


## Investigating the Effect of Disclosure of Sustainability Reports, Leverage, and Company Size on Financial Performance in the Banking Sector

Monica Diah Paramita<sup>1</sup>, Januar Eko Prasetyo<sup>1\*</sup> 

<sup>1</sup>Universitas Pembangunan Nasional Veteran Yogyakarta, Jl. Padjajaran 104  
Condongcatur Sleman, Indonesia

\*Corresponding Email: [januar\\_ep@upnyk.ac.id](mailto:januar_ep@upnyk.ac.id)

### ARTICLE INFORMATION

#### Publication information

#### Research article

#### HOW TO CITE

Paramita, M. D., & Prasetyo, J. E. (2025). Investigating the effect of disclosure of sustainability reports, leverage, and company size on financial performance in the banking sector. *International Journal of Applied Business & International Management*, 10(2), 246-260.

#### DOI:

<https://doi.org/10.32535/ijabim.v10i2.3969>

Copyright @ 2025 owned by Author(s).  
Published by IJABIM



This is an open-access article.

License:

Attribution-Noncommercial-Share Alike (CC BY-NC-SA)

Received: 13 June 2025

Accepted: 16 July 2025

Published: 20 August 2025

### ABSTRACT

Sustainability's rising importance in banking has prompted greater transparency through sustainability reports. OJK Regulation No. 51/POJK.03/2017 mandates this reporting to strengthen accountability and promote responsible business conduct. This study aims to examine the effect of sustainability report disclosure, leverage, and company size on the financial performance of banking companies listed on the Indonesia Stock Exchange (IDX), specifically measured by Return on Assets (ROA), during the 2021-2023 period. A quantitative approach was used, employing secondary data obtained from 19 banks over a three-year period (2021-2023), resulting in 61 sample data points. The results indicate that sustainability report disclosure has a positive and significant effect on financial performance, with a coefficient of 0.365 and a significance value of 0.000. Company size also shows a significant positive effect (coefficient of 0.071, p-value of 0.000). However, leverage has no significant effect on financial performance. These findings suggest that transparency in sustainability reporting and firm scale play key roles in enhancing bank profitability, supporting stakeholder-oriented governance in the banking sector. This study reinforces stakeholder theory, demonstrating the value of transparent sustainability practices in enhancing performance.

**Keywords:** Banking Sector; Company Size; Financial Performance (ROA); Stakeholder Theory; Sustainability Report Disclosure