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The Effect of Financial Performance on Sustainability Report disclosure in companies listed on the LQ45 Index Of The Indonesian Stock Exchange (IDX) In 2018-2021

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Abstrak

This study aims to analyze the effect of financial performance by proxy ROA, ROE, NPM, PBV, and MarketCap on the disclosure of sustainability reports in companies listed on the LQ45 index of the Indonesia Stock Exchange (IDX). The data used is secondary data and the method used is panel data regression analysis with the help of the Eviews 12 program. The population in this study are companies listed on the LQ45 index on the Indonesian Stock Exchange, totaling 45 companies. The sample selection used a purposive sampling method. 15 companies meet the sampling criteria. The results of this study indicate that the ROA, ROE, NPM, PBV, and Market Capitalization have a significant effect on sustainability report disclosure and have samples from populations of the same variance. ROA and MarketCap variables have a negative and significant effect on sustainability report disclosure. The NPM variable has a positive and significant effect on the sustainability report disclosure. While the ROE and PBV variables do not affect the sustainability report disclosure. With an Adjusted R^2 value of 39.16%.

Penelitian ini bertujuan untuk menganalisis pengaruh kinerja keuangan dengan proksi ROA, ROE, NPM, PBV dan MarketCap terhadap sustainability report disclosure pada perusahaan yang terdaftar pada indeks LQ45 Bursa Efek Indonesia (BEI). Data yang digunakan merupakan data sekunder dan metode analisis yang digunakan yaitu analisis regresi data panel dengan bantuan program Eviews 12. Populasi dalam penelitian ini adalah perusahaan perusahaan yang terdaftar di indeks LQ45 Bursa Efek indonesia yang berjumlah 45 perusahaan. Pemilihan sampel menggunakan metode purposive sampling. Terdapat 15 perusahaan yang memenuhi kriteria sampling. Hasil penelitian ini menunjukan bahwa ROA, ROE, NPM, PBV dan Market Capitalization berpengaruh signifikan terhadap sustainability report disclosure dan memiliki sampel dari populasi dari varian yang sama. Variabel ROA dan MarketCap berpengaruh negatif dan signifikan terhadap sustainability report disclosure. Variabel NPM berpengaruh positif dan signifikan terhadap sustainability report disclosure. Sedangkan variabel ROE dan PBV tidak berpengaruh terhadap terhadap sustainability report disclosure. Dengan nilai Adjusted R^2 sebesar 39,16%.

Pendahuluan

Generally, the main objective of the operations of a company is to earn *profit* and fulfilling the wishes of stakeholders in developing company activities to become better (Nurdiah, N., & Asrori 2021). The main goal of a compani is to make a profit the biggest one. This is responsibility of company managers to shareholders as owners from that company. Here's the basics the philosophy of establishing a company. However, operational activities company in order to maximize the benefits often provide negative impact on society and the surrounding environment, such as the occurrence of pollution and various damages environment. This problem is the basis for the birth of the conceptsocial and environmental responsibility company (Sandi 2020). The aim of running a company is to seek profits by obtaining maximum profits so that the company's survival can be maintained. Apart from that, it is also to maximize the profits and prosperity of the company owner. Companies that are built are not limited by time, therefore in running a company you must be able to maintain maximum profits so that the company always develops and runs well.

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The main goal of company that have had status go public is increasing prosperity owner or shareholder through increased firm value. Wealth of shareholder and company is presented by the share market price which is a reflection of the investment decision, financing, and asset management conducted by shareholder with management party in order to maximize the company's ability to generate profit and the growth rate of the company, in order to maintain the position of the company. One of the factors that affect the value of the company is the ownership structure since when we are going to maximize the firm value, interest unification of shareholders and management who have interests in the achievement of the objectives is needed. Empirical evidence shows that ownership structure will affect the value of the company. The evidence is inconsistent with findings proving that the ownership structure has no effect on firm value. The use of debt at a certain level will be able to reduce the cost of capital financial because the cost of debt is the reduction of company tax and can increase the share price, therefore, it can be concluded that the addition of debt in the right proportions can help the company in achieving an optimal level of capital structure and increasing the value of the company. Capital structure is affected by the firm value, in addition, institutional ownership also significantly affects the result of the firm value. These findings are different with other findings proving that the capital structure will negatively influence on the firm value .The profitability of company is one of alternatives used to accurately assess to what extent the rate of return will be obtained from investment activities. Profitability can reflect profit of financial investment, meaning that the profitability will affect the value of the company if the company's ability to generate profit is increasing since the stock price will also increase. (Blonwan 2020).

Profitability affects the value of the company. These findings refute the findings indicating that profitability has no any significant effect on firm value. One of the factors that can also affect the value of the company is company growth that measures to what extent the companies able to put themselves in the overall economic system or economic system for the same industry. From investors' point of view, the growth of a company is a sign that the company has a favorable aspect and will also affect investment opportunities. The existence of investment opportunities can provide a positive signal about the company growth in the future, so the value of company can be increased .Company growth will affect the value of the company, these findings reject the results proving that the company growth does not affect the value of the company. Effects of ownership structure, capita. Inconsistency of these findings in analyzing the influences of ownership structure, capital structure, profitability and growth of the company to the value of company motivates researcher to conduct reexamination of causality between the variables used in this study by extending previous studies analyzing the effects of ownership structure, capital structure, profitability and company size toward the firm value in the manufacturing companies listed in Indonesia Stock Exchange (IDX) on the year period 2006-2007 , by adding company growth variable, measured by earnings growth rate with an argument that most companies with high earnings growth rate will have good growth prospects in the future, these companies have the ability to provide high stock returns to investors. . Another differences of this study with the previous studies were the time of observation, study variables, and objects, which was in the sub-sectors of manufacturing companies namely Consumer Goods Industry and Miscellaneous Industry listed in Indonesia Stock Exchange (IDX) on 2009-2013 period. Consumer Goods Industry and Miscellaneous Industry was selected as the research object since the industry sales had increased due to the high level of consumption commodity use in Indonesia. The condition triggered company to increase production so the sector was able to survive in the crisis and had potential to grow in the future, thus it made the sector could be the selected sector for an investment destination (Ramadhan 2019)

Along with the development of the times, this goal is no longer just about profit or profit, but also companies must be able to contribute properly to employees, consumers, society, and the environment. That by strategically practicing corporate social responsibility (CSR), a company can ‘succeed by doing good’; in other words, it can generate profits and make the world a better place at the same time. CSR is considered a company's voluntary commitment to go beyond the explicit and implicit obligations imposed on companies based on society's expectations of companies' conventional behavior. Therefore, CSR is a way to promote social trends to improve the basic order of society, which we define as consisting of obligations that include legal frameworks and social conventions. Thanks to globalization, companies are now less constrained by the basic order of society than in the past. Because each country has different laws and standards, there are more ways to avoid less-than-ideal behavior for greater profits. Almost everyone agrees that this is not a good thing, but what can be done? Through this article we offer an understanding of CSR that could be the answer. Here, we argue that practicing CSR is not an altruistic act, but rather a way for companies and society to achieve prosperity. This is especially true when CSR is understood as a long-term action plan.(Arumsari 2019).

This has been proven in recent years when companies have started reporting non-financial company information such as social and environmental aspects (Fatmawati, V., & Trisnawati 2022). Apart from that, the company's goal is also to improve the welfare of its employees and ensure that every employee is always prosperous, both in terms of physical and mental health (Geoffrey 2021). The non-financial information reported by this company is contained in the company's sustainability report.

The international organization that is the regulatory reference for *sustainability report*s that is *Global Reporting Initiative* (GRI) states that a sustainability report is a report that discloses and measures the social, economic, and environmental impacts of an organization on society and reports to internal and external stakeholders about the organization's effectiveness in achieving sustainability goals. Corporate sustainability reports are supposed to provide a complete and balanced picture of corporate sustainability performance. They are, however, usually voluntary and thus prone to interpretation and even greenwashing tendencies. To overcome this problem, the Global Reporting Initiative (GRI) provides standardized reporting guidelines challenging companies to report positive and negative aspects of an organization’s sustainability performance. However, the reporting of “negative aspects” in particular can endanger corporate legitimacy if perceived by the stakeholders as not being in line with societal norms and values. Starting from the theoretical lenses of economics-based disclosure theories and socio-political theories of disclosure, the focus of this study therefore was to analyze the communicative legitimation strategies companies use to report “negative aspects,” i.e., negative ecological and social impact caused by corporate activity. Using qualitative content analysis of GRI-oriented sustainability reports from companies listed on the US Dow Jones Industrial Average Index and on the German DAX Index, we identified six legitimation strategies. We discuss these strategies regarding to symbolic and substantial management of legitimacy. We show that symbolic legitimation strategies aiming at modifying the perception of legitimizing stakeholders dominate in the reports at hand. Such persuasion, however, does not meet the requirement of impartiality as postulated by the GRI guidelines. Building upon this conclusion we propose a concise characterization of “negative aspects” and develop a GRI-compliant schema of reporting about them. In doing so, we offer a way to improve the overall “balance” of sustainability reporting contributing to a true and fair view in sustainability disclosure. (Board 2016). The relationship between the three pieces of information is contained in the sustainability report in the Sustainability Report guidelines made by GRI (Effendi 2017). Furthermore, OJK Regulation Number 51 of 2017 disclosure of the Sustainability Report is mandatory for FSI, Issuers, and registered 20 Companies. Therefore, the development of accounting initially focused on financial reports (Financial Reports), then management reports (Management reports), green reports (Green Reporting),and Sustainability Reporting.

According to GRI defined sustainability report as a practice in measuring and expressing the activity of the company, as the responsibility for internal and external stakeholders of the organization's performance in achieving the goal of sustainable development. Sustainability report will be one of the media to describe the reporting of economic, environmental, and social impacts (such as the concept of the Triple Bottom Line, CSR reporting). Sustainability Report disclosure is defined as the data disclosed by a company related to its social activities which includes these following themes: Economic, Environmental, Human Rights, Labor Practices & Decent Work, Society, and Product Responsibility (GRI-G3 Guideliness). This variable is measured through the Sustainability Report Disclosure Index (SRDI). SRDI assessed that social responsibility which is in accordance with the criteria according to GRI, namely: Economic, Environmental Performance, Human Rights, Labor Practices & Decent Work, Society, and Product Responsibility. From 6 aspects of sustainability reporting disclosures, it contained 79 items which were then adjusted back to their respective companies. SRDI calculation is done by giving a score of 1 if the item is disclosed, and 0 if it is not disclosed. After scoring on all items, the scores are then summed to obtain the overall score for each company. (Suhendra, I., Istikhomah, N., Ginanjar, R.A.F., & Anwar 2020)

Factors influencing the Sustainability Report are Profitability, Leverage, institutional ownership, audit committees, independent commissioners, and company size. The profit ratio measures company profits; Profitability is a ratio that measures the value of assets and capital calculated with others (Alhamra 2019). The ratio used in this study for the variable profitability indicator Return on Assets (ROA) is dividing earnings before tax by the entity's total assets. Before answering the issuers' doubts, this study explains the reasons why issuers make voluntary sustainability reports and the benefits derived from voluntary sustainability reports. After that, based on previous research, this study explains whether the benefits obtained from voluntary sustainability reports can still be obtained in mandatory sustainability reports. This study found that sustainability reports were made because of the desire to benefit from these reports initiated by company leaders coupled with institutional pressure. The benefits of voluntary sustainability reports are the positive perception of shareholders and increased concern for the company's sustainability. Mandatory sustainability reports can still provide some (though not all) of the same benefits as voluntary sustainability reports. In addition, the sustainability report must be able to cover the weaknesses of the voluntary sustainability report with the condition that there is strict legal coercion, strict supervision, and the addition of an obligation to audit sustainability information which is strengthened by market demands to make a sustainability report. Therefore, the Indonesian government must pay attention to these conditions for this regulation to be implemented properly. A sustainability report or *sustainability report* in Indonesia is a voluntary report that does not require the company to report the report. (Astriad 2021).

Companies that spend additional costs specific to fulfill their social responsibility will result in a neutral impact on profitability, it is because of the additional costs incurred are covered by the efficiency profits generated by those expenditures. So the profitability will increase as the opportunity to earn profit for the companies will not be lost showed that Sustainability Report disclosure had significant effects on ROA in the positive direction, the results were consistent with a previous study conducted, which said that the purpose of using the company's sustainability reporting framework is to manage the relationship with the stakeholders, communicate management's performance in achieving the company's long-term benefits to stakeholders, such as improved financial performance, the increase in competitive advantage, profit maximization, as well as long-term corporate success. With the disclosure of the Sustainability Report which is done by the company, it is expected to provide tangible evidence that the production process is carried out by the company, not only for profit-oriented purpose, but also for paying attention to social issues, and the environment, in order to increase the confidence of stakeholders who will have an impact on increasing the company's value through the increased investment which will impact on the increase of corporate profits. A previous research done showed that the sustainability report disclosure which was measured by using SRDI gave positive and significant impacts on the profitability of the companies listed on the Indonesian Stock Exchange (IDX). The results are consistent, which suggested a positive effect on the CSR disclosure towards company profitability. It indicates that the sustainability report disclosure can improve a company's reputation, increase public confidence, and also reliability of the company in maintaining consumers, talented human resources, and management of the company’s wealth that would result in the profitability improvement. (Nogroho 2018)

Quoted from (Majalahcsr.id 2022) According to the Director of Finance and HR of the Indonesia Stock Exchange (IDX), the reporting of sustainability reports by companies listed on the IDX is increasing. The increase in sustainability reporting in Indonesia can be seen in Table 1 below:

Table l. SR Disclosing Companies from 2017-2021

O	**Year**	**Number of Companies Listed on the IDX**	**Number of Companies Disclosing Sustainability Reports**
	2017	559	56
	2018	614	70
	2019	668	110
	2020	715	54
	2021	766	154

Source: (Widyaksa 2022)

Based on Table 1.1, shows that companies in Indonesia, especially those listed on the IDX, are starting to care about and are aware of the importance of disclosure *sustainability reports* or sustainability reports as evidenced by the increasing number of companies reporting sustainability reports from year to year. Even though in 2020 it will decrease, which is estimated by researchers due to the Covid-19 outbreak.

Financial performance and sustainability reports have a causal relationship that influences each other. According to Belascu and Horobet, financial performance can affect sustainability reports and vice versa, sustainability reports can affect financial performance(Ching, H. Y., Gerab, F., & Toste 2017). Sustainability report submission usually becomes a unity with the annual report. Sustainability report disclosure can improve the company's image and help companies to maintain good relations with external parties. And get legitimacy from the community that is beneficial to the sustainability of the company. The importance of thinking about the sustainability of a business and the value of the company is very attractive to investors. Investors will choose companies that are not only profit oriented but companies that carry out social and environmental responsibilities for sustainable development (Sunaryo 2019). The value of a company can provide maximum prosperity to shareholders if the company's stock price increases (Nurlela and Islahuddin, 2008). The higher the stock price level, the higher the value of the company will show the company's prospects going forward (Putra and Wirawati, 2013). The company is expected not only to prioritize the interests of management and capital owners (investors and creditors), but also employees, consumers, and the community (Saputro et al., 2013).

This is supported by research conducted (Mujiani, S., & Nurfitri 2020), (Yunan, N., Kadir, & Anwar 2021) which shows that profitability as a variable of financial performance affects disclosure *sustainability report*s and research by Lee and Pati (2012), Aggarwal (2013), Buchholz et al., (2020) (García 2021) which shows that disclosure *sustainability report* effect on ROA and profitability as a variable of financial performance. Companies are expected to benefit not only for the interests of management and the owners of capital (investors and creditors), but also employees, customers and communities. The demands on companies to provide information that is transparent, accountable organization, and better corporate governance are increasingly forcing the companies to provide information about their social activities, one through the sustainability report. Sustainability report increasingly becomes a trend and a necessity for progressive companies to inform about their performance of economic, social, and environmental, as well as to all stakeholders of the company. Sustainability Reporting does not only include information about financial performance, but also non-financial information, consisting of social activities and environmental information that emphasize more on the principles and standards of disclosure that is able to reflect the company's overall activity level as a whole, to enable the company to grow continuously (sustainable performance). Sustainability is a balance between people-planet-profit, which is known as the concept of the Triple Bottom Line (TBL). Sustainability lies at the confluence between the three aspects, people-social; planetenvironment, and profit-economic. This research will examine the causality relationship of financial performance that affects sustainability reports (Chariri 2019).

Financial performance variables used in this study include: profitability, liquidity, leverage, activity, and dividend payout ratio. The selection of a sample of manufacturing companies in this study is done because they are companies which have relatively higher impacts on the environment compared to the service or trading companies and it involved a large number of companies in a large population, so that the role of the manufacturing industry in the economy of Indonesia occupies a dominant position. This study does not only use financial ratios, including profitability (ROA), liquidity (CR), Dividend Payout Ratio (DPR), but there are also additional financial variables, including leverage ratio (DER) and activity (IT) as the variables used financial ratios to measure financial performance as well as used. The benefit of this research is based on the results of the analysis of the effects of the Sustainability Report towards the financial performance can be used as a solution to provide an understanding of the importance of economic accountability, social, and the environment of the company which are disclosed in a report called SR. Therefore, it can be a strategy for the companies in improving their financial performance in the future in building their reputations or images. Moreover, it can provide benefits to the government and other parties as an input material which is useful in providing information or discourse, given the absence of standards to define a clear and definite policy in managing the implementation of SR disclosures for companies in Indonesia.

Research on sustainability reports is supported by four theories which are legitimacy theory, stakeholder theory, agency theory, and signaling theory. First, legiti-macy theory underlies reporting to account for what an entity does to obtain broad legitimacy from various par-ties in terms of social. states that organi-zation is not only about meeting the rights of investors but also the right of broad society through sustainability report.Stakeholder theory states that companies are institution which not only run to get self-interest but also give benefits to stakeholders among others are share management, creditors, suppliers, government, broad community, and others. The company is expected to be able to provide information needed by stakeholders for decision making. The information is not only in economic terms, but also information about social and environmental activities through the disclosure of sustainability reports.Agency theory is a theory to describe the relationship between agents and principals that triggers a difference in ideas in the organization, namely management and shareholders. Shareholders want the increase of prosperity, but managers who are authorized to manage the company tend to only maximize personal interests and set aside the interests of shareholders. This conflict can be minimized by civilizing good corporate governance. One of the parties to implement good corporate governance is audit committee. An effective audit committee can supervise corporate reporting, including disclosure of sustainability reports (Arumsari 2019).

Also in previous studies, measurement of disclosure *sustainability report*s almost everything using GRI *guidelines* like GRI-G4 dan GRI *Standard*. Referring to the source *youtube* (EduPendentTraining 2022) which is media *sharing* and learning about environmental accounting with the topic of discussing CSR and *sustainability report*s mentions that measurement disclosure *sustainability report* is possible and very *acceptable* to use the SEOJK preparation guidelines Number 16/SEOJK.04/2021 because of GRI *guidelines* has a lot of disclosure indicators. Several LQ45 companies such as PT Antam Tbk in 2021 use SEOJK Number 16/SEOJK.04/2021 as a reference for technical reporting standards *sustainability report* other than a reference from GRI. So in this study, the measurement of disclosure variable *sustainability report* using SEOJK Number 16/SEOJK.04/2021 as a measurement instrument *sustainability report disclosure.*

Financial statements are a form of corporateresponsibility to all stakeholders. With the existence ofPOJK51/POJK.03/2017, concerning onsustainable finance for financial service institutions, private company, and public company. Financial services sector, whichincludes public company,is not only required to make financial statements, but also asked to make a sustainable financial plan that contains economic, social, environmental dimensions and describes a businessplanactivities and annual sustainable work program in accordance with the principle of sustainability.In terms of the implementation ofsustainable finance, the realization ofworkplans and programsshould bein accordance with the targets and time set, while still paying attention to the principle of prudence and the application of risk management. With thesustainability report, it will certainlyhelp the organization to setgoals and also measure and manage the company in order to maketheorganization run in accordance with long-termgoals.

Based ondata from the Global Reporting Initiative (GRI) contained in the implementation of sustainability reports in Indonesia continues to increase. Disclosure of the sustainability report is ableto reduce the asymmetry information that occurs between management and investors, because it can affect the value of the company. With a sustainability report, it can provide stakeholder confidence because it is considered a positive action by the companyto maintain trust and good relations with investors and creditors who will decide to invest in the company. The Global Reporting Initiative (GRI) is the world's sustainability reporting authority based in Amsterdam, the Netherlands. Its activities are focused on achieving transparency and reporting of a company through the development of world sustainability disclosure standards and guidelines. The National Center of Sustainability Reporting (NCSR) is an independent organization that develops sustainablereporting in Indonesia and became the first organization to introduce the term sustainability reporting in Indonesia, the organization was appointed as the official GRI training partner for Southeast Asia which includes Indonesia, Malaysia, Singapore and the Philippines which is certified and regularly holds Sustainability Reporting Awards (CFS) starting in 2018 and now growing to become Asia Sustainability Reporting Rating (ASRR) (Akbar 2023).

Metodologi

This study uses a quantitative research method which includes the following steps:

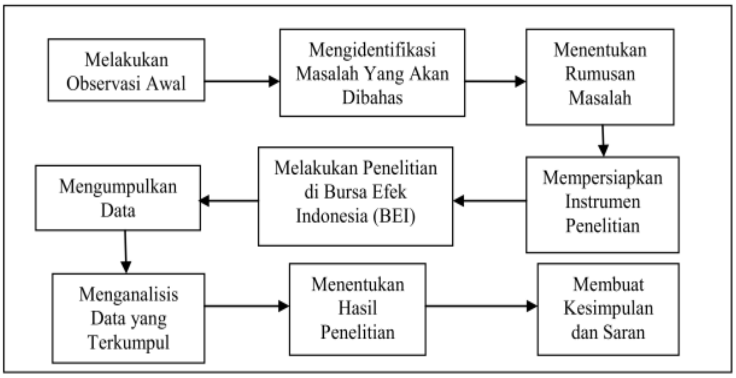

Figure 1. Research Design

Population and Sample

Companies listed on the LQ45 index of the Indonesia Stock Exchange from 2018-2021 are the population in this study. The total population is 45 LQ45 index companies. Technique *purposive sampling* was used to determine the number of samples described below:

Table 2. Sample Selection

No	Information	Amount
1	Population	45
2	Inconsistent companies are listed on the LQ45 index for the period 2018 to 2021.	(17)
3	Companies that don't consistently publish *sustainability reports* (SR) period 2018 to 2021.	(8)
4	Other banking and financial sector companies.	(5)
6	Number of Samples	15
7	The number of samples during the study period n = 4	60

Source: Secondary Data, processed (2022)

Data Sources and Data Collection Techniques

The data source used in this research is secondary data in the form of panel data. Secondary data in this study are *the annual report* and *sustainability report* company obtained from IDX and the company's official website. Data collection techniques using document analysis.

Data analysis method

The data analysis method used in this study is panel data regression analysis. Panel data is a combination of data *cross-sectional* and *time series*. In other words, panel data is data from the same variables in a certain time series.

The multicollinearity test and heteroscedasticity test form a classic assumption test. Multiple linear regression analysis was used to test the hypothesis.

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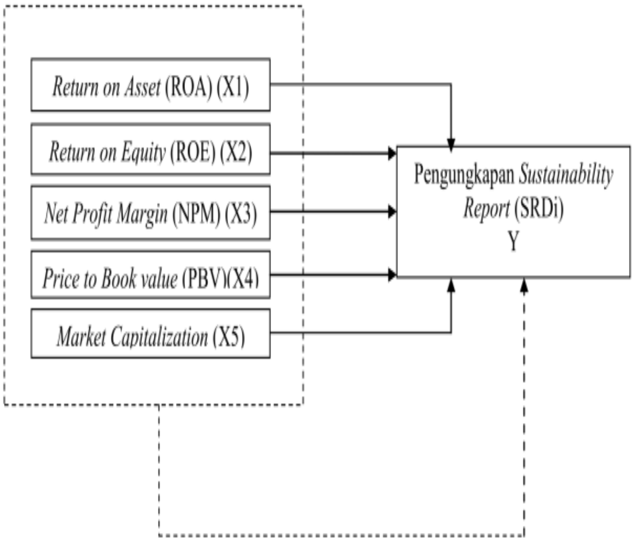

Figure 2. Thinking Framework

Hasil dan Pembahasan

Effect of ROA, ROE, NPM, PBV, and *market cap* Against Disclosure*Sustainability Report*

Table 3. F test results

R-squared	0,587549
Adjusted R-squared	0,391635
S.E. of regression	0,139657
Sum squared resid	0,780167
Log-likelihood	45,14143
F-statistic	2,999013
Prob(F-statistic)	0,001703

Source*: Output* Eviews 12, Prepared by Researchers (2023)

Table 3. shows that ROA, ROE, NPM, PBV, and *market Capitalization* affect the disclosure *sustainability report* and have samples from the population of the same variance. F-count value of 2,99901 and *probability* F-*statistic* of 0.001703. Mark*probabilty* 0.001703 is smaller than 0.05 (0.001703 <0.05) and F-count2.38607 is greater than F-table 2.38607 (2.38607 > 2.38607) means that the sample in the variables ROA, ROE, NPM, PBV and *market Capitalization* come from populations that have the same variance in significantly influencing disclosure*Sustainability Report*.

Financial performance and sustainability reports have a causal relationship that influences each other. According to Belascu and Horobet, financial performance can affect sustainability reports and vice versa, sustainability reports can affect financial performance (Ching, H. Y., Gerab, F., & Toste 2017).

Effect of ROA on Disclosure*Sustainability Report*

Table 4. Test Results t

Variable	t-Statistic	Prob.
C	3,269052	0,0022
LONG	-3,429551	0,0014
ROE	-1,606450	0,1160
NPM	3,244393	0,0024
PBV	1,510697	0,1387
MarketCap	-2,293213	0,0272

Source*: Output* Eviews 12, Prepared by Researchers (2023)

Table 4. shows that the ROA variable influences the company's decision to disclos*ure sustainability report*s. ROA earns value-*statistics* or t-count of -3.4296 with *a probability* of 0.0014. Mark*probability* that is equal to 0.0014 less than 0.05 (0.0014 <0.05) means that the independent variable has a significant effect on the dependent variable. So it can be concluded that the ROA indicator has a negative and significant effect on the disclosure *of sustainability report*s. This shows that the smaller the ROA, the wider/more disclosure *sustainability report*.

ROA is one of the ratios of profitability, according to legitimacy theory, if the level of company profitability is high, management considers it unnecessary to report anything that can interfere with information related to the company's financial success. Meanwhile, if the company has a low level of profitability, management will disclose more interesting reports *to stakeholder*s to find out information beyond the company's financial information such as *sustainability report*, which means disclosure *of sustainability report* can be used to divert the attention of information users about the decline in management performance in generating profits so that they still get the support and trust of stakeholders. Effect of ROA on disclosure *sustainability report* is under research (Nurdiah, N., & Asrori 2021), (Tobing, R. A., Zuhrotun, Z., & Rusherlistyani 2019), and (Yunan, N., Kadir, & Anwar 2021).

Effect of ROE on Disclosure*Sustainability Report*

Table 4. shows that the ROE variable does not affect the company's decision to disclos*ure sustainability reports.* ROE gain values-*statistics* or t-count of -1.6065 with *a probability* of 0.1160. Mark*probability* i.e. 0.1160 greater than 0.05 (0.1160 > 0.05) means that the independent variable has no significant effect on the dependent variable. So it can be concluded that the ROE indicator has no significant effect on the disclosure *sustainability report*.

Same with ROA, ROE is also a ratio of profitability but with a comparison of profit and equity. When viewed from a comparison of measurements, it is the equity or company capital that plays a role in this causality. This equity describes the value of money given by investors when buying shares of a company, which will eventually be used to develop the business. The LQ45 index companies are a collection of large companies with large equity. According to legitimacy theory, large companies do not need to disclose such voluntary reports *sustainability report*s to gain legitimacy from *stakeholder*s because the company has gained legitimacy from the background and main performance of the company. This relationship is consistent with research (Saadah, N., Agriyanto, R., Warno, W., & Mustika 2020) and (Laurencia, E. 2019).

1) *The Effect of NPM on DisclosureSustainability Report*

Table 4. shows that the NPM variable influences the company's decision to disclos*ure sustainability reports.* NPM earns value-*statistics* or t-count of 3.2444 with *a probability* of 0.0024. Mark*probability* that is equal to 0.0024 less than 0.05 (0.0024 <0.05) means that the independent variable has a significant effect on the dependent variable. So it can be concluded that the NPM indicator has a positive and significant effect on the disclosure *sustainability report*. This shows that the greater the NPM, the wider/more disclosure *sustainability report.*

NPM is one illustration of the company's financial performance. If a company has good financial performance, which is indicated by high profitability, the incentive for managers to provide complete information will be even stronger, because they want the level of investor confidence in the company's performance to increase. According to the *theory of stakeholder*, *legitimacy*, and *signal* the company disclos*ure sustainability report* to maintain good relations with stakeholders, gain legitimacy from stakeholders, and at the same time provide good information about the company to stakeholders. This relationship is following research (Liana, S., & Kunci 2019), (Dewi 2019) and (Nurdiah, N., & Asrori 2021).

2) *Effect of PBV on DisclosureSustainability Report*

Table 4. shows that the PBV variable does not affect the company's decision to disclose *the sustainability report.* PBV gains value-*statistics* or t-count of 1.5106 with *a probability* of 0.1387. Mark*probability* which is equal to 0.1387 greater than 0.05 (0.3187 > 0.05) means that the independent variable does not affect the dependent variable significantly. So it can be concluded that the PBV indicator has no significant effect on the disclosure *sustainability report.*

PBV describes the market demand for the company's shares. In this study, PBV does not affect the disclosure *sustainability report* because the population and sample of this study are companies listed on the LQ45 IDX index where the LQ45 index company is the safest company to buy shares so that the demand for company shares will not have an effect if the company does not pay attention to disclosure *sustainability report*. The signal that the company can provide good information does not have to be disclosed *sustainability report*, by being listed on the LQ45 index the company has given a signal that the company has good performance.

3) InfluenceMarketCap to DisclosureSustainability Report

Table 4. shows that variable*MarketCap* influenced the company's decision to disclose *the sustainability report. MarketCap* gains value *statistics* or t-count of -2.2932 with *a probability* of 0.0272. Mark*probability* that is equal to 0.0272 less than 0.05 (0.0272 <0.05) means that the independent variable has a significant effect on the dependent variable. So it can be concluded that the MarketCap indicator has a negative and significant effect on the disclosure *sustainability report*. This shows that it is getting smaller*MarketCap* the wider / more disclosure *sustainability report*.

Market capitalization is the value of a company's assets. In this study, market capitalization hurts disclosure *sustainability report*s due to the smaller the company's market capitalization, the company increasingly needs reports that can attract investors *and stakeholder*s to trust the company. Under the theory of legitimacy where companies require recognition from *stakeholders* for corporate sustainability by issuing *sustainability report*s. The results of this study are by research (Ching, H. Y., Gerab, F., & Toste 2017).

Kesimpulan

This study aims to determine the effect of financial performance by proxies ROA, ROE, NPM, PBV, and MarketCap on disclosure *sustainability report* companies listed on the LQ45 index of the Indonesia Stock Exchange. Based on the results of the analysis that has been done, it can be concluded that:

a. The results of the F test showed that the value *probability* F is less than 0.05 which means ROA, ROE, NPM, and PBV*Market Capitalization* have significant effects on the disclosure *sustainability report* and have samples from the population of the same variance.
b. The results of the regression test show that the ROA coefficient is negative and the value of the t-test is *probability* below 0.05, which means that ROA has a negative and significant effect on disclosure *sustainability report*.
c. The results of the t-test show a value *probability* above 0.05, which means that ROE has no significant effect on the disclosure *sustainability report*.
d. The results of the regression test showed that the NPM coefficient is positive and the value of the t-test *probability* below 0.05, which means that NPM has a positive and significant effect on the disclosure *sustainability report.*
e. The results of the t-test show the value *probability* above 0.05 PBV has no significant effect on the disclosure *sustainability report.*
f. The results of the regression test showed that the coefficient *MarketCap* is negative and on the t-test value *probability* below 0.05 which means *MarketCap* negative and significant effect on the disclosure *sustainability report*

g. Mark*Adjusted R-Squared* (R^2) of 0.3916 which shows the ability of the independent variables to influence the dependent variable by 39.16%, while the remaining 60.84% (1-0.3916) is explained by variables not explained in this study.

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