

Examining the Influence of Profitability and Good Corporate Governance on Sustainability Report Disclosure in Indonesia's Energy Sector

Muhammad Davin Guntur Biputra¹, Sutarti²

¹Institut Bisnis dan Informatika Kesatuan, Indonesia; ¹davinguntur12@gmail.com; ²Institut Bisnis dan Informatika Kesatuan, Indonesia; ²sutarti@ibik.ac.id;

Background: In the context of sustainable development, companies are increasingly required not only to pursue economic gains but also to consider the social and environmental impacts of their business activities. The ongoing energy transition toward renewable sources has put pressure on the profitability of Indonesia's energy sector, concurrently amplifying the demand for enhanced transparency and accountability in sustainability practices. Despite the growing public awareness of environmental and social issues, some companies still demonstrate a lack of commitment to sustainability and accountability principles. This condition reinforces the critical importance of effective implementation of Good Corporate Governance (GCG) to ensure credibility, consistency, and transparency in sustainability reporting.

Purpose: This study aims to examine the effect of profitability and Good Corporate Governance (GCG) indicators represented by the board of directors, independent commissioners, institutional ownership, and managerial ownership on the extent of sustainability report disclosure in energy sector companies listed on the Indonesia Stock Exchange (IDX) over the 2021–2024 period.

Methodology: This study employs a quantitative research design using secondary data obtained from annual and sustainability reports of energy sector companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2024 period. The population comprises all energy sector firms listed on the IDX, resulting in a total of 224 firm-year observations obtained through a purposive sampling technique. Data were analyzed using multiple linear regression with panel data to examine the relationship between profitability, Good Corporate Governance (GCG) indicators, and sustainability report disclosure.

Finding: The findings reveal that profitability has no significant effect on sustainability report disclosure. The board of directors exerts a positive and significant influence, while independent commissioners and institutional ownership show no notable impact. Managerial ownership negatively affects disclosure levels. These results suggest that profitability does not necessarily drive greater transparency, and that internal governance mechanisms particularly the active role of the board of directors play a more decisive role in promoting sustainability disclosure within energy companies.

Limitation: The study relies on quantitative secondary data, which may overlook qualitative aspects such as corporate culture, stakeholder engagement, or managerial ethics influencing sustainability disclosure. It also examines only four indicators of Good Corporate Governance (GCG), excluding other governance elements like audit committees or gender diversity. Future research could apply broader variables or mixed-method approaches to obtain more comprehensive insights.

Originality: This study integrates profitability and multiple GCG indicators using recent data, emphasizing that governance mechanisms play a more decisive role than profitability in promoting transparency and sustainability disclosure.

Keywords: board of directors, independent commissioners, institutional ownership, managerial ownership, profitability, sustainability report