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The Influence of Company Size, Board of Directors and Leverage on Sustainability Report Disclosure with Profitability as a Moderation Variable in LQ45 Companies Listed on the Indonesia Stock Exchange

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ABSTRACT: This research aims to analyze the influence of company size, board of directors and leverage on sustainability report disclosure with profitability as a moderating variable in LQ45 companies on the Indonesia Stock Exchange. This research is quantitative research with a causal nature and data collection techniques obtained through the annual reports of LQ45 companies listed on the IDX for the 2018-2022 period. The population in this research is the LQ45 companies on the Indonesia Stock Exchange (IDX), totaling 21 companies. The sampling technique in this research is the purposive sampling method. The analysis technique used is multiple linear regression analysis and moderated regression analysis. The research results show that company size has no effect on sustainability report disclosure. The board of directors has a positive and significant influence on sustainability report disclosure. Leverage has a positive and significant effect on sustainability report disclosure. Profitability is not able to moderate the influence of company size on sustainability report disclosure. Profitability is able to moderate the influence of the board of directors on sustainability report disclosure. Profitability is able to moderate the influence of leverage on sustainability report disclosure.

KEYWORDS: Board of directors, Company size, Leverage and profitability, Sustainability report.

PRELIMINARY

The development of sustainability issues is accompanied by increasing issues of natural damage such as pollution, air, liquid waste disposal, deforestation, development systems that are not environmentally friendly and climate change. This phenomenon has become a concern for the public regarding the importance of existing natural resources so that companies are required to be able to use them efficiently, especially in meeting their operational needs. Thus, awareness must be built that self-interest oriented business practices can have the potential to be self-defeating. This practice will not be sustainable because it is contrary to social and environmental values, in other words, in working a company must have "values" (Esty & Cort, 2020). This cause and effect relationship requires environmental social responsibility activities to maintain the continuity of the entity's business in the future. One form of entity social responsibility is by disclosing a sustainability report.

The form of a sustainability report includes economic performance, social performance and environmental performance (triple bottom lines). Therefore, sustainability reports must use valid data and information. The triple bottom line was created so that all aspects involved in the company are not only concerned with increasing profits but also prioritize social and environmental development. For companies, sustainability reports have many benefits, namely being able to evaluate and assess company activities regarding the sustainability context and ensuring that the sustainability information submitted by the company is reliable and trustworthy. Sustainability reports are very necessary so that stakeholders, including the public, know the company's responsibility towards the environment. Disclosure of sustainability reports is one strategy to gain legitimacy from the environment.

One of the regulations in Indonesia regarding Sustainability Reporting (SR) is contained in Law Number 40 of 2007 concerning Limited Liability Companies (UU PT) which was passed in July 2007. Apart from the PT Law, the Financial Services Authority (OJK) has also issued several regulations regarding obligations. conveying information about social and environmental responsibility or sustainability. OJK Regulation Number 29/POJK.04/2016 concerning Annual Reports of Issuers or Public Companies, states that social and environmental responsibility is one of the information that must be disclosed in the annual report. In 2017, OJK again issued POJK No. 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers and Public Companies.

The large size of the company reflects the large number of resources it has and the activities it carries out, so that the company will be in contact with more stakeholders. The large number of stakeholders motivates companies to submit sustainability reports more

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widely, proof of company responsibility. Company size is a description of the size of a company which can influence the level of investor confidence and assess how the company manages investments (Khafid, 2019). According to Khafid (2019), large companies, apart from focusing on making profits, also focus on social responsibility. This happens because large companies have a wider business environment and social environment, so they need to disclose wider social responsibility. Research conducted by Islamiati & Suryandari (2020), Tobing, Zuhrotun & Rusherlistyani (2019), Darmawan & Sudana (2022), Liana (2019), Afifah, Fujianti & Mandagie (2022), Zharfpeykan & Askarany (2023) and Al- Qudah & Houcine (2023), Muttakin, Khan & Subramaniam (2015), stated that company size has a positive effect on sustainability reports. Meanwhile, according to research conducted by Damayanty, Wahab & Safitri (2022), Yudaruddin & Pratiwi (2022), Roviqoh & Khafid (2021), Dewi (2019), Saifudin (2019), Sinaga & Teddyani (2020) stated that company size does not influence the sustainability report.

Sofa & Respati (2020) argue that with the various phenomena that occur, companies are required to have social and environmental commitments, and implement sustainable business through Good Corporate Governance (GCG) which seeks to provide benefits to shareholders and still pay attention to the wishes of stakeholders (stakeholders). The board of directors is a company organ that has collegial duties and responsibilities in managing the company. The responsibility of the board of directors is to ensure the long-term continuity of the company and provide oversight of management (Hasanah et al., 2017). Research conducted by Jamil, Ghazali & Nelson (2021), Ghazali (2020), Jiang, Meca & Ferrero (2023), Ong & Djajadikerta (2020), Al-Qudah & Houcine (2023), Sinaga & Fachrurrozie (2017), Latifah et al., (2019), Analia & Saputra (2019) and Sofa & Respati (2020) that the board of directors influences the disclosure of sustainability reports. In contrast to research conducted by Ruhana & Hidayah (2019), Lucia & Panggabean (2018) and Hasanuddin & Suryani (2019) that the board of directors does not have a significant influence on sustainability report disclosure.

Companies with high levels of leverage will increasingly be required to express their economic, social and environmental responsibilities. This is in line with research conducted by Kuzey & Uyar (2016), Orazalin and Mahmood (2018) and Afsari et al. (2017) which revealed that leverage has a negative effect on sustainability report disclosure. Different results were found in research by Aniktia & Khafid (2015), Karaman et al. (2018) and Singhania & Chadha (2023) who state that leverage has a positive effect on sustainability report disclosure. Meanwhile, according to Bhat & Abdullah (2023), Khafid & Mulyaningsih (2015), Awalia et al. (2015) and Lucia & Panggabean (2018), leverage has no effect on sustainability report disclosure.

The influence of company size, board of directors and leverage shows inconsistent results, so a moderating variable is needed, namely profitability. Companies that have high profitability capabilities will be synonymous with efforts to make broader disclosures. Disclosures made by the company are an effort to gain support from its stakeholders. Companies with high profitability will further improve the company's image by making disclosures so that they have the effect of gaining more trust from stakeholders.

This research uses a sample of LQ45 companies that publish complete information regarding the ratios used in this research proxy. The LQ45 company is one of the companies with the most liquid share price on the capital market. Apart from that, LQ45 companies are companies that have high financial conditions, growth prospects and transaction values so that there is a greater possibility of disclosure of sustainability reports by LQ45 companies compared to companies in other sectors. The inconsistency that occurred based on previous research and exposure to the phenomenon is what prompted researchers to submit this research and re-examine the variables above in the sustainability report.

THEORETICAL BASE

Legitimacy Theory

Legitimacy theory is based on the existence of a social contract that occurs between companies and society, where companies operate and use economic resources. Legitimacy theory explains that disclosure of social responsibility is carried out by companies to gain legitimacy from the community where the company is located. This legitimacy protects the company from undesirable things and can increase the value of the company. Legitimacy theory states that organizations not only pay attention to the rights of investors but also the rights of the public.

Sustainability Report

According to Financial Services Authority Regulation Number 51/POJK.03/2017, a sustainability report is defined as a report announced to the public which contains the economic, financial, environmental and social performance of an LJK, issuer and public company in running a sustainable business. A sustainability report is a report that contains information regarding a company's

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responsibility for economic, environmental and social aspects, the preparation of which is based on the Global Reporting Initiative's Sustainability Report guidelines. According to
Financial Services Authority Regulation Number 51/POJK.03/2017 concerning the
Implementation of Sustainable Finance for Financial Services Institutions, Issuers and Public Companies, Sustainability Reports can be prepared separately from the annual report or as an inseparable part of the annual report.

The sustainability report is a report description of the impacts that arise in the area where the company is located. Sustainability reports are tools that can be used by governments and companies as a form of accountability to society. Even though there is no obligation to disclose sustainability reports, which means it is still voluntary, currently disclosing these reports occupies a position that is as important as financial reports. Research conducted by (Hasanah et al., 2017) defines sustainability reporting as reporting carried out by companies voluntarily, which reports the company's contribution to society in terms of 3 aspects, namely economic, social and environmental.

Company Size

Company size is a description of the size of a company which can influence the level of investor confidence and assess how the company manages investments. The size of the company can reflect that the company can manage its resources optimally. Large-scale companies have a low risk of bankruptcy, this makes it easier for companies to manage access to additional capital.

The larger a company will incur greater expenditure in realizing company legitimacy, this is because the company will tend to disclose more extensive information. This legitimacy is needed by companies as a way to create harmony between the social values of their activities and the behavioral norms that exist in society. This is supported by the opinion of Dowling and Pfeffer (1975) who state that as long as the two systems, both the social values attached to company activities and behavioral norms in society's social system can still work in harmony, then it can be seen that this is a form of company legitimacy.

Legitimacy theory explains that organizations will continuously operate in accordance with the boundaries and values accepted by the community around the company in an effort to gain legitimacy. Based on this theory, companies can operate with permission from the community, where the permission is not permanent so the company must be able to adapt to the desires and demands of the community. An effective way or medium to gain legitimacy from the community is by disclosing a sustainability report that explains environmental and social responsibilities company.

Research conducted by Islamiati & Suryandari (2020), Tobing, Zuhrotun & Rusherlistyani (2019), Darmawan & Sudana (2022), Liana (2019), Afifah, Fujianti & Mandagie (2022), Zharfpeykan & Askarany (2023) and Al- Qudah & Houcine (2023), Muttakin, Khan & Subramaniam (2015), Maughan & O'Dochartaigh (2023), Alshhadat (2023), Bai, Ullah, Arif, Erfanian & Urooge (2023), Jamil, Ghazali, & Nelson (2021), Ghazali (2020), Jiang, Meca, & Ferrero (2023), and Oware, Amoako & Halidu (2023) stated that company size has a positive effect on sustainability reports. Based on the description, the hypothesis in this research can be formulated as follows: H1: Company size has a positive effect on the sustainability report

Board of Directors

The board of directors is a company organ that has collegial duties and responsibilities in managing the company (National & Governance, 2008). According to (Hasanah et al., 2017) the main responsibility of the board of directors is to ensure the long-term continuity of the company and provide guidance from management. Good performance of the board of directors will be able to realize good corporate governance for the company. The implementation of good corporate governance is very dependent on the functions of the board of directors who are trusted to be the party who manages the company.

Based on legitimacy theory, companies do not only disclose information about financial performance, but environmental and social performance must also be disclosed in sustainability reports (Sinaga & Fachrurrozie, 2017). This theory states that companies are not only responsible to shareholders but also to every individual or group who influences or may be affected by the company's actions. This also shows that long-term support by company stakeholders is achieved when the board of directors reports a sustainability report (Fuente, 2017). The board of directors here acts as a party that can represent stakeholders and shareholders who can urge company management to publish their company's sustainability report in order to gain legitimacy from the public by showing a positive image of the company.

Research results of Jamil, Ghazali & Nelson (2021), Ghazali (2020), Jiang, Meca & Ferrero (2023), Ong & Djajadikerta (2020), Al-Qudah & Houcine (2023), Sinaga & Fachrurrozie (2017), Latifah et al., (2019), Analia & Saputra (2019) and Sofa & Respati (2020),

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Arayssi, Jizi & Tabaja (2020), Jarboui, Hlima & Bouaziz (2023), Aladwey, Elgharbawy & Ganna. (2022), Alvarado & Urquiza (2022), Buallay (2022), Maughan & O'Dochartaigh (2023), Alshhadat (2023), Bai, Ullah, Arif, Erfanian & Urooge (2023) state that the board of directors has a positive effect on disclosure sustainability report, this shows that the company's board of directors can play an important role in disclosing the sustainability report. Based on the description above, the hypothesis in this research is:
H2: The board of directors has a positive effect on the sustainability report

Leverage

According to Kasmir (2019) the leverage ratio is a ratio that describes the extent to which a company's assets come from debt. This means how much debt the company carries when compared to its assets. Through this ratio, it can be seen the company's ability to pay all its obligations, both short and long term, if the company is liquidated. According to Kartikahadi (2019) the leverage ratio or also called the solvency ratio is a ratio that describes the company's ability to fulfill its obligations. This ratio produces information on the relative amount of liabilities used to finance the business. In line with this opinion. In conclusion, leverage is a ratio used to measure the level of a company's ability to pay off short-term and long-term obligations and to see how much debt is used to finance the company. The debt obtained by the company can come from internal parties or external parties.

In a company, it has become a common way of doing business to use debt to develop or even expand the company. Therefore, banks or individuals or financial institutions are included in the list of external stakeholders of a company. For this reason, creditors are parties who have an important role for the company. And as a stakeholder, creditors of course need a transparency report from the company which includes the financial condition and sustainability of the company such as financial reports and sustainability reports. By disclosing this report, creditors will be able to feel confident in the company and can channel the funds needed for the development of the company itself, namely through disclosure of social and environmental responsibility.

Research conducted by Aniktia & Khafid (2015), Bhat & Abdullah (2023), Karaman et al. (2018) and Singhania & Chadha (2023), Arayssi, Jizi &Tabaja (2020), Jarboui, Hlima & Bouaziz (2023), Aladwey, Elgharbawy & Ganna. (2022), Alvarado & Urquiza (2022), Buallay (2022), Maughan & O'Dochartaigh (2023), Alshhadat (2023) state that leverage has a negative effect on sustainability report disclosure. The higher the level of leverage, the higher the demands from stakeholders or creditors on company management to disclose information in the form of a sustainability report. Based on the description above, the hypothesis in this research is:
H3: Leverage has a positive effect on sustainability reports

Profitability

Profitability ratios describe a company's ability to generate profits (Murhadi, 2015). The higher the profitability, the higher the company's efficiency in utilizing company facilities (Pratama & Yulianto, 2015). Companies with high profits will be able to open new branches, then tend to increase investment or open new investments related to their parent company. The higher the level of profitability of a company, the greater the disclosure of social information made.

Companies with a high level of profitability strive to disclose sustainability reports in order to establish good relations with stakeholders and gain legitimacy or recognition from the public because the transparency of information provided by companies continues to increase. Disclosure of sustainability reports by companies can provide information that the company is not only profitoriented, and pays attention to social and environmental aspects.
H4: Profitability is able to moderate the influence of company size on Sustainability Report Disclosure

A company with a high level of profitability indicates that the company is in good financial condition. The board of directors can hold company management accountable in allocating company profits to activities that can improve the company's positive image as reported in the sustainability report. Thus, the greater the profitability of a company, the greater the demand for disclosure of sustainability reports by the board of directors. Board of directors meetings function to discuss how the company can remain sustainable. One of the discussions carried out by the board of directors is allocating company profits to disclose sustainability reports so that the company continues to be sustainable and continues to have the trust of stakeholders because it is able to utilize profits well.
H5: Profitability is able to moderate the influence of the board of directors on Sustainability Report Disclosure

Companies with a high level of profitability strive to disclose sustainability reports to establish good relationships with stakeholders and gain legitimacy or recognition from the public because the transparency of information provided by companies continues to

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increase. Disclosure of sustainability reports by companies can provide information to outside parties that the company is not only profit-oriented and pays attention to social and environmental aspects. Companies with a high level of leverage will disclose sustainability reports if they are supported by a high level of company profits. Based on the description above, the hypothesis in this research is:
H6: Profitability is able to moderate the influence of leverage on Sustainability Report Disclosure

RESEARCH METHODS

The type of research used is quantitative research. This method is a scientific method, because it meets scientific principles, namely empirical, objective, measurable, rational and systematic. The population in this study are all companies listed on the LQ45 index of the Indonesia Stock Exchange (BEI) for 2018-2022. Based on the sampling criteria, 21 companies were obtained as samples in this research with 105 observation data taken from annual report data published in 2018-2022. Verification analysis in this research was carried out using panel data regression models and Moderated Regression Analysis (MRA) using Microsoft Office Excel and Eviews applications.

RESEARCH RESULTS

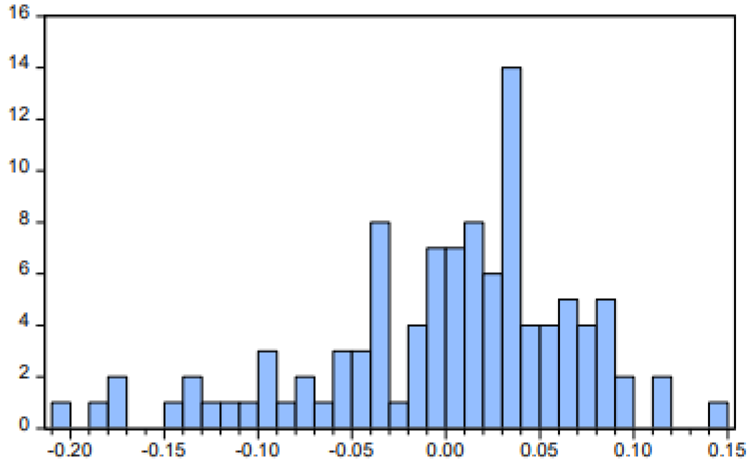
1. Descriptive Statistics Analysis

Table 1. Descriptive Statistics Results

	SUSTAINABILITY_REPORT	SIZE	DIREKSI	DAR	ROA
Mean	0.526845	18.12446	7.476190	0.438002	0.091708
Maximum	0.681319	30.93576	12.00000	0.755431	0.446746
Minimum	0.329670	9.847235	5.000000	0.126421	0.000036
Std. Dev.	0.075350	4.385602	2.071302	0.169498	0.088085
Observations	105	105	105	105	105
Cross sections	21	21	21	21	21

Source: Software Eviews 10 (2023)

2. Normality Test



Series: Residuals	
Sample 1 105	
Observations 105	
Mean	-2.09e-17
Median	0.013865
Maximum	0.147507
Minimum	-0.207400
Std. Dev.	0.069297
Skewness	-0.818648
Kurtosis	3.566172
Jarque-Bera	13.13064
Probability	0.301408

Figure 1. Normality Test Results
Source: Software Eviews 10 (2023)

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3. Multicollinearity Test

Table 2. Multicollinearity Test Results

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
SIZE	3.30E-06	24.22344	1.327777
DIREKSI	1.52E-05	19.22135	1.358097
DAR	0.001861	8.649353	1.117222
ROA	0.008042	2.730658	1.303796

Source: Software Eviews 10 (2023)

4. Heteroscedasticity Test

Table 3. Heteroscedasticity Test Results

Heteroskedasticity Test: Breusch-Pagan-Godfrey			
F-statistic	2.016471	Prob. F(4,100)	0.0979
Obs*R-squared	7.837050	Prob. Chi-Square(4)	0.0977
Scaled explained SS	8.989873	Prob. Chi-Square(4)	0.0614

Source: Software Eviews 10 (2023)

5. Autocorrelation Test

Table 4. Autocorrelation Test Results

R-squared	0.374639	Mean dependent var	0.004741
Adjusted R-squared	0.337624	S.D. dependent var	0.007575
S.E. of regression	0.007432	Akaike info criterion	- 6.919711
Sum squared resid	0.005523	Schwarz criterion	- 6.793332
Log likelihood	368.2848	Hannan-Quinn criter.	- 6.868500
F-statistic	2.016471	Durbin-Watson stat	1.759351
Prob(F-statistic)	0.097861		

Source: Software Eviews 10 (2023)

6. Hypothesis Test Results

Testing the structural stage of the model was carried out to dependent variable using the fixed effect model. The test results are as follows:

Table 5. Multiple Linear Regression Results Fixed Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.598919	0.050760	11.79895	0.0000
SIZE	-0.000750	0.001657	-1.470948	0.8481
DIREKSI	0.006074	0.003509	3.192013	0.0030
DAR	0.061897	0.039622	3.562173	0.0015

Source: Software Eviews 10 (2023)

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Table 6. Moderated Regression Analysis Fixed Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.571783	0.098546	5.802169	0.0000
SIZE	-0.000895	0.003807	-0.599096	0.1009
DIREKSI	0.006074	0.005896	3.030192	0.0056
DAR	0.156792	0.052695	3.975480	0.0037
ROA	-0.007147	1.091567	-3.006547	0.0048
SIZE*ROA	0.001770	0.041154	1.014968	0.3128
DIREKSI*ROA	-0.045416	0.055935	-2.811947	0.0089
DAR*ROA	-0.223505	0.841998	-3.265446	0.0013

Source: Software Eviews 10 (2023)

DISCUSSION

Company Size Influence the Sustainability Report Disclosure

In this study, which used samples from LQ45 companies in 2018-2022, the results showed that company size had no effect on sustainability report disclosure. Based on the test results in table 5.11, the regression coefficient value is -0.000750 and the t-statistic value is -1.470948 with a probability value of 0.8481. The probability value is greater than the predetermined error tolerance (0.8481 > 0.05). This shows that company size as proxied by the natural log of total assets has no effect on sustainability report disclosure, so H1 is rejected.

So this research indicates that the size of the company is not the main determinant in disclosing sustainability reports. Company awareness of disclosing voluntary reports such as sustainability reports is still very lacking. There are several factors that make companies reluctant to make sustainability reports. First, the company is not transparent in running its business, and does not have a commitment to being a good corporate governance company. The second factor is that companies consider sustainability reports as an additional cost. Because through sustainability reports, companies are encouraged to transparently disclose the implementation of their social and environmental responsibilities. Third, the absence of a single definition of a sustainability report that can be accepted globally, nor what the format of the sustainability report itself should be is the main reason that not every company is willing to make disclosures. Large companies characterized by high total assets are predicted to express social, economic and environmental responsibility activities because they have large resources. The larger the company, the more attention it receives from stakeholders for information transparency.

Company size has no effect on sustainability report disclosure, meaning that the size of the company is not always an indicator of sustainability report disclosure. A company with a high number of assets does not mean that the company makes more contributions to social and environmental activities, but it also needs to pay attention to the company's operating sector. Large companies with low levels of sustainability report disclosure will reduce the level of public confidence that the company's business activities have been carried out in accordance with existing values and norms due to the lack of information disclosed by the company. This allows a legitimacy gap to occur, which means that large companies are not necessarily accepted by the public because of the public's ignorance of the actual situation that exists in the company.

This means that company size does not have an influence on the level of disclosure of sustainability reports, but depends on the sector and company operational activities which are in direct contact with the environment and social issues. Companies with business sectors that have direct contact with the environment and society need to disclose sustainability reports because companies are obliged to carry out environmental and social responsibilities to gain legitimacy from the community and stakeholders. Companies that are close to the environment and society tend to use environmentally based performance and environmental information disclosure, so that company activities are legitimate in the eyes of the public. Large companies have an incentive to withhold information that contains value related to the disclosure of their environmental and social responsibilities to avoid the pressure of political costs in law and tax increases, as well as pressure to carry out social responsibilities, so management prefers to only disclose reports as necessary. Large companies consider that there is no need to make voluntary disclosures to gain legitimacy because the existence of large companies has been able to maintain its existence, thus indicating that the company has actually been recognized by the public. The results of this research are consistent with research conducted by Aliniar & Wahyuni (2017) which states that company size has no effect on the sustainability report, so that the size of the company does not guarantee that the company will disclose its sustainability report. The results of other research conducted by Liana (2019) revealed a similar thing, where company size has no effect on sustainability reports because both large and small companies are considered capable of publishing sustainability reports if they are deemed necessary as a form of corporate responsibility towards stakeholders. The results of this research are supported by previous research conducted by Tobing, Zuhrotun & Rusherlistyani (2019), Sinaga & Teddyani (2020), Sujatnika, Sujana & Werastuti (2023), Setiadi (2022),

Karaman, Kilic & Uyar (2018) Adel, Hussain, Mohamed & Basuony (2019), Kumar, Kumari, Poonia & Kumar (2023), Bhatia & Tuli (2017), Al-Qudah & Houcine (2023), Prashar (2023), and Orazalin & Mahmood (2020) state that company size has no effect on sustainability reports.

The Board of Directors Influences the Sustainability Report Disclosure

In this study, which used samples from LQ45 companies in 2018-2022, the results showed that the board of directors had an influence on sustainability report disclosure. Based on the test results in table 5.11, the regression coefficient value is 0.006074 and the t-statistic value is 2.192013 with a probability value of 0.0030. The probability value is smaller than the predetermined error tolerance (0.0030 < 0.05). This shows that the board of directors has a significant influence on sustainability report disclosure, so H2 is accepted.

The board of directors is the company's leaders elected by shareholders who have full duties and responsibility for managing the company. The implementation of Good Corporate Governance (GCG) is very dependent on the functions of the board of directors which is trusted as the party that manages the company. The number of meetings held between members of the board of directors indicates the increasing level of communication and coordination between members, making it easier to realize GCG. The ability of the board of directors in decision making has a big role for the company. The higher the frequency of board of directors' meetings, the more frequent communication and coordination between members will be, so that GCG can be realized. The better the level of GCG, the more it will encourage companies to disclose more information such as sustainability reports.

Based on legitimacy theory, companies do not only disclose information about financial performance, but environmental and social performance must also be disclosed in sustainability reports (Sinaga & Fachrurrozie, 2017). This theory states that companies are not only responsible to shareholders but also to every individual or group who influences or may be affected by the company's actions. This also shows that long-term support by company stakeholders is achieved when the board of directors reports a sustainability report. The board of directors here acts as a party that can represent stakeholders and shareholders who can urge company management to publish their company's sustainability report in order to gain legitimacy from the public by showing a positive image of the company. Bai et al (2023) state that the board of directors has a positive influence on the disclosure of sustainability reports, this shows that the company's board of directors can play an important role in disclosing sustainability reports, namely the board of directors contributes to decision making on sustainability report disclosure policies as the company's responsibility to the public so that The company gets recognition from the public. In legitimacy theory, it is stated that companies need legitimacy or recognition from wider stakeholders (including society) so that the company can continue running. The company always wants investors to continue investing and support the company's survival. Therefore, the board of directors is doing everything it can to make it happen.

The results of this research are supported by previous research conducted by Jamil, Ghazali & Nelson (2021), Ghazali (2020), Jiang, Meca & Ferrero (2023), Ong & Djajadikerta (2020), AlQudah & Houcine (2023) , Sinaga & Fachrurrozie (2017), Latifah et al., (2019), Analia & Saputra (2019) and Sofa & Respati (2020), Arayssi, Jizi & Tabaja (2020), Jarboui, Hlima & Bouaziz (2023), Aladwey, Elgharbawy & Ganna. (2022), Alvarado & Urquiza (2022), Buallay (2022), Maughan & O'Dochartaigh (2023), Alshhadat (2023), Bai, Ullah, Arif, Erfanian & Urooge (2023) which states that the board of directors influences sustainability reports.

Leverage Influence the Sustainability Report Disclosure

In this study, which used samples from LQ45 companies in 2018-2022, the results showed that leverage had an effect on sustainability report disclosure. Based on the test results in table 5.11, the regression coefficient value is 0.061897 and the t-statistic value is 3.562173 with a probability value of 0.0015. The probability value is smaller than the predetermined error tolerance (0.0015 < 0.05). This shows that leverage has a significant effect on sustainability report disclosure, so H3 is accepted.

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In a company, it has become a common way of doing business to use debt to develop or even expand the company. Therefore, banks or individuals or financial institutions are included in the list of external stakeholders of a company. For this reason, creditors are parties who have an important role for the company. And as a stakeholder, creditors of course need a transparency report from the company which includes the financial condition and sustainability of the company such as financial reports and sustainability reports. By disclosing this report, creditors will be able to feel confident in the company and can channel the funds needed for the development of the company itself, namely through disclosure of social and environmental responsibility.

This is in line with legitimacy theory where companies are not entities that only operate for their own interests but must obtain legitimacy from outside parties. Companies with high leverage cause companies to increasingly come under pressure from creditors to carry out their obligations to be more transparent about the company's condition by publishing company performance reports. One way a company can maintain the trust of creditors is by disclosing a sustainability report. Alshhadat (2023) states that leverage has a negative effect on sustainability report disclosure. The higher the level of leverage, the higher the demands from stakeholders or creditors on company management to disclose information in the form of a sustainability report.

The results of this research are supported by previous research conducted by Aniktia & Khafid (2015), Bhat & Abdullah (2023), Karaman et al. (2018) and Singhania & Chadha (2023), Arayssi, Jizi &Tabaja (2020), Jarboui, Hlima & Bouaziz (2023), Aladwey, Elgharbawy & Ganna. (2022), Alvarado & Urquiza (2022), Buallay (2022), Maughan & O'Dochartaigh (2023), Alshhadat (2023) state that leverage has a negative effect on sustainability reports.

Profitability Moderate the Influence of Company Size on Sustainability Report Disclosure

In this study, which used samples from LQ45 companies in 2018-2022, the results showed that profitability was unable to moderate the influence of company size on sustainability reports. The interaction between profitability and company size has a probability value of $0.3128 > \alpha\ 0.05$, so based on the hypothesis decision in the Moderated Regression Analysis (MRA) test, it can be concluded that profitability does not significantly moderate the effect of company size on sustainability report disclosure, so H4 is rejected. .

Profitability cannot moderate the influence of company size on the sustainability report because partially, in this study, company size did not have a significant effect on the sustainability report, so the results obtained when entering the profitability variable as a moderating variable were not able to moderate the influence of company size on sustainability report disclosure. Apart from that, the results of this research on profitability are not able to moderate the influence of company size on sustainability report disclosures, perhaps because in the sample of this study, several large companies included in LQ45, which are companies that have high profits, also still have not made disclosures. sustainability report. Some of these companies combine their annual reports with reports on their CSR activities. This is not in line with legitimacy theory where a company is not an entity that only operates for its own interests, but must provide benefits to its stakeholders, namely shareholders, creditors, consumers, suppliers, government, society, analysts and other parties and for large companies that has been listed on the stock exchange and is obliged to disclose its sustainability report in order to gain legitimacy or recognition from the public by fulfilling its obligations in being responsible for the company's survival in the future.

Large companies with high profitability do not always disclose social and environmental responsibility information. Companies tend to maintain their achievements and reputation in order to gain legitimacy from stakeholders. Large companies with high asset ownership tend not to be able to utilize their assets optimally. This is because increasing assets will have an impact on increasing costs that must be incurred by the company for administrative costs, asset maintenance costs, paying employee salaries, and so on. These costs can exceed the profits the company gets from maximizing the size of the company. The large number of company assets owned causes idle assets. These idle assets will reduce the company's level of profitability because it will create a burden for the company. Thus, this research provides evidence that high profitability is unable to moderate the influence of company size on the level of sustainability report disclosure. The description that has been explained is also supported by research conducted by Tobing, Zuhrotun & Rusherlistyani (2019), Sinaga & Teddyani (2020), Sujatnika, Sujana & Werastuti (2023), Setiadi (2022), Karaman, Kilic & Uyar (2018) Adel , Hussain, Mohamed & Basuony (2019), Kumar, Kumari, Poonia & Kumar (2023), Bhatia & Tuli (2017), Al-Qudah & Houcine (2023), Prashar (2023), and Orazalin & Mahmood (2020).

Profitability Moderate the Influence of the Board of Directors on Sustainability Report Disclosure

In this research, which used samples from LQ45 companies in 2018-2022, the results showed that profitability was able to moderate the influence of the board of directors on sustainability report disclosure. The interaction between profitability and the board of

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directors has a probability value of 0.0089 < α 0.05, so based on the hypothesis decision in the Moderated Regression Analysis (MRA) test, it can be concluded that profitability significantly moderates the influence of company size on sustainability report disclosure, so that H5 is accepted.

In business activities, the board of directors is one of the internal stakeholders of a company. The board of directors is an important part of company decisions regarding a large project, such as supervision, input and decision making. The ability of directors in the decision making process as well as being a representative for other stakeholders in the company to make decisions and has a big role for the company. The board of directors meeting discusses the decisions that will be taken for the company's survival, such as financial performance and sustainability performance. The financial performance in question is an increase in company profit or profit. Meanwhile, sustainability performance takes the form of disclosing information on social and environmental responsibility through disclosing sustainability reports. A company with a high level of profitability indicates that the company is in good financial condition. The board of directors can hold company management accountable in allocating company profits to activities that can improve the company's positive image as reported in the sustainability report. Thus, the greater the profitability of a company, the greater the demand for disclosure of sustainability reports by the board of directors.

Board of directors meetings function to discuss how the company can remain sustainable. One of the discussions carried out by the board of directors is allocating company profits to disclose sustainability reports so that the company continues to be sustainable and continues to have the trust of stakeholders because it is able to utilize profits well. The more often the board of directors holds meetings accompanied by high profitability, it is hoped that it will increase the level of disclosure of sustainability reports in a company. Companies with a high level of profitability strive to disclose sustainability reports in order to establish good relations with stakeholders and in line with legitimacy theory, namely gaining legitimacy or recognition from the public because the transparency of information provided by companies continues to increase. The description that has been explained is also supported by research conducted by Kuzey & Uyar (2016), Chandani & Mudiyanselage (2018), Dissanayake et al. (2019), Pratama & Yulianto (2015), Khafid & Mulyaningsih (2015), Afsari et al. (2017), Lucia & Panggabean (2018), and Wulanda et al. (2017).

Profitability Moderate the Effect of Leverage on Sustainability Report Disclosure

In this study, which used samples from LQ45 companies in 2018-2022, the results showed that profitability was unable to moderate the effect of leverage on sustainability report disclosure. The interaction between profitability and leverage has a probability value of 0.0013 < α 0.05, so based on the hypothesis decision in the Moderated Regression Analysis (MRA) test, it can be concluded that profitability significantly moderates the influence of company size on sustainability report disclosure, so that H6 is accepted.

The results of this research are in line with legitimacy theory which states that companies must gain legitimacy from society. Extensive disclosure of information is one way of fulfilling information needs as well as proof of company transparency that is used for decision making. Transparency as a main element in good corporate governance can be done through reporting practices that ensure that stakeholders know what is happening to the company. Information disclosed to stakeholders is in the form of financial and non-financial information. Companies with a high level of leverage generally really need sufficient funds to meet the needs of creditors so that they can maintain the trust of creditors. Reporting high profits means that the company has high profitability, indicating that the company has a strong financial condition so that it can be used as collateral to obtain loans or pay debts. Companies with high levels of profitability and leverage will disclose more sustainability reports. This is because companies want to show stakeholders that they are able to utilize long-term debt to increase profitability and fulfill social and environmental responsibilities.

Companies with good financial performance will gain confidence in providing information to stakeholders because they are able to show them that the company is able to meet the expectations of investors and creditors. Companies with high profitability will encourage managers to disclose social and environmental information to convince investors and creditors of the company's profitability, including disclosing sustainability reports. Companies with high profitability and leverage need to disclose more information to convince creditors that the company is able to make a profit and remains able to pay the loan principal and loan interest, including disclosure of sustainability reports. The explanation that has been described is strengthened by research conducted by Afsari et al. (2017), Liana (2019) and Pujiastuti (2015).

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IJCSRR @ 2024
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