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The Effect Of Company Characteristics On The Disclosure Of Sustainable Reports In LQ45 Companies

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ABSTRACT

The aim of this research is to determine the influence of company characteristics as seen from company size, profitability and leverage on the disclosure of sustainability reports in LQ45 companies listed on the Indonesia Stock Exchange. This type of research uses associative research methods. The sample in this research was 42 LQ45 companies listed on the Indonesia Stock Exchange in 2018-2022 which were taken using the purposive sampling method. Based on the results of research on company size, profitability and leverage have a simultaneous effect on the disclosure of sustainability reports in LQ45 companies listed on the Indonesia Stock Exchange, while partially only profitability has an insignificant effect on the disclosure of sustainability reports in LQ45 companies listed on the Indonesia Stock Exchange.

INTRODUCTION

The need for information about the company is not only financial statements, non-financial information is starting to be needed and receive stakeholder attention in the decision-making process. Along with environmental damage such as climate change and global warming, the public and investors need information about the company's activities in managing the environment, so that they can ensure that the company's activities do not harm and damage the environment. This reporting is disclosed in the company's annual report or makes a separate report on non-financial activities (Martani, et al 2016). Sustainability reports are very important for companies in taking responsibility for their business, not only to shareholders but also to the public relating to social care and environmental preservation and can attract investors to invest. Trends do not only see performance reports, but how the company can maintain its business sustainability in the future (Savitri, 2020). Sustainability reporting in Indonesia is also supported by the National Center for Corporate Reporting (NCCR) which is an independent organization with the purpose of assisting the development, measurement and reporting of CSR implementation. NCCR has been actively promoting sustainability reporting for many years. A

number of companies have sent their delegates to learn more about sustainability reporting at NCCR. In Indonesia, studies on sustainability reporting are still very rare (Cahya, 2018).

For investors, sustainability reports serve as a means of controlling the company's performance achievements as well as a medium for investor consideration in allocating their financial resources, especially within the scope of Sustainable and Responsible Investment (SRI). Meanwhile, for other stakeholders (media, government, consumers, academics and others), sustainability reports are a benchmark for assessing the seriousness of the company's commitment, which is very important for improving the company's reputation (Rakhman, 2017).

Company characteristics are a description or characteristics of the company that are reflected through the financial statements made by the company which are published by the company through print media or the internet. This study uses 5 (five) company characteristics, namely company size, profitability and leverage. Company characteristics as a factor that causes the quality and extent of disclosure to be different in each company. The obligation to submit annual reports for issuers or public companies, that the company must present an explanation of the risks faced by the company and efforts that have been made to manage these risks, for example risks caused by fluctuations in exchange rates or interest rates, business competitors, supply of raw materials, provisions of other countries or international regulations, and government policies (Shabrina, 2015).

There are several steps that investors can take to minimize the risk of investing, namely by analyzing the company's financial statements. Companies listed on the IDX are go public companies that make it easier for investors to view financial reports and predict the company's performance. One of the considerations of investors before deciding to invest in a company is by classifying the size of the company based on the size of total assets, stock market value, and others. If the company's total assets are large, the greater the company's ability to generate profits, the higher the stock price and the higher the resulting stock return. Company size is a scale that shows the company is classified as a small company (small firm), medium company (medium size) or large company (large firm). Use in company size can be measured based on the value of sales turnover, the number of products sold, company capital and total assets (Welan et. al, 2019). A larger company size will have a greater opportunity to obtain funding sources from various sources, making it easier to obtain loans from outside parties or creditors and a greater possibility of attracting investors (Ayem and Astuti, 2019).

One of investors' considerations before deciding to invest in a company and predicting company performance is profitability. Profitability is the main consideration for investors in investing because investors can assess the company's income level periodically which will show whether the company management is successful or not in carrying out operations. Profitability is the company's ability to make a profit (profit). The level of profit generated is based on certain levels of sales, assets and share capital. If the company's profit level is high, it will affect the level of returns and stock movements, but not all companies always make a profit, including companies in the mining sector. There are various factors that can influence a company not making a profit, such as the company having to pay obligations to use as capital and gain profits in the future (Ayem and Astuti, 2019). One of the ratios to measure profitability is Return on Assets (ROA) which is an indicator that can reflect the size of a company's operations, in terms of profitability. ROA measures a company's effectiveness in using resources.Corporate governance is concerned with maintaining a balance between economic and social objectives between company owners and those appointed to manage the company, namely company managers. Corporate governance aims to encourage efficient use of resources and accountability in managing these resources because the aim is to create harmony between the interests of individuals, companies and society (Widyastuti, SM, et al, 2022). Apart from company size and profitability, it also influences stock sustainability reports. The third ratio is leverage, where greater leverage indicates greater investment risk because leverage is a ratio that calculates the extent of funds provided by creditors, as well as a ratio that compares total debt to the total

assets of a company, so if investors see a companies with high assets but the risk of leverage is also high, so they will think twice about investing in these companies (Arrizqi, 2021).

KPMG (2013) suggests that assurance is no longer an option. Just as CSR reports are now the standard of business practice, assurance and sustainability data are also the standard of externally guaranteed CSR practice. More than half of the world's largest companies now invest in assurance. Many companies today face pressure to provide stakeholder trust and assurance is the solution to providing this credibility. Therefore, KPMG requires companies to apply assurance so they can adapt to stakeholder needs and be able to compete with other companies.

LITERATURE REVIEW

Stakeholder Theory

This theory explains the relationship between stakeholders and the information received. Companies must continue to strive to build and maintain good relationships with stakeholders (Freeman and Vea, 2011). The essence of this thought leads to the existence of a company or organization that is influenced by the support of those who have a relationship with the company.The company not only operates for its own interests but also must be able to provide benefits or reciprocity to stakeholders. While Donaldson and Preston (2015), stakeholder theory is a theory that deals with management, recommending attitudes, structures and practices that when implemented will form a stakeholder management philosophy. Stakeholder theory has a very important relationship with sustainability reporting. All stakeholders have the right to obtain information on company activities in a certain period which can be used to make decisions. Companies must be able to implement their obligations in a balanced manner between primary and secondary stakeholders. If a company cannot create a balance between the two, it will give rise to social conflict within it. Primary stakeholder is an organization that has a direct relationship with the company in achieving its goals. Meanwhile, secondary stakeholders are all organizations that can directly or indirectly have an impact on company policies, programs and projects but still have concern for the environmental community (Putra, 2015).

Grey, et al (2015) argue that stakeholder theory assumes that companies need the support of stakeholders to maintain their existence. Stakeholder theory was formed on the basis that companies must display unlimited responsibility and accountability to shareholders if the company has developed and is connected to society. This theory is one of the strategies carried out by companies in maintaining their relationships with interested parties by disclosing sustainability reports which include economic performance, social performance and environmental performance.The strategy used to manage stakeholders is to adopt strategies that can improve a company's performance. These strategies are active strategies and passive strategies. Active strategy is an effort made by a company actively to improve its relationships with stakeholders and is felt to have an important influence on the continuity of a company. The higher the attention paid by the company to stakeholders, the better the disclosure of company performance information. Meanwhile, a passive strategy is a strategy that tends to only monitor stakeholder activities so that the level of disclosure of social information and financial performance is low (Purwanto, 2016). By disclosing this sustainability report, it is hoped that it can fulfill the desires and needs of stakeholders so that it can produce a harmonious relationship between the company and its stakeholders in order to achieve sustainability in the future.

Sustainability Report

Information needs about the company are not only financial reports, non-financial information is starting to be needed and receive stakeholder attention in the decision-making process (Martani, et al 2016). Along with environmental damage such as climate change and

global warming, the public and investors need information about company activities in managing the environment, so that they can ensure that company activities do not harm and damage the environment. This reporting is disclosed in the company's annual report or makes a separate report on non-financial activities.The sustainability report is a voluntary report and is used as a complement to the financial statements. According to the Statement of Financial Accounting Standards (PSAK) No.1, companies can disclose additional reports such as reports on the environment and value-added reports, especially for companies that consider that environmental factors and employees play an important role in these reports.Sustainability reports contain information about financial performance and non-financial performance information covering social and environmental aspects that can enable companies to run sustainably (Elkington, 2017). Sustainability report is known as the triple bottom line, which is a concept that emphasizes the 3Ps (profit, people and planet). Companies that want their operations to be sustainable, then in addition to pursuing profits (profit), companies must fulfill the welfare of society (people), and participate in preserving the environment (planet).

Sustainability reports are experiencing rapid development. This report discusses the environment, health, and safety every year. According to the Global Reporting Initiative (GRI), sustainability reports will be a company's effort to describe economic, environmental and social reports. Apart from companies, this report is also used in government agencies such as the Ministry of the Environment to make assessments in each reporting organization. The Global Reporting initiative (GRI) is an international organization whose main activities focus on achieving transparency regarding disclosure of sustainable reporting standards and guidelines. Demand for companies about more transparent disclosure can put pressure on companies to collect, control and publish about the sustainable information they have.

Global Reporting Initiative (GRI)

The Global Reporting Initiative (GRI) was founded in 1997 by a number of companies and organizations that are members of the Coalition for Environmentally Responsible Economies (CERES) with the mission of developing sustainable reporting guidelines that apply globally to provide guidance for making sustainable reports with regard to economic, environmental and social aspects, initially this guideline was only used by several companies but now it has grown even to government or non-governmental non-profit organizations.

The GRI organization contains representatives from several companies in various countries, NGOs and the United Nations Enviroment Program (UNEP). In 2000, GRI published its guidelines for the first time, followed by the publication of the expanded version in August 2002. Currently, no less than 460 companies from 45 countries have adopted the GRI in total or in part to be used as a sustainability report guideline for their companies.

A sustainability report prepared based on the GRI reporting framework discloses the outputs and outcomes that occurred within a given reporting period in the context of an organization's commitments, strategy, and management approach. The report can be used for the following purposes:

1. Comparison and measurement of sustainability performance respecting laws, norms, codes, performance standards and their initiatives.
2. Showing how the organization influences and is influenced by its expectations regarding sustainable development.
3. Compare performance within an organization and among organizations over time.

After its establishment, GRI produced its first sustainability reporting guidelines in 2000. GRI then revised the sustainability reporting guidelines over a period of time and generally used specific naming or coding. GRI G2 or version 2 was published in 2002. Then GRI G3, GRI G3.1, GRI G4 were launched in 2006, 2011, and 2013 respectively. In 2015, GRI established the Global Sustainability Standard Board (GRI GSSB) which is specifically tasked with the development of

sustainability reporting standards. In the fourth quarter of 2016, the GRI GSSB introduced the GRI Standards, which were launched in Indonesia in 2017. The GRI Standards will become effective on July 1, 2018.

In the GRI Standards, there are two categories of disclosures, namely Universal Standards and Topic-Specific Standards. Universal standards disclosures guide the reporter in using the Standards, reporting the organization's relevant contextual information, and reporting how its material topics are managed. Topic-specific standards are used to report information about the organization's material impacts related to economic, environmental and social topics. For each of these topics, it is explained why the aspect is material, how the impact is managed and how the management of this topic is evaluated. The GRI standards first test the material issues to be reported. For topics that are deemed material, organizations can provide a narrative explanation of why the topic is material (important), where the impact or topic boundary occurs, and how the company manages the impact. GRI provides options in preparing reports according to the GRI Standards, namely Core and Comprehensive. Comprehensive requires additional disclosures about the organization's strategy, ethics and integrity, and governance, requiring reporting on all topic-specific disclosures for each material topic covered by the GRI Standards.

The use of GRI Standards may not have a significant impact on companies that have already produced sustainability reports based on GRI G4. In general, the contents of both are not much different. There are only 2 specific indicators that are "discontinued" and a total of 42 that are revised. The rest have minor changes or changes in indicator classification. Both GRI G4 and GRI Standards also have the same emphasis. Both pay attention to gender equality issues and value chain involvement in every aspect of sustainability. The principles of sustainability reporting also remain the same. Materiality and boundaries are still the foundation in determining the content of the report. Then, GRI G4 and GRI Standards also continue to encourage the assurance process by an independent party for the published sustainability report. The choice of core and comprehensive in preparing the report also still applies. GRI Standards brings significant changes in terms of document structure and language usage. First, GRI Standards uses a modular document scheme with a total of 36 modules. Thus, each module can be added, subtracted or changed at any time according to the dynamics of sustainability aspects. For example, if GRI wants to add indicators on the topic of energy, then GRI will issue GRI 302-6, GRI 302-7 and so on. The development of GRI standards can be illustrated as follows:

Figure 1 Development Of Gri Standards

A notable difference from GRI 4 to GRI Standards is the significant change in document structure and language usage. First, GRI Standards uses a modular scheme with a total of 36 modules. As such, each module can be added, subtracted or changed at any time according to the dynamics of sustainability aspects. Secondly, the GRI Standards changed the word usage and language style to make it easier for stakeholders to understand. For example, using the word disclosure instead of indicator, using the word topic instead of aspect and using the word management approach instead of using the term disclosure of management approach or DMA. Another thing is the placement of the discussion of management approach in GRI 103 along with the discussion of materiality and boundary, which was previously referred to as DMA, which is discussed specifically and scattered in various indicators, making it difficult for users to fulfill the provisions of this DMA in each indicator. As for the writing structure, GRI Standards clearly distinguishes clauses that must be fulfilled (requirements) and those that are recommended (recommendations) which aims to make it easier for the compiler of the sustainability report to determine the priority of writing data and information on matters of requirements first.

Company Size (Size)

Company size (Size) is one of the independent variables that is widely used to explain the share price in the company's annual report. Where company size is a scale or value to classify the size of a company based on certain indicators, including total assets, log size, share value, number of workers, sales and market capitalization (Wakid, 2015). The size of the company shows how much information is contained in it, as well as reflecting the awareness of the management regarding the importance of information, for external companies and internal companies. The larger the company, the more information contained in the company and the greater the pressure to manage this information, so that the company management will have a higher awareness of the importance of information in maintaining the company's existence (Maiyarni, 2014).

Profitability

Profitability is a ratio used to measure the level of effectiveness of management (management) of a company as indicated by the amount of profit generated from sales and investment. The profitability ratio is the main ratio in all financial statements, because the main objective of the company is operating results / profits. Profit is the end result of the policies and decisions taken by management. The profit ratio will be used to measure the effectiveness of the company's operations so as to generate profits for the company (Pitoyi, 2016).

Profitability ratios are very important for all users of annual reports, especially equity investors and creditors. For equity investors, profit is the only factor determining changes in the value of securities. Earnings measurement and forecasting is the most important job for equity investors. For creditors, earnings and operating cash flow are generally the source of principal payments. So the point is that the use of this ratio shows the efficiency of a company (Dewi, 2015). The existence of inconsistent research results between financial/economic performance and environmental disclosure, encourages researchers to re-examine the relationship. The notion of profitability is consistent with voluntary disclosure theory, in the sense that conveying information to parties outside investors is perceived as a tool to gain a competitive advantage. The idea underlying this theory is that firms use voluntary environmental disclosure to signal that they have intangible assets, which will help them to secure future profits. The profitability ratio is calculated using the formula: ROA = Net Profit After Tax/Total Assets

Leverage

Leverage is the company's ability to fulfill obligations financed by assets or capital owned or a tool to measure how much the company depends on creditors in financing the company's assets. Leverage reflects the level of financial risk of the company. Companies with high leverage ratios will result in high supervision by debtholders of company activities (Ervina, 2017).

Voluntary disclosure theory is based on agency theory which predicts that companies with higher leverage ratios will disclose more information. Additional information is needed to eliminate bondholders' doubts about the fulfillment of their rights as creditors. Companies with a high leverage ratio tend to make more extensive disclosures than companies with a low leverage ratio. However, companies that have high leverage do not necessarily issue assurance to improve the quality of information. This is related to the capital structure of the company, companies with high leverage levels have greater debt. Therefore, these companies are not concerned with assurance which costs a lot of money to improve the quality of company reports (Arrizqi, 2021). The leverage ratio is calculated using the formula:
DER = Total Debt / Total Equity

METHODS

The method in this study uses descriptive quantitative research, which is a research method that tries to describe the object or subject under study accordingly. This analysis uses

research techniques used to make replicable and valid conclusions by systematically evaluating texts (e.g. documents, oral communications and graphics. Data for the Sustainability Report Disclosure Index (SRDI) variable was obtained from the company's sustainability report, data for the company size, profitability and leverage variables were obtained from the company's financial reports. Data collection was carried out by tracing the annual reports selected as samples. As a guide, a research instrument is used in the form of a check list containing sustainability report disclosure items. Measurement of sustainability report disclosure variables uses content analysis.

RESULTS

Multiple Linear Regression

Data analysis using multiple linear regression, where multiple linear regression is used to measure the effect of company characteristics on the disclosure of sustainability reports (Empirical Study on LQ45 Companies listed on the Indonesia Stock Exchange) 2018-2022 using the SPSS program facility, can be seen in the table below:

Table 5 Multiple Linear Regression Analysis Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,342	,037		9,231	,000
	SQRT_SIZE	,026	,009	,191	2,830	,005
	SQRT_ROA	-,014	,017	-,053	-,788	,431
	SQRT_DER	,033	,013	,173	2,558	,011

a. Dependent Variable: SQRT_SRDI
Source: Data Processing Results, 2023

From the table above, the multiple linear regression equation is found, namely:

Y = a + b1 SIZE + b2 ROA + b3 DER + e

Y = 0.342 + 0.026 SIZE - 0.014) ROA + 0.033) DER + e

Judging from the equation above, the regression coefficient (B) of the Profitability variable (ROA) has a negative regression coefficient value and the Company Size (SIZE) and Leverage (DER) variables have a positive regression coefficient value. So it can be explained that the coefficient with a positive value means that changes in the value of the Company (SIZE) and Leverage (DER) have a unidirectional influence on Sustainability Report Disclosure (SRDI) while variables that have a negative coefficient value that changes in the value of Profitability (ROA) will be inversely proportional to the value of Sustainability Report Disclosure (SRDI) or the size of the variable does not affect the size of the level of Sustainability Report Disclosure (SRDI). The effect of each independent variable on the dependent variable can be explained as follows:

1. The constant value (a) of 0.342 states that if there is no increase in the variable Company Size (SIZE), Profitability (ROA) and Leverage (DER) then the Sustainability Report Disclosure (SRDI) remains at 0.342.
2. The regression coefficient of the Company Size variable (SIZE) of 0.026 indicates that any change or increase in Company Size (SIZE) by 1% results in an increase or affects the Disclosure of Sustainability Reports (SRDI) by 2.6%.
3. The regression coefficient of the Profitability variable (ROA) of -0.014 indicates that any change or increase in Profitability (ROA) by 1% does not affect the size of the Sustainability Report Disclosure (SRDI).

4. The regression coefficient of the Leverage variable (DER) of 0.033 indicates that any change or increase in Leverage (DER) by 1% results in an increase or affects the Disclosure of Sustainability Report (SRDI) by 3.3%.

Coefficient Of Determination

This analysis is used to take how far the independent variable can explain the dependent variable, it is necessary to know the coefficient of determination or determination of R2 This R2 value ranges from 0-1, the closer to 1 the R2 value means that the greater the independent variable is able to explain the dependent variable. Analysis of the R-square (R2¬) value is used to determine the extent to which the independent variable (X) can explain the relationship to changes in the dependent variable (Y). The properties of R-square are strongly influenced by many independent variables where the more independent variables the greater the R-square value.

Table 6 Results Of The Coefficient Of Determination Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,262[a]	,069	,055	,13035

a. Predictors: (Constant), SQRT_DER, SQRT_SIZE, SQRT_ROA
b. Dependent Variable: SQRT_SRDI
Source: Data Processing Results, 2023

The coefficient of determination R-square is 0.069 or 6.9%. The variables of Company Size (SIZE), Profitability (ROA) and Leverage (DER) can be explained or influence the Sustainability Report Disclosure variable (SRDI) while the remaining 93.1% (100%-6.9%) is influenced by independent variables not examined such as operating costs, operating income, working capital turnover and others.

Simultaneous Test (F Test)

This test is conducted to determine whether or not the regression equation model used in this study is good or not. In the F test, the regression coefficients of all dependent variables are tested simultaneously (simultaneously) so that it can be seen whether the resulting regression model can be used to make predictions or not.

Table 7 F Test Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,258	3	,086	5,054	,002[b]
	Residual	3,500	206	,017		
	Total	3,758	209			

a. Dependent Variable: SQRT_SRDI
b. Predictors: (Constant), SQRT_DER, SQRT_SIZE, SQRT_ROA
Source: Data Processing Results, 2023

Based on the table above, it can be seen that sig F is 0.002 <0.05, meaning that there is a significant effect of Company Size (SIZE), Profitability (ROA) and Leverage (DER) simultaneously on Sustainability Report Disclosure (SRDI) in LQ45 companies listed on the Indonesia Stock Exchange. The provisions for hypothesis testing are if sig F < α = 0.05, then Ho is accepted and Ha is rejected, otherwise if sig F < α = 0.05 then Ha is accepted and Ho is rejected.

Partial Test (t Test)

The t test is conducted to determine the effect of the independent variable partially (individually) on the dependent variable. The t test is carried out with the provisions of sig t ≥ α = 0.05. The results of hypothesis testing using the t test can be seen in the table below:

Table 8 The Results Of The T Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,342	,037		9,231	,000
	SQRT_SIZE	,026	,009	,191	2,830	,005
	SQRT_ROA	-,014	,017	-,053	-,788	,431
	SQRT_DER	,033	,013	,173	2,558	,011

a. Dependent Variable: SQRT_SRDI
Source: Data Processing Results, 2023

Based on statistical analysis with the SPSS program in the table above, it is known that the sig t of the Company Size variable (SIZE) is 0.005 < α = 0.05, it can be concluded that there is a significant effect of Company Size (SIZE) on Sustainability Report Disclosure (SRDI) in LQ45 companies listed on the Indonesia Stock Exchange. The provisions for hypothesis testing are if sig t < α = 0.05, then Ho is accepted and Ha is rejected, otherwise if sig t < α = 0.05 then Ha is accepted and Ho is rejected.Sig t variable Profitability (ROA) of 0.431> α = 0.05, it can be concluded that there is an insignificant effect of Profitability (ROA) on Sustainability Report Disclosure (SRDI) in LQ45 companies listed on the Indonesia Stock Exchange. The provisions for hypothesis testing are if sig t < α = 0.05, then Ho is accepted and Ha is rejected, otherwise if sig t < α = 0.05 then Ha is accepted and Ho is rejected.Sig t variable Leverage (DER) of 0.011 < α = 0.05, it can be concluded that there is a significant influence Leverage (DER) on Sustainability Report Disclosure (SRDI) in LQ45 companies listed on the Indonesia Stock Exchange. The provisions for hypothesis testing are if sig t < α = 0.05, then Ho is accepted and Ha is rejected, otherwise if sig t < α = 0.05 then Ha is accepted and Ho is rejected.

DISCUSSION

The Effect Of Company Size, Profitability And Leverage Simultaneously On The Disclosure Of Sustainability Reports On LQ45 Companies Listed On The Indonesia Stock Exchange

The results of statistical testing show that sig F Table 4.9 is 0.002 <0.05, meaning that there is a significant effect of Company Size (SIZE), Profitability (ROA) and Leverage (DER) simultaneously on Sustainability Report Disclosure (SRDI) in LQ45 companies listed on the Indonesia Stock Exchange. This supports the opinion of Savitri (2020) which states that company size profitability and leverage simultaneously affect the disclosure of sustainability reports.

Stakeholder theory has a very important relationship with sustainability reports. All stakeholders have the right to obtain information on the company's activities in a certain period that can be used to make decisions. Companies must be able to implement their obligations in a balanced manner between primary stakeholders and secondary stakeholders. If a company cannot create a balance between the two, it will lead to a social conflict that occurs within it.

Primary stakeholder is an organization that has a direct relationship with the company in achieving its goals. Meanwhile, secondary stakeholders are all organizations that can directly or indirectly have an impact on company policies, programs and projects but still have concern for the environmental community. The bigger a company, the more it will be highlighted by stakeholders. In such conditions, companies need greater efforts to obtain stakeholder legitimacy in order to create harmony between the social values of their activities and the behavioral norms that exist in society. Therefore, the bigger the company, the more interested it

will be in disclosing wider information. Companies that have a high level of profitability tend to disclose more information because they want to show the public that the company has a high level of profitability compared to other companies in the same industry. Apart from that, the company also wants to show investors that operations are running efficiently. Through disclosing sustainability reports, companies can convey information about activities carried out by the company that affect social conditions, society and the environment.

The higher the leverage, the greater the portion of the company's funding that is financed by debt, so the company tends to increase current profits. The goal is so that companies can easily obtain loans, because high profits indicate the company's financial condition is strong and good. Reporting high profits is also balanced with reduced costs, including costs for social and environmental reporting so that financial performance looks good. Companies prefer to reduce disclosure of reports, especially those that are voluntary, especially separate from annual reports such as sustainability reports, which of course will require quite a large amount of funds.

The Effect Of Company Size On The Disclosure Of Sustainability Reports On LQ45 Companies Listed On The Indonesia Stock Exchange

The results of statistical testing show that sig t Table 4.10 variable Company Size (SIZE) of 0.005 < α = 0.05, it can be concluded that there is a significant effect of Company Size (SIZE) on Sustainability Report Disclosure (SRDI) in LQ45 companies listed on the Indonesia Stock Exchange. The provisions for hypothesis testing are if sig t < α = 0.05. This supports the opinion of Wulanda (2017) which states that company size affects the disclosure of sustainability reports.

Company size is a determination of the size of the company. The higher the total assets that show the assets owned by the company indicates that the company is classified as a large company. And vice versa, the lower the total assets indicate that the company is classified as a small company. The greater the total assets indicate that the greater the assets owned by the company so that investors will be safe in investing or investing in the company. The bigger a company, the more it will be highlighted by stakeholders. In such conditions, companies need greater efforts to obtain stakeholder legitimacy in order to create harmony between the social values of their activities and the behavioral norms that exist in society. Therefore, the bigger the company, the more interested it will be in disclosing wider information.

The influence of company size on sustainability report disclosure is because large companies do not have the incentive to withhold information that contains relevant value to avoid the pressure of political costs in law and tax increases, as well as pressure to carry out social responsibilities (Sari and Marsono, 2013). For these reasons, it is possible that management prefers to disclose accurate reports. This proves that an increase in a company's total assets guarantees the company to disclose a sustainability report.

The Influence Of Profitability On The Disclosure Of Sustainability Reports In LQ45 Companies Listed On The Indonesia Stock Exchange

The results of statistical tests show that the Sig t Table 4.10 of the Profitability (ROA) variable is 0.431 > α = 0.05, so it can be concluded that there is an insignificant effect of Profitability (ROA) on Sustainability Report Disclosure (SRDI) in LQ45 companies listed on the Stock Exchange Indonesian Effect. This supports the opinion of Fadhila Adhipradana (2014) who states that profitability has no effect on the disclosure of sustainability reports. Profitability is the company's ability to earn profits through all existing capabilities and resources such as sales activities, cash, capital, number of employees, number of branches, and so on (Harahap, 2011:304). Profitability influences share prices because it determines the success of a company, whether the company can be managed well and can compete in the free market or vice versa. The higher the level of profitability, the higher the level of corporate social responsibility disclosure. This provides an interpretation that companies with high profitability can overcome the costs of disclosing social responsibility. A higher level of profitability reflects the entity's

ability to generate higher profits, so that the entity is able to increase social responsibility, as well as disclose its social responsibility in financial reports.

The profitability variable tested has no effect on sustainability report disclosure because with a decreasing level of profitability, the company will reduce social activities and focus on using profits to improve the company's finances after the crisis, resulting in less social and environmental information that can be conveyed. This causes profitability to have no influence on sustainability report disclosure.

The Effect Of Leverage On The Disclosure Of Sustainability Reports On LQ45 Companies Listed On The Indonesia Stock Exchange

The results of statistical testing show that Sig t Table 4.10 Leverage variable (DER) of 0.011 < α = 0.05, it can be concluded that there is a significant effect of Leverage (DER) on Sustainability Report Disclosure (SRDI) in LQ45 companies listed on the Indonesia Stock Exchange. This supports the opinion of Aulia and Syam (2013) which states that Leverage affects the disclosure of sustainability reports.

Leverage is an indicator of changes in net income caused by the amount of sales volume. The greater the leverage, the greater the investment risk because leverage is a ratio that calculates how far the funds provided by creditors, as a ratio that compares total debt to the overall assets of a company, so if investors see a company with high assets but the risk of leverage is also high, so they will think twice about investing. The higher the leverage, the greater the portion of the company's funding that is financed by debt, so the company tends to increase current profits. The goal is so that companies can easily obtain loans, because high profits indicate the company's financial condition is strong and good. Reporting high profits is also balanced with reduced costs, including costs for social and environmental reporting so that financial performance looks good.The influence of leverage on sustainability report disclosure is because companies with high leverage seek to gain legitimacy from stakeholders (including creditors and investors) through sustainability reports. Aniktia and Muhammad (2015) stated that more and more investors are taking sustainability reports into consideration in the decision-making process. Attention to a company's high debt ratio can be diverted through a sustainability report. Disclosure of sustainability reports can maintain the support and trust of creditors. Sustainability information can help lenders to determine risk factors related to a company's business practices (Nasir et.al, 2014).

CONCLUSION

1. There is a significant effect of company size, profitability and leverage simultaneously on the disclosure of sustainability reports in LQ45 companies listed on the Indonesia Stock Exchange.
2. There is a significant effect of company size on the disclosure of sustainability reports in LQ45 companies listed on the Indonesia Stock Exchange.
3. There is an insignificant effect of profitability on the disclosure of sustainability reports in LQ45 companies listed on the Indonesia Stock Exchange.
4. There is a significant effect of leverage on the disclosure of sustainability reports in LQ45 companies listed on the Indonesia Stock Exchange.

SUGGESTION

1. It is hoped that LQ45 companies listed on the Indonesia Stock Exchange will be able to increase the disclosure of sustainability reports by improving the company's financial performance including company size, profitability and leverage. make decisions and can improve the company's reputation in society.

2. It is hoped that a wider range of independent variables will be used, considering the many factors that influence the disclosure of sustainability reports compared to the variables used in this research such as operational costs, operating income, working capital turnover and others.
3. Sample selection should not only be limited to LQ45 companies listed on the Indonesia Stock Exchange, but can use other business sectors such as manufacturing companies, telecommunications companies, trading companies, service companies listed on the Indonesia Stock Exchange.

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