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Determinants of Sustainability Report With Company Size as Moderation

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Abstract. Reports on sustainability are very important since they discuss how a company's operations affect the economy, the environment, and society. Based on legitimacy and stakeholder theory, this study aims to show how leverage, liquidity, institutional ownership, and management ownership affect sustainability reports. Company size is used as a moderating variable, and profitability is used as a control variable. Purposive sampling was used in the study, and a sample of 29 consumer goods companies listed on the IDX between 2018 and 2022 was obtained. The results show that leverage significantly and negatively affects consumer goods businesses' sustainability reporting. Conversely, liquidity and managerial ownership do not exhibit any effect on sustainability reporting, while institutional ownership positively and significantly influences it. Furthermore, the relationship between sustainability reports and leverage is moderated by company size. However, in the context of consumer goods companies, the connections between institutional ownership, managerial ownership, and liquidity in sustainability reports are not strengthened by company size. It is advisable for company management to consider their levels of leverage, as reducing leverage may enhance the quality of sustainability reports. This can be achieved through careful debt management, minimizing reliance on short-term debt, or exploring more sustainable funding alternatives. Additionally, a higher level of institutional ownership has been shown to positively impact sustainability reporting. By attracting institutional investors who prioritize social and environmental responsibility, companies can enhance their sustainable performance.

Keywords: Leverage, Liquidity, Institutional Ownership, Managerial Ownership, Sustainability Report, Profitability

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Introduction

Sustainable development faces the challenge of requiring new and innovative approaches to thinking and decision-making. Its objective is to fulfill the needs of the current generation while ensuring that future generations can also meet their own needs (GRI, 2006). The importance and magnitude of risks related to sustainability encourage the discovery of new control methods, especially to create transparency about economic, environmental, and social impacts for stakeholders (GRI, 2006). In support of this expectation, a global conceptual framework with consistent and measurable language is needed with the aim of making it clearer and easier to understand. This concept is then called the Sustainability Report. Number of Indonesian companies participating in the Sustainability Reporting Awards (SRA) and Asia Sustainability Reporting Rating (ASRRA).

Table 1
Asia Sustainability Reporting Rating (ASRRAT)

No.	Year	Total of Company
1	2015	37
2	2016	50
3	2017	40
4	2018	38
5	2019	41
6	2020	44
7	2021	45
8	2022	59

Source: ASRRAT (2023)

Table 1 shows the number of Indonesian companies participating in SRA and ASRRAT fluctuates. In 2017, the number of participants decreased from 50 companies in 2016 to 40 in 2017. In 2018, it decreased to 38 companies. Although the number of Indonesian companies participating increased from 2019 to 2022, it is still very small when compared to the quantity of firms registered on the Indonesia Stock Exchange (IDX) in 2021, around 800 issuers. From these data, it can be seen that there are still many companies that are reluctant to be active in the sustainability report series of events. This shows that the enthusiasm of companies to understand the environment and society is still low and there has been no more attention from the government to conduct socialization or appeals to companies to help preserve the environment and society during the company's operational activities (Elmagrhi & Ntim, 2023; Mo & Wang, 2023; Ronoowah & Seetanah, 2024; Sari et al., 2023). This shows the urgency of this study to determine the factors that cause compliance in issuing sustainability reports to be low.

There are several cases of environmental pollution, including PT. Mahkota Indonesia is a chemical industry company that is considered not to meet the standard quality standards in its chimney. The smoke appears black and there is one location on the left side of the factory that is filled with sulfur or yellow sulfur. With the condition of the chimney which is considered not to meet the quality standards and causes pollution, the DKI Jakarta Service has given administrative sanctions. In addition, the paper factory PT. MAG in Kesamben District, Jombang is one of the causes of pollution of the Avur Budug Kesambi River. Officers found evidence that the paper factory dumped its liquid waste into the river. The third case of PT. Hybrid Chemical Indonesia (HCI) was proven to have dumped waste into the Cibodas River, a tributary of the Citarum River in Margaasih. The company was sanctioned because the company did not have a place to dispose of B3 waste.

In today's industrial era, manufacturing is one of the largest industries in the world. Reported from mckinsey.com, manufacturing accounts for around 16% of world GDP and 14% of employment. The Consumer Goods Industry is one of the sectors that is experiencing rapid growth. In this industry, products are produced and sold with the aim of being used directly by buyers to meet their personal needs and happiness. In general, the products produced are purchased more by individuals or families than by companies or industries (Junior Sungloria & Meiden, 2022).

In the third quarter of 2022 (Figure 1), Indonesia recorded positive changes across the fast-moving consumer goods (FMCG) segment compared to the same quarter of the previous year, with the country's FMCG market value reaching 7.3%. The FMCG sector in Indonesia is growing rapidly in the Southeast Asia region. The fast-moving consumer goods (FMCG) market is intricately linked to societal and environmental factors, making it a primary focus for research within defined parameters. Nonetheless, this sector encounters adverse issues in its operations, exemplified by PT Unilever Indonesia Tbk., which is grappling with environmental challenges stemming from waste disposal. Therefore, in order to lessen the adverse effects of its operations, it is crucial to look at how the consumer goods sector interacts with the environment and the community.

Sustainability reports are important because they can increase stakeholder trust and company performance (Astuti & Juwenah, 2017), Sustainability reports function as a form of responsibility and a medium of communication between companies and the community and the surrounding environment (Sari & Faisal, 2022). Businesses must understand that providing sustainability reports is a way for them to answer to stakeholders and demonstrate their accountability (Amidjaya & Widagdo, 2019). The use of GRI guidelines can increase the comparability of sustainability reports, although there are indications that GRI indicators are not always informative (Kuswanto, 2019).

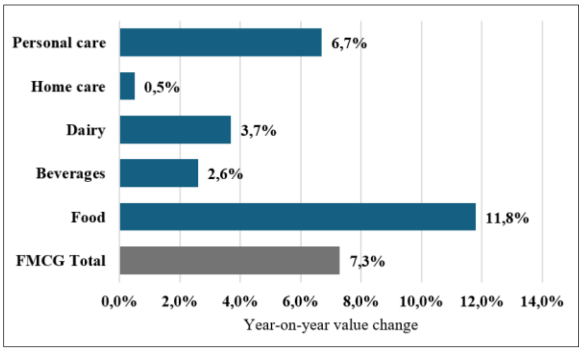

Fig. 1. Changes in FMCG value in Indonesia on a year-on-year (YOY)-Source (Statista.com, 2023)

Companies are encouraged to release sustainability reports for a number of reasons, this has been widely studied and researched by previous researchers (Alhazemi, 2024; Araci et al., 2025; Perpres No 18, 2020; Ronoowah & Seetanah, 2024; Shrestha, 2024). One of them is leverage because in disclosing sustainability reports there are costs that tend to be eliminated by companies in order to report high profits to stakeholders. A ratio pertaining to a business's long-term debt is called leverage. Research from Afsari et al. (2017) demonstrates how leverage significantly impacts sustainability reporting. Meanwhile, in research conducted by Putra & Varina (2021) leverage has been revealed to have little bearing on sustainability reporting.

The second factor pertains to liquidity, a financial performance metric that demonstrates the company's ability to fulfill its long-term commitments to Nutshell. Stakeholder theory states that companies with high levels of liquidity are considered capable of paying their short-term obligations on time. Research conducted by Mujiani & Tuti (2020) demonstrates how liquidity significantly and favorably affects sustainability reporting. However, this result runs counter to the study carried out by Hermawan & Sutarti (2021), It suggests that the disclosure of sustainability reports is not much impacted by liquidity as determined by the Current Ratio (CR).

Institutional ownership is the third criteria. Since institutional investors have a significant amount of control on the company's investors, the number of shares they possess may be a justification for sustainability reporting. Disclosure of Sustainability reporting is expected to reduce information asymmetry that occurs among stakeholders. That way, the existence of a large institutional ownership factor can be a reason to report all activities and conditions of the company to the public, one of which is by disclosing Sustainability reporting (Setyawan *et al.*, 2018). The results of research by Hardika et al. (2018) found that there was an influence between institutional ownership and sustainability report disclosure. This is in line with what was found by Sellami et al. (2018) who stated that institutional shareholders are increasingly demanding information related to sustainability and pressuring companies so that companies continue to build credibility and transparency of sustainability report information.

Since the measurement is based on the percentage of shares held by management, which includes the board of directors and commissioners, the fourth component is managerial ownership, or the ownership of shares by corporate managers. The value of the company's program will be indirectly impacted by claims that sustainability report disclosure will rise as a result of strong managerial ownership. Widianingsih (2018) stated that managerial ownership The findings indicate a beneficial impact on the transparency of sustainability reports. Nevertheless, these outcomes are not in line with research conducted by Hardika et al. (2018) revealed that managerial ownership negatively affects sustainability reporting.

Results from the effects of managerial ownership, institutional ownership, leverage, and liquidity are not always consistent. The size of the business is thus required as a moderating variable. The dimensions of the company may serve as a determinant that affects the extent and scope of the social responsibility undertaken by the organization. The results of previous research on the effect of company size moderating sustainability report disclosure variables showed relatively stable results, namely a significant positive effect. Research Pohan et al. (2019) shows the results that company size can moderate sustainability report disclosure variables. With these relatively stable results, it is expected that the size of the company can act as a moderation that is able to enhance or diminish the impact of leverage, liquidity, institutional ownership, and managerial ownership on the disclosure of sustainability reports.

This study will use profitability as a control variable. Companies with high profitability tend to be able to manage the company well, one of which is in terms of disclosing information to stakeholders, namely disclosure of social and environmental responsibility. Profitability is a factor that can give freedom to management to make voluntary disclosures of information widely.

Theoretical Background

Stakeholder theory emerged in the mid-1980s and is based on management's desire to create a framework responsive to environmental change. Stakeholders are identified as any entity or individual that has the capacity to affect or be affected by the attainment of an organization's objectives (Rokhlinasari, 2015). According to Ghozali & Chariri (2016), stakeholders emphasize that companies must. Benefiting all stakeholders--shareholders, creditors, customers, suppliers, government agencies, the general public, analysts, and other pertinent parties—is crucial. Syakirli et al. (2019) stated that Stakeholder theory serves as a foundation for a company to deliver advantages to its stakeholders. Corporate social responsibility encompasses not only the interests of owners and shareholders but also extends to all stakeholders who are connected to or impacted by the company. Companies can provide these benefits by creating and publishing sustainability reports. Companies that make sustainability reports will It is essential to consider the effects of their actions on social and environmental conditions and strive to have a positive impact.

The theory of legitimacy posits that companies or organizations are perpetually seeking methods to ensure that their operations align with societal norms. Under this framework, a company is inclined to disclose its activities voluntarily when management perceives that such transparency is anticipated by society. Rokhlinasari (2015) states that the theory of legitimacy concept is founded on the idea that a 'social contract' exists between the corporation and the community in which it functions. This social contract embodies the expectations that society holds regarding corporate conduct, which may evolve over time. Therefore, it is imperative that businesses pay attention to the environment in which they operate. This theory underscores that a company's legitimacy is contingent upon public acknowledgment, which can be achieved through the publication of sustainability reports. Therefore, the release of these reports is anticipated to foster a favorable perception among stakeholders and contribute to the company's ongoing viability.

When associated with the legitimacy theory, companies that have high debt have high financial risks that can result in decreased trust from other parties, it is essential for companies to provide transparency regarding their social responsibility efforts in order to foster trust and elicit positive responses from stakeholders (Lucia & Panggabean, 2018). This study forecasts a negative correlation between leverage and sustainability reports. It is anticipated that the factor of company size will diminish the strength of the relationship between leverage and sustainability reports.

Stakeholder theory posits that organizations ought to take into account the interests of the diverse groups engaged in their activities such as internal (employees) and external stakeholders (investors, consumers, communities, governments). In this context, the hypothesis suggests that a decrease in a company's liquidity correlates with a reduced probability of the company issuing a thorough and transparent sustainability report. Consequently, this study anticipates a positive correlation between liquidity and the publication of sustainability reports. Additionally, it is anticipated that the company's size will strengthen the connection between sustainability reporting and liquidity.

Stakeholder theory states that institutional ownership will promote high sustainability report disclosure because with this ownership, it has the potential to autonomously motivate and regulate organizations to provide comprehensive sustainability reports as a means of accountability to stakeholders, thereby enabling the company to attain legitimacy within the community. This research anticipates a favorable impact of institutional ownership on sustainability reporting. Furthermore, it is anticipated that the size of the company will enhance the correlation between institutional ownership and sustainability reports.

Stakeholder theory strengthens this hypothesis by highlighting the importance of involvement and accountability to various parties who have interests in the company. When managerial ownership influences decision making that is less concerned with sustainable interests, companies may tend to ignore or reduce transparency in sustainability reports. This study predicts a negative influence between managerial ownership and sustainability reports. The presence of company size is expected to weaken the the connection between managerial ownership and sustainability reporting.

The hypothesis in this study based on the formulation of the problem, objectives, theories, previous research, relationships between variables, and the framework of thought are:

H1: The presence of leverage adversely impacts the sustainability report.
H2: Liquidity positively influences the sustainability report.
H3: Institutional ownership contributes positively to the sustainability report.
H4: The sustainability report suffers from managerial ownership.
H5: The impact of leverage on the sustainability report is lessened by the company's size.
H6: The impact of liquidity on the sustainability report is amplified by the company's size.
H7: The impact of institutional ownership on the sustainability report is increased by the company's size.
H8: The influence of managerial ownership on the sustainability report is lessened by the company's size.

Method

The research conducted is classified as quantitative research. Quantitative research methods are characterized by their systematic, planned, and well-structured nature from the outset through to the development of the research design. The research methodology used in this study was descriptive. The descriptive research approach according to Sugiyono (2019) is research undertaken to ascertain the presence of independent variables, which may consist of a single variable or multiple stand-alone variables, without engaging in comparisons among the variables themselves or exploring their relationships with other variables.

The research utilizes financial statements from consumer goods companies that are listed on the IDX during the period from 2018 to 2022. The study's population comprises all consumer goods companies on the IDX within the same timeframe, amounting to a total of 75 companies. The sample for this study was derived using the purposive sampling method, focusing on companies within the Consumer Goods sector listed on the IDX for the years 2018 to 2022. The selection of samples was based on specific criteria, resulting in 23 companies that were ultimately chosen as data sources for analysis, as detailed in Table 2.

Table 2
Sample Selection

Criteria	2018	2019	2020	2021	2022
The number of populations using consumer goods companies listed on the IDX during the period 2018-2022	43	47	54	62	75
Consumer goods companies that published sustainability reports from 2018-2022	(10)	(11)	(14)	(21)	(29)
Consumer goods companies that publish complete financial statements from the 2018-2022 period	(5)	(6)	(8)	(9)	(12)
Consumer goods companies that suffered losses during the 2018-2022 period	(4)	(5)	(6)	(6)	(8)
Companies delisted on the IDX from January 1, 2019 to December 31, 2023	(1)	(2)	(3)	(3)	(3)
Total Sample per year	23	23	23	23	23
Total Sample			**115**		

Source: Analysis Data 2023

The variable of this research:

a. *Leverage*
Leverage refers to a company's capacity to fulfill its financial commitments, whether they are short-term or long-term, in the event of liquidation, as assessed by the Debt Equity Ratio (DER). (Kasmir, 2019). This ratio indicates the level of the company's indebtedness. The formula utilized to calculate the Debt-to-Equity Ratio (DER) is as follows:

$$DER = \frac{\text{Total Liabilities}}{\text{Total Equities}}$$

b. *Liquidity*
A financial indicator called liquidity evaluates a company's ability to pay its debts and commitments when they become due (Kasmir, 2019). In this analysis, liquidity is represented by the Current Ratio (CR). The CR is employed to evaluate a company's ability to settle short-term liabilities or debts that are payable in the

immediate term (Kasmir, 2012). The formula of CR is:

$$CR = \frac{\text{Current Asset}}{\text{Current Liabilities}}$$

c. *Institutional Ownership*
Institutional ownership is the collective ownership that businesses or organizations hold, which facilitates efficient management performance monitoring within the company (Naufal, 2020). The percentage of shares held by institutional investors in relation to the company's total outstanding share capital is the indicator used to evaluate institutional ownership. The following formula is used:

$$INST = \frac{\text{Number of shares owned by institusional investors}}{\text{Total Shares outstanding}}$$

d. *Managerial Ownership*
The largest percentage of shares owned by the company's management is known as managerial ownership, or insider ownership (Naufal, 2020). The percentage of shares held by management in relation to the company's total outstanding share capital is the indicator used to evaluate managerial ownership. The following formula is used:

$$MNJR = \frac{\text{Number of shares of directors, commissioners, and managers}}{\text{Total Outstanding Shares}}$$

e. *Sustainability Report*
The Sustainability Report Disclosure Index, based on the Global Reporting Initiative (GRI) G4 Guidelines, can be used to measure a sustainability report (SR). (Sari & Faisal, 2022). In order to measure transparency, the company's overall disclosures are compared to the total number of factors or indicators required by the Global Reporting Initiative (GRI). There are 91 indicators in all according to the GRI G4 framework. The Sustainability Report Disclosure Index (SRDI) is a tool for quantifying sustainability report disclosure. The formula utilized for calculating the Sustainability Report Index is as follows:

$$SRDI = \frac{\text{Total S Disclosed by the company}}{\text{Total GRI Index}}$$

f. *Company Size*
Company size was used as a moderating variable in this study. Several measures, such as total assets, total sales, average total sales, and average total assets, define it (Kasmir, 2019). The scale of the company is assessed by its total assets, which are represented by the natural logarithmic value of these assets. This can be expressed in the following equation:

$$Size = \ln(\text{Total Assets})$$

g. *Profitability*
Profitability was the control variable used in this study, and it was precisely assessed by Return on Assets (ROA), which was taken from manufacturing companies' annual financial statements over the course of the study Hery (2018). ROA was chosen because it effectively depicts the profitability produced by a business's used assets. Additionally, ROA is a measure of the business's future sustainability potential. The formula for calculating Return on Assets (ROA) is presented as follows. (Kasmir, 2019):

$$ROA = \frac{\text{Net Profit}}{\text{Total Asset}}$$

Result and Discussion

This study began using descriptive statistical analysis. According to Ghozali (2019), descriptive statistics offer a summary or characterization of data by examining the minimum, maximum, mean, and standard deviation values. Subsequently, a regression analysis of panel data was performed to determine the most suitable regression model for the panel data. This analysis was conducted using three methods: the Chow test, the Hausman test, and the BP-LM test. Following this, classical assumption tests, including a normality test and a multicollinearity test, were executed. After applying the aforementioned testing techniques, hypothesis testing was conducted, with the results presented in Table 3.

Table 3
T-Test Result

Var.	Coefficient	Std. Error	t-Statistic	Prob
C	0.220392	0.071948	3.063199	0.0028
X1	-4.981105	1.513614	-3.290870	0.0014
X2	-0.194777	0.202225	-0.963171	0.3377
X3	2.966943	1.201321	2.469733	0.0151
X4	-3.660625	2.258042	-1.621150	0.1080
Z	0.140878	0.105406	1.336529	0.1843
X1_M	0.171073	0.052885	3.234819	0.0016
X2_M	0.006586	0.007101	0.927423	0.3558
X3_M	-0.099592	0.041182	-2.418323	0.0173
X4_M	0.138328	0.078808	1.755263	0.0821

Source: Data Analysis 2023

The presence of leverage adversely impacts the sustainability report

According to Table 3, the t-statistic for leverage is -3.290870, accompanied by a probability of 0.0014, which is below the threshold of α = 0.05. This suggests that from 2018 to 2022, consumer goods companies featured on the IDX's sustainability reports are significantly and negatively impacted by leverage. Consequently, H1 is accepted. This indicates that variable leverage data on consumer goods companies tends to be stable and less variable during the period studied, namely 2018-2022. In this context, the low level of data variation in variable leverage can illustrate the level of stability or consistency in relation to sustainability reports on consumer goods companies listed on the IDX. The results of this study support legitimation theory and are in line with earlier studies in this field by Aji (2022). Leverage variables negatively affect sustainability reports' transparency. This is explained by the propensity of businesses to withhold such disclosures.

Liquidity positively influences the sustainability report

According to the information presented in Table 3, the t-statistic for liquidity is calculated at -0.963171, accompanied by a probability value of 0.3377, which exceeds the significance level of α = 0.05. Consequently, it can be inferred that liquidity exerts a negative and statistically insignificant influence on the sustainability reports of consumer goods companies listed on the IDX for the period spanning 2018 to 2022. Therefore, the hypothesis H2 is rejected. This indicates that the liquidity variable for these companies demonstrates a tendency towards high stability or consistency, characterized by relatively low variations in data. Stakeholders' inadequate attention to financial information is the cause of liquidity's detrimental effect on sustainability report disclosure, including the quality of liquidity, which ultimately does not influence the extent of sustainability report disclosures. The findings of this study do not align with stakeholder and legitimation theories, yet they are consistent with previous research conducted by (Hermawan & Sutarti, 2021). Liquidity has a negative impact on sustainability report disclosure because stakeholders pay little attention to financial information. This suggests that variations in liquidity levels, whether high or low, do not impact the extent of sustainability report disclosures. Furthermore, it can be concluded that liquidity does not play a role in the degree of voluntary disclosure, as strong financial performance is essential.

Institutional ownership contributes positively to the sustainability report

According to the data presented in Table 3, the t-statistic for institutional ownership is recorded at 2.469733, accompanied by a probability value of 0.0151, which is below the threshold of α = 0.05. Therefore, it can be concluded that, for the years 2018–2022, institutional ownership has a favorable and noteworthy impact on the sustainability reports of consumer goods businesses listed on the IDX. Therefore, hypothesis H3 is validated. The positive impact of institutional ownership on sustainability reports can be attributed to the long-term perspective of institutional investors, who frequently give non-financial factors—such as corporate governance, social causes, and environmental concerns—priority. These investors acknowledge that such factors can substantially affect a company's long-term performance and overall sustainability. This finding aligns with stakeholder and legitimation theories, as well as corroborating previous research by Mnif Sellami et al. (2019) stating that institutional shareholders are increasingly demanding information related to sustainability and pressuring companies so that companies continue to build credibility and transparency of sustainability report information.

The sustainability report suffers from managerial ownership

Table 3 shows that the management ownership t-statistic is -1.621150 with a probability of 0.1080, above the significance level of $\alpha = 0.05$. Thus, it can be said that, for the years 2018–2022, management ownership has a negative and statistically insignificant impact on the sustainability reports of consumer goods businesses listed on the IDX. Thus, H4 is rejected. Researchers suspect that managerial shareholding negatively affects sustainability reports because there are still many company managements who do not have shareholdings in the companies they manage, or if they own shares, the number is relatively small. Therefore, there is a misalignment of interests between the company's owners and management. In this situation, managers may not yet have a strong incentive to maximize company value through sustainability report disclosures. Their primary emphasis is on enhancing corporate profits that serve their interests and those of the company owners, instead of sustainability reports' transparency. Despite being at odds with legitimation and stakeholder theories, the study's findings are consistent with Hardika et al. (2018) revealed that managerial ownership negatively affects sustainability reporting. This is because there are still many managements who do not have a share in a company under management or have shares however small which causes them to not be able to maximize the value of the sustainability report company.

The impact of leverage on the sustainability report is lessened by the company's size

In the context of moderation testing utilizing an interaction test approach, the Prob value for X1_M is 0.0016, which is less than 0.05, and the t-statistic value is 3.234819. This suggests that the variable leverage has a favorable and noteworthy impact on sustainability reports when it is controlled by the size of the organization. Therefore, it can be concluded that company size not only moderates but also enhances the impact of leverage on sustainability reports. Consequently, H5 is accepted.

A larger company size provides greater access to financial resources. Companies that have a large size usually facilitate improved access to the capital market and can obtain greater funding through the issuance of stocks or bonds. With high leverage, companies can use the funds obtained from the leverage to implement sustainable projects, such as investments in renewable energy or energy efficiency improvements. In this regard, company size reinforces the influence of leverage on sustainability reports by providing sufficient resources for sustainability initiatives.

The results of this study are contrary to the results of research conducted by Purnama & Handayani, (2021), according to the research, a company's scale hasn't been able to significantly lessen the influence of leverage on sustainability report disclosure. This is allegedly because there are other criteria that might be used as a standard for the disclosure of sustainability reports than firm size.

The impact of liquidity on the sustainability report is amplified by the company's size

In the context of moderation testing utilizing an interaction test approach, the Prob value for X2_M was determined to be 0.3558, which exceeds the threshold of 0.05, while the t-statistic was recorded at 0.927423. This indicates that the moderated liquidity variable related to company size exerts a positive but statistically insignificant effect on sustainability reporting. The rejection of H6 follows from the conclusion that firm size reduces the effect of liquidity on sustainability reports. These findings suggest that the association between liquidity and sustainability report disclosures has not been adequately mitigated by firm size. A possible reason company size has no influence is because company size is not the only factor influencing sustainability report disclosure. In addition, a larger company size also means a larger operational volume, including production, marketing, payroll, and development activities. Therefore, with high liquidity, companies tend to disclose only the necessary information. Larger size companies usually have more resources available, both in financial and human terms. By having greater access to these resources, companies can better cope with liquidity issues that may arise. They have greater flexibility to manage cash flow and short-term financial needs without having to sacrifice long-term sustainability efforts.

The results of this investigation are consistent with those of other studies by Purnama & Handayani (2021) when seen as a moderating variable, a company's size has no bearing on the relationship between sustainability reports and liquidity, according to the interaction term between firm size and liquidity.

The impact of institutional ownership on the sustainability report is increased by the company's size

Moderation testing using an interaction test approach revealed that the moderated institutional ownership variable of firm size had a negative and substantial impact on the sustainability report, with the Prob value for X3_M being 0.0173 < 0.05 and the t-statistic value being -2.418323. Consequently, it may be said that the company's moderate size lessens the impact of institutional ownership on sustainability records. H7 is thus disproved.

Companies with larger sizes tend to have more dispersed ownership structures. They have more institutional shareholders involved in the ownership of the company. In such a situation, the interests and objectives of institutional shareholders may become more heterogeneous. Institutional shareholders have diverse interests, including a focus on short-term financial returns. On the other hand, sustainability reports involve aspects of long-term sustainability which include social and environmental factors. A larger company size may diminish the impact of institutional ownership on sustainability reports by lessening the emphasis on sustainability considerations.

The influence of managerial ownership on the sustainability report is lessened by the company's size

In the context of moderation testing utilizing an interaction test approach, the Prob value for X3_M was determined to be 0.0821, which exceeds the threshold of 0.05. Additionally, the t-statistic was calculated at 1.755263, suggesting that the sustainability report is positively but marginally impacted by the moderated variable of managerial ownership in respect to firm size. Consequently, it can be inferred that a moderate company size diminishes the impact of managerial ownership on sustainability reports. Therefore, hypothesis H8 is rejected.

Companies of larger size have complex and differentiated organizational structures with broader layers of management. In such situations, managerial ownership tends to be diluted by a greater number of managers and executives. With more internal stakeholders, decisions related to sustainability reports do not only depend on managerial ownership. Decision-making processes within a company can be affected by multiple stakeholders involved in its operations. Consequently, as the company expands in size, the impact of managerial ownership on sustainability reports diminishes.

Conclusion

23 consumer products businesses that were listed on the IDX between 2018 and 2022 were the subject of the study. The following is a summary of the results pertaining to the influence of debt, liquidity, institutional ownership, and managerial ownership on sustainability reports, with firm size acting as a moderating variable:

1. According to the analysis, the leverage variable significantly and negatively impacted the sustainability reports (Y) of consumer goods businesses listed on the IDX over the given time frame when taken into account separately. On the other hand, these companies' sustainability reports (Y) showed no discernible impact from the managerial ownership and liquidity variables. On the other hand, the sustainability reports of consumer goods companies listed on the IDX were found to be positively and significantly impacted by institutional ownership.
2. Furthermore, the findings show that the relationship between leverage and sustainability reports is strengthened by the size of the organization. This implies that as the scale of the business grows, more leverage might result in better sustainability reporting. However, when it comes to sustainability reports for consumer goods businesses listed on the IDX between 2018 and 2022, the association between liquidity, institutional ownership, and management ownership is not strengthened by company size.

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