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DETERMINANTS OF SUSTAINABILITY REPORTING: THE INFLUENCE OF OWNER GENDER AND FINANCIAL INDICATORS

Abstract: In contemporary business conditions, sustainability reporting is becoming an increasingly important component of corporate transparency and accountability toward a wide range of stakeholders. Although the practice of preparing sustainability reports is continuously developing, significant differences still exist among companies in terms of their readiness to adopt and implement this form of reporting. Against this background, the subject of this study is to examine the factors influencing the likelihood of sustainability reporting. Particular attention is devoted to the gender of the company owner, as well as to key financial indicators reflecting liquidity, profitability, and leverage.
The aim of this study is to determine whether the financial position of a company and the gender structure of ownership represent significant determinants of sustainability reporting. The empirical analysis is based on a dataset in which sustainability reporting is treated as a binary variable, while the independent variables include indicators of liquidity, profitability, and leverage, along with the gender of the owner. Binary logistic regression is employed to test the proposed relationships.
The expected contribution of this study lies in identifying the characteristics of companies that are more inclined to adopt sustainability reporting practices, as well as in providing a better understanding of the relationship between financial performance, ownership structure, and sustainable corporate behavior. The findings of this research may be of importance to both the academic community and practitioners, including company decision-makers and policymakers aiming to promote and enhance sustainable business practices.
Keywords: sustainability reporting; financial performance; liquidity; profitability; leverage; owner gender

1. INTRODUCTION

In contemporary business conditions, characterized by rapid changes, market globalization, and increasing demands for transparency, sustainability reporting is becoming an increasingly important component of corporate reporting. Traditional financial statements, although still essential for assessing business performance, are no longer sufficient to provide a comprehensive picture of a company's performance. Growing importance is therefore attributed to non-financial information related to a company's impact on the environment, society, and corporate governance, in line with the principles of sustainable development and responsible business practices.

Sustainability reports represent an important communication tool between a company and its stakeholders, providing insight into how the company manages its resources, risks, and social impact. In addition, such reports contribute to

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strengthening reputation, increasing the trust of investors and other interested parties, and enhancing a company's competitive position in the market. In this sense, sustainability reporting is not merely a regulatory obligation, but also a strategic tool that can contribute to the long-term sustainability and stability of business operations.

Despite the growing importance of this form of reporting and the existence of a regulatory framework that encourages the disclosure of non-financial information, the practice of preparing sustainability reports in the Republic of Serbia remains insufficiently developed. Although certain categories of companies are required to publish non-financial reports, it is often observed in practice that companies either do not prepare such reports or limit themselves to partial and insufficiently systematized disclosures. This situation indicates the existence of a gap between formally established requirements and actual business practice, thereby creating a basis for analyzing the factors that influence the decision to engage in sustainability reporting.

Against this background, the subject of this study is to examine the determinants of sustainability reporting, with a particular focus on the financial characteristics of companies and ownership structure. The analysis investigates whether and to what extent profitability, liquidity, and leverage—as key indicators of a company's financial position—affect the likelihood of preparing sustainability reports. In addition, special attention is given to the gender of the owner as a variable that may play a significant role in shaping business decisions and the adoption of sustainable business practices, given the growing interest in the literature regarding the impact of gender diversity on corporate governance and corporate social responsibility.

The empirical analysis is conducted using binary logistic regression on a sample of companies in the Republic of Serbia, where sustainability reporting is treated as a dichotomous variable. This approach enables the assessment of the impact of the selected independent variables on the likelihood that a company prepares a sustainability report, as well as the identification of the key determinants of this practice.
The aim of this study is to identify the factors that determine the practice of sustainability reporting, as well as to contribute to a better understanding of the relationship between financial performance, ownership characteristics, and sustainable corporate behavior. The findings of this research may have significant implications for both the academic community and practitioners, including company management and policymakers, particularly in the context of enhancing transparency, strengthening stakeholder trust, and promoting the development of sustainable business models.

The paper is structured as follows. The first section presents the theoretical framework and a review of the relevant literature on sustainability reporting and its determinants. The second section outlines the research methodology, including a description of the sample, variables, and applied analytical methods. The third section provides the results of the empirical analysis and their interpretation. Finally, the concluding section presents the main findings, limitations of the study, and recommendations for future research.

2. THEORETIC BACKGROUND

Sustainability reporting represents one of the most significant directions in the development of contemporary corporate reporting. Unlike traditional financial reporting, which is primarily focused on presenting a company's financial position and performance, sustainability reporting encompasses a broader range of information related to the economic, environmental, and social impact of a company. In this way, it enables a more comprehensive understanding of business operations and contributes to a better assessment of a company's long-term ability to create value for various stakeholders. In modern business conditions, where investors, creditors, consumers, employees, and regulatory bodies increasingly demand information that goes beyond the scope of financial statements, sustainability reporting has become an important instrument of transparency, accountability, and corporate legitimacy.

The importance of sustainability reporting is particularly evident in the context of reducing information asymmetry between a company and its stakeholders. By disclosing information on environmental impact, employee relations, social responsibility, human rights, and anti-corruption policies, companies signal their level of responsibility and their commitment to operating in accordance with the principles of sustainable development. Buallay (2019) highlights that sustainability reporting is associated with corporate performance and can play a significant role in shaping investors' and market perceptions. Similarly, Novićević Čečević, Janković Milić & Nikolić (2024) emphasize that, within the Serbian business environment, sustainability reporting can be considered a factor of business success, as it contributes to greater visibility, transparency, and corporate accountability.

The theoretical foundations of sustainability reporting are most commonly found in stakeholder theory and legitimacy theory. According to stakeholder theory, a company does not operate solely in the interest of its owners, but also in the interest of a broader group of stakeholders, including employees, creditors, customers, suppliers, the government, and the local community. In this context, sustainability reporting represents a communication tool through which a company demonstrates its recognition of and responsiveness to the interests and expectations of different stakeholder groups.

Legitimacy theory, on the other hand, is based on the idea that companies seek to ensure the social acceptance of their operations. This is particularly important for companies operating in sectors with significant environmental, social, or regulatory risks, where the disclosure of sustainability-related information serves to reduce public pressure and affirm the legitimacy of business activities.
At the international level, sustainability reporting initially developed as a voluntary practice, but has increasingly evolved into a legal and regulatory requirement. In practice, the Global Reporting Initiative (GRI) is most commonly used as one of the most widely accepted frameworks for disclosing economic, environmental, and social information. In addition to GRI standards, the ESG (Environmental, Social, Governance) concept and integrated reporting have gained increasing importance in contemporary business reporting, as they enable the integration of financial and non-financial information into a comprehensive representation of a company's performance. Velte (2017) emphasizes that the quality of sustainability reporting depends not only on regulatory requirements but also on corporate governance characteristics, including gender diversity and the structure of governing bodies.
The regulatory framework for sustainability reporting is particularly well developed within the European Union. The Non-Financial Reporting Directive (NFRD) introduced an obligation for certain large companies to disclose information related to environmental, social, and employee matters, respect for human rights, and anti-corruption practices. Subsequently, the Corporate Sustainability Reporting Directive (CSRD) was adopted, introducing a more detailed and standardized reporting system based on the European Sustainability Reporting Standards (ESRS). Companies subject to CSRD requirements are obliged to report in accordance with ESRS standards developed by EFRAG, reflecting the EU's objective to ensure greater comparability, reliability, and verifiability of disclosed information.
In the Republic of Serbia, sustainability reporting, i.e., non-financial reporting, is legally regulated by the Law on Accounting. This law governs, among other things, the preparation, submission, and public disclosure of financial statements, annual business reports, corporate governance reports, reports on payments to governments, and non-financial reporting. It is particularly important to emphasize that, pursuant to Article 37 of the Law on Accounting, entities obliged to prepare non-financial reports are large legal entities that are public-interest entities and meet the prescribed criteria. The non-financial report includes information related to environmental protection, social and employee-related matters, respect for human rights, as well as anti-corruption and anti-bribery issues. In this way, the domestic regulatory framework is aligned with European requirements, although the practice of implementation is still evolving.
Despite the existence of a legal obligation, the practice of sustainability reporting in Serbia is still not fully developed. It is observed that a certain number of companies do not prepare formal sustainability reports or disclose only partial non-financial information, often lacking clear structure, standardized content, and comparability over time. Such a situation indicates the existence of a gap between the regulatory framework and its practical implementation. This gap may be the result of limited resources, insufficient awareness among management regarding the importance of sustainable business practices, underdeveloped control mechanisms, as well as the fact that non-financial reporting in domestic practice is often perceived as a formal requirement rather than as a strategic management and stakeholder communication tool.
Similar challenges are observed in other developing and transition economies. Usman (2024), analyzing industrial companies in Nigeria, finds that firm characteristics influence the practice of sustainability reporting, but also that the implementation of such reporting depends on the institutional environment and the level of market development. Ariswari & Damayanthi (2019), using the case of Indonesia, highlight the importance of profitability and leverage as factors that may shape the practice of sustainability disclosure. Shinta, Deniswara & Liu (2023) also demonstrate that audit quality, institutional ownership, profitability, and firm size can influence the assurance of sustainability reports among companies listed on the SRI-KEHATI index in Indonesia. These findings suggest that the existence of legal requirements alone is not sufficient for the consistent and high-quality implementation of sustainability reporting, but that well-developed market, institutional, and professional mechanisms are also necessary.
In the literature, particular attention is given to the relationship between sustainability reporting and financial performance. Profitability is most often considered an indicator of a company's ability to finance activities that go beyond core operational needs, including investments in sustainability, data collection systems, and the preparation of reports. More profitable companies possess greater resources and may therefore be more willing to adopt transparent reporting practices. Juliana & Sembiring (2025) indicate that sustainability reporting can strengthen the relationship between profitability and firm value, confirming that sustainability reporting can be viewed as a factor contributing to market valuation. Similarly, Werastuti, Atmadja & Adiputra (2021) emphasize the value relevance of sustainability reports and their potential impact on firm value.
However, the relationship between profitability and sustainability reporting is not unambiguous. One stream of the literature assumes that more profitable companies have greater financial resources to invest in sustainable practices, while another suggests that companies may engage in sustainability reporting as a response to external pressures, regardless of their current level of profitability. Studies examining the relationship between capital structure and profitability, such as Abor (2005), Akhtar (2012), Akinlo & Asaolu (2012), Dada & Ghazali (2016), Fama & French (1998), Rajan & Zingales (1995), Rao, Al-Yahyaee & Syed (2007), and Ramnoher & Seetah (2020), are useful for understanding corporate financial behavior and justify the inclusion of profitability and leverage in the empirical model. Although these studies do not always directly address sustainability reporting, they demonstrate that financial structure influences corporate behavior, risk exposure, and overall firm performance.

Leverage represents a particularly important determinant of sustainability reporting, as companies with higher levels of debt may have a stronger incentive to reduce information asymmetry toward creditors, investors, and other report users. Higher leverage may encourage management to disclose additional information in order to demonstrate risk management capabilities, long-term stability, and a responsible approach to financial obligations. In this context, studies such as Long & Malitz (1986), Sarkar & Zapatero (2003), Pradhan & Khadka (2017), and Stanišić, Janković & Čavić (2016) provide a theoretical foundation for considering leverage as an important characteristic of business operations. Within the context of sustainability reporting, leverage can also be interpreted as a factor that increases the pressure for greater transparency.

Liquidity is generally regarded as an indicator of short-term financial stability. Companies with higher levels of liquidity have a greater capacity to meet their obligations on a regular basis and potentially possess greater operational flexibility to develop additional reporting systems. However, empirical findings regarding the direct impact of liquidity on sustainability reporting are not always consistent. Liquidity may be significant when reporting is viewed as an activity that requires organizational and financial resources, but it may also prove to be less relevant when the decision to report is primarily driven by regulatory requirements, stakeholder pressure, or reputational considerations.

A specific strand of the literature focuses on the role of ownership and governance structures in sustainability reporting. Although a large body of research examines gender diversity within boards of directors and management, its findings are also relevant for considering the gender of the owner as a potential determinant. Velte (2017) demonstrates that gender diversity in governance structures can contribute to improving the quality of sustainability reporting. This finding is significant as it suggests that decisions related to non-financial reporting are not driven solely by financial factors, but also by value-based, managerial, and organizational characteristics. In this regard, the gender of the owner may be important, as owners influence the strategic orientation of the company, the level of transparency, and the approach to stakeholder demands.

The issue of compliance with legal obligations in the field of sustainability reporting is particularly important in countries where the regulatory framework is relatively new or in the process of alignment with European standards. Evidence from other countries suggests that the mere existence of legal requirements does not automatically ensure a high level of reporting quality. In practice, differences often arise between companies that prepare sustainability reports substantively, applying international standards and presenting clearly structured data, and those that fulfill the obligation only formally, through limited and descriptive disclosures. Therefore, increasing attention is being paid to the need for standardization, external verification, and the development of assurance services. Simnett (2012) emphasizes that the assurance of sustainability reports enhances the reliability of disclosed information and strengthens user confidence.

Based on previous research, it can be concluded that the determinants of sustainability reporting are multidimensional. They include financial performance, leverage, liquidity, ownership and governance characteristics, the regulatory framework, institutional pressures, and stakeholder expectations. In the Republic of Serbia, where non-financial reporting is legally regulated but practice is still not fully standardized, it is particularly important to examine the factors influencing companies' decisions to prepare sustainability reports. For this reason, the present study analyzes the factors that may affect the practice of sustainability reporting.

3. METHODIOLGY

The aim of this study is to examine whether the practice of preparing sustainability reports depends on the financial characteristics of companies, namely their profitability, liquidity, and leverage, as well as on the gender of the director.

The initial basis for the research was a dataset of the most successful companies for which relevant financial and non-financial data were available. The data were collected for a five-year period, from 2019 to 2023, based on publicly available financial statements obtained from the website of the Serbian Business Registers Agency, as well as other official sources.

During the data collection process, it was observed that certain companies did not have continuity of operations throughout the observed period or had incomplete data for the analyzed variables. For this reason, the initial sample was adjusted, resulting in a final sample consisting of 92 companies, i.e., 460 observations. Table 1 presents the structure of the observed sample according to different aspects.

Table 1 Some Characteristics of the sample

Karakteristika	**Kategorija**	**Broj**	**%**
Sustainability Reporting	**No sustainability report**	44	47.8%
	Sustainability report	48	52.2%
Region	Belgrade	55	59.8%
	Vojvodina	21	22.8%
	Central and Western Serbia	11	11.95%
	Southern and Eastern Serbia	5	5.4 %
Industry	Trade	34	37.0%

	Manufacturing	31	33.7%
	Transportation and Storage	8	8.7%
	Energy Supply	6	6.5%
	Construction	4	4.3%
	Information and Communication	4	4.3%
	Mining	3	3.3%
	Water Management	1	1.1%
	Arts and Recreation	1	1.1%
Gender of the Director	Male	76	82.6%
	Female	16	17.4%
	Ukupno	**92**	**100%**

Source: author's own account

It should be noted that, from the perspective of legal form, limited liability companies dominate the structure of the sample. Out of a total of 92 companies, 75 (81.5%) are organized as limited liability companies, while 11 companies (12.0%) are joint-stock companies. Public enterprises are the least represented, with 6 companies (6.5%) in the sample. Within the sample of 92 companies, 44 companies (47.8%) do not prepare sustainability reports, whereas 48 companies (52.2%) engage in this practice. In terms of regional distribution, the largest number of companies is located in Belgrade, accounting for 55 companies (59.8%), followed by Vojvodina with 21 companies (22.8%), while Central and Western Serbia are represented by 11 companies (11.95%) and Southern and Eastern Serbia by 5 companies (5.4%). Regarding industry structure, the sample is dominated by companies operating in the trade sector (34 companies; 37.0%) and manufacturing (31 companies; 33.7%). These are followed by transportation and storage (8 companies; 8.7%) and the energy supply sector (6 companies; 6.5%). Construction and information and communication sectors are each represented by 4 companies (4.3%), mining by 3 companies (3.3%), and water management as well as arts and recreation by 1 company each (1.1%). With respect to the gender of directors, male directors are present in 76 companies (82.6%), while female directors are represented in 16 companies (17.4%).

Given that the aim of this study is to examine the impact of financial performance and ownership characteristics on the practice of sustainability reporting, sustainability reporting is defined as the dependent variable and is operationalized as a dichotomous variable. The independent variables included in the model are profitability, liquidity, and leverage, as key indicators of a company's financial position. In addition, a variable related to the gender of the owner is incorporated into the model, considering that contemporary literature increasingly emphasizes the importance of gender structure in shaping business decisions and the adoption of sustainable business practices. The inclusion of these variables enables a more precise assessment of their individual and joint effects on the likelihood of preparing sustainability reports. An overview of the variables used, their measurement methods, and the expected relationships is presented in Table 2.

Table 2. Description of all variables

Variable	Type of Variable	Measurement
SR (sustainability reporting)	Dependent	0 = does not prepare, 1 = prepares report
ROA (profitability)	Independent	Net income / total assets
LIQ (liquidity)	Independent	Current assets / current liabilities
LEV (leverage)	Independent	Total liabilities / total assets
POL (owner gender)	Independent	0 = male, 1 = female

Source: author's own account

Testing the impact of selected financial indicators and ownership characteristics on sustainability reporting, as well as their predictive value, requires the application of binary logistic regression. The developed regression model takes the following form:

$$SR_i = \beta_0 + \beta_1 ROA_i + \beta_2 LIQ_i + \beta_3 LEV_i + \beta_4 POL_i + \varepsilon_i$$

where i denotes the observed company, while the independent variables represent the financial performance and ownership characteristics of the company.

4. RESEARCH RESULTS

The results of the analysis first refer to descriptive statistics, which were used to examine measures of central tendency, including the mean, median, and mode, as well as to assess data variability through the standard deviation. These indicators were calculated for each variable based on a sample of 92 observations and are presented in Table 3.

Table 3. Descriptive Statistics

Variable	**Minimum**	**Maximum**	**Mean**	**Std. Dev.**
SR	0	1	0.52	0.50
LIQ	0.00	16.16	2.49	2.01
ROA	-7.24	2.49	-0.07	0.59
LEV	0.03	15.05	0.99	1.72
POL	0	1	0.17	0.38

Source: author's own account

The sustainability reporting variable (SR) takes values ranging from 0 to 1, with a mean of 0.52 and a standard deviation of 0.50. This indicates an approximately balanced representation of companies that prepare and those that do not prepare sustainability reports within the observed sample. For the profitability variable (ROA), the mean value is -0.07, suggesting a low level of profitability among the observed companies, with values ranging from -7.24 to 2.49. The standard deviation is 0.59, indicating the presence of certain differences in profitability across companies. Liquidity (LIQ) ranges from 0 to 16.16, with a mean of 2.49 and a standard deviation of 2.01, pointing to significant differences among companies in their ability to meet short-term obligations. The leverage variable (LEV) has a mean value of 0.99, accompanied by considerable variability, indicating differing levels of reliance on external financing sources among the observed companies. Finally, the owner gender variable (POL) takes values from 0 to 1, with a mean of 0.17 and a standard deviation of 0.38, suggesting a lower representation of female ownership within the sample.
In the next stage of the analysis, a point-biserial correlation analysis was conducted in order to examine the relationship between sustainability reporting and the observed independent variables, as well as the strength and direction of these relationships. Point-biserial correlation is a statistical technique used to assess the relationship between a dichotomous variable and continuous variables. This method is particularly suitable when the objective of the research is to determine whether and to what extent a linear relationship exists between, for example, the presence of a specific characteristic (expressed in binary form: yes/no) and quantitative indicators such as profitability, liquidity, or leverage. The results of the correlation analysis are presented in Table 4, which contains the matrix of correlation coefficients among the observed variables.

Table 4 Correlation matrix

Varijable	**SR**	**LIQ**	**ROA**	**LEV**	**POL**
SR	1	-.019	.012	.091	-.095*
		.013	.090	.032	.042
LIQ		1	.012	-.447**	-.078
			.790	.000	.035
ROA			1	.022	-.047
				.638	.010
LEV				1	.107*
					.022
POL					1

The results of the point-biserial correlation analysis presented in Table 5 indicate that the dependent variable, sustainability reporting (SR), does not exhibit a statistically significant relationship with most of the observed independent variables. Specifically, the correlation between SR and liquidity (LIQ) is negative and very weak ($r = -0.019$), and it is not statistically significant ($p = 0.683$). Similarly, the relationship between SR and profitability (ROA) is positive but negligible and statistically insignificant ($r = 0.012$, $p = 0.790$). The correlation between SR and leverage (LEV) is positive and weak ($r = 0.091$), but it lies on the borderline of statistical significance ($p = 0.052$) and therefore cannot be considered statistically significant at the conventional 5% significance level.

On the other hand, a negative and weak, yet statistically significant relationship is observed between sustainability reporting (SR) and the gender of the owner (POL) ($r = -0.095$, $p = 0.042$), indicating the existence of a statistically significant association between these variables.
Regarding the relationships among the independent variables, a statistically significant negative correlation is found between liquidity and leverage ($r = -0.447$, $p < 0.01$), suggesting that companies with higher levels of liquidity tend to have lower levels of leverage. Additionally, a weak but statistically significant positive relationship is identified between leverage and the gender of the owner ($r = 0.107$, $p = 0.022$). Other correlations among the independent variables are not statistically significant.

Following the examination of correlation relationships, multicollinearity among the independent variables was tested. For this purpose, the Variance Inflation Factor (VIF) and Tolerance were used, which are standard statistical measures for detecting multicollinearity in regression models.
High VIF values indicate the presence of multicollinearity, meaning a strong relationship among independent variables, which may lead to instability of the estimated coefficients and reduce the reliability of the model results. Conversely, Tolerance represents the reciprocal of VIF (Tolerance = 1/VIF), where lower values indicate a higher degree of multicollinearity, while higher values suggest weaker intercorrelation among variables.
The results presented in Table 5 show that all VIF values are below 10, while Tolerance values are greater than 0.10, indicating an acceptable level of multicollinearity among the independent variables included in the model. Based on these findings, it can be concluded that multicollinearity does not pose a significant issue that could affect the results of the logistic regression analysis.
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Table 5. Multicollinearity of independent variables

Varijable	**Tolerance**	**VIF**
LIQ	0.799	1.252
ROA	0.996	1.004
LEV	0.794	1.259
POL	0.985	1.015

For the estimated regression model, it was first examined whether the key assumptions required for its application were satisfied. To this end, the results of the Hosmer–Lemeshow test were analyzed, as this test is used to assess the goodness of fit of the model, i.e., its predictive performance. The obtained results indicate that the p-value of this test is greater than 0.05, suggesting that the model fits the observed data well and that there is no statistically significant difference between the predicted and actual values of the dependent variable.
In addition to evaluating the model's goodness of fit, its overall statistical significance was tested using the Omnibus test. The results of this test indicate that the model as a whole is statistically significant ($p < 0.05$), meaning that the set of included independent variables contributes to explaining the variation in the dependent variable, i.e., sustainability reporting.
Based on the above, it can be concluded that the model has adequate explanatory power and that the included variables are relevant for the analysis. After confirming that the key assumptions were satisfied, a binary logistic regression analysis was conducted using SPSS software. The results of the model estimation, i.e., the impact of individual independent variables on the likelihood of preparing sustainability reports, are presented in Table 6.

Table 6. Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I.for EXP(B)	
								Lower	Upper
Step 1[a]	Constant	-.459	.302	2.314	1	.028	.632		
	LIQ	.045	.102	.200	1	.655	1.046	.858	1.277
	ROA	.024	.242	.010	1	.020	1.025	.637	1.647
	LEV	.937	.439	4.549	1	.033	2.553	1.079	6.039
	POL	-.572	.257	4.934	1	.026	.565	.341	.935

5. DISCUSSION

The results of the binary logistic regression presented in Table 6 indicate that, among the observed independent variables, profitability (ROA), leverage (LEV), and the gender of the director (POL) have a statistically significant impact on the likelihood of preparing sustainability reports. In contrast, the liquidity variable (LIQ) does not show a statistically significant effect, suggesting that a company's ability to meet its short-term obligations is not a key factor in the decision to engage in sustainability reporting within the observed sample.

Considering liquidity as a potential factor influencing the practice of sustainability reporting, it can be observed that the value of the coefficient Exp(B) is 1.046, with the corresponding confidence interval, indicating that companies with higher levels of liquidity have a slightly higher likelihood of engaging in sustainability reporting. However, given that the level of statistical significance is $p = 0.655$, it can be concluded that the ratio of current assets to current liabilities does not have a statistically significant impact on this practice.This finding suggests that liquidity, although an important indicator of short-term financial stability, may not be a decisive factor in the decision to engage in

sustainability reporting. This further supports the view in the literature that the decision to prepare sustainability reports often goes beyond purely financial determinants and is more strongly influenced by regulatory requirements, the institutional environment, and the strategic orientation of companies toward transparency and sustainable business practices.
Profitability is measured using the ROA indicator, defined as the ratio of net income to total assets. The results indicate that this factor has a statistically significant impact on the practice of sustainability reporting, with the positive coefficient suggesting that companies with higher levels of profitability are more likely to prepare sustainability reports as separate disclosures. This finding can be explained by the fact that more profitable companies possess greater financial and organizational resources, enabling them to invest in the development of systems for collecting, processing, and disclosing non-financial information. In addition, financially successful companies often seek to strengthen their reputation and market position, whereby sustainability reporting serves as an important tool for communication with stakeholders and for demonstrating responsible business conduct. Furthermore, profitable companies tend to attract greater attention from investors and the public, which further encourages the need for more transparent reporting.
For the leverage variable (LEV), the value of the coefficient Exp(B) is 2.553, with statistical significance at the level of $p = 0.033$, indicating that leverage represents a significant factor in explaining the likelihood of sustainability reporting. Specifically, the obtained result suggests that as the level of leverage increases, so does the probability that a company will prepare a sustainability report.This finding can be explained by the need for more highly leveraged companies to ensure a greater level of transparency toward creditors, investors, and other stakeholders. The increased financial risk arising from a higher reliance on external financing sources encourages management to use additional reporting as a signal of responsible debt management and effective risk control. In this context, sustainability reporting can be viewed as a tool through which companies seek to reduce information asymmetry and build trust, demonstrating the absence of hidden issues and a commitment to transparent and responsible business practices.

With regard to the final observed variable—the gender of the director (POL)—the results indicate that when the director is female, the likelihood of preparing a sustainability report as a separate document is lower. Specifically, the value of Exp(B) suggests reduced odds of sustainability reporting in companies led by female directors compared to those led by male directors, holding other variables constant. This result should be interpreted in the context of the sample structure, where male directors are present in 82.6% of companies, while female directors account for only 17.4%. Such an uneven distribution may partially influence the results and their interpretation, indicating the need for cautious conclusions. The findings suggest that the gender of the director may play a role in shaping sustainability reporting practices; however, its effect should be considered within a broader context of organizational, institutional, and market-related factors.
Overall, the results indicate that slightly more than half of the observed companies in Serbia prepare sustainability reports, while a substantial proportion still does not engage in this practice, highlighting an uneven level of implementation. Among the examined determinants, profitability, leverage, and the gender of the director emerge as statistically significant factors, while liquidity does not have a statistically significant impact on sustainability reporting.

6. CONCLUSION

The primary objective of this study was to examine the impact of financial performance—specifically profitability, liquidity, and leverage—as well as ownership characteristics, particularly the gender of the owner, on the likelihood of sustainability reporting in companies in the Republic of Serbia. By applying binary logistic regression to a sample of 460 observations over the period from 2019 to 2023, the analysis identified varying effects of the observed variables on the practice of preparing sustainability reports.
The empirical results indicate that profitability (ROA) has a statistically significant, albeit relatively weak, positive effect on sustainability reporting, suggesting that more profitable companies are more likely to adopt this practice. In contrast, liquidity (LIQ) does not exhibit a statistically significant effect, indicating that short-term financial stability is not a key determinant of sustainability reporting decisions. Leverage (LEV) is identified as a statistically significant positive determinant, implying that companies with higher levels of indebtedness have greater odds of preparing sustainability reports. Finally, the gender of the director (POL) also shows a statistically significant effect, with the results indicating that companies led by female directors have lower odds of preparing sustainability reports compared to those led by male directors.
A particularly important finding relates to the owner gender variable, which also exhibits a statistically significant effect on sustainability reporting. The results suggest the existence of differences in reporting practices depending on ownership structure, thereby confirming the relevance of the gender dimension in the context of corporate behavior and decision-making.
The findings contribute to a better understanding of the determinants of sustainability reporting, indicating that financial indicators do not exert a uniform influence. Instead, leverage and ownership structure stand out as significant factors, while profitability shows a limited effect and liquidity remains statistically insignificant. These results have practical implications for corporate management and policymakers, particularly in the context of enhancing transparency and promoting the adoption of sustainable business practices.

Although the study provides valuable insights, certain limitations should be acknowledged. The focus on a limited sample of companies and the observed time period may affect the generalizability of the findings. Future research could extend the analysis by including a larger number of companies from different sectors, as well as a longer time horizon, in order to capture dynamic changes in sustainability reporting practices. Additionally, incorporating further variables, such as corporate governance characteristics or institutional factors, could contribute to a deeper understanding of this phenomenon.

Overall, this research contributes to the existing literature on sustainability reporting and corporate behavior by highlighting the importance of financial and ownership characteristics in shaping reporting practices within the context of the Serbian economy.

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