

## The Influence of Profitability, Firm Size, Leverage, and Liquidity on Sustainability Report Disclosure in Companies Listed on the LQ45 Index for the Period 2021-2024

Muhammad Nur Abiddin<sup>1\*</sup>, Ahmad Bagas Setianto<sup>2</sup>, Setyo Mahanani<sup>3</sup>

<sup>1</sup> Accounting Faculty of Economics and Business, Wahid Hasyim University, Semarang, Indonesia.

Email: [22101021019@student.unwahas.ac.id](mailto:22101021019@student.unwahas.ac.id)

<sup>2</sup> Accounting Faculty of Economics and Business, Wahid Hasyim University, Semarang, Indonesia.

Email: [22101021004@student.unwahas.ac.id](mailto:22101021004@student.unwahas.ac.id)

<sup>3</sup> Accounting Faculty of Economics and Business, Wahid Hasyim University, Semarang, Indonesia.

Email: [setyo\\_mahanai@unwahas.ac.id](mailto:setyo_mahanai@unwahas.ac.id)

### ABSTRACT

This study aims to analyze the influence of Profitability, Firm Size, Leverage, and Liquidity on Sustainability Report disclosure in companies listed on the LQ45 Index during the 2021–2024 period. The research is motivated by the increasing emphasis on sustainability practices in Indonesia following the implementation of POJK 51/2017, while the level of sustainability reporting among companies remains inconsistent. A quantitative approach using secondary data was applied, obtained from annual reports and sustainability reports of 18 selected companies, resulting in 72 observations. Data analysis was conducted using Fixed Effect regression, selected based on the results of the Chow Test and Hausman Test. The findings reveal that Firm Size and Liquidity have a positive and significant effect on Sustainability Report disclosure, while Profitability and Leverage show no significant influence. Simultaneously, all independent variables significantly affect the disclosure level. These results highlight that company size and liquidity conditions are key factors driving sustainability transparency among LQ45 companies.

**Keywords:** Sustainability Report, Profitability, Firm Size, Leverage, Liquidity, LQ45.

---

### INTRODUCTION

Over the past few years, corporate awareness of sustainability reporting in Indonesia has indeed increased, especially after the Financial Services Authority (OJK) issued the new regulation POJK No. 51/POJK.03/2017 concerning the implementation of sustainable finance [1]. However, in reality, not all companies consistently publish sustainability reports; even some large companies disclose only a small portion of sustainability information in their annual reports.

Sustainability reporting plays a crucial role as it serves as a form of corporate accountability to stakeholders. This report does not only present performance from the profit aspect but also the company's performance in relation to the environment (planet) and society (people), in line with the Triple Bottom Line concept [2]. For companies listed in the LQ45 index—selected firms with large market capitalization—transparency through sustainability disclosures should be a top priority, especially with regulatory push from OJK [3]. The inconsistency or incompleteness of such disclosures, as shown by several phenomena, indicates that sustainability reporting practices in Indonesia remain voluntary and vary significantly [4]. Therefore, internal factors that influence the decision and extent of Sustainability Report disclosures become important to re-examine.

The LQ45 Index consists of the 45 most liquid stocks of companies with large market capitalization and high trading frequency listed on the IDX. This index is compiled and evaluated by the Indonesia Stock Exchange every six months, taking into account criteria such as market capitalization, trading liquidity, and financial condition. In other words, LQ45 companies are top-tier issuers in the Indonesian capital market with stable financial performance, good reputation, and high investor trust. Based on data from the Indonesia Stock Exchange (IDX), of the 45 issuers included in the LQ45 Index in 2023, only around

30–40% consistently published full sustainability reports based on GRI Standards (IDX Sustainability Report, 2023).

Many previous studies have attempted to explain variations in Sustainability Report disclosure levels using fundamental company factors such as Profitability, Firm Size, Leverage, and Liquidity. However, the findings of these studies often reveal research gaps, prompting the need for further investigation:

**Profitability:** Companies with high profitability are believed to have sufficient financial resources to support more comprehensive sustainability reporting, thus profitability is expected to have a positive influence [5]. However, some studies show contradictory results in which profitability has a negative or insignificant effect on sustainability reporting [6].

**Firm Size:** Large companies such as those listed in LQ45 face greater public scrutiny and social pressure; hence they tend to disclose extensive sustainability information to maintain their image (Ayu et al. 2024). Nevertheless, some findings indicate that firm size does not significantly influence sustainability disclosure [6]

**Leverage** refers to the company's use of debt. Companies with high leverage may be encouraged to disclose more information to assure creditors [7] However, high debt levels may also cause companies to limit disclosures to avoid attracting negative attention from creditors, resulting in negative or insignificant findings [8]

**Liquidity** reflects a company's ability to meet short-term obligations. Companies with good liquidity are assumed to have greater flexibility in allocating resources for non-financial disclosure activities. Some studies confirm the influence of liquidity on sustainability reporting, while others show no significant effect [8]

Based on the background, the phenomenon of inconsistent reporting among elite companies (LQ45), and the existing research gaps in prior studies, this study aims to re-examine and provide empirical evidence regarding the influence of Profitability, Firm Size, Leverage, and Liquidity on Sustainability Report disclosure in companies included in the LQ45 Index during the 2021–2024 period. This period is selected to capture the post-pandemic conditions and assess the extent to which the implementation of POJK 51/2017 has influenced Indonesia's top-performing companies..

## **TEORITICAL BASIS**

### ***Stakeholder Theory***

This theory states that companies are responsible not only to shareholders but also to all parties who have interests and are affected by or can influence the company's activities (stakeholders), such as employees, customers, suppliers, communities, and the environment [9] The disclosure of a Sustainability Report (SR) is a way for companies to respond to stakeholders' demands for information and accountability. Variables such as Profitability, Firm Size, Leverage, and Liquidity are assumed to increase a company's visibility, thereby heightening stakeholder pressure to disclose broader and more comprehensive SR information (Wulandari et al. 2022).

### ***Legitimacy Theory***

This theory assumes that companies strive to ensure their activities are perceived as legitimate in the eyes of the public. Companies operate within the boundaries and norms applicable in the social system [1]. Large companies tend to be more visible to the public and have a more significant impact on environmental and social conditions, thereby facing greater legitimacy pressure. To maintain legitimacy, larger companies tend to disclose more extensive sustainability information [11]

### ***Sustainability Reporting Discloser***

A report that presents a company's economic, environmental (Planet), and social (People) performance to stakeholders as a form of social responsibility and an effort toward sustainable development [12]. It is measured using an index based on the Global Reporting Initiative (GRI) Standards (e.g., GRI Standards 2021), commonly using the Sustainability Reporting Disclosure Index (SRDI).

### ***Profitabilitas***

The company's ability to generate profit from its total assets or capital. High profitability indicates that a company has sufficient financial resources to cover the costs associated with SR disclosure (Safira & Hardiningsih, 2025).

### ***Firm Size***

The scale or magnitude of a company, which can be measured by total assets, sales, or market capitalization [8].

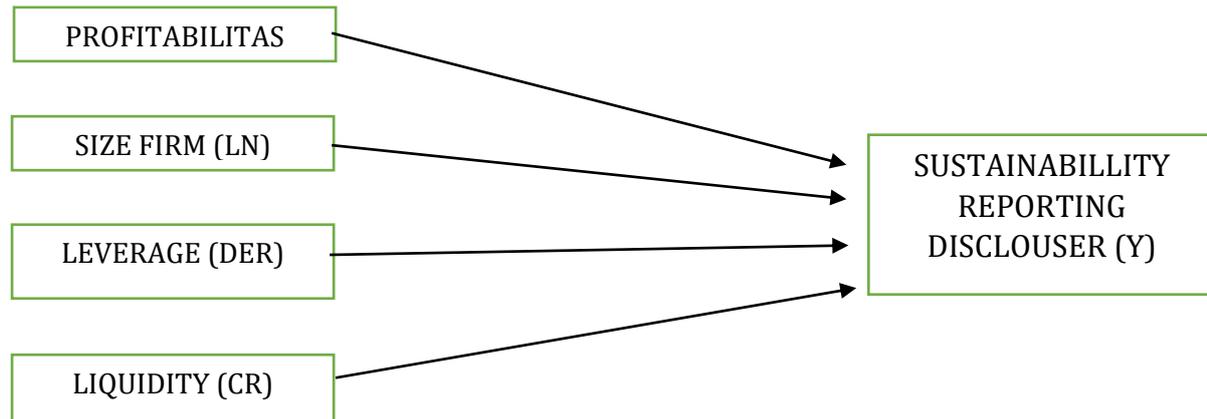
**Leverage**

The extent to which a company utilizes debt to finance its assets. High leverage may trigger stricter monitoring from creditors who demand greater transparency, including SR disclosure [8].

**Liquidity**

A company’s ability to meet its short-term obligations when they fall due. Good liquidity indicates that the company has adequate funds to cover the costs arising from the preparation and publication of the SR [8].

**RESEARCH FRAMEWORK**



**HYPOTHESIS**

**H1:** Profitability has a positive effect on the disclosure of sustainability reports in companies listed in the LQ45 Index for the period 2021–2024.

**H2:** Firm size has a positive effect on the disclosure of sustainability reports in companies listed in the LQ45 Index for the period 2021–2024.

**H3:** Leverage affects the disclosure of sustainability reports in companies listed in the LQ45 Index for the period 2021–2024.

**H4:** Liquidity has a positive effect on the disclosure of sustainability reports in companies listed in the LQ45 Index for the period 2021–2024.

**RESEARCH METHOD**

**Types and Sources of Data**

This study employs a quantitative approach using secondary data. The secondary data used consist of historical data obtained from official corporate documents, namely Annual Reports and Sustainability Reports that have been published. These data were collected from the official website of the Indonesia Stock Exchange (IDX) and the official websites of the companies included in the research sample, covering the observation period from 2021 to 2024.

**Population and Research Sample**

**Research Population**

The population in this study includes all companies listed and consistently included in the LQ45 Index on the Indonesia Stock Exchange (IDX) during the observation period from 2021 to 2024. The LQ45 Index is selected because it represents companies with high liquidity and large market capitalization, which are expected to be at the forefront of sustainability reporting disclosure.

**Research Sample**

The sampling method used in this study is Purposive Sampling. This technique is applied by setting specific criteria relevant to the objectives of the research, namely:

- 1) Companies consistently listed in the LQ45 Index during the research period, from 2021 to 2024.
- 2) Companies that publish Annual Reports and Sustainability Reports, either separately or in an integrated format, during 2021–2024.
- 3) Companies that have complete and relevant financial data (Profitability, Firm Size, Leverage, and Liquidity) required for calculating the research variables during 2021–2024.

The final result of the sampling process is 18 companies, multiplied by 4 years, resulting in a total of 72 samples used in the analysis.

**RESULTS AND DISCUSSION**

**CHOW TEST**

Redundant Fixed Effects Tests

Equation: Untitled

Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	4.340728	(17,50)	0.0000
Cross-section Chi-square	65.273959	17	0.0000

Table 1. Chow Test Results

Source: Processed secondary data, 2025

The Chow Test shows that the probability value of 0.0000 is smaller than 0.05, thus H0 is rejected. This indicates that the Fixed Effect model is more appropriate than the Common Effect model, as there are significant differences across cross-sections that make the Common Effect model inadequate. Therefore, the results of the Chow Test direct the model selection toward the Fixed Effect model.

**HAUSMAN TEST**

Correlated Random Effects - Hausman Test

Equation: Untitled

Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	17.007419	4	0.0019

Table 2. Hausman Test Results

Source: Processed secondary data, 2025

The Hausman test produced a probability value of 0.0019, which is also smaller than 0.05, thus  $H_0$  is rejected. The rejection of  $H_0$  indicates the presence of correlation between the error term and the independent variables, implying that the Random Effect model cannot be used. Therefore, the Hausman test confirms that the appropriate model to employ is the Fixed Effect model.

**HYPOTHESIS TEST (T)**

Dependent Variable: Y  
 Method: Panel Least Squares  
 Date: 11/16/25 Time: 14:54  
 Sample: 2021 2024  
 Periods included: 4  
 Cross-sections included: 18  
 Total panel (balanced) observations: 72

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-4.720180	1.513045	-3.119657	0.0030
X1	-0.261121	0.270430	-0.965576	0.3389
X2	0.159051	0.045830	3.470460	0.0011
X3	-0.017721	0.019450	-0.911098	0.3666
X4	0.059260	0.026970	2.197246	0.0327

**Table 3.** Hypothesis Test Results  
 Source: Processed secondary data, 2025

Based on the results of the t-test, the first hypothesis (H1: Profitability has a positive effect on sustainability report disclosure) is rejected. This is indicated by the probability value of 0.3389, which is greater than the significance level of 0.05. The profitability regression coefficient of -0.261121 shows a negative direction of the relationship, but the relationship is not statistically significant. Thus, profitability is not proven to be a factor influencing sustainability report disclosure among companies included in the LQ45 Index for the 2021–2024 period. These findings indicate that a company’s level of profitability does not determine its commitment to presenting sustainability information.

For the second hypothesis (H2: Firm size has a positive effect on sustainability report disclosure), the results show that this hypothesis is accepted. The probability value of 0.0011, which is far below the 0.05 significance level, confirms that firm size has a significant influence on the level of disclosure. The positive coefficient of 0.159051 strengthens this result, indicating that the larger the company, the higher its tendency to disclose a sustainability report. This finding is consistent with legitimacy theory and agency theory, which explain that larger companies have higher visibility and are therefore driven to enhance transparency through sustainability reporting.

The third hypothesis (H3: Leverage affects sustainability report disclosure) is rejected, as the probability value of 0.3666 exceeds the significance threshold of 0.05. The leverage regression coefficient of -0.017721 indicates a negative relationship, but the effect is not statistically significant. Therefore, the level of corporate debt is not proven to influence sustainability report disclosure. This result suggests that the company’s funding structure, particularly the proportion of debt, is not a factor considered in the presentation of sustainability information during the study period.

Meanwhile, the fourth hypothesis (H4: Liquidity has a positive effect on sustainability report disclosure) is accepted, as indicated by the probability value of 0.0327, which is lower than 0.05. The positive coefficient of 0.059260 shows that companies with higher liquidity levels tend to provide broader sustainability report disclosures. A healthy liquidity position enables companies to have sufficient financial flexibility to prepare sustainability reports, making this variable one of the factors influencing disclosure among LQ45 companies.

**SIMULTAN TEST (F)**

---



---

Cross-section fixed (dummy variables)

---

R-squared	0.702865
Adjusted R-squared	0.578068
S.E. of regression	0.070449
Sum squared resid	0.248153
Log likelihood	101.9700
F-statistic	5.632068
Prob(F-statistic)	0.000000

---



---

**Table 4.** Simultan Test Results

Source: Processed secondary data, 2025

The results of the F-test indicate that the regression model used in this study is feasible and simultaneously significant. This is evidenced by the Prob(F-statistic) value of 0.000000, which is far below the significance level of 0.05. Thus, all independent variables profitability, firm size, leverage, and liquidity are collectively proven to have a significant effect on sustainability report disclosure among companies listed in the LQ45 Index for the 2021–2024 period. These findings suggest that although not all variables have partial effects, the four variables together contribute to variations in sustainability report disclosure, indicating that the research model is fit and appropriate to be used for analysis.

**CONCLUSION**

Based on the regression analysis using the Fixed Effect model, this study concludes that:

1. Profitability has no significant effect on Sustainability Report disclosure. A company’s profit level does not determine its commitment to sustainability transparency among LQ45 firms.
2. Firm Size has a positive and significant effect, indicating that larger companies tend to disclose more comprehensive sustainability information due to greater visibility and stakeholder pressure.
3. Leverage has no significant effect, suggesting that a company’s debt level does not influence the extent of its sustainability disclosure.
4. Liquidity has a positive and significant effect, implying that firms with stronger liquidity positions have greater financial flexibility to prepare and publish more detailed Sustainability Reports.
5. Simultaneously, Profitability, Firm Size, Leverage, and Liquidity significantly influence Sustainability Report disclosure, confirming that the research model is appropriate and robust.

These findings emphasize that internal company characteristics—particularly size and liquidity—play a crucial role in shaping sustainability disclosure practices among leading companies in the LQ45 Index.

## REFERENCES

- A. Sekar, P. Indah, and N. Cahyonowati, "PENGARUH MEKANISME CORPORATE GOVERNANCE TERHADAP SUSTAINABILITY REPORTING ( Studi Empiris pada Perusahaan Non-Kuangan yang Terdaftar di Bursa Efek Indonesia Tahun 2018-2020 )," vol. 12, pp. 1–11, 2023.
- I. Meutia, Z. Yaacob, and S. F. Kartasari, "SUSTAINABILITY REPORTING AND AUDIT COMMITTEE ATTRIBUTES : EVIDENCE FROM BANKS IN INDONESIA," vol. 28, no. 2, pp. 309–332, 2023.
- C. Ferennita, H. Hasan, and E. B. Astuti, "Pengaruh Literasi Keuangan, Advocate Recommendation dan Overconfidence terhadap Pengambilan Keputusan Investasi Saham Oleh Investor Muda di Kota Semarang (Studi Pada Investor Muda yang Terdaftar di Phintraco Sekuritas Cabang Semarang)," *J. Account. Financ.*, vol. 1, no. 1, 2022, doi: 10.31942/jafin.v1i1.7009.
- R. Ardina and Y. Putri, "Pengaruh Variasi Waktu Inkubasi terhadap Kadar Hemoglobin Menggunakan Metode Sahli," *Borneo J. Med. Lab. Technol.*, vol. 2, no. 1, pp. 87–91, 2019, doi: 10.33084/bjmlt.v2i1.1084.
- D. Puspasari, N. Ahmar, and S. Djaddang, "KINERJA PERUSAHAAN DAN CORPORATE GOVERNANCE TERHADAP PENGUNGKAPAN SUSTAINABILITY REPORT ( PADA PERUSAHAAN BUMN DI BURSA EFEK INDONESIA )," vol. 6, no. 1, pp. 488–500, 2025.
- P. Damayanty, D. Wahab, and N. Safitri, "PENGARUH PROFITABILITAS , FIRM SIZE DAN AKTIVITAS PERUSAHAAN," vol. 06, no. 02, pp. 1–11, 2022.
- M. Ayu, D. Safitri, M. D. Yanthi, U. N. Surabaya, K. Surabaya, and J. Timur, "Pengaruh Karakteristik Perusahaan terhadap Pengungkapan Laporan Keberlanjutan ( Studi pada Perusahaan LQ45 di Bursa Efek Indonesia Tahun 2019-2022 )," vol. 13, no. 1, pp. 16–27, 2024.
- P. Sitohang and S. Suhendro, "Pengaruh Kinerja Keuangan dan Ukuran Perusahaan Terhadap Laporan Keberlanjutan ( Studi Pada Perusahaan Yang Terdaftar Di BEI Tahun 2018-," vol. 5, no. 2, pp. 7353–7369, 2024.
- C. Restu and J. Sungloria, "Analisis Materialitas Laporan Keberlanjutan pada Perusahaan Go Public Consumer Goods 2020," vol. 19, no. 2, pp. 90–107, 2022.
- P. Profitabilitas, D. A. N. Ukuran, N. Afifah, L. Fujianti, Y. Rizky, and O. Mandagie, "( Studi Empiris Pada Perusahaan Peraih Indonesia Sustainability Reporting Award Yang Terdaftar di BEI Pada Tahun 2015- 2019 )," vol. 2, no. 1, pp. 19–34, 2022.
- M. Edy, S. Santosa, N. Kadek, D. Putri, U. M. Denpasar, and K. Perusahaan, "Pengaruh Ukuran Perusahaan , Karakteristik Perusahaan , Kepemilikan Asing dan Komisaris Independen Terhadap Sustainability Reporting Pada Perusahaan Manufaktur yang Terdaftar di BEI," vol. 22, no. April, pp. 18–29, 2023.
- W. Idawati and A. N. Hanifah, "PENGARUH BOARD INDEPENDENCE , AUDIT COMMITTEE , DAN MANAGERIAL OWNERSHIP TERHADAP SUSTAINABILITY REPORTING PADA ASEAN CORPORATE GOVERNANCE SCORECARD," vol. 14, no. 2, pp. 312–330, 2022.