Proceeding of International Bussiness and Economic Conference (IBEC) Vol. 5 No. 1, pp. 773-789, November, 2026
http://conference.eka-prasetya.ac.id/index.php/ibec

Intellectual Capital, Foreign and Institutional Ownership, Audit Committee, and Sustainability Report Disclosure: Evidence from Selected Basic Materials Companies Listed on the Indonesia Stock Exchange, 2021–2025

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ABSTRACT

Examining basic materials corporations registered on the IDX across the 2021 to 2025 timeframe, this empirical inquiry evaluates how Intellectual Capital, Foreign Ownership Structure, Institutional Ownership Structure, and the Audit Committee influence Sustainability Report disclosure practices. Methodologically, a quantitative framework relies entirely on secondary records harvested from official financial documentation, annual publications, and corporate sustainability disclosures. The study initially comprised 85 firm-year observations. After applying SQRT(X) and SQRT(Y) Variable and complete-case screening, the final analytical sample contained 70 observations. The excluded cases and transformation procedure are reported explicitly in the Methods. Empirical findings reveal that neither Intellectual Capital nor Institutional Ownership Structure exhibits a statistically meaningful correlation with Sustainability Report disclosure. Conversely, Foreign Ownership and the Audit Committee are individually statistically significant in the estimated model. Furthermore, aggregate testing across all independent variables yields an insignificant simultaneous impact on Sustainability Report disclosure. The reported model fit is $R^2 = 0.115$ and adjusted $R^2 = 0.060$. These statistics describe explained variation under the estimated model and do not represent a percentage increase in Sustainability Report disclosure.

Keywords: Intellectual Capital, Foreign Ownership Structure, Institutional Ownership Structure, Audit Committee, Sustainability Report

INTRODUCTION

Driven by escalating expectations regarding corporate accountability, modern enterprises face mounting pressure to balance financial targets alongside environmental, social, and governance considerations. This paradigm shift highlights the critical role of corporate transparency, particularly through the release of a Sustainability Report. Such publications supply external stakeholders with comprehensive insights concerning economic, social, and environmental achievements, serving as tangible evidence of a firm dedication toward sustainable operational strategies.

Among the various internal drivers theorized to shape a Sustainability Report, Intellectual Capital occupies a central position. Defined as the intangible asset pool of an organization, Intellectual Capital leverages workforce competencies, organizational frameworks, and stakeholder networks to generate sustainable economic value (Selfiani & Usmar, 2023). Building on the perspective presented by (Nakyeyune et al., 2022), strategic sustainability communication is fundamentally driven by proprietary internal

resources that are rare, valuable, inimitable, and non-substitutable, thereby establishing a distinct competitive edge. Therefore, organizations possessing robust Intellectual Capital are theoretically better equipped to produce a thorough Sustainability Report as a mechanism of stakeholder accountability.

Corporate governance frameworks are further shaped by ownership structure, which delineates the distribution of equity across shareholders and directly influences strategic decision-making regarding a Sustainability Report. Variations in equity concentration among managerial, institutional, and international investors create a system of checks and balances that alters corporate policy formulation (Prakoso & Setiawan, 2024).

Operating under the oversight of the Board of Commissioners, the Audit Committee functions to monitor financial reporting integrity, internal control mechanisms, risk management protocols, and regulatory compliance. The Board relies heavily on the Audit Committee to safeguard financial reporting quality and verify external auditor independence (Setiawan & Ridaryanto, 2022). By exercising rigorous supervision, the Audit Committee stimulates management to elevate both the transparency and caliber of disclosures found within a Sustainability Report. Committee members typically possess financial literacy, with leadership mandates requiring specialized financial expertise.

Empirical studies by (Selfiani & Usmar, 2023) and (Suwarno & Syaiful, 2025), found a statistically significant positive effect of Intellectual Capital on Sustainability Report disclosure. However, further investigation is needed to examine whether this relationship also applies to Basic Materials companies listed on the Indonesia Stock Exchange.

Regarding ownership structure, (Sidiq et al., 2021) found that ownership concentration positively influences Sustainability Report disclosure, while institutional ownership has a negative and significant influence on sustainability reporting.

LITERATURE REVIEW

Sustainability Report

Grounded in agency theory framework, the publication of a Sustainability Report serves to bridge the asymmetry of information dividing corporate management from equity owners (Prastyawan & Astuti, 2023). Quantification of the Sustainability Report disclosure index involves contrasting total corporate disclosures against the mandatory benchmarks established by the Global Reporting Initiative guidelines (Tizmi et al., 2022). Furthermore, agency theory dictates that any Sustainability Report must explicitly encapsulate core material conditions capable of driving stakeholder decision processes (Putri et al., 2022).

Intellectual Capital

Intellectual Capital comprises human knowledge, organizational structures, and resources that support value creation and competitive advantage (Maharani & Widiatmoko, 2024). Expanding disclosure regarding Intellectual Capital simultaneously boosts corporate transparency and compresses information asymmetries separating firms from financial backers (Pamungkas & Meini, 2023). Within the resource-based theory framework, effective management of Intellectual Capital may support the implementation and communication of sustainability initiatives (Kianto et al., 2025). In this study, Intellectual Capital is measured using the Value Added Intellectual Coefficient (VAIC), which assesses the efficiency of human capital, structural capital, and capital employed in generating value added (Jawak & Lubis, 2023). These components are represented by Human Capital Efficiency (HCE), Structural Capital Efficiency (SCE), and Capital Employed Efficiency (CEE). Therefore, VAIC measures the efficiency of resource utilization rather than the extent of intellectual capital information disclosed by a company.

Ownership Structure
Serving as an essential governance instrument, ownership structure actively mediates potential agency friction and divergent objectives arising between executive management and shareholders (Rachmadanty & Agustina, 2023) ; (Afiah et al., 2023). Dominant capital contributors retain the strategic authority to shape corporate social responsibility trajectories through equity concentration, meaning reporting scope directly reflects owner priorities (Utomo, 2021).

Audit Committee
The Audit Committee is responsible for overseeing corporate reporting and supporting transparency and accountability (Nofita & Sebrina, 2023). From a legitimacy theory perspective, audit committee size may be associated with Sustainability Report disclosure by strengthening oversight of corporate reporting. However, committee size alone does not necessarily indicate its effectiveness in ensuring disclosure transparency (Sumarni & Marpaung, 2024). Drawing upon legitimacy theory, organizations are compelled to elevate Sustainability Report transparency to secure social approval and align with community expectations, a process heavily reinforced through active oversight from the Audit Committee (Setiawan & Ridaryanto, 2022).

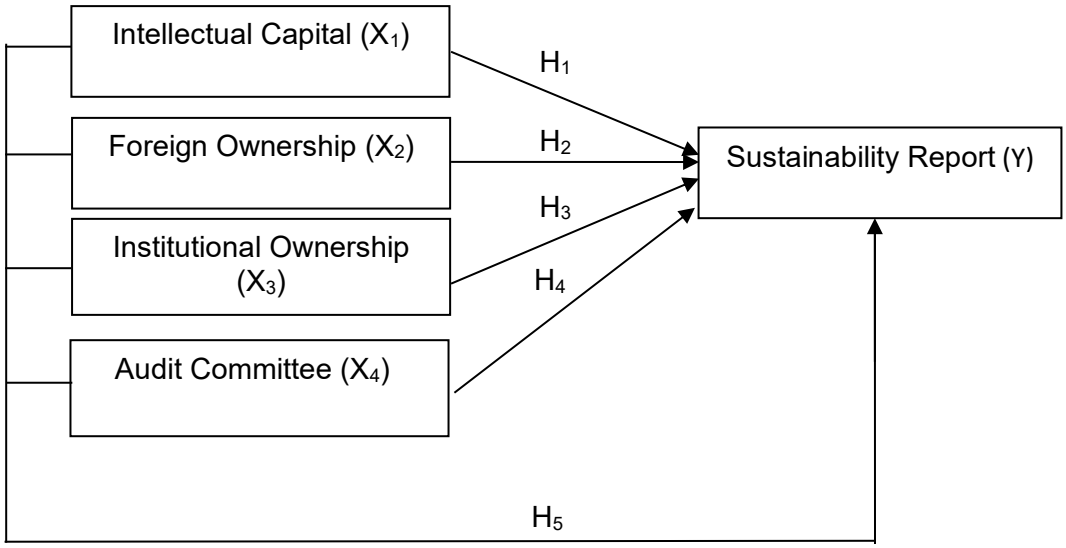


Figure 1. Conceptual Framework

H_1: Intellectual Capital is expected to significantly affect Sustainability Report disclosure.

H_2: Foreign Ownership is expected to significantly affect Sustainability Report disclosure.

H_3: Institutional Ownership is expected to significantly affect Sustainability Report disclosure.

H_4: Audit Committee size is expected to significantly affect Sustainability Report disclosure.

H_5: Intellectual Capital, Foreign and Institutional Ownership, and the Audit Committee are expected to jointly affect Sustainability Report disclosure.

Table 1.
Operational Definitions

No.	Variable	Definition of Variable	Variable Indicators	Scale

1	**Sustainability Report**	Sustainability reporting involves measuring and disclosing a company's activities and performance to stakeholders as part of its accountability for achieving sustainable development goals. It covers economic, environmental, and social impacts. (Pamungkas & Meini, 2023)	$SRDI = \frac{n}{117}$ n : Total number of disclosure items disclosed by the company 117 : Total number of disclosure items in the checklist adapted from previous studies Each item is assigned a score of 1 if disclosed and 0 if not disclosed. The denominator is fixed at 117 items for each firm-year observation. The disclosure checklist is adapted from previous studies, with reference to the GRI Standards (GRI, 2021). The SRDI formula follows the approach used by (Athiyadina & Prasetyo, 2026)	Rasio
2	**Intellectual Capital**	Intellectual capital reflects the knowledge and intangible skills possessed by a company's human resources; this is intangible in nature and is capable of enhancing the company's competitiveness and performance. (Sari & Wahyuni, 2025)	Indicator 1. VA = OUT – IN 2. HCE = VA / HC 3. SC = VA – HC 4. SCE = SC / VA 5. CE = Total Assets − Total Liabilities 6. CEE = VA / CE 7. VAIC = HCE + SCE + CEE (Jawak & Lubis, 2023)	Rasio
3	**Foreign and Institutional Ownership**	Foreign and institutional ownership refer to the proportions of a company's outstanding shares held by foreign investors and institutional investors, respectively. These ownership structures may influence corporate monitoring and decisions regarding sustainability disclosure. (Latifah & Widiatmoko, 2022)	$\frac{\boldsymbol{Foreign\ Shares}}{\boldsymbol{Total\ Outstanding\ Shares}}$ $\frac{\boldsymbol{Institutional\ Shares}}{\boldsymbol{Total\ Outstanding\ Shares}}$ (Utomo, 2021)	Rasio
4	**Audit Committee**	Operating under a mandate to oversee management activities and corporate directors, the Audit Committee ensures strict alignment with governance principles defined by the board of commissioners. Consequently, an expanded committee size is theorized to elevate social disclosure quality by intensifying supervisory rigor. (Meinawati & Wirakusuma, 2023)	Audit Committee Size (ACSIZE) = ∑ Total Corporate Audit Committee (Setiawan & Ridaryanto, 2022)	Count

RESEARCH METHOD

Employing a purposive sampling strategy defined as a selection technique driven by specific contextual criteria and considerations (Mualim et al., 2025), this empirical evaluation focuses on Basic Materials enterprises registered on the Indonesia Stock Exchange during the timeline spanning from 2021 to 2025. Data collection protocols relied exclusively on secondary records harvested from official corporate web portals and the main exchange directory, specifically extracting corporate financial documentation alongside formal Sustainability Reports. Finally, the gathered metrics underwent rigorous evaluation using multiple linear regression techniques processed via statistical software packages.

Table 2.
Sampling Criteria

. No	Sample Selection Criteria	Total
1	Companies in the Basic Materials sector listed on the IDX during 2021–2025	**114**
2	Basic Materials companies that did not publish financial reports during 2021–2025	(35)
3	Basic Materials companies without Sustainability Reports for the 2021–2025 period	(42)
4	Basic Materials sector companies that did not use the GRI standards during the 2021–2025 period	(20)
Total	**Final Sample Size of the Basic Material Sector That Meets the Requirements**	**17**
Observation	**Total Observational Data Processed (17 Companies × 5 Years of Observation)**	**85 Data**

The study uses secondary data from 17 Basic Materials companies during 2021–2025, yielding up to 85 firm-year observations before transformation and case exclusion. The final estimator and standard-error procedure are selected after evaluating the repeated firm-year structure.

Table 3.
Calculation Procedures for the VAIC Components

Component	Formula	Data Required
Value Added (VA)	VA = OUT − IN	Total revenue/output and input expenses excluding employee expenses
Human Capital Efficiency (HCE)	HCE = VA / HC	HC = Total employee salaries and wages Value Added and total employee salaries and wages
Structural Capital (SC)	SC = VA − HC	Value Added and Human Capital
Structural Capital Efficiency (SCE)	SCE = SC / VA	Structural Capital and Value Added
Intellectual Capital Efficiency (ICE)	ICE = HCE + SCE	HCE and SCE
Capital Employed Efficiency (CEE)	CEE = VA / CE	CE = Total assets - Total liabilities Value Added and Capital Employed
Value Added Intellectual Coefficient (VAIC)	VAIC = ICE + CEE	ICE and CEE

Source: (Jawak & Lubis, 2023)

The initial dataset consisted of 85 firm-year observations. Following the SQRT transformation and listwise deletion in SPSS, 70 complete observations remained for analysis. The 15 observations listed below had negative Intellectual Capital (X1) values before transformation. Because the square root of a negative number is not defined in the real number system, these values could not be directly transformed using the standard SQRT function and were recorded as missing for the transformed variable

Table 4.
Firm-Year Observations Excluded After SQRT Transformation

No.	Company	Year	X1 before SQRT
1	Semen Indonesia (Persero) Tbk	2024	-11.016091
2	TIMAH (Persero) Tbk	2023	-0.591355
3	Duta Pertiwi Nusantara Tbk	2023	-1.579922
4	Lionmesh Prima Tbk	2022	-11.534492
5	Lionmesh Prima Tbk	2024	-0.156598
6	Lionmesh Prima Tbk	2025	-5.026899
7	Toba Pulp Lestari Tbk	2025	-1.532570
8	Barito Pacific Tbk	2025	-0.998808
9	Chandra Asri Pacific Tbk	2023	-0.530989
10	Chandra Asri Pacific Tbk	2024	-3.828227
11	Chandra Asri Pacific Tbk	2025	-9.503748
12	Gunung Raja Paksi Tbk	2024	-40.869722
13	Gunung Raja Paksi Tbk	2025	-1.473059
14	Polychem Indonesia Tbk	2022	-2.442276
15	Polychem Indonesia Tbk	2023	-0.137954

Note: These observations were excluded from the final regression analysis because the transformed Intellectual Capital values were missing. The exclusion reflects the mathematical limitation of the standard square-root transformation for negative values; it does not by itself imply that the original observations were invalid.

RESULTS

Descriptive Statistic

According to (Ghozali, 2021), a comprehensive portrait of underlying data profiles emerges through descriptive statistics, which articulate structural distributions via minimum and maximum boundaries alongside arithmetic means and standard deviations for every examined variable.

Table 5.
Descriptive Statistical Results Before SQRT Transformation N=85

	N	Minimum	Maximum	Mean	Std. Deviation
Intellectual Capital	85	-40,87	10,32	2,0325	6,05353
Foreign Ownership Structure	85	,16	98,58	30,3147	27,51906
Institutional Ownership Structure	85	3,34	99,97	73,1618	28,20403
Audit Committee	85	2,00	9,00	3,2706	,86449
Sustainability Report	85	,15	,99	,6439	,26723
Valid N (listwise)	85				

Source: Processed data, 2026

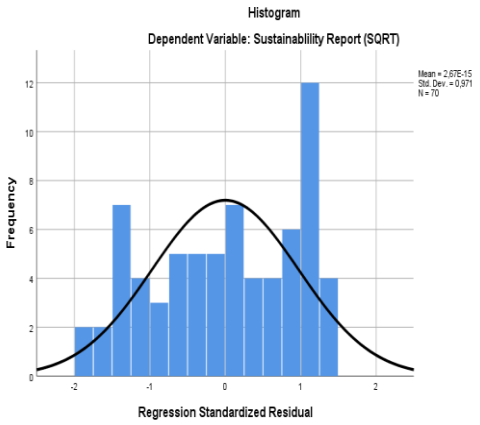
Table 6.
Descriptive Statistical Results After SQRT Transformation N=70

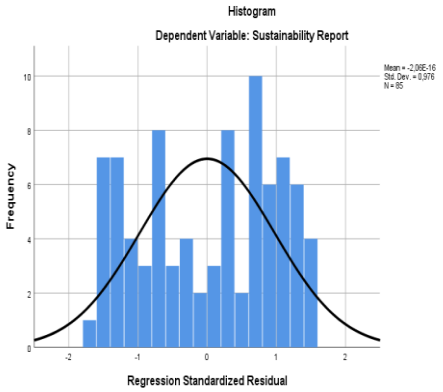
	N	Minimum	Maximum	Mean	Std. Deviation
Intellectual Capital (SQRT)	70	,31	3,21	1,8277	,66114
Foreign Ownership Structure (SQRT)	70	,40	9,93	4,7896	2,73167
Institutional Ownership Structure (SQRT)	70	1,83	10,00	8,3094	2,04085
Audit Committee (SQRT)	70	1,41	3,00	1,7975	,20055
Sustainability Report (SQRT)	70	,39	1,00	,7821	,18062
Valid N (listwise)	70				

Source: Processed data, 2026

Exhibiting post transformation SQRT(X) and SQRY(Y) Variable metrics, Table 6 outlines key descriptive parameters for the sample. Specifically, Intellectual Capital spans a lower bound of 0.31 and an upper threshold of 3.21, accompanied by an average of 1.8277 and a standard deviation of 0.66114. Fluctuations in Foreign Ownership Structure display a minimum of 0.40 and a maximum of 9.93, yielding a mean of 4.7896 and a standard deviation of 2.73167. Concurrently, Institutional Ownership Structure records boundaries stretching from 1.83 to 10.00, alongside a mean value of 8.3094 and a standard deviation measuring 2.04085. Measurements associated with the Audit Committee fluctuate between 1.41 and 3.00, centering on a mean of 1.7975 with a standard deviation of 0.20055. Furthermore, the Sustainability Report variable demonstrates minimum and maximum figures of 0.39 and 1.00 respectively, supported by a mean of 0.7821 and a dispersion value of 0.18062. Intellectual Capital contains negative values before transformation, so a direct square-root transformation is undefined for those observations. The exact transformation formula, the 15 unavailable firm-year observations, and the resulting final analytical sample are reported explicitly.

Normality Test
Addressing distributional assumptions, residual normality within the regression framework requires formal evaluation through diagnostic procedures outlined by (Ghozali, 2021). To achieve this, the current inquiry incorporates visual diagnostics via histogram examination and normal probability plots, complemented by quantitative verification through the one-sample Kolmogorov–Smirnov test.



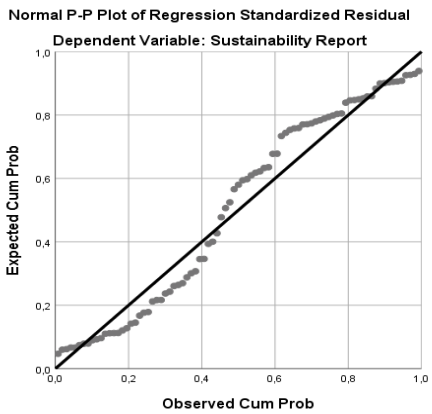


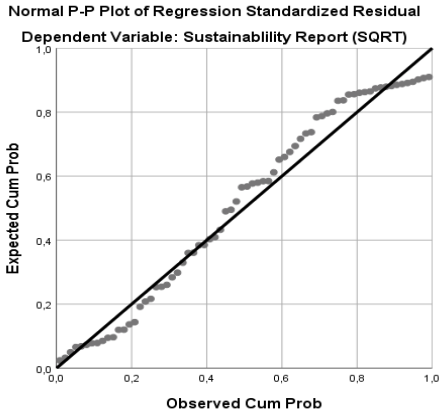
Source: Processed data, 2026

Figures 2. Histogram Graphs Before SQRT Transformation

Figures 3. Histogram Graphs After SQRTTransformation

Figures 2 and 3, the residual distribution forms a pattern resembling a bell curve and visually indicates that the residuals are normally distributed.





Source: Processed data, 2026

Figures 4. P-Plots Before SQRT Transformation

Figures 5. P-Plots After SQRT Transformation

Figures 4 and 5 show that most data points are close to the diagonal line, suggesting that the residuals follow a normal distribution.

Table 7.
Kolmogorov-Smirnov Test Results Before SQRT Transformation

		Unstandardized Residual
N		85
Normal Parameters[a,b]	Mean	,0000000
	Std. Deviation	,25887531
Most Extreme Differences	Absolute	,127
	Positive	,088
	Negative	-,127
Test Statistic		,127
Asymp. Sig. (2-tailed)		,002[c]

Source: Processed data, 2026

Table 8.
Kolmogorov-Smirnov Test Results After SQRT Transformation

		Unstandardized Residual
N		70
Normal Parameters[a,b]	Mean	,0000000
	Std. Deviation	,16560698
Most Extreme Differences	Absolute	,105
	Positive	,084
	Negative	-,105
Test Statistic		,105
Asymp. Sig. (2-tailed)		,054[c]

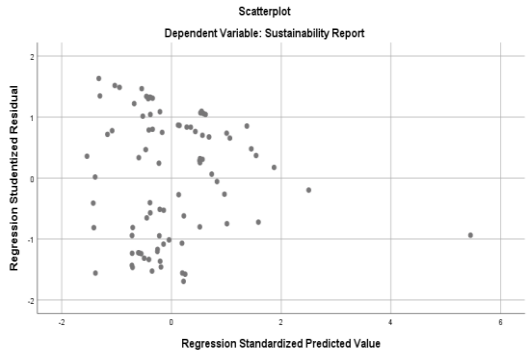
a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

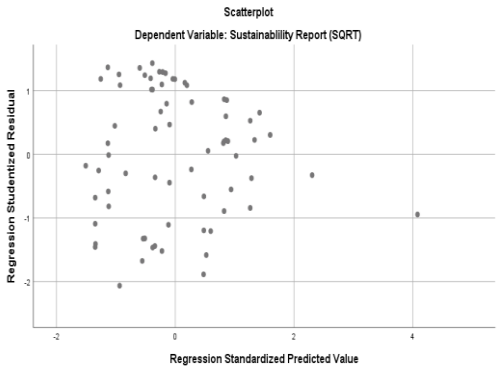
Source: Processed data, 2026

Following the SQRT transformation, the Kolmogorov–Smirnov (K–S) test yielded an asymptotic significance value of 0.054. This result does not provide evidence to reject the null hypothesis of residual normality at α = 0.05. However, this test alone does not establish that all model assumptions are satisfied.

Heteroscedasticity Test

Turning to diagnostic verification for variance stability, (Ghozali, 2021) explains that heteroscedasticity evaluation is deployed to ascertain if error term dispersion exhibits systematic variation across distinct analytical observations.





Source: Processed data, 2026

Figures 6. Scatterplot Graphs Before SQRT Transformation

Figures 7. Scatterplot Graphs After SQRT Transformation

Visual inspection of Figures 6 and 7 suggests that the residuals are dispersed without an obvious systematic pattern, providing preliminary visual evidence against severe heteroscedasticity. However, this visual assessment alone is insufficient to establish the absence of heteroscedasticity, and further diagnostic checks are needed to assess the functional form, influential observations, and suitability of the regression model.

Multicollinearity Test

Transitioning to evaluation for multicollinearity, (Ghozali, 2021) notes that this diagnostic procedure identifies potential intercorrelations among independent predictors inside a regression equation. Assessing collinearity relies on examining Tolerance metrics alongside Variance Inflation Factor statistics, wherein a tolerance metric of 0.10 or lower accompanied by a Variance Inflation Factor value of 10 or higher flags the presence of multicollinearity (Sari & Wahyuni, 2025).

Table 9.
Multicollinearity Test Results Before SQRT Transformation

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Intellectual Capital	,931	1,074
	Foreign Ownership Structure	,937	1,067
	Institutional Ownership Structure	,878	1,139
	Audit Committee	,973	1,028

Source: Processed data, 2026

Table 10.
Multicollinearity Test Results After SQRT Transformation

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Intellectual Capital (SQRT)	,961	1,041
	Foreign Ownership Structure (SQRT)	,960	1,042
	nstitutional Ownership Structure (SQRT)	,943	1,060
	Audit Committee (SQRT)	,991	1,009

Source: Processed data, 2026

Post transformation metrics demonstrate that tolerance levels for Intellectual Capital, Foreign Ownership, Institutional Ownership, and Audit Committee exceed the 0.10 benchmark, recording figures of 0.961, 0.960, 0.943, and 0.991, respectively. Concurrently, corresponding Variance Inflation Factor measurements remain well beneath the ceiling of 10, registering at 1.041, 1.042, 1.060, and 1.009. These collective findings confirm that collinearity is absent among the specified predictors.

Autocorrelation Test
Analyzing serial dependencies between regression error terms across successive timeframes constitutes the core purpose of autocorrelation testing, as articulated by (Ghozali, 2021). Evaluation rules dictate specific outcomes: (1) $0 < dw < dl$ denotes positive autocorrelation; (2) $dl < dw < du$ yields an indeterminate outcome; (3) $du < dw < 4 - du$ confirms the absence of autocorrelation; (4) $4 - du < d < 4 - dl$ remains inconclusive; and (5) $4 - dl < d < 4$ signifies negative autocorrelation.

Table 11.
Durbin-Watson Test Results Before SQRT Transformation

Model	Durbin-Watson
1	,754

Source: Processed data, 2026

Table 12.
Durbin-Watson Test Results After SQRT Transformation

Model	Durbin-Watson
1	1,571

Source: Processed data, 2026

Table 12 reports a Durbin-Watson statistic of 1.571. Based on an analytical sample comprising 70 observations and four explanatory regressors, the critical lower bound dL registers at 1.4943 alongside an upper threshold dU of 1.7351, while the corresponding complement benchmarks evaluate to 2.2649 and 2.5057, respectively. Using the reported dL = 1.4943 and dU = 1.7351, DW = 1.571 falls in the inconclusive region; serial correlation therefore cannot be ruled out from this test.

Multiple Linear Regression Analysis

As outlined by Ghozali (2021), multiple linear regression modeling provides a quantitative approach to evaluate associations connecting multiple explanatory factors to a single target response. Such analytical frameworks serve to establish both the trajectory and the intensity of impact exerted by independent regressors upon the dependent measure.

Table 13.
Multiple Linear Regression Results Before SQRT Transformation

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	,326	,148	
	Intellectual Capital	-,001	,005	-,019
	Foreign Ownership Structure	,001	,001	,097
	Institutional Ownership Structure	,001	,001	,093
	Audit Committee	,069	,034	,224

Source: Processed data, 2026

Table 14.
Multiple Linear Regression Results After SQRT Transformation

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	,334	,208	
	Intellectual Capital (SQRT)	,001	,032	,005
	Foreign Ownership Structure (SQRT)	,016	,008	,252
	Institutional Ownership Structure (SQRT)	,002	,010	,027
	Audit Committee (SQRT)	,197	,097	,238

Source: Processed data, 2026

$$\sqrt{Y} = \mathbf{0.334} + \mathbf{0.001}\sqrt{X_1} + \mathbf{0.016}\sqrt{X_2} + \mathbf{0.002}\sqrt{X_3} + \mathbf{0.197}\sqrt{X_4}$$

Information:
Y = Sustainability Report
X_1 = Intellectual Capital
X_2 = Foreign Ownership Structure
X_3 = Institutional Ownership Structure
X_4 = Audit Committee
a = Constant
b_1, b_2, b_3, b_4 = Regression coefficient
e = Error

Drawing from Table 14, the estimated multiple linear regression model is structured as follows:

1. The estimated intercept α stands at 0.334, representing the predicted value of the transformed Sustainability Report variable when all transformed independent variables equal zero. However, this value may lie outside the range of the observed data.
2. The regression slope β for Intellectual Capital registers at 0.001, demonstrating that every single-unit upward adjustment in Intellectual Capital, assuming constant levels

among all other regressors, produces a corresponding 0.001-unit elevation in the Sustainability Report.

3. Foreign Ownership records a slope parameter β of 0.016, denoting that a one-unit increment in this factor while holding alternative predictors stable leads to a 0.016-unit rise in the Sustainability Report.
4. The estimated coefficient β associated with Institutional Ownership equals 0.002, indicating that a one-unit surge in this variable, with remaining independent controls fixed, results in a 0.002-unit growth within the Sustainability Report.
5. The Audit Committee regression coefficient is 0.197, indicating that a one-unit increase in the square root of Audit Committee, holding the other independent variables constant, is associated with a 0.197-unit increase in the square root of Sustainability Report. This coefficient represents an association on the transformed scale, not a fixed 0.197-unit change on the original scale for each additional committee member.

T-Test

Ghozali (2021) explains that partial hypothesis testing via the statistic is employed to evaluate the distinct, individual impact exerted by each separate independent regressor upon the dependent outcome.

Table 15.
T-Test Results Before SQRT Transformation

Model		t	Sig.
1	(Constant)	2,209	,030
	Intellectual Capital	-,171	,865
	Foreign Ownership Structure	,867	,389
	Institutional Ownership Structure	,804	,424
	Audit Committee	2,041	,045

Source: Processed data, 2026

Table 16.
T-Test Results After SQRT Transformation

Model		t	Sig.
1	(Constant)	1,605	,113
	Intellectual Capital (SQRT)	,042	,967
	Foreign Ownership Structure (SQRT)	2,114	,038
	Institutional Ownership Structure (SQRT)	,228	,820
	Audit Committee (SQRT)	2,033	,046

Source: Processed data, 2026

At α = 0.05, Foreign Ownership (p = 0.038) and Audit Committee (p = 0.046) are statistically significant in the current model, whereas Intellectual Capital (p = 0.967) and Institutional Ownership (p = 0.820) are not.

F-Test

According to Ghozali (2021), simultaneous model evaluation via the F-test is utilized to determine whether the entire collection of independent regressors collectively exerts a joint impact upon the dependent variable.

Table 17.
F-Test Results Before SQRT Transformation

Model		F	Sig.
1	Regression	1,312	,273[b]
	Residual		
	Total		

Source: Processed data, 2026

Table 18.
F-Test Results After SQRT Transformation

Model		F	Sig.
1	Regression	2,105	,090[b]
	Residual		
	Total		

Source: Processed data, 2026

The F-test was evaluated at a significance level of 0.05. Based on Table 18, the F-statistic was 2.105, with a significance value of 0.090. Since the significance value exceeds the 0.05 threshold, the joint F-test is not statistically significant at α = 0.05. This result does not contradict the presence of significant individual coefficients because the joint and partial tests evaluate different null hypotheses.

Coefficient of Determination Test
Ghozali (2021) explains that the coefficient of determination gauges the capacity of an econometric model to account for dispersion within the target response variable. This metric fluctuates between 0 and 1, where figures approaching 1 signify that the independent regressors capture a substantially higher proportion of variance inherent in the dependent measure.

Table 19.
Coefficient of Determination Results Before SQRT Transformation

Model	R	R Square	Adjusted R Square
1	,248[a]	,062	,015

Source: Processed data, 2026

Table 20.
Coefficient of Determination Results After SQRT Transformation

Model	R	R Square	Adjusted R Square
1	,339[a]	,115	,060

Source: Processed data, 2026

The model reports $R^2 = 0.115$ and adjusted $R^2 = 0.060$. Thus, explanatory power is limited under the current specification; the remaining variation is unexplained by this model and cannot be attributed exclusively to specific external factors.

DISCUSSION

Intellectual Capital on the Sustainability Report

Partial hypothesis testing reveals that Intellectual Capital fails to exert a statistically meaningful impact upon the Sustainability Report, evidenced by a probability value of 0.967 which surpasses the standard 0.05 threshold. Consequently, the first hypothesis is rejected. This empirical outcome aligns with earlier inquiries by (Jawak & Lubis, 2023) alongside (Maulani & Wilasittha, 2026), which also reported an insignificant relationship between Intellectual Capital and sustainability reporting disclosure. However, the findings should be interpreted in light of differences in measurement approaches, research samples, and model specifications across studies. In this study, Intellectual Capital is measured using VAIC, which captures the efficiency of value creation through human capital, structural capital, and capital employed. It does not directly measure the extent of Intellectual Capital disclosure or a company's knowledge-management practices. Therefore, the insignificant result suggests that the efficiency of intellectual capital utilization, as measured by VAIC, is not statistically associated with Sustainability Report disclosure in the estimated model.

Foreign Ownership Structure on the Sustainability Report
Conversely, the partial test results indicate that Foreign Ownership Structure is significantly associated with Sustainability Report disclosure ($p = 0.038$), which is below the 0.05 significance level. Thus, this component of the second hypothesis receives empirical support. This finding corresponds by (Pratitarari & Honggowati, 2025) and (Arnovwaty et al., 2025), who identified a relationship between foreign ownership and sustainability reporting. One possible theoretical explanation is that foreign shareholders may place greater emphasis on transparency and sustainability reporting. However, this mechanism was not directly examined in the present study and should therefore be interpreted as a possible explanation rather than an established finding.

Institutional Ownership Structure on Sustainability Report
In contrast, partial examination indicates that Institutional Ownership Structure does not significantly alter the Sustainability Report. With a significance score of 0.820 exceeding the 0.05 baseline, the institutional share of the third hypothesis remains unsupported. This conclusion mirrors the arguments of (Muta et al., 2021) and (Umiati et al., 2024), who observed no meaningful association between institutional equity concentration and reporting practices. One possible explanation is that the monitoring priorities of institutional investors vary across institutions and investment horizons however, this mechanism was not measured in the present study and therefore cannot be established from the reported coefficient.

Audit Committee on the Sustainability Report
Furthermore, testing of the fourth hypothesis demonstrates that the Audit Committee yields a significant effect on the Sustainability Report, substantiated by a probability value of 0.046 that remains lower than the 0.05 benchmark. Therefore, the fourth hypothesis is accepted. This discovery corroborates prior research by (Tumwebaze et al., 2022) and (Nurlatifah, 2024). This finding indicates an association between Audit Committee size and Sustainability Report disclosure, although the relationship does not necessarily imply committee effectiveness. However, the number of Audit Committee members alone does not establish the effectiveness of its oversight or the quality of Sustainability Report disclosure.

Intellectual Capital, Ownership Structure, and Audit Committee Simultaneously on Sustainability Report
The F-test evaluates the joint null hypothesis that all four regression coefficients equal zero (H_0: $\beta_1 = \beta_2 = \beta_3 = \beta_4 = 0$), whereas each t-test evaluates an individual coefficient while holding the other variables constant (H_0: $\beta_i = 0$). Because the F-test probability value of 0.090 exceeds 0.05, the joint null hypothesis cannot be rejected. Therefore, the overall regression model is not statistically significant at the 5% level, and the fifth hypothesis is not supported. The findings are discussed in relation to previous studies

by (Romantika & Nurfauziah, 2022), (Manase et al., 2022) and (Alfian & Ismi, 2025). However, their findings should be compared with the present study only after considering differences in the variables examined, model specifications, and joint-test results.

CONCLUSION

Empirical results indicate that Intellectual Capital and Institutional Ownership are not statistically significant, whereas Foreign Ownership and the Audit Committee are individually significant. However, the overall regression model is not statistically significant at the 5% level (p = 0.090). The model has an R^2 of 0.115, indicating that it explains 11.5% of the variation in Sustainability Report disclosure, while the adjusted R^2 is 0.060, indicating an adjusted explanatory power of 6.0%. The remaining variation is not explained by the current model.

RECOMMENDATION

This study is limited by the selected-firm sample, repeated firm-year observations, the reduction from 85 to 70 complete analytical cases after transformation, the inconclusive Durbin–Watson result, and incomplete SRDI coding documentation. Audit Committee size captures committee membership count rather than committee effectiveness.

Future research should improve the consistency and documentation of GRI-based disclosure coding, apply robust panel-data methods to account for repeated firm-year observations, and use appropriate procedures to address missing cases. Future studies may also incorporate relevant control variables and stronger corporate governance measures to reduce potential confounding and examine possible reverse causality.

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