Maximizing Sustainability Reporting: The Role of Shareholder Engagement and Sustanability Training

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Abstract. This study investigates the role of shareholder engagement, proxied by institutional and managerial ownership, and sustainability training in maximizing the extent of sustainability report disclosure. The research focuses on banking companies listed on the Indonesia Stock Exchange (IDX) between 2020 and 2023, with the depth of sustainability reporting measured using the Sustainability Report Disclosure Index (SRDI) as specified by Financial Services Authority Regulation Number 51/POJK.03/2017.

A multiple regression analysis was employed on a purposive sample of 18 banking companies, with secondary data collected from www.idx.com and company websites.

The results show that neither shareholder engagement, in the form of institutional and managerial ownership, nor sustainability training has a notable effect on the extent of sustainability report disclosure. These findings suggest that while these factors are relevant, they are not the main drivers of enhanced sustainability reporting, indicating that other variables may play a more influential role in maximizing reporting practices within the banking sector.

Keywords: Shareholder engagement, sustainability training, sustainability report

1. Introduction

Sustainability reporting has become a mandatory practice for financial institutions in Indonesia since 2019, following the enactment of Financial Services Authority Regulation Number 51/POJK.03/2017 (POJK 51/2017). This regulation requires financial institutions, issuers, and public companies to prepare sustainability reports and adhere to specific provisions regarding sustainability disclosures. In addition, the Financial Services Authority (OJK) introduced POJK Number 60/POJK.04/2017 on the issuance and requirements for green bonds, encouraging banking institutions to adopt sustainable finance principles in their business activities [1].

Despite this regulatory framework, recent studies highlight a gap between the submission of sustainability reports and the depth of the information disclosed. A 2022 survey conducted by the Climate Policy Initiative (CPI) revealed that, although 100% of Indonesian banking companies complied with sustainability reporting requirements from 2019 to 2021, only 83% fully aligned with POJK 51/2017. The remaining 17% provided less detailed disclosures and often omitted voluntary information [2]. This gap was further supported by an evaluation of 37 banking

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companies by Transformasi Untuk (TuK) Indonesia, which showed that environmental aspects are often the least disclosed in sustainability reports [3].

In response to this, experts argue that improving sustainability report disclosures requires more than just compliance. Yuliana Sudjonno [4], PwC Indonesia's ESG Leader, suggests that engaging shareholders and providing sustainability training can significantly enhance the quality of sustainability reporting. Shareholder engagement refers to interactions between a company and its shareholders to understand their expectations and incorporate feedback into reporting practices [5]. In the context of sustainability reporting, relevant stakeholders include not only shareholders but also employees, consumers, suppliers, financial institutions, regulators, and the general public [1]. Among these, shareholders are considered to hold greater influence over corporate decisions concerning economic, social, and environmental disclosures [6].

Previous studies, such as that of Qisthi and Fitri [7], have demonstrated that shareholder engagement—measured through ownership structure—positively influences sustainability report disclosure. This engagement is often reflected through institutional and managerial ownership, which gives shareholders the power to influence strategic decision-making [8]. However, research on the specific effects of institutional and managerial ownership on sustainability reporting has yielded mixed results, with studies by Madona and Khafid [9], Qomariah [10], and others producing inconsistent conclusions.

Another key factor in improving sustainability reporting is sustainability training. Sudjonno [4] emphasizes that boards of directors equipped with sufficient sustainability knowledge are better able to oversee the company's strategy and ensure robust sustainability governance. However, in 2022, only 68% of Indonesian companies had involved their boards in sustainability training. Such training is critical in helping directors identify sustainability issues within their organizations and guide the quality of sustainability disclosures [11]. Research on the impact of sustainability training on disclosure quality, including studies by Indah and Cahyonowati [12], Jamil et al. [13], and others, also shows varied and inconsistent results.

Given the equivocal findings of previous research, this study aims to re-examine the factors influencing the extent of sustainability report disclosure, specifically shareholder engagement (proxied by institutional and managerial ownership) and sustainability training. Focusing on banking companies listed on the Indonesia Stock Exchange (IDX) from 2020 to 2023, this study employs the Sustainability Report Disclosure Index (SRDI) based on POJK 51/2017, which is more relevant to the Indonesian banking sector than the Global Reporting Initiative (GRI) standards. The outcomes of this study are expected to provide valuable insights for future researchers, corporate managers, regulators, and policymakers in improving sustainability reporting practices in Indonesia.

The structure of the paper is as follows: Section 2 provides a review of the literature, including the theoretical framework, determinants of sustainability reporting, and hypothesis development. Section 3 outlines the research methodology, while Section 4 presents the analysis and discussion of the findings. Section 5 concludes with recommendations and discusses the limitations of the study.

2. Literature Review and Hypothesis Development

2.1 Stakeholder Theory

Stakeholder is an individual or a group who has an ownership over a company along with the rights and interests that comes with it, whether it be in the past, the present, or the future [14]. Stakeholder theory explained that an entity, besides operating on its business, should also provide benefits to its stakeholders. This will ensure that the stakeholders will give support to the company's strategic plan and contribute to ensure company sustainability [15]. To meet stakeholders needs, a company has to identify the stakeholders who needs special attention or primary stakeholders and the stakeholders who does not need special attention or secondary stakeholders. Primary stakeholders are stakeholders who provide resources for the company's business operation, such as shareholders, consumers, suppliers, employees, and the government. Secondary stakeholders are stakeholders who can sway public opinion in supporting or opposing the company, such as regulators, media, and non-governmental organizations [7].

2.2 Resource Dependence Theory

According to Pfeffer and Salancik [16], resource dependence theory discusses the acquisition of a resource by an organization and the use of those resources to achieve organizational goals. To acquire said resources, the organization has to interact with their environment. This theory also explained how external resources can affect the operation and behavior of an organization. Organizational risks and uncertainties can be minimized by building a strong network that can connect the organization with external resources. The external resources can provide essential facilities that can ensure organization sustainability. External resources can be financial, technology, knowledge, human capital, or even reputation [17].

2.3 Sustainability Report

Sustainability report is a report on the impact of an organization's activities on the economy, environment, and social aspects. This report also disclosed the corporate governance and the company's effort in realizing sustainable development. In order for the sustainability report to be more useful to various stakeholders, a unified standard is needed to develop a report that can be assessed quickly and comparable [18].

Indonesian companies are required to make sustainability report in accordance with POJK 51/2017. POJK 51/2017 is one of the Indonesian government's efforts in green financing to support the National Medium-term Development Plan (RPJM) 2020 until 2024. Green financing refers to investment on sustainable development projects, environmental products, and policies that promote sustainable economics. One of the financial institutions that gives capital in the form of financing is banking companies. Banking companies operate in the financial services sector which has a role in collecting and distributing public funds which are considered important in the country's economy. Therefore, it can be said that banking companies have an important role in maintaining environmental sustainability through green financing. To unite banking companies' step in green financing, POJK 51/2017 required companies to make sustainability report as a form of transparency and accountability in supporting a sustainable economy [19].

2.4 Shareholder Engagement

Shareholder engagement is an interaction between shareholder and a company which can influence decision-making in the company. Shareholders can be actively involved in a company through voting rights held at a general meeting of shareholders and involved in a dialog with the company in order to improve sustainability performance of the company. The influence of shareholders on a company can be used to encourage the company to act for the benefit of the shareholder [20].

Ownership structure describes how a shareholder's action or behavior is influenced by their proportional ownership in the company [21]. Institutional ownership engages with the company by actively monitoring the corporate governance structure due to their primary shareholder impact, strategic goals, and financial knowledge and expertise [22]. Managerial ownership over a substantial amount of shares may have sufficient voting power to influence the company decisions to their benefit as shareholders [23]. As a result, the involvement of insititutional and managerial investors in the company's strategic decision-making can be used to measure shareholder engagement.

Institutional Ownership

Institutional ownership is defined as ownership by institutions, such as pension funds, banking, mutual funds, insurance, and other financial institutions [24]. Institutional investors engages with the company by influencing the company to disclose information as an effort and proof of corporate responsibility. The disclosure of information will also minimize the information asymmetry between stakeholders [25] [10].

The existence of institutional ownership is expected to encourage sustainability report disclosure as a form of corporate communication to its shareholder as one of the stakeholders that the company is taking responsibility over its business activities [26]. This shows that institutional investors demand transparency from the company regarding their business practices. Qomariah [10] stated that institutional ownership is the reason a company decided to report about the company's overall state and activities. This confirms the stakeholder theory where the company tries to meet demands of their stakeholders, which in this case is an institutional investors.

Studies on the influence of institutional ownership on sustainability report disclosure found mixed results. Indy et al. [26], Susadi and Kholmi [27], Sidiq et al. [25], Noerkholiq and Muslih [15], Velte [22], and Nuhu and Alam [28] discovered that institutional ownership significantly influence sustainability report disclosure. According to research by Qomariah [10], Alodat et al. [29], and Tanui [30], institutional ownership does not influence sustainability report disclosure. Therefore, based on the stakeholder theory and empirical evidence of previous research, we hypothesize as follows:

H1: Institutional ownership influence the extent of sustainability report disclosure

Managerial Ownership

Managerial ownership is the percentage of shares owned by the management who are actively involved in the decision making process of the company, namely the board of directors and the board of commissioners. Managerial ownership allows the manager to dominate and actively engage with the company by deciding on a strategy and policy that will benefit both the company and the shareholder, including themselves. The bigger managerial ownership in a company, the more it will encourage managers to do more efforts in order to benefit the company. This demonstrates how shareholders can influence a company's goals which means the company's performance can be influenced by the engagement of the shareholder [9].

Managerial ownership can be an interesting indicator for investors to put their capital in the company. This is because a company with a high percentage of managerial ownership is expected to prioritize the interests of shareholders [27]. Company with managerial ownership is expected to disclose economy, environment, and social information extensively in sustainability report as an effort to fulfill shareholder's interest as one of the stakeholders to increase company's reputation which in turn will improve stock value which will be beneficial to manager as shareholder [9]. This explanation aligns with the stakeholder theory where the company will make an effort to fulfill the interest's of the stakeholder, which in this case is the shareholder.

Studies on the influence of managerial ownership on sustainability report disclosure reveal mixed results. Susadi and Kholmi [27], Nuraeni and Darsono [31], Nuhu and Alam [28], and Tanui [30] found that managerial ownership can influence sustainability report disclosure. However, Madona and Khafid [9], Indy et al. [26], and Baba and Baba [32] found that managerial ownership did not influence sustainability report disclosure. Therefore, based on the stakeholder theory and empirical evidence of previous research, we hypothesize as follows:

H2: Managerial ownership influence the extent of sustainability report disclosure

2.5 Sustainability Training

Sustainability training is a training related to the ability of identifying sustainability issues that arise in a company in a certain period [11]. Training plays a big role in building an organization's capacity and knowledge. The board of directors who have participated in the sustainability training is expected to be more aware of sustainability issues, including its disclosure [13].

Sustainability training can be implemented through internal or external training, workshop, or other available resources [33]. Companies will seek help from other organizations to improve the aspects they need through training if the resources are available [34]. This aligns with the resource dependence theory where companies depend on external resources to fulfill their needs. Board of directors who have attended sustainability training are expected to be more aware of sustainability issues in the company, including their disclosure in the sustainability report.

Studies on the influence of sustainability training on sustainability report disclosure reveal mixed results. Jamil et al. [13], Indah and Cahyonowati [12], and Tauringana [35] found that sustainability training affects sustainability report disclosure. However, Ekaputri and Eriandani [11] found that sustainability did not affect sustainability report disclosure. Therefore, based on the resource dependence theory and empirical evidence of previous research, we hypothesize as follows:

H3: Sustainability training influence the extent of sustainability report disclosure

3. Research Method

This research type is causal research with a quantitative paradigm. The population of this research is 46 banking companies listed on the Indonesia Stock Exchange (IDX) during 2020-2023 period. Using purposive sampling method, this research set several criteria to draw samples from the population as follows:

a. Listed on the Indonesia Stock Exchange (IDX) during 2020-2023 period.
b. Published annual reports during the period of the research.
c. Published sustainability reports based on POJK 51/2017 during the period of the research and include the POJK 51/2017 reference index.

Following the criteria as above, 27 companies were removed from the sample as they did not include the POJK 51/2017 reference index in their sustainability report. Therefore, the sample size of this research is 76 data points from 19 banking companies over the period of 2020-2023. The data used in this research are secondary data obtained from the companies' annual reports and sustainability reports. The data collection technique used in this study is the documentation technique. The data analysis techniques used in this study are descriptive statistical analysis, classical assumption testing, multiple regression analysis, and hypothesis testing.

Descriptive statistical analysis is used to illustrate the data into a useful information in the form of minimum, maximum, mean, and standard deviation value. Classical assumption test is used to determine the feasibility of the regression model used in a study. Multiple regression analysis is used to measure the strength of the relationship between two or more independents and to show the direction of their relationship. Hypothesis testing is used to determine the regression function accuracy in estimating actual value and to estimate the goodness of fit of a regression model [36].

The measurements of the variables in this study is as follows on Table 1:

Table 1. Operational Definition of Variables

Variables	Definition	Measurement
Sustainability report (Y)	Sustainability report is a report containing financial and non-financial information related to the sustainability performance of a company and its impact on the environment, economy, and society.	The sustainability report is measured by a checklist system of the items diclosed as specified in POJK 51/2017. For each items disclosed will be given a value of 1, and will be given a value of 0 otherwise. There are 21 total disclosure items consisting of economic, environmental, and social aspects. $SRDI = \frac{n}{k} x\ 100\%$
Institutional Ownership (X1)	Institutional ownership is an ownership by institutions, such as pension funds, bank, mutual funds, insurance, and other financial institutions	$Institutional\ Ownership = \frac{Number\ of\ i}{Total\ shar}$

Managerial Ownership (X2)	Managerial ownership is the percentage of shares owned by the board of directors and the board of commissioners	$Managerial\,Ownership = \frac{Number\ of\ m}{Total\,share}$
Sustainability Training (X3)	Sustainability training is a training related to the ability of identifying sustainability issues that arise in a company on a certain period	Number of sustainability training attended by the board of directors

4. Results and Discussions

4.1 Descriptive Analysis

Table 2. Descriptive Analysis Results

Variables	N	*Minimum*	*Maximum*	*Mean*	*Std. Deviation*
SRDI	72	0.52	1.00	0.8644	0.10919
KI	72	0.28	0.99	0.7472	0.19897
KM	72	0.00	0.05	0.0027	0.01008
TRAIN	72	0.00	20.00	3.236	4.1537
Valid N (listwise)	72				

Based on Table 2 above, the extent of sustainability report disclosure variable has a minimum score of 52% by PT Bank Negara Indonesia (Persero) Tbk in 2021. The maximum score is 100% by PT Bank Central Asia Tbk in 2021 and 2023, PT Bank Mestika Dharma Tbk in 2022 and 2023, PT Bank Negara Indonesia (Persero) Tbk in 2022, Bank Pembangunan Daerah Jawa Timur Tbk in 2023, PT Bank Maybank

Indonesia Tbk in 2023, Bank Permata Tbk in 2022, PT Bank OCBC NISP Tbk in 2021, and Bank Pan Indonesia Tbk in 2023.

Institutional ownership variable has a minimum percentage of 28% by PT Bank Negara Indonesia (Persero) Tbk in 2020. The maximum percentage of 99% by Bank Permata Tbk. Managerial ownership variable has a minimum percentage of 0% by Bank Pembangunan Daerah Jawa Barat dan Banten Tbk, PT Bank Maybank Indonesia Tbk, Bank Permata Tbk, PT Bank BTPN Tbk in 2020, PT Bank BTPN Syariah Tbk, and Bank Artha Graha Internasional Tbk. The maximum percentage of 5% by PT Bank Mestika Dharma Tbk.

Sustainability training variable has a minimum score of 0 by PT Bank Mestika Dharma Tbk in 2020, PT Bank Rakyat Indonesia (Persero) Tbk, PT Bank Tabungan Negara (Persero) Tbk in 2020, Bank Pembangunan Daerah Jawa Barat dan Banten Tbk in 2020 and 2023, Bank Pembangunan Daerah Jawa Timur in 2020, PT Bank Mandiri (Persero) Tbk in 2021 and 2023, Bank Permata Tbk in 2021, PT Bank BTPN Syariah Tbk, Bank Artha Graha Internasional Tbk, and PT Bank Mayapada Internasional Tbk in 2020 and 2023. The maximum score is 20 by PT Bank Maybank Indonesia Tbk in 2022.

4.2 Classical Assumption Test

Normality Test

The result of the normality test using Kolmogorov-Smirnov (K-S) shows a significance value of less than 0.05 of 0.000. Therefore, it can be concluded that the data is not normally distributed. To overcome this, the data is transformed into Ln form and the outliers are identified and eliminated using Casewise and Outlier Boxplot. The outliers were removed since it's significantly deviate from the rest of the data and can have a disproportionate impact on the statistical analysis. Removing outliers can improve the fit of a statistical model and give a more accurate estimates. The result of the second normality test shows a significance value more than 0.05 of 0.200. Therefore, it can be concluded that the data is distributed normally.

Heteroscedasticity Test

The result of the heteroscedasticity test shows a significance value of more than 0.05 for all three independent variables. The tested variables are Institutional Ownership, Managerial Ownership, and Sustainability Training. Therefore, it can be concluded that there is no heteroscedasticity on the tested variables.

Multicollinearity Test

The multicollinearity test aimed to decide whether there is correlation between the tested independent variables in the regression model [36]. The results of the multicollinearity test show all three independent variables to have VIF value less than

10 and tolerance value more than 0.10. Therefore, it can be concluded that there is no multicollinearity on the tested variables.

Autocorrelation Test

The autocorrelation test uses the Durbin-Watson (DW) test method to determine autocorrelation in the regression model. The decision taken based on the Durbin-Watson test is if dU < DW < 4 – dU. The result of the autocorrelation test shows the value of DW of 1.547. This value is then compared with the value of dU of 1.6845 and the value of 4 – dU of 2.3155. The dU < DW < 4 – dU equation shows that the DW value is less than the lower limit of dU. Therefore, it can be concluded that there is autocorrelation on the tested model. To overcome this, the dependence variable is transform into difference 1 which is calculated by $Y_t - lag Y_t$ [8]. The second autocorrelation test shows the value of DW of 1.905. This value fulfilled the required equation which is 1.6845 < 1.905 < 2.3155. Therefore, it can be concluded that there is no autocorrelation in the regression model.

4.3 Multiple Linear Regression

Table 3. Multiple Linear Regression Results

Variables	Regression Coefficient
Constant	0.214
Institutional Ownership	0.092
Managerial Ownership	0.021
Sustainability Training	0.006

Based on Table 3, the regression equation can be compiled as follows:

$$SRDI = 0.214 + 0.092X1 + 0.021X2 + 0.006X3$$

Based on the regression equation above, the following conclusions can be drawn as follows:

a. The constant value of 0.214 indicates that if the independent variables are considered constant or do not change, then the value of the dependent variable is 0.214.
b. The regression coefficient of institutional ownership has a positive value of 0.092. This value illustrates that if institutional ownership is increasing with the assumption that other independent variables are considered constant, it will increase the value of the extent of sustainability report disclosure by 0.092.

c. The regression coefficient of managerial ownership has a positive value of 0.021. This value illustrates that if managerial ownership is increasing with the assumption that other independent variables are considered constant, it will increase the value of the extent of sustainability report disclosure by 0.021.
d. The regression coefficient of sustainability training has a positive value of 0.006. This value illustrates that if sustainability training is increasing with the assumption that other independent variables are considered constant, it will increase the value of the extent of sustainability report disclosure by 0.006.

4.4 Hypothesis Test

Coefficient Determination (Adj. R Square)

The value of adjusted R square in the coefficient determination test on this study is -0.067. According to Ghozali [36], a negative value of the adjusted R square is considered to be of zero value. This value illustrates that institutional ownership, managerial ownership, and sustainability training does not explain the variation in the value of the extent of sustainability report disclosure. This indicates that there are other independent variables outside the regression model that can explain the value of the variation in the extent of sustainability report disclosure.

F-test Value

The result of the F-test value shows that the significance value of 0.732 is bigger than 0.05 (0.732 > 0.05), therefore it can be concluded that this regression model is not fit or feasible.

T-test Value

Table 4. T-test Value Result

Variables	t_{count}	Sig.	Explanation
IO	1,132	0.269	Hypothesis rejected
MO	0,548	0.589	Hypothesis rejected
TRAIN	0,217	0.830	Hypothesis rejected

Based on Table 4, the level of influence of the independent variables on the dependent variable partially can be described as follow:

a. The significance value of the institutional ownership (IO) variable is greater than 0.05 (0.269 > 0.05). It can be concluded that institutional ownership does not affect the extent of sustainability report disclosure. Therefore, H1 is rejected.

b. The significance value of the managerial ownership (MO) variable is greater than 0.05 (0.589 > 0.05). It can be concluded that managerial ownership does not affect the extent of sustainability report disclosure. Therefore, H2 is rejected.
c. The significance value of the sustainability training (TRAIN) variable is greater than 0.05 (0.830 > 0.05). It can be concluded that sustainability training does not affect the extent of sustainability report disclosure. Therefore, H3 is rejected.

4.5 Discussion of The Results

The Influence of Institutional Ownership on The Extent of Sustainability Report Disclosure

The result of the analysis shows that institutional ownership does not have a significant influence on the extent of sustainability report disclosure. This discovery shows that Indonesian institutions do not consider corporate social and environmental responsibility as a parameter in decision-making regarding their investment [10]. Institutional investors tend to orient towards maximizing their profit without minding other aspects of corporate sustainability. Therefore, institutional engagement as shareholder in supervising and controlling the company regarding their sustainability does not go optimally [25]. Moreover, Indonesian institutions do not focus on the company's long-term achievements [37]. Institutions do not realize the importance of corporate sustainability that can be achieved through improving the sustainability performance and disclosing it in sustainability report.

The results of this study contradict stakeholder theory which explain institutions as shareholder to encourage the company in disclosing sustainability report as a form of accountability. The theory expected institutional investors to demand transparency and accountability to the company by disclosing extensive sustainability report in order to make a well-informed strategic decisions. However, institutions do not require extensive sustainability report disclosure as a consideration in investment decision-making. Therefore, institutional shareholder engagement does not influence and control the company to disclose an extensive sustainability report optimally. It can be said that companies do not feel the need to disclose an extensive sustainability report to show transparency and accountability to their stakeholder, which in this case is institutional investors.

The result of this study does not align with studies done by Indy et al. [26], Susadi and Kholmi [27], Sidiq et al. [25], Noerkholiq and Muslih [15], Velte [22], and Nuhu and Alam [28] which stated that higher level of institutional ownership will leads to a high demand of sustainability report disclosure. However, from this study, it is discovered that institutional investors tend to invest with a profit orientation and did not encourage the company to disclose sustainability performance. The result of this study aligns with studies by Qomariah [10], Alodat et al. [29], and Tanui [30] which also found that institutional ownership does not influence the extent of sustainability report disclosure.

The Influence of Managerial Ownership on The Extent of Sustainability Report Disclosure

Stakeholder theory explains that management engagement as shareholders will encourage managers to act in the interests of their investments and also the company. Managers will be encouraged to make more efforts to provide benefits for themselves and the company. The low level of managerial ownership compared to other types of ownership can cause managerial ownership to not affect the extent of sustainability report disclosure. This is because the low level of managerial ownership causes managers to not be able to maximize the company's value through the extent of sustainability report disclosure. Different opinions of managers on the disclosure of extensive and detailed sustainability reports can also cause managerial ownership to not affect the extent of sustainability report disclosure. This is because some managers believe that disclosing extensive sustainability reports can give good prospects for the company in the future, while some other managers believe that disclosing extensive sustainability reports requires high costs and reduce profits [9]. In addition, the existence of a majority shareholder or controlling shareholder who has greater control over the company's strategic decisions can cause managerial ownership to not have an influence on the extent of sustainability report disclosure.

The results of this study contradict stakeholder theory because managerial shareholders are expected to strive to increase the value of the company through extensive disclosure of sustainability reports, which will provide benefits to stakeholders, including themselves as shareholder. Stakeholder theory furhter explains that managerial ownership will promote an extensive disclosure of sustainability report to align their interests with other stakeholders, thereby strengthening their legitimacy and reputation [32]. However, it was found that the involvement of management as shareholders does not guarantee extensive disclosure of sustainability reports. Managers are unable to act for their interest as shareholder to increase company reputation and value by disclosing extensive sustainability report because of the existence of a major or controlling shareholder who might have different views on the company's strategic plan.

The result of this study contradicts studies by Susadi and Kholmi [27], Nuraeni and Darsono [31], Nuhu and Alam [28], and Tanui [30]. Previous studies stated that a high level of managerial ownership will increase managers' efforts in maximizing company value by disclosing sustainability report extensively. However, in this study, banking companies in Indonesia have a low level of managerial ownership, which could explain why managers couldn't encourage an extensive sustainability report disclosure. The result of this study alligns with studies by Madona and Khafid [9], Indy et al. [26], and Baba and Baba [32] which found that managerial ownership did not influence sustainability report disclosure.

The Influence of Sustainability Training on The Extent of Sustainability Report Disclosure

Resource dependency theory explains that companies are highly dependent on external resources for the sustainability of the company. In this case, the resources are the skills and knowledge obtained through training. Sustainability training attended by the board of directors can encourage the board of directors to improve the quality of the company's sustainability, including its disclosure. However, this training cannot provide instant results in a short time. Directors must also frequently attend sustainability training in order to improve their knowledge and skills regarding sustainability practices in their company. In addition, sustainability training that covers economic, environmental, and social aspects comprehensively is rarely found. In most companies, training related to economic performance is prioritized and has a higher number than training related to environmental and social performance [11]. This is because companies tend to be more profit-oriented, so they're focusing more on training that can improve the company's economic performance than environmental and social performance.

The results of this study contradict the resource dependency theory because sustainability training attended by the board of directors is expected to increase the extent of sustainability report disclosure. The theory also expected the company to seek external resources, which in this case is training, to ensure corporate sustainability. However, the number of sustainability training attended by the board of directors of Indonesian banking companies are still relatively low, suggesting that companies does not depend on training as an external resource to ensure corporate sustainability. The provided sustainability training also does not cover all aspects of sustainability, so the results of sustainability training attended by the board of directors cannot influence the extent of sustainability report disclosure and its benefits can only be seen in the long term. The directors also did not attend sustainability training frequently and consistently every year.

The result of this study contradict studies by Jamil et al. [13], Indah and Cahyonowati [12], and Tauringana [35] which stated that board of directors equipped with sustainability training are more aware of sustainability practice issues and tend to disclose sustainability report extensively. However, this study found that there is a low level of board of directors well-equipped with sustainability training in Indonesian banking companies and that the sustainability training did not contain comprehensive materials. This study align with studies by Ekaputri and Eriandani [11] who found that sustainability did not affect sustainability report disclosure.

5. Conclusion

The present study investigates the influence of shareholder engagement (proxied by institutional ownership and managerial ownership) and sustainability training on the extent of sustainability disclosure in Indonesia. The findings shows that the independent variables, which is institutional ownership; managerial ownership; and sustainability training does not significantly influence the dependent variables, which is the extent of sustainability report disclosure statistically. The findings also suggest that the independent variables used in this study are not the main factors that influenced extensive sustainability report disclosure, although they are still relevant.

The result of this study contradicts the stakeholder theory where shareholder engagement as stakeholder is not able to influence a company's strategic decision-making, which in this case is the extensive sustainability report disclosure and in accordance with POJK 51/2017. The result of this study also contradicts the resource dependence theory where external resources, which in this case is sustainability training attended by the board of directors, is unable to influence extensive sustainability report disclosure and in accordance with POJK 51/2017 as expected.

This study shows the lack of investor awareness regarding the importance of corporate sustainability, as well as inadequate regulations regarding sustainability report disclosure in Indonesia even though it has been required through POJK 51/2017. Regulators are expected to create mechanism to ensure that institutional and management investors do not favor short-term gains over long-term sustainability. Regulators are also expected to take steps to ensure that investors actively engage with companies on sustainability issues and exercise their voting rights effectively.

In addition, comprehensive sustainability training that covers all aspects of sustainability is needed to be implemented consistently. The results of this study also indicate the need to further research on other factors that can influence the extent of sustainability report disclosure, as well as the variables used in this study once investor awareness regarding corporate sustainability increases and the sustainability training covers all aspects of sustainability equally. Other factors that can influence the extent of sustainability report disclosure that can be explored are the existence of sustainability committee in a company, stakeholder pressure, board of directors feminism, and board of commissioners feminism. Future researchers are also suggested to analyze sustainability reporting practices in other sectors outside of banking or financial industry.

This study has limitations that can be considered for further research in order to obtain better results. The first limitation is the exclusion of PT Bank Syariah Indonesia Tbk (BRIS) from the research sample because the company was only established officially on February 1, 2021. The company is a merger of Bank BRI Syariah, Bank BNI Syariah, and Bank Mandiri Syariah. Therefore, the company's annual report and sustainability report in 2020 are still separate documents and cannot be used as samples in the study. The second limitation is the small sample size of 18 banking companies which may not accurately reflect the enitre population of Indonesian banking companies. A smaller sample size may also have less statistical power, making it difficult to draw concrete conclusions about the population. A small sample size may also be insufficient to capture the entire range of variance within the population, potentially limiting the finding's generalizability.

Despite the limitations, the findings from this study can contribute to the existing literature and have significant implications for improving the extent of sustainability report disclosure. Although this study focuses on Indonesian banking companies, the implications and potential applications can be extended outside Indonesia. The growing interest in corporate sustainability, international and national regulatory developments, and greater stakeholder expectations all point to the conclusions of this study being relevant in other countries and regions dealing with similar issues.

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