CHAPTER V
CONCLUSIONS AND SUGGESTIONS

5.1 Conclusions

Based on the research results and analysis conducted in the previous chapters, the following conclusions can be drawn:

1. Firm Size does not have a significant effect on sustainability report disclosure (SRD) in manufacturing companies listed on the Indonesia Stock Exchange. This is indicated by the t-value of 0.844 and a p-value of 0.403, which is greater than 0.05. Therefore, the hypothesis H1 stating that firm size positively and significantly affects sustainability report disclosure is rejected.
2. Institutional Ownership also does not have a significant effect on sustainability report disclosure (SRD) in manufacturing companies listed on the Indonesia Stock Exchange. The t-value of 0.307 and p-value of 0.760, which is greater than 0.05, indicate that hypothesis H2 stating that institutional ownership positively and significantly affects sustainability report disclosure is rejected.
3. Profitability does not have a significant effect on sustainability report disclosure (SRD) in manufacturing companies listed on the Indonesia Stock Exchange. This is shown by the t-value of 0.891 and a p-value of 0.378, which is greater than 0.05. Therefore, hypothesis H3 stating that profitability positively and significantly affects sustainability report disclosure is rejected.

4. External Assurance has a significant effect on sustainability report disclosure (SRD) in manufacturing companies listed on the Indonesia Stock Exchange. The t-value of 3.943 and p-value of 0.000, which is less than 0.05, indicate that hypothesis H4 stating that external assurance positively and significantly affects sustainability report disclosure is supported and accepted.

In Indonesia, while companies are required to produce sustainability reports, the level of detail and depth in these reports is largely voluntary, depending on management's discretion. This flexibility means that the content of sustainability reports is heavily influenced by how much importance management places on sustainability and their commitment to transparency. As a result, the study’s findings—that Firm Size, Institutional Ownership, and Profitability do not significantly impact Sustainability Report Disclosure (SRD) in Indonesia—are logically acceptable. These factors may not provide enough incentive for management to go beyond the basic requirements or to disclose more detailed information. For example, large or highly profitable companies may not feel compelled to provide more comprehensive sustainability reports if management doesn’t perceive a direct benefit from doing so. This situation is particularly evident in Indonesia, where regulatory frameworks and awareness around sustainability are still developing.

The evolving context suggests that firm size, institutional ownership, and profitability have not yet become strong drivers of SRD because regulatory pressures, stakeholder expectations, and corporate culture surrounding sustainability have not matured enough to demand more extensive disclosures. In contrast, External Assurance plays a significant role in influencing SRD. The involvement of third-party verification through external assurance enhances the credibility and trustworthiness of sustainability reports. This creates a strong incentive for management to prepare more detailed and accurate reports, as they are subject to verification by external auditors. In summary, while internal factors like firm size or profitability may not push companies to disclose more, external mechanisms like assurance have a greater impact on encouraging more transparent and comprehensive sustainability reporting.

5.2 Suggestions

Based on the conclusions above, several recommendations can be made for:

1. Companies.

   Improving the Quality of Sustainability Reports. Companies should consider obtaining external assurance for their sustainability reports. External assurance can enhance the credibility and transparency of reports and provide greater trust to stakeholders. Strong Internal Policies: Although firm size, institutional ownership, and profitability do not have significant effects, companies should still build internal policies that support good sustainability reporting. This includes management commitment and a company culture oriented towards sustainability.

2. Institutional Investors.

   Support for Sustainability Reporting. Institutional investors should be more proactive in encouraging companies to improve their sustainability reporting practices. This can be done through dialogue and collaboration with companies to ensure that sustainability aspects become part of the company's strategy.

3. Regulators and Policymakers.

   Strengthening Regulations and Incentives for External Assurance. Regulators should consider strengthening regulations related to sustainability reporting. Stricter and more detailed standards and guidelines can help ensure that all companies, regardless of their size, provide quality reports. Regulators should also consider providing incentives for companies that obtain external assurance for their sustainability reports. This can encourage more companies to follow this practice.

4. Future Researchers.

   Further research is needed to explore other factors that may affect sustainability report disclosure. Variables such as corporate governance, stakeholder engagement, and regulatory impact can be the focus of future research. Comparative studies between industries or countries can also provide deeper insights into sustainability reporting practices and the factors that influence them.

By taking into account the above recommendations, it is hoped that the quality of sustainability report disclosure can be improved and support the achievement of broader sustainability goals.