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THE ROLE OF CORPORATE GOVERNANCE, TYPE OF OWNERSHIP, AND CAPITAL STRUCTURE, IN THE ACHIEVEMENT OF SUSTAINABLE DEVELOPMENT GOALS

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ABSTRACT

Introduction/Main Objective: This study presents research that makes a theoretical contribution to the literature on the achievement of sustainable development goals (SDGs), and provides empirical evidence of the role of corporate governance (CG), type of ownership, and capital structure of companies in Indonesia in achieving the SDGs. **Background Problem:** This research is motivated by the phenomenon that the business sector plays major roles in economic growth, damage to the natural environment—as well as its preservation—well the social life of local and global communities. The active involvement of the business world is needed to support the achievement of the SDGs. This research is important because the president directors and president commissioners (as proxies for CG) are the parties that play the biggest roles in their companies in achieving the SDGs. In addition, owners can pressure directors and commissioners to commit to achieving SDGs. A capital structure that reflects the company's financial flexibility also plays a role in realizing the SDGs. **Novelty:** This research uses unique proxies for the SDGs and CG variables. The SDGs are proxied using the SDG index, covering 17 SDGs fields, consisting of 101 items.CG is proxied by the competence of president directors and president commissioners. Competence is measured by level of education, work experience, and global insight. In addition, research examining the effect of the four types of ownership and capital structure on the SDGs is still very limited. This research was conducted on all companies listed on the Indonesia Stock Exchange during the period 2017 to 2021. The samples were taken purposively, with certain criteria. The dependent variable is SDGs, while the independent variables are CG, type of ownership, and capital structure. The analysis technique uses multiple linear regression. **Findings/results:** The research proves that the president commissioner, government, and individual shareholders, as well as leverage have a significant positive effect on SDGs disclosure. Meanwhile, domestic institutional shareholders, capital structure, and company size negatively affect SDG's disclosure. **Conclusion**: The results show that the president commissioner, government, and individual shareholders become the key shareholders who significantly affect the company's SDG disclosure policy. Thus, the results confirm and support the stakeholder theory and stewardship theory .

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INTRODUCTION

The purpose of this research is to make a theoretical contribution to the literature on the achievement of sustainable development goals (SDGs) and to provide empirical evidence of the role of corporate governance (CG), type of ownership, and capital structure in the implementation of SDG practices by companies in Indonesia. Another contribution of this research is that it can distinguish between the types of ownership in terms of which is more committed to achieving the SDGs.

The SDGs are known as the Global Goals and have been the universal call of the United Nations (UN) since 2015 to protect the planet and ensure that, by 2030, all people enjoy peace and prosperity. The SDGs are designed to end poverty, hunger, infectious diseases, and discrimination against women. The UN realizes that actions in one area will affect results in other regions; therefore, the SDGs pay attention to 17 interrelated areas, namely poverty, health, education, gender equality, clean water and sanitation, energy, jobs and growth, industry, innovation, and infrastructure, reducing inequality, sustainable cities and communities, consumption and production, climate management, protecting underwater ecosystems, protecting terrestrial ecosystems, peace, justice and strong institutions, and building partnerships (United Nations, 2022). Globally, the SDGs are important, but due to uncertain environmental, social, economic, and political conditions, they require the attention of various parties to realize them.

This research is motivated by the phenomenon that the business sector plays a major role in preserving the natural and social environments as well as damaging them. Various corporate social responsibility (CSR) programs can help the community's economy and create a clean and healthy environment. On the other hand, the business sector also plays a major role in destroying the environment. There have been many cases of environmental damage caused by companies; for example, the cases of PT. Kimu Sukses Abadi (PT KSA), PT. Rayon Utama Makmur (PT. Rum), and PT. Panggung Jaya Indah Textile (Pajitex). These cases are only a few examples of major cases related to environmental damage. Therefore, the active involvement of the business world is needed to support the achievement of the SDGs.

PT. KSA is a manufacturing company that makes corrugated cartons and plastic boxes. PT. Kimu Sukses Abadi disposes of wastewater which flows into rainwater drainage channels, thereby polluting the environment and the Sadang River in Bekasi (Bekasikab. go.id, 2022). PT. Rum, which produces rayon fiber, was reported in January 2022 by residents of Sukohardjo for polluting the environment. Since 2017, PT. Rum has polluted both the air and river water. Residents experienced a pungent stench that caused nausea, dizziness, neck tension, and shortness of breath. In addition, PT. Rum disposed of dark-colored and foul-smelling liquid waste into the river that leads to the Bengawan Solo River (Walhi.or.id, 2022). PT. Pajitex was also reported by residents because, since 2006, it had been polluting the air and water environment. PT. Pajitex is a textile company that produces garments called *sarong*. PT. Pajitex's production activities caused environmental pollution in the form of coal smoke and dust coming out of the company's chimneys coupled with engine noise. Coal fly ash, which is dangerous, contaminates homes and threatens the health of residents. Because of this, residents have experienced itching and acute respiratory tract infections. In addition, the rivers around residents' settlements have also been affected by waste making them dark in color and malodorous, causing residents to feel itchy (Walhi.or.id, 2022).

The Indonesian government issued Presidential Regulation No.59/2017 concerning SDGs, (PP.No.59.2017, 2017) However, it has not been effective. According to a report by the Sustainable Development Solution Network (SDSN), Indonesia's ranking for SDG implementation is lower than that of Malaysia, Thailand, Singapore, Vietnam, and the Philippines. From 2016 to 2022, Indonesia ranked 98, 100, 99, 102, 97, 97, and 82 respectively. So the SDSN ranking for the seven years averaged 96.4 (Luthfi, 2021). Therefore, conducting research on SDGs is important because (1) it has an impact on increasing the implementation of SDGs in Indonesia; (2) the business community—especially large companies in the fields of energy, minerals, natural resources, forestry, and manufacturing among others—contribute greatly to environmental damage and pollution, which, in the long term, endangers the quality of life in the world, if not managed properly; (3) research can ascertain the contribution of companies to the goals of the 2030 global agenda called for by the UN; (4) the president directors and president commissioners (the proxies for CG) are the parties that have the biggest role in determining their companies' course toward achieving the SDGs. In addition, owners can also pressure directors and commissioners to commit to achieving SDGs. A capital structure that reflects the company's financial flexibility also plays a role in realizing the SDGs.

The implementation of SDGs around the world is still limited (Buniamin et al., 2022). According to the multinational professional services network and Big Four accounting firm KPMG (2018), only four out of ten of the 250 global businesses in their report disclosed SDG initiatives in their sustainability reports. The disclosure of SDG initiatives in company reports is mandatory to provide companies with support in compiling, implementing, measuring, and delivering their SDG programs (Rosati & Faria, 2019). The fulfillment of SDG initiatives is largely determined by board members who formulate relevant company policies. In general, management commitment positively affects accountability and organizational performance (Ahyaruddin & Akbar, 2016). However, stakeholders are also interested in fulfilling these SDG initiatives, because the SDG agenda creates a strategic, competitive business advantage for companies. Therefore, to ensure optimal achievement of the SDG initiative, it is necessary to investigate the role of the CG system, both internal (president directors and president commissioners), and external (shareholders, and creditors).

In general, previous research has documented that the CG component improved sustainability disclosure (Al Maani et al., 2023). Specifically, Al Maani et al. find that a large board with a female director and a CSR committee can audit and control management choices related to sustainability issues and produce better sustainability disclosure. Ardillah (2023) reports that there is a positive effect of the presence of directors at board of director meetings on the disclosure of SDG activities and policies but there is no effect of the size of the board of directors, the proportion of independent directors, the presence of female directors, or the number of board of director meetings on SDG disclosure. Certain CG practices, such as the board meeting frequency, have a positive relationship with a company's SDG participation (Buniamin et al., 2022). Other studies find that board diversity (percentage of women directors, percentage of non-executive directors, and nationality of board members) and China's top ten registered companies' sustainability practices (Fei et al., 2022). Sekarlangit & Wardhani (2021) report that attendance at board of

directors (BOD) meetings positively affects SDG disclosure, where the size of the BOD, the proportion of independent directors, the presence of female directors, the presence of foreign directors, and the number of board of directors meetings are not associated with SDG disclosure. According to a review of previous research, it is apparent that investigation of some components of CG is still limited or even non-existent. Therefore, to enrich the literature on SDG, this research investigates other CG components, i.e. competence of president directors and president commissioners, type of ownership, and capital structure. Thus, this study's research question is formulated as follows:

RQ1: Do the competence of president directors and president commissioners, type of ownership, and capital structure affect the achievement of the SDGs?

The difference between this research and previous research is the proxies for the CG variable and the SDG index. Using an index provides a more comprehensive picture of the variable (Surifah, 2017). Previous research has simply considered reports that addressed the SDGs by using dummy measures (Buniamin et al., 2022; Ardillah, 2023).

According to the fit and proper test criteria, CG is proxied by the competence of both the president director and president commissioner. Competence is measured by level of education, work experience, and global insight. The SDGs are measured by an index compiled based on several references related to the goals and sustainability reports, which are grouped into 17 SDG items. In addition, research examining the ownership structure and the effect of ownership—which is divided it into four types—on SDG practices and policies is still limited. As described above, previous research generally uses CG variables like BOD meetings, percentage of women directors, percentage of non-executive directors, and nationality of board members. This research explores other aspects of CG, i.e. ownership type. Likewise, there is only limited—if any—research examining the effect of the ownership structure proxied by equity divided by total assets on SDG practices and policies. Additionally, specific ownership like institutional ownership positively affects some corporate issues, like reducing agency problems (Ariyono & Setiyono, 2020).

This research provides a theoretical contribution that the president commissioner, government shareholders, individual shareholders, and creditors play a significant role in realizing the SDGs. Meanwhile, domestic private institutional shareholders, as well as ownership structures with a high percentage of equity, hinder the implementation of the SDGs. The practical contribution of this research is that the realization of the SDGs must be promoted continuously, and laws should be enforced to oblige every company to implement and disclose the SDG practices and policies. Why is that? The answer is that damage to the natural environment continually occurs due to the operations of companies

LITERATURE REVIEW

This research is based on stakeholder theory because the issue of SDGs involves the interest of all the company's stakeholders. Stakeholders are people or groups of people who can influence or be affected by the achievement of organizational goals (Farida, 2019). In determining goals and strategies, companies must consider the various interests of stakeholders, namely shareholders, creditors, suppliers, customers, government, and local & global communities. Companies and the business community must play an active role in realizing the SDGs.

The stakeholder theory is used in this study to describe issues of corporate governance and sustainable development. A stakeholder perspective is a relevant approach when analyzing corporate governance (Buniamin., 2022). According to Farnham (2024), the stakeholder theory can explain the influence of organizational actions on stakeholders. The stakeholder theory also emphasizes the importance of value creation for all stakeholders to maintain a company's sustainability (Freeman et al. (2010). This theory encourages companies to reduce stakeholder conflicts (Farnham, 2024) and implement good corporate governance practices, as the BOD is interested in protecting stakeholders' rights and ensuring the achievement of sustainability goals to increase the company's market value.

This research is also based on the stewardship theory, which assumes that each party involved in the company is a servant responsible for the company's persistence and its environment. The stewardship theory is a popular alternative to the agency theory for studying the governance of family companies (Chrisman, 2019). Stewardship theory is a theory of corporate governance that assumes that managers will act as stewards who are responsible for the assets and resources they control. This theory states that managers inherently seek to do a good job, maximize the company's profits, and bring good returns to shareholders. They perform duties not only for their own benefit but also do so for the benefit of the company and the owner of the company.

Boards of Directors (BODs) and SDGs

The stakeholder theory weighs the importance of value creation for all stakeholders to safeguard a company's sustainability (Freeman et al., 2010) It also shows that companies are expected to reduce conflicts between stakeholders. This commitment can be achieved through CG practices. This research will re-examine the effect of CG on the SDGs, with different CG proxies, namely in the form of the competence of the president director and the president commissioner.

Competence is the qualification or ability to carry out duties and work well. Competence is essential to make timely and effective decisions. The decisions of the BOD can have a significant impact on the outcome of an organization. The competence of the BOD is essential to ensure the success and sustainability of the company. On the other hand, mistakes in making decisions can have the potential to be detrimental both financially and non-financially, such as declining reputation and reducing the trust of many parties in the company.

Education is not only one of the SDGs but also an important factor in achieving most of the other SDGs. Directors and commissioners with higher education and technical experience occupying certain positions/jobs can increase innovation and sustainable technology and infrastructure capacity. Higher education helps promote awareness of production behavior and form a sustainable mindset. The higher a person's education, the more he or she is expected to have an awareness of social responsibility, encourage sustainable practices, and ensure that the company's actions and decisions are beneficial not only today, but also to make a positive contribution to a sustainable future for all.

Overseas experience can increase an individual's awareness and understanding of the global challenges facing the world, such as poverty, renewable energy, natural resource management, climate change, gender inequality, and health. These issues are closely related to the SDGs. Education and working overseas allow individuals to build collaboration, and improve their

skills to interact with different cultures and values. This ability is invaluable in promoting international cooperation to achieve the SDGs.

Previous research has demonstrated that CG influences the SDGs. Board members from different stakeholder groups will be better represented (Zubeltzu-Jaka, E., Álvarez-Etxeberria, I., & Ortas, 2020). Other research studies have found the effect of CG on the SDGs (Naciti, 2019; Chien, 2023). Evidence from Chindasombatcharoen et al. (2022) is consistent with the stewardship theory where a smaller board leads to more corporate innovation, which finally leads to sustainable firms, whereas Sekarlangit & Wardhani (2021) show that the level of attendance at BOD meetings and the existence of CSR committees positively affect SDG disclosures. Their research also proves that the presence of the members at the BOD meetings can encourage more intensive SDG disclosures. Finally, Lawati & Alshabibi (2023) find that the characteristics of the corporate board are one of the main determinants of SDG disclosure in emerging markets. Thus, the hypothesis is developed as follows:

H1a: The competency of the president director has a positive effect on the SDGs.

Recent research has reported some findings about the impact of commissioners on the SDG. Pizzi et al. (2021) find a positive relationship between a firm's score for SDG reporting and various determinants, such as independent directors on the board, expertise with non-financial reporting, and reporting period. Additionally, the more members of the board of commissioners (BOC) and the more frequently meetings are held, the more committed they are to achieving the SDGs (Buniamin *et al*., 2022). Meanwhile, Rahayu & Djuminah (2022) report that the independent commissioners and BOC meetings significantly positively affected sustainable finance disclosure. Furthermore, the president commissioner's educational level does not significantly affect sustainable finance disclosure. Likewise, a BOC with members who have overseas experience can have a strong influence on building global awareness of the importance of sustainability of the planet. They can motivate concrete actions to achieve the SDGs. Overseas experience can catalyze contributions to achieving the SDGs, both directly and through the influence they bring back to the company in their home country. BOC members who have higher education, overseas experience, and experience in office will have better professional judgment than those who do not. Therefore, the hypothesis is developed as follows:

H1b: The competence of the president commissioner has a positive effect on the SDGs

Ownership and SDG

According to the stakeholder theory, organizations aim to generate multiple benefits for different stakeholders e.g., civil societies, communities, customers, employees, governments, shareholders, and suppliers (Freeman, 1984). Apart from corporate governance, the factor that affects the implementation of the SDGs is shareholders' ownership of a company. Ownership is proxied by the type of shareholder. Collective action of stakeholders can strengthen a company's commitment to implementing SDGs (Jonsdottir et al., 2021). Theoretically, shareholders—the most dominant stakeholders—have the greatest interest in the company’s commitment to SDGs. García-Sánchez et al. (2020) show that institutional investors positively affect the implementation of proactive environmental strategies.

Companies that promote long-term commitment to SDGs will be able to attract investors

because investors will feel safer investing in companies that care about the environment, society, and good governance. This type of ownership is important for building a sustainable and responsible business. Different types of ownership usually have different goals and objectives. The difference between these goals and objectives depends on the time horizon of their investment: whether it is long-term or short-term (Biekart & Fowler, 2018). Institutional investors, such as mutual funds, typically have a shorter investment horizon than other private institutional holdings and family holdings. Institutional investors are pushing to improve corporate social responsibility strategies with the SDGs.

Ownership by foreign investors, pension funds, and "other" investors boosts the relevance of the information disclosed concerning the 2030 Agenda (García-Sánchez et al., 2020). Cheong et al. (2023) find greater increases in emissions intensities in countries with weaker environmental policies and with more foreign capital from green investors. The foreign mutual funds give a lower priority to the environmental performance of their companies with emerging markets portfolios. Thus, it was concluded that the sample of companies were more likely to engage in environmental, social, and governance violations. Existing environmental policies are inadequate to prevent such violations. Therefore, the hypothesis was developed as follows:

H2a: Ownership of foreign institutions affects the SDGs

The previous literature has reported a positive relationship between pension funds and the social and environmental performance of the companies in which they invest (Dyck et al., 2019; Rees & Rodionova, 2013). Other research has documented that ownership by pension funds has a negative impact, which is partially corrected in the case of globalized companies as well as in those firms belonging to industries that are highly sensitive to stakeholder pressures (Isabel María García Sánchez & Beatriz Aibar Guzmán, 2022). Thus, the hypothesis is developed as follows:

H2b: Ownership of domestic institutions influences the SDGs

The extant research reports that ownership by the government favors commitment to the SDGs (Isabel María García Sánchez & Beatriz Aibar Guzmán, 2022). Ownership affects the company's preferences in choosing SDG elements, such as innovation and sustainability. According to Aibar-Guzmán et al., (2022), family-owned companies are reluctant to implement environmentally friendly innovation projects in international agri-food companies. Meanwhile, cross-holding investors prefer sustainable product innovation projects. Ownership by the government greatly affects the achievement of the SDGs through regulations and fund allocation. Government regulations can support the achievement of the SDGs. For example, strict environmental regulations can help ensure environmental sustainability and climate change-related goals. Regulations regarding natural resources and important infrastructure that lead to sustainability contribute to ensuring environmental sustainability. The government can allocate funds to projects that support the SDGs, such as education, health, poverty alleviation, gender equality, inequality reduction, and access to clean water, and energy. Thus, the hypothesis is developed as follows:

H2c: Government ownership affects the SDGs.

Paetzold et al. (2022) show that private investors have a clear preference for SDGs that are associated with high financial returns. The philanthropic nature of an individual who wants to help many people encourages him or her to

fund initiatives that support the SDGs. An example is Bill Gates who has invested in supporting the SDGs, in the fields of education, health and poverty alleviation through the Bill & Melinda Gates Foundation. Thus, the hypothesis is developed as follows:

H2d: Individual ownership affects the SDGs.

Capital Structure and SDG

Capital structure is measured by how big the ownership share (equity) of the company is compared to the total assets. The stewardship theory suggests that stewards (management) will behave in a pro-social manner: behavior that is aimed at the interests of the principal and thus the organization (Davis et al., 2018; Zahra et al., 2009). This behavior is fostered by the quality of the relationship between the principal, the stewards, the environment, and the ideals of the organization (Corbetta & Salvato, 2004; Davis et al., 1997). Based on this theory, the researchers predict that the greater the equity compared to total assets, the greater the company's commitment to SDGs, because the company will have more financial flexibility to realize SDGs (De Luca et al., 2020). The results reveal that a positive association exists between risk disclosure quality and capital structure, whereas Michi Nishihara (2023) reports that less sustainable firms are associated with higher leverage, which means that capital structure is positively associated with SDG. Hence, the hypothesis is stated as follows:

H3: capital structure has a positive effect on the SDGs.

METHOD, DATA, AND ANALYSIS

This research was conducted on all companies listed on the Indonesia Stock Exchange, from 2017 to 2021. This period was selected because the 2030 Agenda for Sustainable Development was adopted by all member states of the UN in 2015. The adoption of the agenda will take several years to have an effect. The choice of 2017 is based on that situation. The year 2021 is selected because this research was conducted between 2022 and early 2023 when the complete data available were until 2021. Therefore the researchers have incorporated only five years of data. Moreover, research using five years of data is common in several publications. The total observations in this research amounted to 190 firm-years.

The sample was selected using a purposive sampling method, with the criteria being companies that published annual reports and sustainability reports for five consecutive years. The dependent variable is sustainability development goals (SDGs), while the independent variables are corporate governance, type of shareholder (ownership), and capital structure. The control variables are leverage and firm size. The analysis technique uses multiple linear regression. The measurement of each variable is conducted as follows:

1. The SDGs are measured using the SDG index, which is compiled based on the sustainability reporting index (SRI) (García-Sánchez et al., 2020; and PP.No.59.2017), and also based on the global reporting index (GRI), which is adjusted for the 17 SDGs items, which are the UN's priority. Assessment of the SDG index items uses a dummy variable, with a score of 1 if it is disclosed, and a score of 0 if it is not disclosed. The SDG index can be seen in Table 1 in Appendix 1.
2. CG is proxied by the competence of the president director and president commissioner. Competence is measured by education level (Rahayu & Djuminah, 2022), length of work experience, and global insight.

a. Education is measured by the educational level, namely elementary school (ES), junior high school (JHS), senior high school (SHS), undergraduate level 1, master's degree, and doctoral degree. Assessment is carried out as follows:
   - ES and JHS are given a score of rated 1.
   - SHS is given a score of 2.
   - Undergraduate level 1 is given a score of 3.
   - Masters is given a score of 4.
   - Doctoral degree is given a score of 5.

b. Work experience is measured by length of service as a president director, and as a president commissioner, which is divided into five, namely:
   - ≤ 5 years, rated 1
   - > 5 to 10 years, rated 2
   - > 10 to 15 years, rated 3
   - > 15 to 20 years, rated 4
   - > 20 years, rated 5

c. Global insight is proxied by using a dummy variable, 1 if the president director or president commissioner has worked and/ or was educated overseas, and 0 if not.

3. The type of ownership is measured by the percentage of the company is owned, and this is divided into four types, namely government ownership, domestic private institutional ownership, foreign institutional ownership, and individual ownership. The percentage of ownership is obtained by the following calculation:
   - Number of shares of the Government of Indonesia / total number of shares
   - Number of domestic institutional shares / total number of shares
   - Number of shares of foreign institutions / total number of shares
   - Number of individual shares / total number of shares.

4. The ownership structure is obtained from this ratio: equity divided by total assets.
5. Leverage is calculated from this ratio: total debt divided by total assets (DAR) and total debt divided by total equity (DER). Leverage is used to control the different debt portions among firms since the level of debt can affect the company's capability to pay dividends and to fund SDG initiative and disclosure.
6. Company size is measured by log total assets. This variable is to control the difference between big firms and small-size firms to avoid result biases caused by the different capability to perform all mandatory reporting.

Model Specification

The mathematical model used is as follows:

$$SDG_{it} = \alpha_{it}+\beta_1 DIR\_C_{it}+\beta_2 COM\_C_{it} +\beta_3 G\_SH_{it} +\beta_4 D\_SH_{it} +\beta_5 F\_SH_{it} + +\beta_6 I\_SH_{it}+\beta_7 CP\_ST_{it} + \beta_8 DER_{it} + \beta_9 DAR_{it} + \beta_{10} Size_{it} + \varepsilon_{it}$$

Notes:

SDG_{it} = Sustainable Development Goals
DIR_C_{it} = Competency of the president director
COM_C_{it} = Competency of the president commissioner
F_SH_{it} = Ownership of foreign institutions
D_SH_{it} = Ownership of domestic private institutions
G_SH_{it} = Government ownership
I_SH_{it} = Individual ownership
CP_ST_{it} = Capital structure
DER_{it} = Debt to Equity Ratio
DAR_{it} = Debt to Assets Ratio.
$Size_{it}$ = Company size.

RESULT AND DISCUSSION

1. Descriptive statistics

The results of the descriptive statistics show that the number of samples is 190 observations. The lowest level of education for a president director is high school, and the highest level of

education is a doctoral degree. The average education of the president director is 3.74, meaning that most of the president directors have an undergraduate level of education, and a small number have an undergraduate level of education. The average work experience of the president director is 4.16, meaning that most of them have held positions as directors (not always president directors) for more than 15 years. On average, those who hold the position of managing director, have worked and or have experience abroad. This is very possible because the companies reporting the SDGs are large companies whose operations are always in touch with foreign parties, both in obtaining raw materials and for exporting their products. The average competency score for the president director is 8.91 out of the highest score of 11 or equal to: 8.91/11 x100 = 81. This means that the average competency score for the president director is 81. The score is quite high because it is more than 80.

The lowest educational level for president commissioners is senior high school, and the highest is a doctoral degree. The average education of president commissioners is 3.88, which means that most of the president commissioners have an undergraduate level of education level 2, and a small number have an undergraduate level of education level 1. Most have a master's degree level of education because the number 3.88 is closer to number 4, which is the value of S2. The work experience of the president commissioners is less than 5 years and some are more than 20 years. Their average work experience is 4.14, meaning they have work experience of more than 15 years. All those who occupy the position of president commissioner have a global outlook because they have worked and some have studied abroad. This is quite possible because of

Table 2. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
DIR_C	190	5	11	8.91	1.273
Com_C	190	6	11	9.05	1.185
G_SH	190	.0000	.9831	.2504	.3237
D_SH	190	.0000	.9867	.3155	.3240
F_SH	190	.0000	.9452	.2266	.2971
I_SH	190	.0000	.6636	.1994	.1509
CP_ST	190	-.4109	1.000	.4583	.2507
DER	190	-10.82	24.84	1.733	2.608
DAR	190	.0384	2.175	.5639	.2813
Size	190	.9034	1.0676	.9832	.0334
SDGs	190	.4803	.9705	.8319	.0843

Notes:
DIR_C = Competency of the president director
COM_C = Competency of the president commissioner
G_SH = Government ownership
D_SH = Ownership of domestic private institutions
F_SH = Ownership of foreign institutions
I_SH = Individual ownership
CP_ST = Capital structure
DER = Debt to Equity Ratio
DAR = Debt to Assets Ratio
Size = Company size
SDGs = Sustainable Development Goals

the challenges faced by the president commissioner, in addition to having good education and experience, as well as global insight and at least being fluent in international languages. The average competency value of the president commissioner is 9.05 out of the highest score of 11 or equal to: 9.05/11 x100 = 82. This means that the average competency value for the president commissioner is 82. A higher enough value because it is more than 80.

Based on descriptive statistics, it is known that in the companies that disclosed SDG items, the average share is owned by the Government of Indonesia at 25.04%, domestic private institutions at 31.55%, foreign private institutions at 22.66%, and individuals at 19.94%.This shared ownership is direct, not final, ownership. When using the ultimate ownership measure, the portion of individual shareholders will likely increase. This is consistent with the characteristics of ownership in other developing countries. The percentage of share ownership by the Government of Indonesia, domestic private institutions, and foreign private institutions is at least 0 percent and the highest is more than 90%.Meanwhile, for individual share ownership, the lowest percentage is 0% and the highest is 66.36%.This shows that the pattern of most company ownership is still concentrated in large shareholders.

It is known that the lowest capital structure (equity divided by total assets) is minus 41.09% and the highest is 100%. This shows that there are companies whose entire operations are financed by debt. However, some companies have 100% equity, meaning they have no debt. The average equity per total asset is 45.83%, this shows that 45.83% of the company's assets are financed by equity. The average debt-to-equity ratio (DER) is 1.733. This means that the amount of debt is higher than the amount of equity, meaning that creditors own more company assets than investors. This indicates that the bargaining position of creditors is higher than that of investors in making policies and determining the direction of company operations. The average DAR is 56.39; this confirms the results of DER and EAR show that more than half of the company's assets are financed by debt. Companies that report SDGs are large companies, which have a minimum total asset of IDR 6.17 billion, a maximum of IDR 11,728,143 billion, and an average of IDR 250,544 billion. The average total assets are more than 250 trillion, i.e. a very high value.

Bivariate Test

The analysis technique used is multiple linear regression. The data have passed the classical assumption test for normality, heteroscedasticity, multicollinearity, and autocorrelation. The bivariate Spearman rank correlation coefficient test calculates correlations based on data in the form of rankings. Table 3 shows that the highest correlation is 0.689, or less than 95%. This means that there is no multicollinearity in the regression model.

3. Multivariate analysis

Table 4 presents the statistical analysis results. It shows that DIR_COM does not affect SDG. This means that the president director’s competence does not affect the sustainable disclosure goal and therefore H1a—which stated that the competency of the main director has a positive effect on the SDGs—is not supported by this research. The variable of interest, COM_C is positively associated with SDG at 0,01. This means that the commissioner’s competence of the main commissioners has a positive effect on the SDGs is supported by the empirical data.

Table 3. Bivariate Test Results

	DIR_C	COM_C	SG_SH	SD_SH	SF_SH	I_SH	CP_ST	DER	DAR	LG_TA
COM_C	0,018									
SG_SH	-.313**	-0,116								
SD_SH	.381**	0,122	-.555**							
SF_SH	0,141	0,026	-.485**	-.179*						
I_SH	-.294**	0,048	0,040	-.261**	-.276**					
CP_ST	0,121	.253**	-.444**	.178*	.246**	-0,072				
DER	0,005	0,000	0,093	0,028	-0,057	.214**	-.353**			
DAR	0,022	-.190**	.365**	-0,117	-.186*	0,018	-.689**	.347**		
Size	0,040	0,142	.150*	-0,001	-0,052	-0,039	-0,085	-0,114	-0,021	
SDGs	-0,083	-0,039	0,023	-0,060	-0,069	.175*	-0,050	0,009	-0,048	-.178*

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

The statistical results in Table 4 also show that GOV_SH and FORG_SH are not associated with SDGs, but DOM_SH is negatively associated with SDGs at the level of 0,10 whereas IND_SH is positively associated with SDGs at the level of 0,01. The results suggest that government ownership and foreign institutional ownership do not affect SDGs, therefore H2a—which states that ownership of foreign institutions affects the SDGs—is not supported, and H2c—which states that government ownership affects the SDGs—is not supported. Yet, the results support H2b which states that ownership of domestic institutions influences the SDGs, and the results support H2d which states that individual ownership affects the SDGs.

Finally, Table 4 shows that CAP_STR is not associated with SDGs. It means that capital structure is not associated with a sustainable disclosure goal. Accordingly, H3, which stated that capital structure has a positive effect on the SDGs, is not confirmed by the empirical data.

This research uses LEV_DER, LEV_DAR, and SIZE as the control variables. The first two are positively associated with SDGs, but size is negatively associated with SDGs. These results imply that leverage and the firm's size significantly affect the firm's sustainable disclosure goals.

4. Discussion

Based on the results of the hypothesis test in Table 4, it is known that the competency of the president director does not affect SDGs disclosure. However, in the short term, implementing and disclosing the SDGs requires a significant amount of funding. For directors whose performance is measured from a financial perspective, disclosing the SDGs will reduce profits and will not have direct benefits for them. Conversely, the competency of the president commissioner has a significant positive effect on the SDGs. This means that the commissioner's education, work experience, and global insight are useful in providing awareness to management to make more disclosure of the SDGs. The president commissioner with the authority he or she has can encourage management to disclose more on the SDGs. Implementation of the SDGs will help save the planet and help solve social, health, economic, and environmental problems. The implementation of the SDGs will also be useful for the company in the long term.

Table 4. Hypothesis test results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.418062	0.372508	6.491302	0.0000
DIR_C	-0.001829	0.003071	-0.595574	0.5524
COM_C	0.022295	0.005259	4.239775	0.0000
G_SH	0.035417	0.016769	2.112005	0.0364
D_SH	-0.116508	0.038081	-3.059450	0.0027
F_SH	-0.094447	0.069430	-1.360310	0.1759
I_SH	0.352131	0.119574	2.944878	0.0038
CP_ST	-0.053859	0.014620	-3.683972	0.0003
DER	0.011740	0.001061	11.06644	0.0000
DAR	0.094772	0.009151	10.35627	0.0000
Size	-1.873024	0.358485	-5.224834	0.0000
R-squared	0.745192	F-statistic		8.835787
Adjusted R-squared	0.660854	Prob(F-statistic)		0.000000
		Durbin-Watson stat		1.982925

When the Indonesian government is a shareholder, it has a significant positive effect on the disclosure of the implementation of the SDGs. This result means that companies owned by the government are more committed to pushing for the implementation of the SDGs. The implementation of the SDGs which aim to save the planet, and bring about prosperity and justice, is in line with the goals of the Indonesian state contained in its 1945 constitution and the state's basic philosophy, namely Pancasila. Therefore, the Government of Indonesia should be more active in implementing the SDGs.

The coefficients of shareholders by domestic and foreign private institutions show a negative direction towards SDG disclosure. Domestic shareholders negatively affect SDGs. This means that the higher the proportion of shares owned by domestic private institutions, the lower the disclosure of SDGs. The implementation of the SDGs requires commitment and a lot of time, energy, and financial resources. Therefore, private or foreign institutions are not interested in implementing the SDGs, which have no direct effect on the company's financial performance. This can be confirmed by the phenomenon of practice whereby there are many violations of environmental, water, and air regulations by companies that disturb the lives of humans and other creatures; for example, clearing land for oil palm plantations and nickel mining.

The clearing of land for 32 oil palm plantations by companies in the Papuan provinces was mostly suspected of violating the law. “The results of the investigation found allegations of the involvement of many political elites in companies that obtained permits for plantations and release of forest areas from the very beginning of the permit issuance process. Among them are still members of the DPR RI (the national parliament), former chiefs of police or police generals, former ministers, and administrators or members of political parties. Their positions in these companies vary, as shareholders and company managers” (Greenpeace, 2021).

Nickel mining has an impact in terms of the disposal of waste in industrial areas in the provinces of Central Sulawesi and North Maluku. Areas used for fishing in Central

Halmahera Regency have been lost due to waste from mining companies. Water quality and marine life in locations like Weda Bay, Tanjung Uli, and Gemaf Bay have also been damaged. Nickel mining also results in the loss of land and damage to the air and the environment that all have tremendous destructive power the effects of which will be felt for generations to come. Community conflicts with corporations and state apparatus often occur in almost all industrial areas, from Buli Island, Halmahera, Banggai, and North Morowali, to South Konawe (Betahita. id, 2021).

The results show that individual shareholders have a significant positive effect on the SDGs. This means that the higher the proportion of individual shareholders, the better the implementation and disclosure of the SDGs. This result is in line with the theory of stewardship which states that the parties will act as servants who are responsible for the authority they have. Individual shareholders can encourage managers to take responsibility for the natural, social, and economic environments by participating in creating the SDGs.

Capital structure negatively affects the SDGs. The capital structure is obtained from equity divided by total assets. This means that the higher the equity, the lower the implementation and disclosure of SDGs. This result shows the ego of the shareholders who are more concerned with profit than their responsibility to the environment. Because implementing SDGs increases costs, and reduces profits.

These results are in contrast to those for leverage as measured by debt divided by equity and debt divided by total assets DER and DAR have a positive effect on the SDGs. That is to say, the higher the DER and DAR, the higher the implementation and disclosure of the SDGs. These results indicate that creditors encourage companies to take responsibility for the natural, economic, and social environments, which will be useful for the company's survival in the long term.

Company size negatively affects the SDGs. This means that the bigger the company, the lower the implementation and disclosure. This is also confirmed by the phenomenon of practice whereby many large companies are involved in environmental damage. For example in the nickel and palm oil mining companies mentioned above.

From the theoretical perspective, a part of the result confirms the stakeholder theory since some stakeholders' interests can affect the SDGs. Of course, this needs a more comprehensive and deeper investigation in future research in order to provide a stronger confirmation of the theory.

5. Additional Test

To confirm a more rigorous result, the authors have carried out additional analysis by splitting the data into two parts. The first part consists of data from 2017-2019 comprising the pre-COVID-19 period and the second part consists of data from 2020-2021 comprising the COVID-19 period. The main objective of this splitting is to understand whether the two dicotomical periods produce consistent results when they are compared to the whole (blended) period in the analysis above. The additional test results are presented in Table 5.

The additional test has yielded split results, meaning that some results are consistent and some results are inconsistent with the previous results. For test result 1, which involves the pre-COVID-19 period, 60% of the results are consistent, namely D_SH, F_SH, I_SH, CS_ST, DAR, and SIZE, whereas the rest (DIR_C, COM_C, G_SH, and DER) are inconsistent. For test result 2, which involved the COVID-19 period, 50% of the results were consistent, namely G_SH, D_SH, I_SH, CS_ST, and SIZE,

Table 5. Additional test results

$$SDG_{it} = \alpha_{it}+\beta_1 DIR\_C_{it}+\beta_2 COM\_C_{it}+\beta_3 G\_SH_{it}+\beta_4 D\_SH_{it}+\beta_5 F\_SH_{it}++\beta_6 I\_SH_{it}+\beta_7 CP\_ST_{it}+\beta_8 DER_{it}+\beta_9 DAR_{it}+\beta_{10} Size_{it}+\varepsilon_{it} \quad (1)$$

	Test 1		Test 2	
Variable	Coefficient		Coefficient	
Intercept	3.723	***	0.694	***
DIR_C	0.021	***	0.003	
COM_C	-0.001		0.011	
G_SH	0.023		0.482	**
D_SH	0.177	***	0.553	***
F_SH	0.036		0.486	**
I_SH	0.235	***	0.664	***
CS_ST	-0.243	**	0.050	*
DER	0.008		-0.001	
DAR	0.087	***	0.023	
SIZE	-3.036	***	-0.523	***
Adj. R^2	0.585		0.491	
F-statistic	4.390	***	3.904	***

***, **, * Coefficient is significant at the 0.01 level, 0.05, and 0.10, respectively

whereas the rest (DIR_C, COM_C, F_SH, DER, and DAR) are inconsistent. The additional test result suggests that in the different economic, business, social, and environmental situations, some different and separate analyses are needed to get a more valid result.

CONCLUSION AND SUGGESTION

The results show that the president commissioner, government, and individual shareholders, as well as leverage, have a significant positive effect on SDG disclosure. Meanwhile, domestic institutional shareholders, capital structure, and company size negatively affect SDG disclosure. These results show that the president commissioner, government and individual shareholders, and creditors play an active role in achieving the SDGs. Government and individual shareholders have a higher commitment to achieving the SDGs than foreign and domestic institutional shareholders. The president commissioner has a significant role in achieving the SDGs, as he or she can set a vision and mission that is in line with the SDGs, and encourage sustainable business practices. Government ownership can have a positive effect on SGDs through regulation and fund allocation. Ownership by individuals, especially those with large assets, can affect the achievement of the SDGs because they can choose to invest their funds in projects that support sustainability, such as renewable energy and green technology. The philanthropic nature encourages individuals to fund initiatives that support the SDGs, such as education, health, and poverty alleviation.

The additional test shows that in the pre-COVID-19 periods, 60 percent of the results were consistent, whereas during the COVID-19 period, 50% of the results were consistent. The additional test result suggests that in light of the different economic, business, social, and environmental situations, some different and

separate analyses are needed to get more valid results.

Given its novelty, this study's results have implications that are both theoretical and practical. The theoretical implications of this research: (1) It enriches the literature on measuring the competence of directors and chief commissioners using education level, work experience, and global insight; (2) it enriches the literature on SDG practices in Indonesia which have a different culture and environment from other countries; (3) it enriches the literature on the SDGs index. These research results show that domestic and foreign private institutions owning shares negatively affect SDG disclosure. These results also have practical implications because they provide suggestions to community institutions that care about the environment and SDGs both domestically and abroad must pay extra attention to monitoring and continuously disclosing SDG issues in Indonesia. The country's People's Representative Council, officials, and political elites cannot be expected to prevent environmental damage, based on the results of an inspection (Greenpeace, 2021) which found allegations that many Indonesian political elites are involved in companies that are contributing to environmental damage.

The limitations of this research are that it has only assessed the competence of the president director and commissioners, and it has not assessed their integrity and commitment. Judging from their competence, on average, they have a high competency score of more than 80, but they do not necessarily have high integrity and commitment to realizing the SDGs. Therefore, further research could assess the integrity and commitment of the president director and president commissioner. The relatively small sample is another limitation of this research. This is because not all companies published a "sustainability report" consecutively for the five years of this study's observation. Therefore, this research recommends that the competent authorities require the disclosure of sustainability reports for companies that go public.

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APPENDIX 1

Table 1. Index of 17 SDG items

NU.	SDGs ITEMS	NU.	SDGs DISCLOSURE INDEX
1	Poverty	1	Efforts to improve food security.
		2	Giving food to the poor and orphans.
		3	assist research and development of technology related to food and clean water supply.
		4	Corporate initiatives and assistance for the rehabilitation of damaged agricultural land.
		5	The minimum company payroll is based on the regional minimum Wage.
		6	Disclosure about natural disaster relief.
2	Health	1	Disclosure of the risk of illness/accident at work.
		2	Average hours of training per employee per year.
		3	The company's commitment to the environment is based on ISO 14001.
		4	Research & development on environment and energy conservation.
		5	Costs incurred for the environment, in the current year.
		6	Creating a healthy and safe work environment.
		7	Organizing health camps, free medical treatment, and family planning programs.
		8	Health and safety of products and services.
		9	Disclosure of workers' health and safety insurance.
3	Education	1	Programs for employee skills improvement and training.
		2	Company involvement in charitable projects: donations, scholarships, etc.
		3	Help and build orphanages, schools for people with disabilities.
		4	The percentage of employees gets regular performance reviews and career development.
4	Gender equality, and protection of children	1	Do not employ underage children.
		2	Ratio of basic salary and remuneration of women to men.
		3	Equal opportunity policy (non-discrimination) for women.
5	Clean water and good sanitation	1	Disclosure of water withdrawal based on the source.
		2	the effect of water withdrawal by companies on water sources.
		3	Amount of water recycled and reused by the company.
		4	Disclosure of air and water pollutant emissions.
6	Energy	1	Energy saved by conservation techniques and increased efficiency.
		2	Initiating to provide products and services based on renewable energy.
		3	Energy intensity used by the company.
		4	Reduction of energy consumption used by the company.
		5	Awards received by the company regarding environment, safety and energy.

NU.	SDGs ITEMS	NU.	SDGs DISCLOSURE INDEX
7	Jobs and growth	1	Company strategy and investment plans in the coming years.
		2	Local supplier based shopping policy.
		3	The impact of investment and development of the company on the surrounding environment.
		4	the amount of income and expenses to foreign exchange.
		5	Disclose the characteristics of the assets used, and their efficiency indicators (ROA, ROE).
		6	Recruitment of new employees, and employee turnover.
		7	Permanent employee benefits that are not given to part-time employees.
		8	insuring employees on occupational health & safety insurance.
		9	Mechanism for complaints of bullying, sexual harassment, and injustice, in employment practices.
8	Industry	1	Disclosure of company risks and impacts.
		2	Disclosure of noise or vibration levels generated by the company's operations.
		3	Programs and practices that assess, and manage the risks and impacts of company operations on society.
		4	Disclose Minimum notice period regarding changes in company operations.
		5	Disclosure of challenges, and opportunities that can be achieved by the company.
9	Innovation and infrastructure	1	Innovation in the management of natural resources by companies.
		2	Policies and practices regarding the recycling of materials used and produced by the company.
		3	Disclosure about research and development.
		4	Disclosure about resource efficiency.
10	Reducing inequality	1	Assessment of the risks associated with corruption.
		2	Confirmed incidents of corruption and action taken.
		3	Significant negative impacts on the company's operations, actual and potential, on the local community's economy.
11	Sustainable cities and communities	1	significant financial donations received from the government.
		2	Direct economic value generated and distributed.
		3	explain the economic impact of the company on the city's economy.
		4	Company operations that are relevant to sustainability issues.
		5	Report on the company's operational policies and practices to obtain external guarantees for business continuity.
		6	Disclosure of compliance or non-compliance with environmental laws and regulations.
		7	Complaints with official mechanisms regarding the negative impacts of the company's operations on society, which are being processed and which have been resolved.
		8	Disclosure of Grievance Resolution Mechanism.
		9	Maintain code of ethics/behavior to take action on fraud/malpractice.
		10	Assessment of sustainable environmental practices throughout the product life cycle, for example, recycling of products/packaging.

NU.	SDGs ITEMS	NU.	SDGs DISCLOSURE INDEX
12	Consumption and production	1	Disclosure of the amount of paper used by the company.
		2	Disclosure of non-renewable natural resources used by the company.
		3	Replanting sustainable raw materials like palm oil, forest products.
		4	Disclosure of environmental information on product or service labels.
13	Maintain climate	1	Funds for activities related to climate change.
		2	The direct impact of greenhouse gas emissions.
		3	Indirect impact of greenhouse gas emissions.
		4	The intensity of greenhouse gas emissions used by the company.
		5	Corporate initiatives reduce greenhouse gas emissions.
		6	Achievement of reducing greenhouse gas emissions due to these initiatives.
		7	Facilitate green operations to reduce carbon emissions.
14	Water ecosystem	1	Company strategies, current actions and future plans in managing negative/positive impacts on biodiversity and the environment.
		2	Initiatives to reduce the negative impact of the company's products and services on the aquatic environment.
		3	Disclosure of the amount of treated waste, considered hazardous and solutions for waste disposal.
		4	Disclosure of waste by type and disposal method.
		5	disclosure of significant waste spills.
		6	Disclosure of Substances used by weight or volume.
15	life on land	1	Efforts to prevent the environmental impact of products and services on land.
		2	Disclosure of negative environmental impacts in the supply chain and what actions are taken.
		3	Number of complaints about environmental impacts on land that were filed, handled and resolved through formal grievance mechanisms.
		4	A description of the significant impacts of the company's activities, products and services on protected areas such as protected forests and wildlife.
		5	Disclosure of the environmental impact of the transportation of products and goods by the company.
		6	Disclosures about Nitrogen oxides (NO X), sulfur oxides (SOX), and other significant air emissions.
16	Peace, justice, and strong institutions	1	Disclose Changes in size, structure, or ownership policies.
		2	Environmental accounting reports and disclose accounting methods.
		3	Disclose political contributions made by the company.
		4	Disclose legal actions on anti-competitive, anti-trust and monopoly practices.
		5	Disclose non-compliance with laws and regulations in the social and economic fields.
		6	Implementation of CSR (corporate social responsibility) projects for employees and/or the company's family.
		7	Provide feedback to stakeholders on efforts to protect the environment.

NU.	SDGs ITEMS	NU.	SDGs DISCLOSURE INDEX
		8	Company rankings in various surveys conducted by various surveying agencies.
		9	Disclosure on Diversity of governance bodies and employees.
		10	Disclosure of business ethics.
		11	Risk management disclosure.
		12	Disclosure about the Company's corporate governance.
17	Build partnerships	1	New suppliers are screened using environmental awareness criteria.
		2	Company involvement with local communities and their development programs.
		3	New suppliers are screened using the criteria of their concern for social issues.
		4	Collaboration with non-governmental organizations that are oriented towards various development programs, for example providing career guidance.
		5	Disclose environmental issues related to supply chain management (SCM) practices.

Source: Compiled from the sustainability reporting index (SRI) García-Sánchez et al., (2020); PP.No.59.2017 (2017), (Garg, 2017); (Hongming et al., 2020); and (GRI, 2021), which is adjusted for the 17 SDG items.