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## The Influence of Profitability, Liquidity, and Company Size on Sustainability Report Disclosure with the Audit Committee as a Moderating Variable

Sukma Purnama Rahayu<sup>1</sup>, Bestari Dwi Handayani<sup>2</sup>  
<sup>12</sup>Semarang State University, Central Java, Indonesia  
Correspondence: [sukmapurnama@students.unnes.ac.id](mailto:sukmapurnama@students.unnes.ac.id)<sup>1</sup>

### Abstract

This study aims to examine the influence of profitability, liquidity, and company size on the level of sustainability report disclosure in companies included in the LQ45 Index during the 2022–2024 period, with the audit committee as a moderating variable. This study was conducted to fill the gap in previous research that was still limited to testing the existence of an audit committee alone or using the period before the strengthening of sustainability reporting regulations after 2021, and had not examined in depth the quality of the audit committee's role in moderating company characteristics. The study used a quantitative approach with a purposive sampling technique, and was analyzed through Moderated Regression Analysis (MRA) based on secondary data obtained from the Indonesia Stock Exchange and the company's official website. The results of the analysis showed that profitability and liquidity did not have a significant effect on sustainability report disclosure, while company size had a positive and significant effect. The audit committee was shown to significantly moderate the relationship between profitability and sustainability disclosure, but with a negative coefficient direction, indicating that the oversight role can limit the tendency for over-disclosure. Conversely, the audit committee did not significantly moderate the relationship between liquidity and sustainability report disclosure. In the relationship between company size and sustainability disclosure, the audit committee also acts as a significant moderator with a negative coefficient, indicating that the audit committee's oversight role can limit the tendency of large companies to make excessive, symbolic disclosures.

### KEYWORDS

audit committee, liquidity, profitability, sustainability report, company size.

### Introduction

Sustainable development often faces challenges that require new approaches and innovative thinking in decision-making. This aims to ensure that the current generation can meet their needs and ensure that future generations can also meet their own needs (GRI 2006). The 2023 GRI report shows that sustainability reporting has become common practice globally, with approximately 85% of the world's largest companies and 92% of companies in the Fortune Global 250 group regularly publishing sustainability reports. This confirms that sustainability reporting is now an essential part of modern corporate governance. However, this high level of adoption does not guarantee uniformity in quality or factors influencing the level of disclosure, especially in developing countries like Indonesia. Therefore, empirical research is needed that not only assesses the existence of sustainability reports but also examines the determinants of disclosure and the role of governance mechanisms, such as audit committees, in improving the quality and credibility of sustainability information. Research (Apriliyani, 2022) provides empirical evidence that company activities influence sustainability report disclosure. In addition, the number of Indonesian companies participating in the Sustainability



Figure 1. Number of Companies participating in ASRA and ASRRA

Source: Data Processed by the Author, 2025

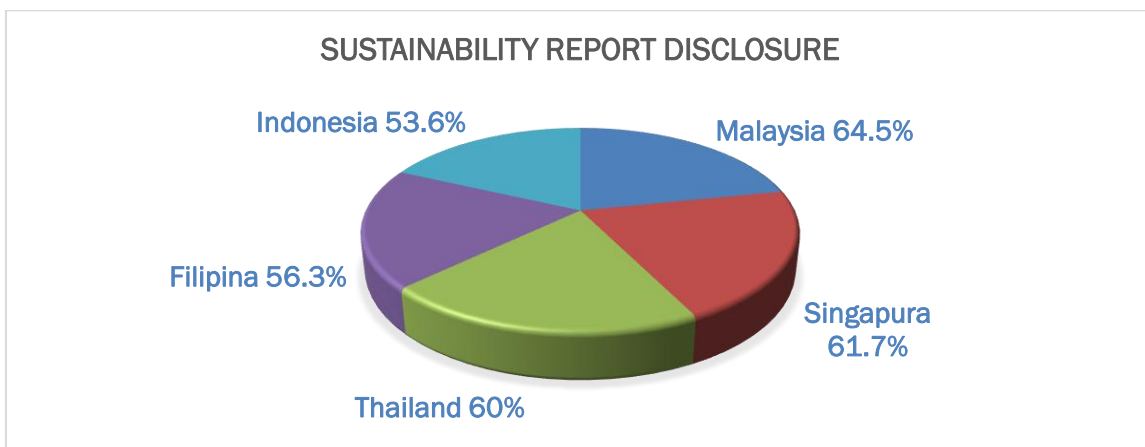


Figure 2. Sustainability report disclosure

Source: Data Processed by the Author, 2025

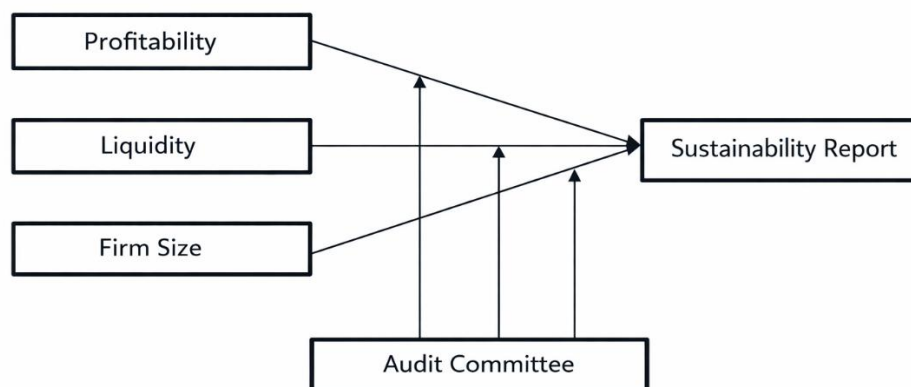
Reporting Awards (SRA) and Sustainability Reporting Rating (ASRRA) are as follows (see [figure 1](#))

The number of Indonesian companies participating in the Sustainability Reporting Award (SRA) and the Asia Sustainability Reporting Rating (ASRRA) shows a dynamic change from year to year. In 2020, 59 companies participated, but this number decreased in 2021 to 45 companies. Subsequently, participation increased again in 2022 to 59 companies, increased again in 2023 to 64 companies, and decreased slightly in 2024 to 63 companies. This condition indicates that company involvement in sustainability reporting quality assessment events remains unstable, although there has been an increasing trend in recent periods. Meanwhile, the Financial Services Authority (OJK) reported in 2023 that approximately 78% of the total 750 issuers on the Indonesia Stock Exchange had submitted sustainability reports. This is in line with the implementation of POJK Number 51/POJK.03/2020, which requires companies to disclose social and environmental responsibility information more transparently. However, the high number of companies preparing sustainability reports does not necessarily reflect adequate disclosure quality. Low participation in the SRA and ASRRA events can be understood as an indication that reporting quality and comprehensiveness still needs to be improved, necessitating a more active role from the government in encouraging improvements in corporate sustainability practices. (Elmagrhi & Ntim, 2023); (Mo & Wang, 2023); (Sari, Widiastutik, et al., 2023).

Sustainability Report is a report that contains information about the social, economic, and environmental activities of a company. This report is usually prepared separately from the annual report. The company's focus is not only on achieving profits, but also on responsibility to society and the environment. It is hoped that the sustainability report can encourage the achievement of sustainable development in the long term through the presentation of integrated economic, social, and environmental activities.

Globally, the Americas are the region with the highest number of sustainability report publishers, followed by Asia Pacific, Europe, the Middle East, and Africa (KPMG Sustainability Reporting Survey, 2020). Within the ASEAN region, Malaysia ranks first, followed by Singapore, Thailand, the Philippines, and Indonesia. The following chart shows the trends in sustainability report disclosures in ASEAN (See [figure 2](#))

The diagram clearly shows that Malaysia ranks first in the ASEAN region, while Indonesia ranks last with a revealing trend of 53.6%. This is because the obligation to prepare sustainability reports in Indonesia only comes into effect in 2021. Given these issues related to sustainability reporting, this study aims to examine sustainability report disclosure in Indonesia. Several previous studies have shown mixed findings. (Triharyati et al., 2023) indicated a significant relationship between profitability and sustainability reporting. However, this study contradicts (Damayanty et al., 2022), (Ruhana et al., 2020) research shows that the level of liquidity does not have a significant influence. Furthermore



**Figure 3. Conceptual Framework**

(Munandar, A., & Setiawati, 2022) study company revealed that size has a positive impact on the Sustainability Report. Based on Hidayah & Raihan's research (Hidayah & Raihan, 2024) A study of sustainability report disclosures in mining companies in Indonesia shows that the influence of profitability, liquidity, and company size on sustainability reporting still yields mixed findings. Some studies show a significant influence, while others find a weak or insignificant relationship. This inconsistency indicates that the determinants of sustainability disclosure have not been fully explained. Furthermore, most previous studies have focused on the direct influence of company characteristics, without examining the role of governance mechanisms, particularly audit committees, in moderating this relationship. Therefore, this study aims to address this gap by positioning the audit committee as a moderating variable and using the context of LQ45 companies for the 2022–2024 period to gain a more comprehensive understanding of the factors influencing sustainability report disclosure in Indonesia.

Referring to the previous discussion, this study aims to analyze the influence of profitability, liquidity, and company size on the level of sustainability report disclosure, with the audit committee positioned as a moderating variable. Unlike previous studies that generally only view audit committees in terms of their existence, this study focuses on the quality of the audit committee's role as an oversight mechanism, represented by characteristics such as meeting frequency and level of independence. The uniqueness of this study lies in its examination in the post-regulation context of 2021, a period when sustainability reporting obligations in Indonesia began to be implemented more strictly through POJK Number 51/POJK.03/2020. Furthermore, this study uses a more comprehensive sustainability report disclosure measure and focuses on LQ45 companies in the 2022–2024 period, which have high liquidity and significant public exposure. Thus, this study's contribution lies not only in updating the observation period but also in providing new insights into how corporate governance quality influences sustainability reporting practices in an increasingly mature regulatory environment.

#### Stakeholder Theory

Stakeholder theory was first introduced by Freeman in 1984, emphasizing that the Company operates in a network of relationships with various parties involved and affected by the activities carried out. These parties not only receive the consequences of the company's actions but also have the ability to influence the direction and decisions taken by the organization. In this case the company is understood as part of a system that continues to interact with its dynamic and complex environment (Mustofa et al., 2020). Therefore, the company is not merely positioned as an entity that pursues

internal interests, but is also required to provide added value and benefits to all stakeholders (Madona & Khafid, 2020). In a framework of thinking, stakeholder theory aims to help management identify and understand the needs and interests of stakeholder groups so that later a company can manage effectively, in a balanced manner, and oriented towards mutual interests (Setiawan et al., 2022).

#### Legitimacy Theory

Legitimacy is the most important element in the sustainability of a company because it is related to business activities accepted by the community based on applicable values and norms. In this condition, it encourages entrepreneurs to pay attention to social and environmental responsibility in order to maintain public trust. In the perspective of political economy theory, legitimacy has a role in influencing company access to economic resources, so that performance that is in line with community expectations becomes a strategic necessity for sustainability in business (Mustofa et al., 2020). The practice of social responsibility is carried out as an effort to gain public acceptance (Wahyono et al., 2022), in maintaining the legitimacy of conveying social and environmental impacts through sustainability reports as a form of transparency (Rahaditama et al., 2022).

#### Profitability and Sustainability Report

High profitability levels can encourage companies to disclose information about sustainability reports more widely. explained that the greater the profit earned, the greater the tendency of companies to expand sustainability reporting (see figure 3). This is in line with stakeholder theory, which emphasizes that a company's sustainability is influenced by how the company meets stakeholder expectations, including in social and environmental aspects. In research by (Kristianingrum et al., 2013), (Ayu et al., 2024) stated that the level of sustainability report disclosure has a positive contribution to profitability. Therefore, the proposed hypothesis is as follows:

H1: Profitability has an effect on sustainability report disclosure

#### Liquidity and Sustainability Report

Liquidity in the company is relatively stable, which is reflected in the low variation in value between periods. This stability makes information regarding the company's ability to meet short-term obligations receive less attention from stakeholders. This condition has an impact on the significant influence of liquidity on sustainability reports. This finding is not in line with stakeholder theory and also legitimacy theory which assumes that financial aspects also influence company transparency. Research found by (Hermawan & Munawar, 2021) shows consistent results where both good and declining do not provide a significant contribution to the extent of

sustainability report disclosure. Therefore, the hypothesis puts forward:

H2: Liquidity does not affect sustainability reports

Company Size and Sustainability Report

Company size is generally seen as a reflection of the scale of a business entity's operations, one measure of which is its total assets. According to (Mazaya, L., & Susilowati, E. (2021). Proaksi & Keuangan, 2021)total assets reflect a company's capacity to carry out its activities while also indicating the level of operational complexity. To maintain a competitive position, larger companies have stronger competitiveness ( Razak et al., 2021). Large companies are required to be more transparent regarding sustainability information (Sari, Rahma, et al., 2023)Therefore, the following hypothesis can be formulated:

H3: Company size influences sustainability reports

Audit Committee as Moderator

Corporate governance mechanisms, particularly the audit committee and the frequency of its meetings, contribute positively to the extent of sustainability reporting disclosures. (Kurniawan et al., 2018) study examined sustainability disclosures in companies listed on the Indonesia and Singapore Stock Exchanges and found that only economic information impacted company value.

Other research also suggests that the frequency of audit committee meetings plays a role in promoting transparency within a company. The audit committee's role can be strengthened or weakened under certain circumstances, depending on recommendations from stakeholders. Considering this, the following hypothesis is proposed:

H4: The audit committee can moderate and strengthen the profitability of sustainability reporting.

H5: The audit committee can moderate and strengthen the liquidity of sustainability reports.

H6: The audit committee can moderate and strengthen the company's size towards sustainability reporting

Methods

This study uses secondary data and is quantitative in nature, with data analysis using the Moderated Regression Analysis method. Data were taken from annual reports and sustainability reports. The sample in this study was LQ 45 companies listed on the Indonesia Stock Exchange in 2022-2024. The sampling technique used in this study was purposive sampling. This data was processed using Stata software. The sample criteria used were as follows:

1. LQ 45 companies listed on the Indonesian Stock Exchange in 2022-2024
2. LQ 45 companies that published annual reports for 2022-2024
3. LQ 45 companies that published sustainability reports for 2022-2024

Rahaditama et al., (2022), Sustainability Report disclosure can be assessed using a binary scoring approach, namely by giving a value of one to each information element presented in the report, while elements that are not disclosed are given a value of zero. All scores are then accumulated to produce a total value that reflects the company's level of sustainability disclosure.

Profitability is the independent variable used in this study and is precisely assessed by Return on Assets (ROA), taken from the annual financial reports of manufacturing companies during the research conducted by Hery et al. (2018). ROA was chosen because it effectively illustrates the profitability generated by the assets used by a business.

Furthermore, ROA is a measure of the potential future sustainability of a business.

Liquidity is a financial indicator called liquidity that evaluates a company's ability to pay its debts and obligations when they fall due (Kasmir, 2019). In this analysis, liquidity is represented by the Current Ratio (CR). The CR is used to evaluate a company's ability to pay off short-term obligations or debts that must be paid in the near future.

Company size is used as an independent variable in this study. Several measures, such as total assets, total sales, average total sales, and average total assets, define it (Kasmir, 2019). The company's scale is assessed based on its total assets, which is represented by the natural logarithm of those assets.

In this study, the audit committee is not only viewed as a formal management oversight body but is also measured as a representation of corporate governance quality. Audit committee quality is proxied through several indicators, including the number of members, level of independence, frequency of meetings, and financial or accounting competency. Data were obtained from annual reports and corporate governance reports. These indicators were chosen because they reflect the effectiveness of the audit committee's oversight function in ensuring transparency and improving the quality of sustainability information disclosure. The existence of an audit committee is beneficial in ensuring transparency, openness of financial reports, and information disclosure by management. This aligns with agency theory, which suggests that having a company with a standard audit committee will reduce information asymmetry for companies with high capitalization and further increase company value.

This study uses *Moderated Regression Analysis* (MRA) to examine the influence of profitability, liquidity, and company size on the level of *sustainability report* (SR) disclosure, with the audit committee as a moderating variable. All independent variables are treated as primary variables, not control variables, while the audit committee is positioned as a moderating variable and has a direct influence in the model. The model used in this study is as follows:

$$SR = \alpha + \beta_1 PR + \beta_2 LK + \beta_3 UP + \beta_4 KA + \beta_5 (PR \times KA) + \beta_6 (LK \times KA) + \beta_7 (UP \times KA) + \varepsilon$$

Information:

SR = Sustainability Report Disclosure Level

PR = Profitability

LK = Liquidity

UP = Company Size

KA = Audit Committee

PR×KA, LK×KA, UP×KA = Moderation interaction

α = Constant

β = Regression coefficient

ε = Error term

Results and Discussion

The description of the variables used in this study are

Table 1. Descriptive Statistics

Variables	Mean	Median	Minimum	Maximum
SRD	0.532	0.630	0,000	1,000
ROA	0.049	0.036	-0.935	0.557
CR	0.373	0.337	-6,748	4,108
SIZE	17.44	21.70	0.00	30.04
KA*ROA	0.6628	0.2915	-5,611	8,360
KA*CR	3,7037	2,603	-209,175	168,443
KA*SIZE	249.29	131.15	0.00	1274.76

Table 2. Moderated Regression Analysis

Variables	Coefficient	Decision	Hypothesis
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ROA	-0.462	Not Significant	Rejected
CR	-0.001	Not Significant	Accepted
SIZE	0.032***	Significant	Accepted
KA*ROA	0.069*	Significant	Accepted
KA*CR	-0.001	Not Significant	Rejected
KA*SIZE	-0.002*	Significant	Rejected
_Cons	-0.031		
F-Statistic	0.0000		
Probability			
R-Square	0.881		

Note: \* p<0.05; \*\*p<0.01; \*\*\*p< 0.001

profitability (ROA), liquidity (CR), company size (SIZE), and sustainability report disclosure (SRD) as well as the audit committee (KA) as a moderating variable which can be explained in full in [Table 1](#). The data processing results show that each variable in the study has a different pattern and range of values. For the sustainability report disclosure variable, the average value is in the range of 0.532, indicating that companies generally disclose about half of the indicators they should. The median

value of this variable is 0.630, indicating that some companies tend to have a slightly higher level of disclosure than the average. The range of values for this variable is quite wide, as some companies make no disclosure at all (minimum value of 0), while some companies have achieved full disclosure (maximum value of 1). For the profitability variable, the average value is quite low, at around 0.049, indicating that most companies record relatively small profits relative to their total assets or equity. The median for this variable is slightly below the mean, at 0.036, indicating that more than half of the companies have low profitability levels. The values also vary quite sharply, ranging from companies experiencing significant losses (minimum value of -0.935) to companies with high profitability (maximum value of 0.557).

In contrast to profitability, the liquidity variable exhibits a much more extreme distribution pattern. The average value is 0.373, while the median value is around 0.337, indicating that the liquidity conditions of most companies are relatively similar. However, the minimum value of -6,748 indicates extreme conditions in some companies, while the maximum value of 4,108 indicates companies with excellent short-term liability coverage. Company size, as measured by the logarithm of total assets, has an average value of 17.44, while the median value is higher at 21.70. This difference indicates that most companies are in the medium to large size category. The minimum value recorded at 0.00 likely indicates missing data or an outlier, while the largest company size reached 30.04.

Interaction variables such as profitability × audit committee, liquidity × audit committee, and firm size × audit committee also show a very wide range of values. For example, the interaction between liquidity and audit committee has a minimum value of -209.175, while the maximum value reaches 168.443, indicating significant differences in company characteristics. A similar trend is seen in the interaction between firm size and audit committee, which has a maximum value of 1274.76, well above the average value.

[Table 2](#) shows the results of the hypothesis using moderated regression analysis. The table shows the following results: profitability (X1) produces a coefficient of -0.462, but does not show a significant effect on sustainability report disclosure. This indicates that the company's profitability is not a major factor in determining the extent of sustainability information disclosed. Liquidity (X2) also has a very small effect of -0.001 and is not significant, so the company's ability

to meet short-term obligations is not directly related to sustainability reporting practices. In contrast to these two variables, company size (X3) actually has a significant positive effect, with a coefficient of 0.032 at a significance level of <0.001 (\*\*\*). This finding confirms that larger companies tend to provide more comprehensive sustainability information.

Meanwhile, the interaction variables show an interesting pattern. The interaction between profitability and the audit committee (X1Z) has a coefficient of 0.069, with a significant result at a significance level of <0.05 (\*). This indicates that the audit committee's role is strong enough to strengthen the relationship between profitability and sustainability report disclosure. The interaction between liquidity and the audit committee (X2Z) has a negative coefficient of -0.001, indicating no significant effect. Conversely, the interaction between company size and the audit committee (X3Z) has a negative coefficient of -0.002, and is significant at a significance level of <0.05 (\*). This finding suggests that although larger companies tend to disclose more extensive sustainability information, the role of the audit committee actually weakens this relationship slightly. In other words, the more active the audit committee, the smaller the relationship between company size and disclosure level. However, this effect is relatively small, although significant.

#### Profitability and Sustainability Report

The results of the study indicate that profitability has a coefficient of -0.462 with a significance level that does not meet the testing criteria, thus there is no significant influence on sustainability report disclosure. This finding leads to the rejection of Hypothesis H1. In other words, ROA as a profitability indicator has not been able to encourage companies to provide broader sustainability information. From a stakeholder theory perspective, entities with high profit potential actually have sufficient resources to increase transparency. However, the empirical conditions of this study actually show a negative relationship, so sustainability reporting is not influenced by the company's level of profitability. These results are in line with the findings of ([Marsuking & Yogyakarta, 2020](#)), who also reported a negative influence of profitability on sustainability report disclosure. However, these results are inconsistent with the research of ([Widyawati et al., 2022](#)), which found that profitability plays a positive role in encouraging the extent of sustainability report disclosure.

#### Liquidity and Sustainability Report

The results of the study show that liquidity does not affect the disclosure of Sustainability Reports, meaning the hypothesis H2 Accepted. The insignificant coefficient of -0.001 confirms that a company's ability to meet short-term obligations is not a determining factor in the extent of sustainability information presented. This finding aligns with Hypothesis H2, which states that liquidity has no effect, and is consistent with research by ([Hermawan & Munawar, 2021](#)), which also found that liquidity levels do not significantly contribute to sustainability report disclosure. One possible reason is that liquid companies perceive their financial position as strong enough and therefore do not see the urgency to expand sustainability reporting. Conversely, companies with lower liquidity tend to use sustainability disclosure as a strategy to attract investor attention and improve their corporate image. Thus, the extent of liquidity is not a factor that differentiates the level of sustainability reporting between companies.

#### Company Size and Sustainability Report

The results of the study indicate that company size has a significant effect on the level of sustainability report disclosure, indicated by a positive coefficient of 0.032 with a significant value of p < 0.001. This finding indicates that the hypothesis stating that company size affects sustainability report disclosure can be accepted, so that Hypothesis H3 is Accepted. Theoretically, these results align with stakeholder theory,

which emphasizes that large companies have a greater responsibility to meet the demands and needs of stakeholders. Larger companies are generally accompanied by stronger resource availability, higher levels of public exposure, and more intense external pressure to provide complete and transparent information. These findings also support research by (Gunawan & Sjarief, 2022), which shows that the larger the company, the more extensive the sustainability report disclosure, primarily due to the company's increasing need to gain legitimacy from the public. Furthermore, large companies generally carry out more complex activities and have broader social and environmental impacts, making sustainability reporting an important strategy for maintaining reputation and managing non-financial risks.

The results of this study also align with the findings of (Madani, N. K. N., & Gayatri, 2021) who stated that company size contributes to encouraging sustainability report disclosure practices. These findings indicate that larger companies tend to disclose sustainability information more intensively. This is understandable because larger companies generally have stronger resource capacity, both in terms of funding and technical support, allowing for more optimal sustainability reporting implementation. Furthermore, companies with large operational scales are typically under greater public scrutiny and regulatory oversight, requiring them to demonstrate clear accountability for the social and environmental impacts of their business activities. However, these findings are inconsistent with research (Roviqoh, D. I., & Khafid, 2021) who reported that company size had no effect on the level of sustainability report disclosure. This inconsistency is also evident in research (Rahaditama et al., 2022), which concluded that company size had no impact on sustainability reporting practices.

#### Audit Committee Moderates and Strengthens the Relationship between Profitability and Sustainability Reports

The role of the audit committee as a moderator of the relationship between profitability and sustainability report disclosure shows a positive coefficient of 0.069 and is significant at the  $p < 0.05$  level. This result suggests that the existence of an audit committee actually strengthens the influence of profitability on sustainability reporting, meaning that Hypothesis H4 is accepted. This positive coefficient value indicates that the existence of an audit committee actually strengthens the influence of profitability on the extent of sustainability report disclosure. In other words, when the audit committee functions more effectively, companies with high levels of profitability tend to provide greater sustainability disclosure.

These results indicate that audit committees act as a governance mechanism that encourages companies to use strong financial performance as a basis for increasing transparency and accountability through sustainability reporting. The presence of an active audit committee can make companies more responsive in demonstrating their commitment to environmental, social, and governance aspects when the company's profits are in good condition. This occurs because audit committees typically emphasize the importance of reporting quality, including non-financial reporting, so profitability is seen not only as a financial achievement but also as a momentum to expand sustainability disclosure.

This finding aligns with the concept of moderation explained by (Aiken, L. S., West, S. G., & Reno, 1991), who argued that moderator variables can alter the direction and strength of the relationship between primary variables. Furthermore, several studies in corporate governance, such as those by (Pasaribu & Soeratin, 2024), demonstrate that audit committees can improve the quality of reporting oversight, thus strengthening the relationship between profitability and corporate disclosure under good governance

conditions. Therefore, this study demonstrates that audit committees play a key role in reinforcing profitability's role in encouraging companies to implement sustainability reporting.

#### Audit Committee Moderates and Strengthens the Relationship between Liquidity and Sustainability Report

The role of the audit committee in moderating the relationship between liquidity and sustainability report disclosure shows an insignificant coefficient value of -0.001. This condition indicates that the existence of an audit committee has not been able to strengthen or weaken the influence of liquidity on the level of sustainability reporting, therefore Hypothesis H5 is rejected. In other words, the extent of a company's ability to meet its short-term obligations does not significantly change its influence on the sustainability report, even though the company has a more active or larger audit committee.

These results suggest that liquidity is not a sensitive factor to audit committee oversight in the context of sustainability reporting. Audit committees generally focus more on areas related to financial reporting quality, compliance, and risk, so changes in liquidity conditions do not directly encourage audit committees to influence management decisions regarding sustainability report disclosure. This result in the audit committee's moderating effect on the relationship between liquidity and sustainability reporting does not appear significantly in the model. These findings also align with several studies that emphasize that liquidity tends to be an internal indicator whose movements do not always translate into non-financial reporting practices unless driven by other governance factors.

#### Audit Committee Moderates and Strengthens the Relationship between Company Size and Sustainability Report

The audit committee plays a role in influencing the relationship between company size and sustainability report disclosure, with a moderation coefficient value of -0.002 and a significance level of  $p < 0.05$ . This finding indicates that the audit committee's oversight role can weaken the impact of company size on sustainability information disclosure, so Hypothesis H6 is rejected. This value indicates that the audit committee does play a moderating role, but the direction of moderation is actually negative. Thus, the stronger the audit committee's function, the weaker the influence of company size on sustainability reports. This finding also rejects the hypothesis that the audit committee strengthens the relationship.

(Fitriyani, 2023) research also shows that audit committees can weaken the influence of company characteristics on sustainability disclosure when their oversight focus is directed at compliance and risk control. Overall, audit committees have been shown to moderate the relationship between company size and sustainability reporting, but in a weakening, not strengthening, direction.

In addition, the F-Statistic Probability shows a value of 0.0000, which is smaller than alpha 5% ( $0.0000 < 0.05$ ), meaning that independent variables including profitability, liquidity, and company size can simultaneously influence the disclosure of sustainability reports. The R-Square value of 0.881 means that 88.1% of the variation in the disclosure of sustainability reports can be explained by the independent variables used in this study. Only 11.9% is influenced by other factors outside the variables of this study.

## Conclusion

The primary contribution of this study lies in providing new empirical evidence on the role of audit committees in sustainability reporting in the post-regulation Indonesian

capital market, demonstrating that corporate governance does not always strengthen, but under certain conditions can actually limit, the relationship between firm characteristics and sustainability disclosure, in order to maintain reporting quality and credibility. These findings extend the governance and sustainability literature in developing countries.

Practically, the findings of this study imply that regulators, particularly the Financial Services Authority (OJK), need to not only mandate sustainability reporting but also strengthen disclosure quality standards and the oversight function of audit committees. For management and boards of directors, audit committees should be positioned as strategic tools to ensure the integrity of ESG information, not simply formal compliance.

The limitations of this study lie in the limited sample size of LQ45 companies and the quantitative nature of variable

measurements. Therefore, future research is recommended to develop more diverse governance proxies, extend the observation period, consider sector differences, and apply advanced econometric methods and cross-country studies.

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