The Effect of Audit Quality, Institutional Ownership, Profitability, and Firm Size on Sustainability Reporting Assurance of Companies Listed on SRI-KEHATI Index in 2019-2021

Angeline Dewi Shinta1*, Kevin Deniswara1, and Venny Tigrano Liu 1
1Accounting Department, School of Accounting, Bina Nusantara University, Jakarta, Indonesia 11480

Abstract. This research aims to analyze the effect of audit quality, institutional ownership, profitability, and firm size on sustainability reporting assurance. The research contribution to the matter is to provide knowledge about the results and information of the research that has been carried out to readers and related parties. This research used an explanatory quantitative method to analyze 42 data from the companies listed on the SRI-KEHATI index in 2019-2021, where the data were obtained using the purposive sampling method. The data were processed using IBM SPSS Statistics 25.0 using multiple linear regression analysis, including hypothesis tests. Based on the result, profitability and firm size have a significant positive effect on sustainability reporting assurance. In contrast, institutional ownership has a significant negative effect, and audit quality has no significant effect. The authors suggest using different populations and variables, larger samples, and extended periods to lower research limitations.

1 Introduction

Recently, the International Monetary Fund [1] predicted that the world economic fluctuation would impact the economy worldwide to experience an economic contraction, an economic downturn as measured by a decline in the country's Gross Domestic Product (GDP), which will impact the society and industrial circulation as business are more likely to fail during a recession due to difficult funding. [2] assesses that stronger companies were still able to get loans, but less stable companies were often unable to raise their diminishing capital. This phenomenon is felt by not only business figures, but also auditors. Previous research has found that future funding reduces the likelihood of obtaining a going concern opinion [3, 4]. Research conducted by [5] shows that auditors are more likely to issue going-concern opinions during financial crises, so the audit client’s ability to raise funds in financial crises and distress becomes the auditor’s consideration in going concern assessment. This financial crisis has negatively impacted the company’s performance that require adequate funding to carry out their operational activities smoothly, even the worst possibility is the company can experience bankruptcy, such as during the global financial crisis in 2008 which resulted in a weakening of business activities in general and bankruptcy in public companies in the United States, Europe, Asia, and other countries [6]. [7] stated that the financial crisis also affected the level of investor confidence in a company and also the level of creditor confidence in the financial health of a company in its ability to pay debts.

As an effort to reduce the impact caused by the crisis on business activities, the company has started implementing green accounting to support efforts to achieve the business' sustainability goals which is stated in the sustainability report. The reason for this action is because when a company has a low level of profitability during a recession and financial crisis, the company (management) hopes that report users will read "good news" about the company's performance, for example in the social and environmental sphere, and thus investors hopefully will still continue to invest in the company [8]. The environmental conservation program carried out in the form of green accounting that is stated in the sustainability report by the company will be positively perceived by the community which will lead to higher trust and loyalty by the community in the company [9]. This view is also supported by the research results of [10], who found that the application of green accounting and corporate social responsibility disclosure in the form of a sustainability report simultaneously has a positive and significant effect on profitability because it can increase company value and can attract both investors and consumers to be able to invest and buy company products, so as to increase profitability.

The importance of performance information as measured by the company’s profit is very much realized by management. Management has made various attempts to improve company performance, even resorting to dysfunctional behavior. This deviant behavior is manifested in earnings management actions which can occur due to information asymmetry between principals (investors and creditors) and agents (management). In a systematic literature review...
conducts by [11], it is found that principal-agents often have nonaligned and different interests, and possess different pieces of, and access to, information, considering the purpose to maximize utility function, which can be understood as a problem of information asymmetry and uncertainty. Informational asymmetry creates an imbalance between transaction partners with unfair results namely moral hazard and adverse selection that impact the relationship between associates and management and between the stakeholders [12]. Therefore, compliance is very important to ensure that agents protect, carry out and safeguard the interests of principal. Referring to the cruciality, hence, the assessment of whether the corporate social responsibility reports provided are trustworthy or not is a challenge for corporate governance actors and stakeholders [13]. [14] stated that third party assurance of corporate responsibility information is now firmly established as standard practice among the world’s biggest companies (G250). Therefore, the audit of the company's sustainability report or commonly known as the sustainability audit report was introduced to the public to provide assurance.

Users of sustainability reports value assurance statements with a high level of assurance, thereby minimizing information asymmetry between organizations and their stakeholders [13]. Sustainability report audits are conducted to show different perspectives of a company by demonstrating that in the context of sustainability, the company is committed and involved. [16] stated that auditing is one of the crucial factors to ensure that the financial and non-financial information presented is relevant and accountable. According to [17], companies can increase the credibility of their reports and financial reports through external verification and assurance as a means of enhancing the quality of financial information. Through this fact, it can be concluded that higher credible data can reduce information asymmetries and thereby reduce the occurrence of fraud.

As profitability is an important determinant of reporting for profitable companies by representing one of the triple bottom line which are anticipated as a form of corporate sustainability act, to justify their activities they tend to disclose their sustainability information and if the public interest in sustainable issues is stopped then the company's performance may not be sustainable, which leads to the conclusion that in order to promote a positive impression to the public, profitable company management wants to disclose more information [18]. This aligns with the public's sentiment's nature in institutional ownership. The existence of institutional ownership encourages more supervision from institutional investors to influence the actions of management on improving company performance, which affects the need for using sustainability reporting assurance and its importance as a tool for investors to access the reliability information presented in reports. [19] states that globally, this group of investors is attracted to high investment returns, yet is also expecting an increasing long-term perspective, making sustainable investments and considering corporate social responsibility issues. Firms with a larger size raises the potential for greater pressure, wherein the research of [20] concluded that having higher total resources and finances can encourage understanding of the preparation of sustainability reports, so larger firms are superior compared to small firms.

This research aims to determine the effect of audit quality, institutional ownership, profitability, and firm size on Sustainability Reporting Assurance. The research contribution to the matter is to provide knowledge about the results and information of the research that has been carried out to readers and related parties. The samples used in this research are companies listed on the SRI-KEHATI index in 2019-2021. The SRI-KEHATI index is a representation of the stock prices of 25 selected issuers considering the following criteria: total company total assets, price earnings ratio (PE), and free float with criteria for selecting companies that adhere to the principles of Sustainable and Responsible Investment (SRI), as well as environmental, social and governance principles (ESG). According to [21], this index is expected to provide additional information to investors who wish to invest in issuers that have excellent performance in promoting sustainable business and have awareness of the environment and implementing good corporate governance. In addition, [21] stated that the SRI-KEHATI Index consistently outperforms when compared to the two main Indonesian stock indices, namely the IDX Composite and the LQ45 Index. Referring to the statement, this indicates that the performance of SRI-KEHATI index is better, and thus increases the willingness of investors to invest in companies listed on the SRI-KEHATI index, which will cause controversy in the stock world if there is inconsistency.

2 Literature review

2.1 Stakeholder theory

Stakeholder theory states that in addition to being responsible for the company's well-being and taking into account the interests of all parties affected by the company's strategic actions or policies, the company must also uphold social responsibility [22]. Stakeholders expect communication from the company regarding the guaranteed sustainability of the company. According to [23] one way to maintain company relations with stakeholders is to disclose information transparently and this can be achieved by having an external party verify the contents of the sustainability report (assurance provider).

2.2 Signaling theory

According to [24], as an attempt to convey positive organizational attributes, the main focus of signaling theory is on the deliberate communication of positive information. The signaler should benefit by some action from the receiver that the receiver would not otherwise have done, where the selection of signaler that favors
some alternatives is usually involved for the signaling to take place [25]. [26] states that signaling theory encourages management to disclose private information that is interesting and of interest to investors, specifically information related to good news. In this case, the signaler would be the company’s management and receiver would be the interested party with the sustainability report assurance quality as the signal for the company’s positive sustainability attributes.

2.3 Sustainability reporting assurance

To demonstrate the company’s involvement and participation in the sustainability field, an audit is conducted on sustainability reports to demonstrate the various viewpoints of companies. Assurance in the firm’s sustainability report is anticipated to boost the company’s sustainability in its business operations as well as the credibility of the company’s sustainability reports. Assurance sustainability reports can build and maintain trust among stakeholders, help reduce the main risks and anxieties faced by companies and build trust and credibility [27]. According to [28], sustainability assurance is a valuable tool for fostering public confidence to increase the accuracy and legitimacy of information on sustainability reporting, thereby increasing the ability of analysts to forecast future cash flows. The use of assurance from external parties can increase the reliability and credibility of sustainability reports [29], so that it has an impact on stakeholder assumptions about the company. A method to increase the accuracy and credibility of reports is through assurance in sustainability reports, particularly in decision-making for stakeholders [30]. This is in line with stakeholder theory and signaling theory where the company’s prosperity is shown through whether the company’s actions and regulations towards the surrounding environment have been beneficial and managed to reduce asymmetry information of related parties.

The Global Reporting Initiative [31] has issued guidelines that can be used to measure sustainability management practices related to 3 aspects, namely economic, environmental, and human or triple bottom line (profit, planet, and people). The standards that are popularly used today are GRI G3, GRI G4, and GRI Standard [32]. The assurance of a sustainability report can refer to two main standards that are generally used, which is the International Standard on Assurance Engagements (ISAE) 3000 and AA1000 Assurance Standard (AA1000AS) [33] to support accountability in the presentation of information contained in a sustainability report that increases the value for its users. While AA 1000 AS is issued by a non-profit organization named Accountability and typically used by specialized party to emphasizes the need for the identification of material sustainability issues, the existence of a responsible strategy in line with identified issues, and the opinion on principles of materiality, completeness, and responsiveness, ISAE 3000 is issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) to determine the assurance term, plan, and engagement processes, controls, and evidence gathering techniques with given parameters [34].

2.4 Hypothesis development

2.4.1 The relationship of audit quality and sustainability reporting assurance

Audit quality helps reduce the level of information asymmetry between managers and other stakeholders, where previous research has linked high-quality audits with more transparent and reliable financial reports [35], so that stakeholders can trust the opinions of independent auditors on financial reports. This theory is expected to be applied similar to how sustainability report assurance helps to reduce the level of asymmetry information between stakeholders and managers. In their research result, [36, 37] concluded that there is a positive effect of the financial statement audit quality on disclosure of social responsibility information which aligns with the stakeholder theory and signaling theory in which audit quality supports the premise that companies have disclosed their information transparently to stakeholders which brings the writer to conclude that better audit quality will increase assurance on company’s sustainability report. Therefore, the writer proposed the first hypothesis as follows,

\[ H_1 = \text{Audit quality has a positive effect on the sustainability reporting assurance} \]

2.4.2 The relationship of institutional ownership and sustainability reporting assurance

Sustainability reporting assurance can be an important tool for investors to access the reliability of CSR reports, so that the higher the institutional ownership will affect the management to increase the need for the use of sustainability reporting assurance. Institutional ownership can increase the quality and quantity of voluntary disclosure because with the experience and strength of institutional investors who are responsible for protecting shareholders’ rights and interests, companies are required to communicate transparently to them. This means, with large institutional ownership it can encourage guarantees from sustainability reports carried out by companies [38]. [23, 30] conducted research about how institutional ownership may have a positive effect on the sustainability report assurance. These conclude the existence of stakeholder and signalling theory as companies having higher institutional ownership tend to have higher stakeholder satisfaction, which leads to higher demand of better assurance on sustainability report being signaled to investors. Therefore, the writer proposed the second hypothesis as follows,

\[ H_2 = \text{Institutional ownership has a positive effect on the sustainability reporting assurance} \]

2.4.3 The relationship of profitability and sustainability reporting assurance

Profitability is an important determinant of sustainability reporting because to validate their activities, profitable companies tend to disclose sustainability information, if the public interest for sustainability issues is stopped then the company's
economic performance may not be sustainable [30]. Research conducted by [23, 30, 39, 40] found that profitability has a positive effect on sustainability reporting assurance. In their research, [23] stated that companies that have a high capability to produce profits will be better able to fulfill all the interests of their stakeholders, including bearing the high costs of disclosing information through a sustainability report. To engage in activities that promote sustainable development and its reporting, companies with higher profitability are likely to have the required financial resources, which will motivate them to disclose the information in sustainability reporting [39]. More profitable companies disclose more information in sustainability report to create a strong and positive image to stakeholders, indicating that profitability is positively related to sustainability information [40]. This is in accordance with the stakeholder and signalling theory, which encourages management to disclose appropriate and reliable information to attract investors, such as the level of the company's profitability. Thus, the higher the profitability of the company, the more positive the effect will be on improving the sustainability reporting assurance. Therefore, the writer proposed the third hypothesis as follows,

\[ H_3 = \text{Profitability has a positive effect on the sustainability reporting assurance} \]

### 2.4.4 The relationship of firm size and sustainability reporting assurance

Leading to their prestige as a large firm, there are companies that carry out social responsibility programs, therefore the extent of disclosure of sustainability report provided can be influenced by the size of the firm [40]. In research conducted by [41], the greater the total assets in the company shows that the company receives greater strain from the general public and has greater resources and capital to contribute to social activities, thus the larger the size of the company supports a wider disclosure of corporate social responsibility in the sustainability report. [20, 41] found a positive effect of firm size on sustainability reporting assurance. By having greater resources in large companies, they also have more knowledge about sustainability management, so that it can reveal more reliable information in the sustainability report, which aligns with the signalling theory. Thus, with these statements, the writer concluded that the larger the size of the company, the more resources it has to support the quality in preparing sustainability audit reports and proposed the fourth hypothesis as follows,

\[ H_4 = \text{Firm size has a positive effect on the sustainability reporting assurance} \]

Thus, the hypothesis development can be modelled as follow:

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**3 Research methodology**

This research uses explanatory quantitative research to explain the position of the variables studied and the effect between the independent variables on the dependent variable in testing the proposed hypothesis [42]. With systematic literature review to formulate analysis results and hypotheses on existing research related to the research topic to be conducted through secondary data analysis methods, this research aims to generate statistical understanding about various factors in SRI-KEHATI listed companies and their correlation towards the sustainability reporting assurance using IBM SPSS Statistics 25.0. The sample is generated through purposive sampling method whereas the sample is limited to SRI-KEHATI listed companies in Indonesia from 2019-2021 which had consistently issued their annual report and sustainable report and can be accessed by the writer.

### 3.1 Audit quality

Audit Quality is determined by financial statements audited by big four accounting firms and non-big four accounting firms [43]. A dummy variable is used to measure this variable, namely 0 if the auditor comes from a non-big four accounting firm and 1 if the auditor comes from a big four accounting firm.

### 3.2 Institutional ownership

Institutional shareholders are considered strong stakeholders because in general they have large voting rights because they hold large shares, thus influencing management in increasing the need for using sustainability reporting assurance [44]. This variable is measured using the percentage of ownership of the number of institutional shares to the total number of outstanding shares owned by the company.

\[
\text{Institutional Ownership} = \left( \frac{\text{Number of institutional shares}}{\text{Number of companies shares outstanding}} \right) \times 100\% \tag{1}
\]
3.3 Profitability

The ability of a company to generate profits to raise shareholder value is known as profitability [45]. Return on Assets (ROA) is used to measure profitability, with the following formula:

\[ \text{Return on Assets} = \frac{\text{Net income}}{\text{Total assets}} \times 100\% \tag{2} \]

3.4 Firm size

The total asset variable is proxied by Log Assets or Ln Total Asset, because the value of total asset is usually larger than other financial variables. Using the natural logarithm (Ln) of total assets equivalent to hundreds of billions, or even trillions, simplifies without changing the actual percentage of total assets [46]. The indicator for calculating firm size would be:

\[ \text{Size} = \text{Ln (Total Assets)} \tag{3} \]

3.5 Sustainability reporting assurance

This variable is measured by looking at the sustainability report in the year studied and then given a dummy. If there is assurance in the sustainability report, it is given a score of 1. Meanwhile, if there is no assurance in the sustainability report, it is given a score of 0.

4 Results and discussions

The data used for this research refers to a total of 42 samples obtained using the purposive sampling method, which is limited to companies listed on the SRI-KEHATI index consistently on the Indonesian Stock Exchange in 2019-2021 that provides annual report as well as a sustainability report issued in the company’s official website during that period and can be accessed openly to obtain the required data.

4.1 Multiple linear regression analysis

Table 1. Multiple linear regression analysis coefficientsa.

<table>
<thead>
<tr>
<th>Coefficientsa</th>
<th>Model</th>
<th>Un-standardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Constant)</td>
<td>-2,370</td>
<td>-0,966</td>
<td>0,340</td>
<td></td>
</tr>
<tr>
<td>Audit Quality</td>
<td>-0,300</td>
<td>0,223</td>
<td>-0,210</td>
<td>-1,342</td>
<td>0,188</td>
</tr>
<tr>
<td>Institutional Ownership</td>
<td>-6,509</td>
<td>2,339</td>
<td>-0,429</td>
<td>-2,783</td>
<td>0,008</td>
</tr>
<tr>
<td>Profitability</td>
<td>3,589</td>
<td>1,078</td>
<td>0,617</td>
<td>3,330</td>
<td>0,002</td>
</tr>
<tr>
<td>Firm Size</td>
<td>0,279</td>
<td>0,067</td>
<td>0,797</td>
<td>4,181</td>
<td>0,000</td>
</tr>
</tbody>
</table>
|               | a. Dependent Variable: Sustainability Reporting Assurance

Based on Table 1, the regression model is arranged as follows:

\[ Y = -2,37 - 0,30X_1 - 6,51X_2 + 3,59X_3 + 0,28X_4 + \varepsilon \tag{4} \]

Multiple linear regression analysis aims to find out and explain how much influence two or more independent variables have on the dependent variable in the form of positive, which means that it shows a unidirectional influence, and negative, which means that it shows inverse proportional influence [47]. The results show that the variables audit quality and institutional ownership produce multiple linear regression coefficients of -0.300 and -6.509, indicate that every increase of one unit of audit quality will negatively affect the value of sustainability reporting assurance by -0.300 and each increase of one unit of institutional ownership will affect the value of sustainability reporting assurance by -6.509. Then, the profitability and firm size variables produce multiple linear regression coefficients of 3.589 and 0.279 which indicates that each increase of one unit of profitability will positively affect the value of sustainability reporting assurance by 3.589 and each increase of one unit of firm size will affect the value of sustainability reporting assurance by 0.279.

4.2 Coefficient of determination model summary

Table 2. Coefficient of determination model summaryb.

<table>
<thead>
<tr>
<th>Model Summaryb</th>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>0,589a</td>
<td>0,347</td>
<td>0,276</td>
<td>0,431</td>
</tr>
<tr>
<td>a. Predictors: (Constant), Firm Size, Institutional Ownership, Audit Quality, Profitability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| b. Dependent Variable: Sustainability Reporting Assurance

The coefficient of determination test was carried out to measure how far the ability of the model can explain the variation in the dependent variable, with values ranging from 0 to 1 (0 \( \leq R^2 \leq 1 \)) [47]. If the coefficient value is close to 0, the effect of the independent variable on the dependent variable is smaller, conversely, if it is close to 1, the stronger the influence of the independent variable on the dependent variable. Based on the test result of the data obtained from SRI-KEHATI in Table 2, the coefficient of determination obtained is 0.347 or 34.7%. This means that 34.7% of the variation in sustainability reporting assurance can be explained by the four independent variables, while the remaining 65.3% can be explained by other variables outside this research.

4.3 F-Test (ANOVA test)

Table 3. The Result of F-Test Anovaa.

<table>
<thead>
<tr>
<th>ANOVAa</th>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>3,639</td>
<td>4</td>
<td>0,910</td>
<td>4,907</td>
<td>0,003b</td>
<td></td>
</tr>
<tr>
<td>Residual</td>
<td>6,861</td>
<td>37</td>
<td>0,185</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>10,500</td>
<td>41</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Sustainability Reporting Assurance
The F-Test hypothesis test was carried out to find out whether the independent variables simultaneously affect the dependent variable [47]. All independent variables will affect the dependent variable simultaneously if the p-value is < 0.05. Based on the test result of the data obtained from SRI-KEHATI in Table 3, the calculated F value is 4.907 or greater than the F table, which is 2.62, and the p-value resulting from the audit quality, institutional ownership, profitability and firm size variables obtained is 0.003 which is smaller than 0.05. Therefore, it can be concluded that there is an effect from audit quality, institutional ownership, profitability and firm size variables simultaneously on sustainability reporting assurance.

### 4.4 T-Test coefficient

Hypothesis testing was carried out using the T-Test to test whether there is a partial effect between the X variable on the Y variable. If the p-value is lower than 0.05 or the t-count value is higher than t-table, it can be concluded that there is an effect of the independent variable on the dependent variable [47]. Based on the test result of the data obtained from SRI-KEHATI in Table 1, it can be obtained that the p-value for the audit quality variable is 0.188 or higher than 0.05, indicating that the audit quality variable has no significant effect on sustainability reporting assurance. Then, for the p-value of the institutional ownership variable of 0.008, profitability of 0.002 and firm size of 0.000 which is less than 0.05, there is a significant influence of these three variables on sustainability reporting assurance.

### 4.5 Discussion

H1 is when audit quality has a positive effect on the sustainability reporting assurance. Based on the test results, with a p-value of 0.188 or above 0.05 and regression coefficient value of -0.300, H1 is rejected because audit quality has no positive effect on sustainability reporting assurance. [48] concluded that although the majority of companies that have issued sustainability reporting have used the services of a Public Accountant office that is classified as the big four, this does not assure companies to have better sustainability reporting assurance. These results are consistent with [36, 37] who concluded that there is a positive effect of audit quality on disclosure of sustainability reporting assurance because of different samples and periods tested from previous studies.

H2 is when institutional ownership has a positive effect on the sustainability reporting assurance. Based on the test results, with a p-value of 0.008 or below 0.05 and regression coefficient value of -6.5090, H2 is rejected because institutional ownership has a significant negative effect on sustainability reporting assurance. This result is in line with [49], but contrary to results by [50] and [51] which concluded that institutional ownership has a significant positive effect on sustainability reporting assurance. The more institutional ownership increases, the greater the possibility of conflicts in corporate decision making, where in their research, [52] revealed that it is important to repair the composition of company’s share ownership, because institutional shareholders could abuse their authority in prioritizing their personal welfare so that will likely ignore the importance of assurance on sustainability reports. Thus, the disclosure of sustainability reporting assurance is becoming narrower, which can be caused by suboptimal supervision which is feared will cause extravagance by management and reduce the value of the company [53], therefore this will lead into a negative effect on the quality of assurance of sustainability reports.

H3 is when profitability has a positive effect on the sustainability reporting assurance. Based on the test results, with a p-value of 0.002 or below 0.05 and regression coefficient value of 3.589, H3 is accepted because profitability has a positive effect on sustainability reporting assurance. The result of this research is consistent with research conducted by [23, 30, 39, 40], when companies that have a high capability to produce profits will be better able to fulfill all the interests of their stakeholders, including bearing the high costs of disclosing information through a sustainability report. Majority of the previous research supports the conclusion that the more profitable companies tend to provide higher quality sustainability reporting.

H4 is when firm size has a positive effect on the sustainability reporting assurance. Based on the test results, with a p-value of 0.000 or below 0.05 and regression coefficient value of 0.279, H4 is accepted because firm size has a positive effect on sustainability reporting assurance. These results are consistent with the findings of [20, 41], but contrary to research by [40, 54] which found that firm size has no significant effect on sustainability reporting assurance. Larger firm sizes can increase the chances of asymmetric information, so in order to overcome this issue and to maintain positive signals that can be shared by management to external users of financial report information, the credibility of information in sustainability reports needs to be increased by transparently disclosing more social responsibilities undertaken by the company since larger companies will cause greater impact in economy, social and environmental.

### 5 Conclusion

The purpose of this research is to determine the effect of audit quality, institutional ownership, profitability, and firm size on sustainability reporting assurance in companies listed on the SRI-KEHATI index in 2019-2021. Based on the results, it can be concluded that institutional ownership, profitability, and firm size have a significant effect on sustainability reporting assurance, while audit quality has no significant effect. This significant result was obtained because the larger the size of the company, the more companies prioritize profitability (which is proxied by ROA) to generate income for shareholders (proxied for institutional ownership) and bring good news on sustainability reports during financial crises, thus ignoring the audit quality of their financial reports. Significantly positive results on the partial test for profitability and firm size
suggest a relationship that is in line with sustainability reporting assurance because large companies that generate more profits continue to prioritize elements of sustainability as a reflection of corporate value that can last a long time and contribute to society and the environment even in the midst of a financial crisis. The significant negative result on the partial test for institutional ownership states the opposite relationship with sustainability reporting assurance because to maximize profits during a crisis, institutions will be willing to sacrifice assurance on sustainability reports.

The suggestions from this research that companies in the SRI-KEHATI index can consider is to do their utmost to implement collateral to enhance corporate value so that investors receive positive and attractive investment signals. Companies are also expected to pay more attention to the quality assurance of sustainability reports issued to strengthen the sustainability value of their companies and the environment in the future. The results of this research are expected to be useful for the companies by providing deeper knowledge on the impacts of some factors discussed in this research on the sustainability reporting assurance for companies so that companies can encourage better performance in terms of increasing sustainability reporting assurance. For investors, this research is expected to provide additional insight for investors before making investment decisions. This research is expected to be useful in adding insight to the effect of audit quality, institutional ownership, profitability, and firm size on the sustainability reporting assurance and inspire the next researcher to research more deeply about the topic.

This research has several limitations. The number of samples in this research is restricted to those firms that are listed on SRI-KEHATI index, and the research's use of the 3-year period only from 2019 to 2021. Future researchers are anticipated to conduct additional analysis by including a different or larger research sample, extend the research period, conduct analysis on the effect of other independent variables, and use a more comprehensive research instrument to provide a wider representation of Indonesian companies outside the SRI-KEHATI index.

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