. Following are the results of the Durbin-Watson test:

Table 4. Autocorrelation Test Results

Du		Dw	4-Du	Description
1,972	21	1,722	2,184	There is no autocorrelation

Source: Processed Secondary Data, 2023

Table 4 shows that each DW value is 1,972. The DW value is between DUs of 1,722 and 4-DU of 2,184. The conclusion is that no autocorrelation data and the regression model have been fulfilled.

4. Heteroscedasticity Test

The heteroscedasticity test is used to test whether there is an inequality of variance in the regression model from one residual observation to another. Tests of the presence or absence of heteroscedasticity can be done by viewing the scatterplot graph, where data is piled up in several places. The following are the results of heteroscedasticity tests.

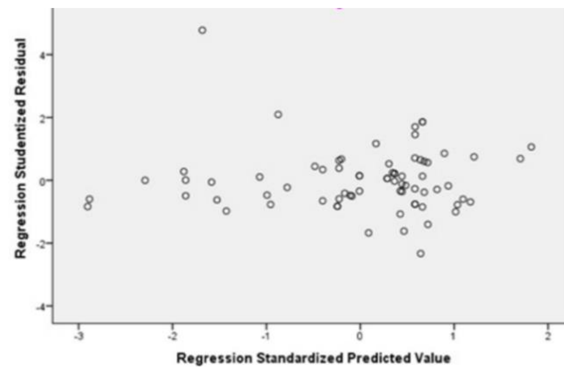

Figure 3. Scatterplot Graph
Source: Processed Secondary Data, 2023

5. Glejser Test

The Glejser test is done by regressing the independent variable and its absolute residual value (ABS_Res). The basis of decision-making using the Glejser test is as follows:

1. If the significance value (sig.)> 0.05, no heteroscedasticity symptom exists in the regression model.
2. Heteroscedasticity symptoms occur if the significance value (sig.) <0.05.

Table 5. Glejser Test Results

	Unstandardized B	Coefficients Std. Eror	Standardized Coefficients Beta	T	Sig.
Constat	3,813	3,116		1,232	0,000
ROA	0,295	0,111	0,076	1,875	0,063
ROE	0,192	0.154	0,063	0,925	0,059
GCG	0,076	0,132	0,057	0,876	0,057

Source: Processed Secondary Data, 2023

Table 5 shows that no significant independent variable statistically affects the dependent variable of absolute residual values (ABS_Res). It can be seen from the probability of its significance above the 5 percent confidence level. So, it can be concluded that the regression model does not contain heteroscedasticity.

B. Hypothesis Test Results

Multiple linear analysis aims to answer the problems in this study. This analysis analyzes the effect between independent variables on the dependent variable. The calculation or data processing is done using

the SPSS program based on the data obtained. The equation of data analysis regression results obtained the following values:

Table 6. The Effect of Variables

Variable Name	b	Std. Error	t-hitung	t-tabel	Sig.
Constant	0,864	0,011	80,219	1,985	0,000
Audit Committee	0,009	0,005	1,586	1,985	0,116
Managerial Ownership	0,154	0,037	4,184	1,985	0,000
Independent Commissioner	-0,012	0,006	-1,995	1,985	0,049
Independent Board of Commissioners	0,004	0,005	0,798	1,985	0,427
Board of Directors	0,003	0,003	1,093	1,985	0,278
Profitability	0,006	0,001	4,145	1,985	0,000
Liquidity	0,000	0,000	-2,959	1,985	0,004
Correlation Coefficient R = 0,736 Coefficient of Determination = 0,542 Determination Coefficient (Adjusted R Square) = 0,536 F-count = 15,387 F-table = 2,65 Sig.F =0,000					

Source: Processed Secondary Data, 2023

From the table above, it is known that the results of the research are as follows:

1. The regression coefficient of the influence of the Audit Committee of 0.009 explains that each existence of an increase in one unit in the audit committee will be able to increase the sustainability report by 0.009, meaning that there is a positive influence on the audit committee variable on the sustainability report.
2. The regression coefficient of the effect of managerial ownership of 0.154 explains that each existence of an increase in one unit in managerial ownership felt by the customer will be able to increase the sustainability report by 0.154, meaning that there is a positive effect of managerial ownership variables on sustainability reports.
3. The regression coefficient of the effect of independent commissioners of -0.012 explains that each existence of an increase in one unit in the size of the independent commissioner felt by the customer will be able to reduce the sustainability report by -0.012, meaning that there is a negative effect of independent commissioner size variables on sustainability report.
4. The regression coefficient of the influence of the Board of Commissioners of 0.004 explains that each existence of an increase in one unit in the Board of Commissioners felt by the customer will be able to increase the sustainability report by 0.004, meaning that there is a positive influence on the Board of commissioners on the sustainability report.
5. The regression coefficient of the influence of the Board of Directors of 0.003 explains that each existence of an increase in one unit in the Board of Directors felt by the customer will be able to increase the sustainability report by 0.004, meaning that there is a positive effect of the Board of Directors variables on the sustainability report.
6. The regression coefficient of the effect of profitability of 0.006 explains that each existence of an increase in one unit in the profitability felt by the customer will be able to increase the sustainability report by 0.004, meaning that there is a positive effect of profitability variables on sustainability reports.
7. The regression coefficient of the effect of liquidity of 0.006 explains that each existence of an increase in one unit in the liquidity felt by the customer will be able to increase the sustainability report by 0.004, meaning that there is a positive effect of liquidity variables on sustainability reports.

Partial Test (t-test)

This test was carried out to see the significant influence of individual independent variables on the dependent variable (partially). By assuming other variables are constant. If t count ≥ t table with a significance of 5%, it can be concluded that partially, the independent variable has a significant effect on the dependent variable. If t count <ttable with a significance level of 5%, it can be concluded that the independent variable does not affect the dependent.

Table 6 above shows that the audit committee, the size of the independent

commissioners, the Board of Commissioners, and the Board of Directors partially have no significant effect on the Sustainability Report (Y). Managerial ownership, profitability, and liquidity partially have a significant effect on the Sustainability Report.

Simultaneous Test (f-test)
The F test was carried out to see the effect of independent variables on the dependent variable together (simultaneously). If Fcount> Ftable has a significant level of 5%, it can be concluded that the independent variables significantly affect the dependent variable. Conversely, if Fcount <Ftable is a significant level of 5%, it can be concluded that the independent variable does not affect the dependent variable.
Table 6 shows that the results of the distribution of mean square regression with the mean square residual obtained the value of f count of 15.387 with a limit on the probability value of significance of 0,000. The value of the F table is at a significant level of 5%, and DF 87 is 2.65. Thus, the value of the F count (15,387) is more significant than the F table (2.65) so that a decision can be taken, namely receiving an alternative hypothesis (ha) and rejecting the HO hypothesis, meaning that financial performance jointly affects the sustainability report (Y).

Coefficient of Determination
The coefficient of determination is a coefficient that explains the magnitude of the influence of one of the independent variables on its underwire variables with the assumption that other variables were unknown. From the results of the SPSS output, the adjusted R Square was 0.536. This size's adjusted R Square value explains the role of the GCG mechanism variable and financial performance in influencing the Sustainability Report (Y), which is 0.536 or 53.6%. The remaining (residual value) of the role of these variables is 0.464 or 46.4%, which is influenced by other variables that are not involved in this study.

Moderation Effect Testing
The data processing results using multiple linear regression with the help of SPSS applications can be seen in Table 7 below.

Table 7. Coefficient Moderation Test Results

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1,175	0,184		6,388	0,000
	GCG	-0,060	0,041	-1,723	-1,474	0,144
	MO	-0,002	0,001	-3,349	-2,251	0,027
	Z	-0,015	0,010	-0,726	-1,513	0,134
	Moderation1	0,004	0,002	2,401	1,629	0,107
	Moderation2	0,000	0,000	3,266	2,169	0,033

a. Dependent Variable: Y

Source: Processed Secondary Data, 2023

The test results of the firm size can moderate the effect of the GCG mechanism on sustainability reports. The test results showed the significance value of β2 of 0.134> 0.05, and the significance value of β3 was 0.107> 0.05. It shows that the firm size moderates the influence of the GCG mechanism on sustainability reports.
The test results of firm size moderate the effect of financial performance on sustainability reports. The test results showed the significance value of β2 of 0.134> 0.05, and the significance value of β3 was 0.033 <0.05.

CONCLUSION
Based on the results of research that has been described, there are conclusions in this study, as follows:
1. The Audit Committee does not affect sustainability reports in banking companies on the 2017-2022 Indonesia Stock Exchange.
2. Managerial ownership affects the sustainability report on banking companies on the Indonesia Stock Exchange 2017-2022.
3. The size of the independent commissioner does not affect sustainability reports in banking companies on the Indonesia Stock Exchange 2017-2022.

4. The Board of Commissioners does not affect sustainability reports in banking companies on the 2017-2022 Indonesia Stock Exchange.
5. The Board of Directors does not affect sustainability reports in banking companies on the 2017-2022 Indonesia Stock Exchange.
6. Profitability affects the sustainability report in banking companies on the 2017-2022 Indonesia Stock Exchange.
7. Liquidity affects the sustainability report in banking companies on the 2017-2022 Indonesia Stock Exchange.
8. Firm size can moderate the effect of GCG on sustainability reports.
9. Firm size can moderate the effect of financial performance on sustainability reports.

SUGGESTIONS

Based on the conclusions and limitations above, suggestions that can be given for the development of further research are:

1. A more extended research period is recommended, so it is expected to obtain more comprehensive and ideal results from this study.
2. Researchers are advised that the research variables consider ratios such as smooth, price-to-book, acid, and efficiency.
3. It is recommended that research can use other sustainability models so that they can vary and be compared.
4. It is recommended that researchers use different analytical tools from this study.

Declaration by Authors

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