

THE INFLUENCE OF SUSTAINABILITY REPORT DISCLOSURE AND FIRM SIZE ON CORPORATE FINANCIAL PERFORMANCE IN BASIC MATERIALS SECTOR COMPANIES LISTED ON THE JAKARTA ISLAMIC INDEX 2021-2024

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Abstract. This study aims to analyze the influence of Sustainability Report disclosure and firm size on financial performance in Basic Materials sector companies listed on the Jakarta Islamic Index (JII) for the period 2021-2024. The research phenomenon is grounded in fluctuations in financial performance alongside environmental and social issues faced by companies within the basic materials sector. The research method employed is quantitative explanatory. The research population encompasses the annual reports and sustainability reports of mining companies in the JII. Utilizing a purposive sampling technique, a sample of 9 companies was obtained. The collected secondary data were subsequently analyzed using linear regression with the assistance of E-Views software. Results indicate that, simultaneously, Sustainability Report disclosure and firm size exert a significant influence on corporate financial performance. Partially, Sustainability Report disclosure is proven to have a significant influence on financial performance. This indicates that transparency in economic, social, and environmental aspects, as well as the scale of company assets, serve as critical factors for investors in assessing the stability and potential profitability of companies within the basic materials sector.

Keywords: Sustainability Report, Financial Performance, Firm Size, Jakarta Islamic Index.

I. INTRODUCTION

As the world continues its efforts to address various sustainability issues, there is a strong focus on developing consistent, comparable, and globally reliable sustainability reporting standards due to the increasing calls for transparency regarding sustainability issues from investors, regulators, and other stakeholders. Sustainability reporting is more than just reporting ESG operational performance; it is also a strategic assessment tool and a communication platform for investors and various stakeholders. Furthermore, the sustainability report serves as an annual "health" check of a company's strengths and weaknesses regarding sustainability improvements to deliver beneficial results for the business and its stakeholders.

In Indonesia, sustainability reports have been mandated for financial institutions and public companies since 2019 and for listed companies since 2020. However, due to COVID-19, the implementation was postponed to 2021. In the second year of its application, 88% of listed companies in Indonesia submitted their 2021 sustainability reports. The sustainability report is a vital instrument in the ESG reporting approach for Indonesian companies, reflecting corporate strategies to respond to climate risks, stakeholder engagement, and improved ESG performance. These reports can illustrate the

sustainability responsibilities of the Board of Directors, demonstrate efforts to enhance sustainability skills, and increase public credibility. Beyond being a form of public transparency, sustainability reports also serve to align with global standards and demonstrate a company's commitment to sustainability.

Building corporate integrity cannot focus solely on profit; it must have a purpose beyond that. This objective is encapsulated in the Triple Bottom Line concept, better known as the 3Ps (Profit, People, and Planet). In the 3P concept, a company does not only focus on large profits but must also show concern for society and the environment. Law Number 40 of 2007 concerning Limited Liability Companies (PT) states that it is mandatory for a company to fulfill environmental and social responsibilities. This regulation has caused environmental and social accountability, which was initially voluntary, to gradually transition into a mandatory requirement.

In the era of globalization and increasing awareness of the importance of environmental conservation and social responsibility, sustainability practices have become a primary focus in corporate management. Companies are required not only to generate profits but also to consider the social and environmental impacts of their operational activities. Therefore, Sustainability Reporting has become an essential

tool in communicating a company's commitment to Environmental, Social, and Governance (ESG) aspects to stakeholders. There was an overall increase in the disclosure of identified climate-related risks or opportunities in corporate sustainability reports from 77% in 2021 to 88% in 2022.

In most Asia-Pacific jurisdictions, 92% of companies have Environment, Social, and Governance (ESG) targets. The Global Reporting Initiative (GRI) Standards and the Sustainable Development Goals (SDGs) are the most widely used standards and frameworks for sustainability reporting in most jurisdictions. In 2022, 80% of researched companies in Indonesia utilized GRI Standards for their sustainability reports. One such development occurred in the mining industry, expanding from 3 sectors to 7 industrial sectors. These seven industries include Finance, Mining, Plantation, Food and Beverage, Transportation & Logistics, Chemicals, and Energy. Companies prepare these sustainability reports in accordance with the Global Reporting Initiative (GRI) standards. Additionally, they aim to fulfill requirements from OJK Regulation (POJK) No. 51/2017 concerning the Implementation of Sustainable Finance for Financial Service Institutions, Issuers, and Public Companies, and SEOJK No. 16/2021 concerning the Form and Content of Annual Reports of Issuers or Public Companies.

Based on data from the Mining Advocacy Network (JATAM), approximately 44% of Indonesia's landmass has been allocated for around 8,588 mining business permits. These mining permits impact human rights and the environment. According to JATAM's 2020 year-end notes, 45 mining conflicts occurred, including 22 cases of environmental pollution and destruction (BBC News, 2021). Companies are required to carry out social and environmental responsibilities for various environmental impacts arising from their activities. A policy is highly needed to manage detailed and transparent information that can serve as an accounting list and guideline for disclosing inter-company responsibilities (Madani & Gayatri, 2021). The medium for disclosing information on economic, social, and environmental performance can be reported by companies in a sustainability report (Madona & Khafid, 2020).

"The Future Directions of ESG and Sustainability Reporting in Indonesia" included an agenda reviewing Sustainability Reports in the Asia Pacific. This report, developed by Singapore and the Centre for Governance and Sustainability (CGS) at the National University of Singapore (NUS), analyzes the condition of sustainability reporting in Asia Pacific. This report is the second edition of "Sustainability Counts" and provides the latest information on each region. After analyzing sustainability reports from the top 50 public companies by market capitalization across 14 jurisdictions in Asia Pacific, significant reporting and disclosure gaps remain for business actors to demonstrate a viable and robust pathway to achieving net zero by 2050 or mid-century, highlighting the evolving challenges business actors will face in the future.

The implementation of Sustainability Reports in Indonesia is supported by several government regulations, including Law No. 40 of 2007 concerning Limited Liability Companies,

Article 74, which states that companies conducting business activities in the field of or related to natural resources are obliged to implement Social and Environmental Responsibility, which is budgeted and calculated as a company cost. The obligation for Sustainability Report disclosure is further strengthened through regulations issued by the Financial Services Authority (OJK) via OJK Regulation No. 51/POJK.03/2017. This regulation requires companies, particularly those in the financial services sector, issuers, and public companies, to prepare and submit sustainability reports as a form of transparency and accountability for the impact of their business activities. Meanwhile, other sectors, including the mining sector which is closely related to natural resource exploitation and environmental risks, have also begun to be encouraged to actively prepare sustainability reports to maintain reputation and gain legitimacy from the community.

The mining sector plays a vital role in the Indonesian economy, yet it is also frequently scrutinized for its contribution to environmental degradation and social conflict. An interesting aspect regarding stakeholder engagement shows that only 54% of companies have disclosed strategies to address stakeholder concerns. This means many companies, especially those listed on the stock exchange, have not yet prioritized stakeholder engagement, noting that "Approximately 70% of Indonesian companies have disclosed how they involve stakeholders in their sustainability reports." Stakeholder engagement can provide considerations for companies regarding the most relevant current sustainability issues across the value chain. To determine the most important ESG topics for an organization, companies need to understand the level and impact. Therefore, transparency in sustainability reporting is essential to reduce reputational risk and support long-term performance. Good disclosure in sustainability reports is believed to strengthen investor confidence and create corporate added value, which ultimately impacts financial performance..

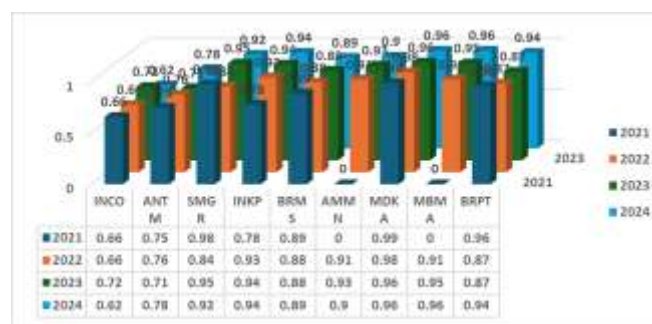


Figure 1. the influence of Sustainability Report disclosure

From the data above, the influence of Sustainability Report disclosure on financial performance does not always show consistent results or significant influence. However, sustainability practices contribute positively to company profitability, while other studies find that costs incurred for sustainability activities actually suppress profits in the short term. Therefore, more in-depth research is needed to examine the relationship between sustainability reporting and financial performance, specifically in the mining sector which has significant ESG impacts. Firm size also relates to the

connection between sustainability report disclosure and financial performance. Large companies tend to have greater resources to implement and report sustainability activities and face higher social expectations from the public and investors. Conversely, small companies may face limitations in implementing and reporting sustainability, which affects their influence on financial performance.

The Basic Materials sector was chosen as a sample because this sector includes companies involved in Metal Mining and Refining, Chemical Products, and Forestry Products, which are closely linked to environmental impacts. The operational activities of Basic Materials sector companies have a significant impact on environmental damage. On the positive side, Basic Materials companies can provide prosperity to communities surrounding the sector area. However, on the negative side, these companies can pollute the surrounding environment, and the resulting air pollution can interfere with the health of the local community. According to the Environmental Agency (DLH), waste generated by the mining sector significantly influences environmental pollution, such as threatening ecosystems, polluting river water used for drinking, and damaging soil structures leading to floods (Kabar BHR, 2021). With the implementation of sustainability reports in gold mining companies, it is expected that all companies will pay more attention to sustainability report disclosure and ensure continuity with the surrounding social environment.

Based on this background, this study aims to analyze the Influence of Sustainability Report Disclosure and Firm Size on the Financial Performance of Basic Materials Sector Companies listed on the Indonesia Stock Exchange for the period 2021-2024. The results of this study are expected to contribute to the development of academic literature and serve as a reference for company management, regulators, and investors in sustainability-oriented decision-making.

In recent years, Sustainability Reporting has become an essential practice in corporate reporting, especially in sectors with large environmental impacts like mining. This report focuses on the top 50 public companies by market capitalization in 14 selected jurisdictions in Asia Pacific: Australia, China, Hong Kong, India, Indonesia, Japan, South Korea, Malaysia, New Zealand, Philippines, Singapore, Taiwan, Thailand, and Vietnam. A total of 700 public companies were studied across 11 industries: communication services, consumer discretionary, consumer staples, energy, financials, healthcare, industrials, information technology, materials, real estate, and utilities. These companies were identified as those listed on stock exchanges worldwide, such as the Australian Securities Exchange, Bombay Stock Exchange, Bursa Malaysia, Hanoi Stock Exchange, Ho Chi Minh Stock Exchange, Hong Kong Stock Exchange, Indonesia Stock Exchange, Korea Stock Exchange, New Zealand Stock Exchange, The Philippine Stock Exchange, Shanghai Stock Exchange, Shenzhen Stock Exchange, Singapore Exchange, Stock Exchange of Thailand, Taiwan Stock Exchange, and Tokyo Stock Exchange. The reviewed information originates from the latest sustainability reports and annual reports available in January 2023. Only companies with sustainability reports in English were included.

Sustainability Reporting is the practice of measurement and disclosure of shared sustainability information integrated with existing corporate reporting. Sustainability reports can help companies communicate effectively regarding economic performance, financial issues, and environmental impacts in conducting business. Sustainability reports serve as a means for companies to communicate their social and environmental responsibilities in line with ESG (Environmental, Social, and Governance) principles. According to the Global Reporting Initiative (GRI), sustainability reporting increases transparency and builds stakeholder trust, which impacts company value (GRI, 2023). Regarding the provision of credible information to stakeholders concerning corporate sustainability performance to foster trust in business, this report shows an increase in the number of companies obtaining external assurance from independent parties for ESG disclosures, rising from 37% in 2021 to 49% in 2022 among the Asia-Pacific companies studied. Given that three-quarters of investors surveyed in the Global Investor Survey indicated their trust in sustainability reports would increase if the level of assurance matched that of corporate financial reports, businesses can enhance the credibility of their sustainability reports by obtaining external assurance.

In Indonesia, OJK through POJK No. 51/POJK.03/2017 encourages public companies to disclose sustainability aspects in their reporting. This indicates that sustainability practices are not just a form of compliance but a corporate strategy for maintaining long-term viability. A study by Gunawan et al. (2021) in the *Jurnal Akuntansi Multiparadigma (SINTA 2)* states that "sustainability report disclosure can significantly enhance corporate image and support the stability of financial performance." Furthermore, several countries have implemented laws, regulations, and stock exchange guidelines regarding this matter. Besides the government, investors also drive the development of sustainability reports. When a company implements sustainability reporting, it indirectly influences other companies to do the same.

However, the relationship between sustainability report disclosure and financial performance remains debated. Some studies find a positive relationship (Utama & Yanto, 2020), while others find no significant relationship due to the high costs of sustainability implementation in mining companies which can suppress profits (Rahmawati et al., 2022). GRI and SDGs standards are the most widely used frameworks for sustainability reporting in most jurisdictions, followed by the International Organization for Standardization (ISO) and TCFD. In 2021, 80% of researched companies in Indonesia reported using GRI Standards. With the launch of the International Financial Reporting Standards (IFRS) Sustainability Disclosure, sustainability reports aim to allow stakeholders to know the extent to which companies are accountable for environmental and social aspects. Nevertheless, corporate awareness of sustainability report disclosure in Indonesia is still relatively low. The level of sustainability report disclosure using GRI standards is only at 57.5%. The chart below shows that Indonesia has the lowest level of sustainability report disclosure with GRI standards among five countries. This is because not all companies are aware of the importance of sustainability report disclosure.

Corporate participation in sustainability is crucial for environmental preservation. The impact of sustainable development provides a significant contribution to environmental and social aspects. Stakeholders also pay attention to corporate social responsibility disclosure as it relates to corporate image and integrity. Companies operating in the Basic Materials Sector must consider the environment in their production processes. The role of accounting in fulfilling social demands regarding the environment is by disclosing sustainability. The prevalence of issues regarding environmental damage caused by energy mining processes has led the public to distrust companies. Therefore, the role of accounting is needed in disclosing information in the sustainability report.

Quoted from CNBC Indonesia, the parent of PT Vale Indonesia Tbk. (INCO) potentially shares responsibility with BHP Group in a lawsuit worth US\$46 billion or equivalent to Rp. 690 trillion. The lawsuit stems from the Fundao dam disaster in 2015, which had devastating environmental impacts in Brazil. Consequently, PT Vale Tbk. has not yet received certainty regarding the extension of its mining permit or Special Mining Business Permit (IUPK). Issues related to the energy sector also appeared via BETAHITA.ID, reporting that the Trenggalek community protested against illegal gold mining activities, which significantly impact the environment and society. Mining or exploration activities by PT Sumber Mineral Nusantara were allegedly conducted without official permits, leading to public protests due to suspected adverse effects on sustainability. Issues regarding the revocation of mining permits due to public pressure also occurred in Pasar Seluma Village; initially, the Ministry of Environment and Forestry (KLHK) issued a mining permit for PT FBA. However, public pressure from those who felt disadvantaged by the environmentally damaging mining project and misconduct by PT FBA employees resulted in the permit being revoked by the KLHK under orders from President Jokowi.

The widespread news regarding environmental damage caused by Basic Materials sector companies on social media indicates that in Indonesia, some companies have not fully implemented the 3P concept. Based on this, the Financial Services Authority (OJK) issued regulations regarding the implementation of sustainable finance, namely Regulation Number 51/POJK.03/2017. It is expected that companies will publish sustainability reports so that they are not only profit-oriented but also consider the environment and society. Global Reporting Initiative (2023) mentions that sustainability reporting is the practice of measurement, disclosure, and accountability to internal and external stakeholders regarding corporate performance in achieving sustainable development goals. Maryana & Carolina (2021) state that a sustainability report is a report published by a company covering corporate activities that impact the economy, environment, and society. Given the urgency of sustainability report disclosure, it has become an interesting topic for research.

This study utilizes two theories: Agency Theory and Stakeholder Theory. Companies that disclose Sustainability Reports will gain "Agency" from the public, ensuring business continuity. The second theory used is Stakeholder

Theory, which explains the relationship between the company and its stakeholders. A stakeholder is a group or individual who influences and is influenced by the company's process in achieving its goals (Khatami & Raharjo, 2023). The survival of a company depends on the support provided by these stakeholders. Therefore, companies strive to provide satisfaction to stakeholders, one way being through Sustainability Report disclosure. Sustainability Report disclosure can add value to the company in the eyes of stakeholders, fostering a good relationship (Florescia & Handoko, 2021).

Many studies focus on sustainability reports in Asia Pacific, sustainable banking, nature reporting, and climate reporting in ASEAN. Given the urgency of sustainability report disclosure, it remains a compelling topic for research. Some previous studies revealed that the economic dimension of sustainability report disclosure has no effect on financial performance, while environmental and social dimensions negatively affect financial performance. This is because current conditions in Indonesia show that sustainability reporting is not yet a primary factor or priority in influencing financial performance. Stakeholders do not prioritize sustainability report disclosure in their decision-making. However, this differs from other research results stating that sustainability report disclosure positively affects financial performance proxied by ROA. This is because sustainability reports provide positive information about company activities related to economy, environment, labor, products, and social issues to the public. Consequently, the public responds positively, resulting in improved financial performance. Research by Kurniawati et al. (2020) states that firm size does not affect financial performance. Total assets owned do not guarantee financial performance that provides profit for investors because companies do not necessarily present the actual asset value in financial reports. These results contrast with earlier research stating that firm size influences financial performance. The larger the company, the better its financial performance, as larger companies are more cautious in utilizing and accounting for total assets, supported by good management which increases financial performance and profits. Based on the gaps in previous research where contradictory results exist for each factor, further study is required regarding factors influencing sustainability report disclosure. The object of this research is Basic Materials Sector companies listed on the IDX from 2021-2024. Considering the urgency of sustainability practices and the role of firm size, this study aims to analyze the Influence of Sustainability Report Disclosure and Firm Size on Financial Performance in Basic Materials Sector Companies.

II. RESEARCH METHODS

This study employs a quantitative approach grounded in the philosophical foundation of positivism to analyze the influence of Sustainability Report Disclosure (measured by the Sustainability Report Disclosure Index based on GRI standards) and Firm Size (measured by the natural logarithm of total assets) on Financial Performance (measured by Return on Assets) across 9 companies in the Basic Materials sector

listed on the Jakarta Islamic Index (JII) for the 2021–2024 period. Using a purposive sampling method, secondary data obtained from annual and sustainability reports on the official websites of the Indonesia Stock Exchange (IDX) and the respective companies will be collected from March to May, subsequently processed using panel data regression analysis techniques. The analytical procedure commences with descriptive statistical tests and classical assumption tests (normality, multicollinearity, heteroscedasticity, and autocorrelation), followed by the selection of the optimal estimation model among the Common Effect Model (CEM), Fixed Effect Model (FEM), or Random Effect Model (REM) via the Chow Test, Hausman Test, and Lagrange Multiplier Test. Finally, the research hypotheses will be tested partially (t-test) and simultaneously (F-test), and evaluated through the coefficient of determination (R^2) to determine the extent to which the independent and moderating variables explain the variation in corporate financial performance.

III. RESULT AND DISCUSSION

Descriptive Statistics

Date: 12/22/25 Time: 23:45
 Sample: 2021 2024

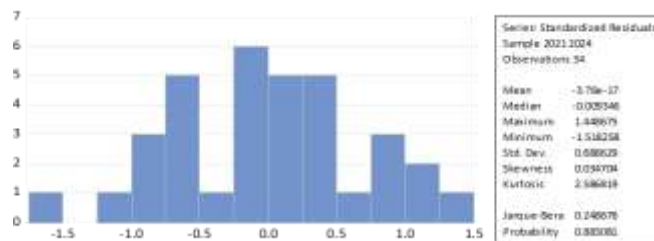
	SR	UKURAN ...	ROA
Mean	0.868343	33.53599	4.281545
Median	0.908425	36.15028	2.807700
Maximum	0.992481	60.23774	16.90689
Minimum	0.616822	5.905964	0.114116
Std. Dev.	0.105142	15.24099	3.789057
Skewness	-0.974929	-0.386530	1.336332
Kurtosis	2.706550	2.221692	4.763090
Jarque-Bera	5.508080	1.704795	14.52313
Probability	0.063670	0.426392	0.000702
Sum	29.52366	1140.224	145.5725
Sum Sq. Dev.	0.364809	7665.494	473.7794
Observations	34	34	34

Figure 2. Descriptive Statistics

The mean value of the dependent variable (financial performance) is 4.281545, with a median of 2.807700, a minimum value of 0.114116, a maximum value of 16.90689, and a standard deviation of 3.789057. The SR variable has a mean value of 0.868343, with a median of 0.908425, a minimum value of 0.616822, a maximum value of 0.992481, and a standard deviation of 0.105142. Meanwhile, the Firm Size variable has a mean value of 33.53599, a median of 36.15028, a minimum value of 5.905964, a maximum value of 60.23774, and a standard deviation of 15.24099. The results of these calculations indicate that all variables possess a fairly large and even distribution of data, with standard deviations being smaller than the mean across all tested variables. Based on the description presented, the researcher deems further investigation necessary.

Normality Test

Based on the normality test results in Figure 4.1, the Jarque-Bera value is 0.248676 with a probability value of 0.883081. This value is above the required probability threshold of > 0.05 ; thus, it is concluded that the data is normally distributed, and further research can be conducted.



Multicollinearity Test

	SR	UKURAN ...
SR	1.000000	0.489899
UKUR...	0.489899	1.000000

Based on the multicollinearity test results in Table 4.5, the comparison of the correlation coefficient for the SR variable shows a value > 0.90 , specifically 1.00, indicating a relationship with other independent variables or the occurrence of multicollinearity. Meanwhile, the Firm Size variable has a correlation coefficient value of $\text{sig} < 0.90$, with a correlation coefficient of 0.489899. Consequently, it can be concluded that multicollinearity occurs in this research data, or there is a relationship between the independent variables.

Heteroscedasticity Test

Dependent Variable: ABS_RES

Method: Panel Least Squares

Date: 12/23/25 Time: 00:25

Sample: 2021 2024

Periods included: 4

Cross-sections included: 9

Total panel (unbalanced) observations: 34

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	6.933801	5.613093	1.235291	0.2292
SR	-5.087948	6.123886	-0.830837	0.4146
UKURAN_PERUSAHAAN	-0.021546	0.038573	-0.558582	0.5818

Effects Specification

Based on Table the results of the heteroscedasticity test using the Panel Least Squares (PLS) method were obtained. According to the table above, the probability value is > 0.05 , specifically 0.2292. Therefore, it can be concluded that this regression model is free from heteroscedasticity issues and is feasible for further study without requiring an Autocorrelation test.

Partial Test (T-Test)

Dependent Variable: ROA

Method: Panel EGLS (Cross-section random effects)

Date: 12/23/25 Time: 17:52

Sample: 2021 2024

Periods included: 4

Cross-sections included: 9

Total panel (unbalanced) observations: 34

Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	14.30613	6.228114	2.297024	0.0285
SR	-11.74844	7.660598	-1.533619	0.1353
UKURAN_PERUSAHAAN	0.006510	0.052006	0.125175	0.9012

Based on the T-test results in Table 4.13, the EcDI variable has a regression coefficient of 3.5916 with a significance value of 0.0013 (< 0.05); therefore, the

hypothesis is accepted, indicating a partial influence on the dependent variable. Conversely, the EnDI variable (with a coefficient of 0.2374 and significance of 0.8142) and the third variable (with a coefficient of 1.1639 and significance of 0.2550) have significance values above 0.05. Thus, their hypotheses are rejected, meaning these two variables do not have a statistically significant partial influence on the dependent variable..

Simultaneous Test (F Test)

Dependent Variable: ROA
 Method: Panel EGLS (Cross-section random effects)
 Date: 12/23/25 Time: 17:52
 Sample: 2021 2024
 Periods included: 4
 Cross-sections included: 9
 Total panel (unbalanced) observations: 34
 Swamy and Arora estimator of component variances

Weighted Statistics	
F-statistic	1.202151
Prob(F-statistic)	0.314173

Based on the results in the table above, the Prob. (F-statistic) value is 0.0061, which is smaller than 0.05. This explains that a probability value of $0.0061 < 0.05$ means that the economic dimension (X1), environmental dimension (X2), and social dimension (X3) variables simultaneously influence financial performance (Y).

Coherence Determination Test (R2)

Dependent Variable: ROA
 Method: Panel EGLS (Cross-section random effects)
 Date: 12/23/25 Time: 17:52
 Sample: 2021 2024
 Periods included: 4
 Cross-sections included: 9
 Total panel (unbalanced) observations: 34
 Swamy and Arora estimator of component variances

Weighted Statistics			
R-squared		0.071976	
Adjusted R-squared		0.012103	
Unweighted Statistics			
R-squared	0.161944	Mean dependent var	4.281545
Sum squared resid	397.0538	Durbin-Watson stat	1.454377

Based on the coefficient of determination (R²) test above, the adjusted R-squared value is 0.3018 or 30.18%. This indicates that the contribution of each independent variable in explaining the dependent variable is 30.18%, while the remaining 0.6982 or 69.82% can be explained by other factors or variables not utilized in this study.

Panel Data Regression Analysis

Variabel	Koefisien	Std.Error	t- statistik	Prob.
C	-0.027136	0.081416	-0.333305	0.7416
SR	0.168512	0.046917	3.591677	0.0013
Ukura_...	0.081411	0.342831	0.237468	0.8142

Based on the output results above, the constant value alpha is -0.0271, meaning that if X1 and X2 remain constant, financial performance will decrease by 0.0271. The coefficient value for variable (X1) of 0.01685 explains that if it increases by 1 unit, financial performance will increase by 0.01685, assuming other explanatory variables remain constant. The coefficient value for variable (X2) of 0.0814 explains that if it increases by 1 unit, financial performance will increase by 0.0814, assuming other explanatory variables remain constant.

The Influence of the Economic Dimension on Financial Performance

Based on the research results, it can be concluded that the first hypothesis (H1) is accepted. This is due to the observed influence of the economic dimension of the Sustainability Report (independent variable) on the financial performance measured by Return on Assets (dependent variable), with a probability value of $0.0013 < 0.05$. The economic dimension demonstrates a significant impact on financial performance through the strategic role of information presented in the Sustainability Report, particularly in illustrating the company's ability to create short-term and long-term economic value sustainably, as economic dimension disclosures provide a comprehensive overview of financial stability, operational efficiency, and the company's capacity to manage capital resources optimally and responsibly. Systematically and measurably presented economic information is capable of convincing stakeholders that the company possesses competitive capital resource potential accompanied by relatively low risk levels, especially within the context of corporate resilience against economic uncertainty, market dynamics, and regulatory changes.

Economic dimension disclosure also functions as a transparent communication tool regarding the distribution of economic value to various stakeholders, including investors, creditors, employees, the government, and the community, thereby allowing stakeholders to clearly understand the economic impacts arising from the company's operational activities. Such transparency reflects management accountability in managing entrusted funds and resources, while simultaneously demonstrating the company's commitment to ethical and sustainable business practices. Clarity of information regarding economic contributions, value-added creation, and effective financial risk management ultimately fosters positive perceptions and enhances stakeholder confidence in investment decisions. This strengthening trust has the potential to expand the company's access to funding sources, lower the cost of capital, and bolster the company's competitive position in the market, which overall will impact the improvement of financial performance and long-term business sustainability. The results of this study are aligned with Lestari & Irma (2021) and Bukhori & Sopian (2023), who found that economic performance influences financial performance. A higher level of disclosure in the economic dimension will enhance a company's financial performance in the subsequent period, which will be reflected in the company's assets. Companies that exert a significant influence on micro and macroeconomic improvement will attract the interest of investors and customers to join as financial backers or product

users. These findings are inconsistent with Amelia et al. (2023), who state that economic performance does not have a positive or significant effect on financial performance..

The Influence of the Environmental Dimension on Financial Performance

The environmental dimension refers to the impacts generated by a company's production activities on the environment, encompassing materials used, energy consumption, ecosystems, land, emissions, waste discharge, and others. In the results of this study, it is shown that the Environmental Dimension has no influence on the financial performance of companies in the Mining Sector for the 2021-2024 period.

This study rejects the research conducted by Japlim et al. (2021), which states that environmental performance influences financial performance. The assumption that differences between corporate values and those of the surrounding environment lead to a "legitimacy gap" is not proven in this study. This demonstrates that the disclosure of environmental performance in Sustainability Reports published by companies does not influence stakeholder opinions in decision-making. The results of this study are consistent with Manisa & Defung (2021), who found that environmental performance does not affect financial performance..

The Influence of the Social Dimension on Financial Performance

Based on the research results, it can be observed that the third hypothesis (H3) is rejected. This is because there is no influence between the social performance independent variable in the Sustainability Report and the Return on Assets financial performance dependent variable, with a probability value of $0.2550 > 0.05$. Social performance disclosed in the Sustainability Report cannot improve financial performance because the relationship between corporate social activities and financial achievement is often indirect, long-term, and difficult to measure quantitatively within the same financial reporting period; thus, the expected economic benefits from such social investments are not immediately reflected in financial indicators such as profit, cash flow, or firm value. Stakeholders in many business contexts also do not consider corporate social actions important if those activities lack a clear link to product quality, price, operational sustainability, or business risks that directly affect their economic interests; consequently, social performance information is viewed merely as a complementary corporate narrative rather than a primary basis for corporate performance evaluation.

This perception is reinforced by the fact that most stakeholders, particularly investors and creditors, tend to focus on measurable financial results that can be objectively compared across companies, while social performance indicators are often qualitative, subjective, and highly dependent on the reporting standards used by each entity. The lack of uniformity in standards and the depth of social performance disclosure in Sustainability Reports also make the presented information difficult to use as a reliable analytical tool for decision-making; therefore, stakeholders lack strong incentives to treat social aspects as a determining variable in investment, funding, or business cooperation

decisions. This condition results in social performance having no significant influence on stakeholder decision-making, as the social benefits generated by the company are considered to lack sufficient economic relevance or fail to provide a strong signal regarding the company's future financial prospects; ultimately, social performance disclosure functions more as a form of compliance and social legitimacy rather than a strategic factor capable of tangibly improving corporate financial performance.

This result is consistent with the research conducted by Lestari & Irma (2021), which states that social performance disclosure has no influence on financial performance. This finding is inconsistent with Faihaa et al. (2023), who state that social performance does influence financial performance..

The Simultaneous Influence of Economic, Environmental, and Social Dimensions on Financial Performance

Based on the results of the simultaneous significance test, the probability value (F-statistic) is 0.00 , which is smaller than the significance level of 0.05 . This indicates that the fourth hypothesis (H4) is accepted, meaning that the independent variables—namely the economic, environmental, and social dimensions—simultaneously influence the dependent variable, financial performance, in the mining sector listed on the Jakarta Islamic Index (JII) for the 2021-2025 period. This result is supported by previous research by Putra & Subroto (2022), which states that Sustainability Report disclosure affects financial performance as proxied by ROA. Conversely, research by Herlambang et al. (2021) states that Sustainability Reporting has no influence on financial performance.

IV. CONCLUSIONS

The results of the study indicate that Sustainability Report disclosure and firm size have a positive and significant influence on financial performance (ROA) within basic materials sector companies listed in the JII for the 2021–2024 period. Partially, the economic dimension is proven to be the primary driver in increasing profitability, whereas the environmental and social dimensions have not yet shown a significant independent influence. Nevertheless, simultaneously, the transparency of sustainability reporting and the scale of corporate assets collectively strengthen stakeholder trust and operational efficiency, which ultimately has a positive impact on the company's financial performance. As a developmental step, companies are advised to integrate international reporting standards such as GRI/ESG into their core business strategies, rather than merely to fulfill administrative regulations. Enhancing internal competence through training and strengthening accounting information systems is highly necessary to ensure that reporting is more accurate and accountable. For future researchers, it is recommended to expand the sample scope to other sectors beyond basic materials to test the generalizability of the findings and encourage the implementation of more equitable sustainability practices across various industries in Indonesia.

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