BAB V

CONCLUSION AND IMPLICATION

A. CONCLUSION

Based on the discussion of the effects of audit committee, inventory turnover, profitability, and leverage on sustainability report disclosure (SRD), the following conclusions can be drawn:

1. The findings indicate that the frequency of audit committee meetings plays a crucial role in enhancing sustainability disclosure. Increased audit committee activity improves corporate accountability and transparency, which in turn encourages more extensive SRD. This result supports the proposed hypothesis and aligns with the stakeholder theory, which emphasizes the importance of information transparency in fulfilling stakeholder expectations.
2. Although operational efficiency as reflected by inventory turnover is theoretically assumed to signal a company's commitment to sustainability, this study finds that inventory turnover does not significantly influence sustainability disclosure practices. In fact, companies with high inventory turnover may prioritize short-term economic goals and operational efficiency without explicitly aligning these efforts with broader commitments to transparency or environmental accountability, as required in sustainability reporting.
3. The findings suggest that a company's level of profitability does not necessarily drive sustainability reporting. While profitable firms possess

greater financial resources, this does not directly lead to enhanced SRD. This result contradicts the third hypothesis and implies that other factors such as regulatory pressure, reputational concerns, or managerial strategy may play a more decisive role in determining sustainability disclosure practices.

4. The results confirm that firms with higher levels of leverage tend to increase transparency through sustainability disclosure. This can be explained by the greater external pressure such firms face from creditors and other stakeholders, making trust building efforts more essential. Therefore, this finding supports the fourth hypothesis and is consistent with the stakeholder theory framework.

B. IMPLICATION

Based on the conclusions that have been presented, the implications of this research can be drawn as follows:

1. Theoritical Implications

This study provides a significant contribution to the development of Stakeholder Theory, particularly in the context of corporate sustainability disclosure through Sustainability Report Disclosure (SRD). The empirical findings show that Audit Committee and Leverage have a positive influence on SRD, which theoretically reinforces the core premise of stakeholder theory—that companies are responsible for addressing the interests of both internal and external stakeholders. In this regard, transparency and accountability in corporate reporting extend beyond financial information to include social and environmental disclosures as essential components in meeting stakeholder expectations and maintaining organizational legitimacy.

Conversely, the results indicating that Inventory Turnover and Profitability do not significantly affect SRD offer important theoretical insight by highlighting the limitations of operational efficiency and financial performance as explanatory indicators for sustainability disclosure practices. These findings imply that corporate decisions to engage in sustainability reporting are not solely determined by financial capacity or business efficiency, but are more strongly influenced by governance mechanisms, external pressures, and awareness of reputational and legitimacy concerns.

Thus, this research broadens the theoretical understanding of the factors influencing sustainability disclosure within the stakeholder theory framework. It emphasizes that corporate responsibility to stakeholders is not always reflected in financial performance, but rather in a company's commitment to transparency, accountability, and responsible governance practices. These results also open avenues for further research exploring the role of contextual and non-financial variables in shaping corporate sustainability disclosure policies.

2. Practical Implication

a. Companies

The findings of this study encourage companies to strengthen their internal governance functions particularly through the role of the audit committee in supporting transparency and accountability in sustainability reporting. The fact that both audit committee activity and leverage positively influence sustainability report disclosure (SRD) suggests that companies should optimize their risk management and oversight mechanisms, especially when operating under high levels of debt. Furthermore, the observation that profitability and inventory turnover have no significant impact on SRD implies that a company's commitment to sustainability reporting should not rely solely on financial condition or operational efficiency. Instead, it should be grounded in a strategic awareness of the importance of building long-term reputation and legitimacy.

b. Investor and Stakeholders

For investors and other stakeholders, these findings offer valuable insights for investment decisions and credibility assessments of companies. The positive influence of leverage on SRD indicates that highly leveraged firms are more likely to enhance transparency through sustainability disclosures, as a way to mitigate risks and maintain investor trust. As such, sustainability reports can serve as a vital tool for assessing a company's non-financial commitments particularly in terms of social responsibility, environmental performance, and governance practices which are increasingly important to stakeholders in today's sustainability-oriented business landscape.

c. Regulators and Government

For regulators and government authorities, this study highlights the importance of strengthening policies and regulations that promote sustainability disclosure, particularly for firms with complex capital structures. Mandating or encouraging sustainability reporting can serve as an effective policy instrument to enhance corporate accountability and integrity, while also supporting broader sustainable development goals. Moreover, since not all companies are financially motivated to engage in sustainability reporting, government intervention through incentives, technical guidance, or disclosure requirements can help promote more equitable adoption of environmental and social responsibility practices across all industry sectors.

C. RESEARCH LIMITATIONS AND SUGGESTION

1. Research Limitations

This study has a limitation related to the sample size, as it only focuses on one specific sector namely, infrastructure companies listed on the stock exchange during the 2020–2023 period, The research includes 18 companies observed over four years, resulting in a total of 72 firm-year observations, The relatively small and sector specific sample may limit the generalizability of the findings to other industries or broader market contexts,

2. Suggestion

Future studies on similar topics are encouraged to expand the research population by including all or multiple sectors listed on the Indonesia Stock Exchange (IDX), rather than focusing on a single sector, This broader scope would enhance the generalizability of the findings across various industries, In addition, future research may consider incorporating alternative independent variables related to environmental and sustainability issues, such as good corporate governance, corporate social responsibility (CSR), green intellectual capital, and other relevant constructs, These variables could offer deeper insights into the factors influencing sustainability report disclosure and enrich the theoretical and empirical understanding of corporate sustainability practices,