



Effect of sustainability disclosure performance indicators on profit management with company size as a control variable

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Abstract

This study aims to test empirical evidence regarding the influence of sustainability report indicators on profit management through discretionary accruals with company size as a control variable carried out on companies listed on the Indonesia Securities Exchange in 2018-2021. The samples in this study used non-financial companies with a total sample of 82 selected companies with purposive sampling techniques. This study used Partial Least Squares (PLS) based on variance as a measuring instrument. The data obtained were analyzed using the WarpPLS 5.0 application.

Based on the findings, it shows the importance of the role of sustainability reports in terms of each aspect in their influence on profit management. It was concluded that the sustainability report consisting of economic and social aspects has a positive effect on profit management, while the environmental aspect negatively affects profit management, profit management negatively affects the size of the company as a control variable.

Keywords

Sustainability disclosure, economics, social, environmental, earnings management, and company size.

INTRODUCTION

Facing the issue of sustainability development goals, the business sector has an important role. Corporate sustainability is one of the significant responsibilities of the entity. The company's sustainability disclosure will increase new growth opportunities and lower the risk profile. Companies can use sustainability disclosure as a means of communicating and reporting strategies, objectives and activities related to sustainability disclosure performance indicators to investors or stakeholders. Sustainable business competition requires companies to show their performance in improving and maintaining the values in the company, one of which is by increasing the company's economy and disclosure.

Sustainability in reporting is an important step that can be achieved in the sustainability of the company.

Investors, regulators, and other stakeholders are increasingly expanding in structuring sustainable reporting practices. Interest in greater transparency and corporate reporting accountability of corporate strategy can drive trust and help markets function more efficiently in driving organizational progress, sustainability, and economic growth (Hanifah et al, 2018). Currently, issues related to sustainability development in Indonesia illustrate that most companies go public to develop strategies in disclosing company sustainability reports as company sustainability efforts. In response to global attention to the issue of sustainable development, companies around the world have widely publicized sustainability disclosure (Pusparinda, 2016).

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Financial Services Authority (OJK) Regulation number 51/POJK.03.2017 that to realize sustainable development that is able to maintain economic stability and is inclusive, a national economic system that prioritizes harmony between disclosure and reporting aspects is needed. This is reflected in OJK regulation article 10 which states that financial institutions, issuers, and public companies are required to compile sustainability reports in addition to annual reports. The sustainability report published by the company is separate from the annual report and the involvement of several companies in publishing sustainability reports and their participation in the Indonesian Sustainability Report Award (ISRA) (Financial Services Authority Regulation).

The company's efforts to improve financial performance are by implementing disclosure implementation. In disclosure reporting, there is an involvement of social and environmental aspects. This then increases to sustainable disclosure that involves economic aspects with the aim of economic sustainability of a company, so that it concerns transparency and accountability. The benefits of implementing disclosures in the company can help improve the welfare and quality of life of the community and the surrounding environment, improve and strengthen the relationship between the company and its stakeholders in the capital market.

The important role of the capital market has become very complex, in addition to being a means for the public to invest as well as communication between companies and stakeholders, so it needs attention. The financial statements presented are a signal and indicator of economic success without having to disclose the environmental and social impacts caused by economic activity. On the other hand, there are disclosures that are separate from financial statements usually known as Sustainability Reporting with the help of financial ratio calculations that can reflect the level of responsibility, accountability, and transparency of the company to investors and stakeholders (Martha et al, 2018). Sustainability reports are prepared separately from annual financial statements. The first picture of the performance of economic aspects of sustainability includes: the involvement of local stakeholders in relation to sales, net profit or loss, environmentally friendly products, sustainable finance business processes. The second picture of the

performance of social aspects, is a picture of the positive and negative impacts of sustainable financial practices on society and the environment (including people, society and finance). The third picture of the performance of environmental aspects, consisting of energy use, emission reduction, waste and wastewater reduction, and biodiversity conservation in line with companies whose business processes are directly related to the environment.

Sustainability reporting can be used as an important communication strategy for leaders to communicate their activities (Falk, 2007). Stakeholder demands to meet the need for more transparent and accountable disclosure by organizations and pressures companies to collect, process, manage, and publish sustainability information. The development of sustainability reporting is now one of the focal points of reporting non-financial corporations. It covers four main categories: business landscape, capabilities, strategy, performance, and enterprise resources (Falk, 2011).

Both the role of the state and the role of business must contribute and participate in sustainable development. The step towards corporate sustainability can be done through regular, measurable and transparent corporate reporting, so that it can be seen by the company and the public. This has implications for investment because companies with a good track record receive higher value. Sustainability disclosure is emphasized at the G20S in Indonesia on economic growth and sustainability financial reporting. Sustainability report is a public report in which the company provides an overview of the company's position and activities in economic, environmental, and social aspects to internal and external stakeholders (World Business Council for Sustainable Development).

A sustainability report is a report that not only reports how a company behaves in the environment, but also the overall idea of a sustainability report contained in a triple bottom line. The triple bottom line has three sides. Elkington (1997) shows that it starts from how to carry out corporate social responsibility using a management science approach. The triple bottom line factor consists of People, Planet, and Profit, that is, the sustainability report covers aspects of financial, economic, social, environmental and organizational governance published by the Global Reporting Initiative (GRI). Overall,

publishing a sustainability report means that the company has a strong commitment in the company's future development and sustainability. The company's commitment and responsibility for the social and environmental consequences and effects that occur within the company, as well as the company's efforts to pay attention to the environment and social, is a form of mandatory disclosure. Clear standards and measures are needed to improve the quality and accountability of the company. Companies can use reports to improve their business in terms of corporate sustainability.

Companies that have experienced continuous growth, the need for financing sources will continue to increase in line with the company's growth rate. Internal and external factors are a source of capital needs. The opportunity to increase funds both internally and externally by managers can be carried out properly if the company can increase the value of the company in the eyes of investors (Hanifah et.al., 2018). In the selection of Capital structure on the company can reflect the impact of the business environment. This will be reflected in a more accountable and transparent management of the cost of capital, which can affect the level of revenue management in the company's historical reports. The interesting question is the disclosure of sustainability with the level of profit management in the company over the company's more transparent revenue and the absence of profit manipulation practices carried out by management. There are opportunistic management behaviors such as profit manipulation carried out by management called profit management (Hanifah, et.al., 2018).

Profit management is an opportunistic action carried out by a company, especially management by assessing financial reporting by changing accounting figures in financial statements, in this case the company's interests can mislead stakeholders or the public. Therefore, profit management is an attempt to reduce credibility in financial statements. Profit management is an administrative activity that reduces the quality of accounts in financial statements and the value in an organization. Profit management occurs when managers apply insignificant discretion over accounting figures. Managers only engage in profit management if they believe that users of accounting information cannot fully adjust accounting figures to remove the influence of profit management,

because profit management produces a low quality of income so as to reduce the predictability of future revenues and cash flows (Leuz et.al., 2003 in Hanifah et.al., 2018). To the extent that profits can mislead investors, profit management is generally considered unethical (Kaplan, 2001 in Hanifah et.al., 2018).

Previous research on the Effect of Profit Management on Corporate Social Responsibility Disclosures conducted by Mahesti, Nur Ghandi, and Zulaikha (2019) on Companies that carry out profit management will form a good image in the eyes of stakeholders to cover up profit management actions. Companies with more voluntary disclosures have a higher revenue quality or a lower level of profit management. The results showed that profit management had a significant positive effect on CSR disclosures.

Several other studies have examined and shown a link between sustainability disclosure performance and profit management. Profit management can be considered positive and negative or unrelated to the performance of social disclosures if companies with high social disclosures can maintain transparency and accountability. Companies are expected to involve less profit management and this shows a negative relationship, in this case if companies with social disclosures tend to be high to meet stakeholder demands and cause financial performance to be disrupted, then companies can manage their profits by increasing higher than expected, the result is that there is no relationship between profit management and social disclosure performance. The earnings management variable has no partial effect on the Sustainability Report. This shows that the preparation of the Sustainability Report does not aim to cover up earnings management actions carried out by company management from company stakeholders, but solely aims to comply with laws and regulations (Waraihan, 2020).

One of the disclosures of company information is the transparency and disclosure of best practices which are important components and main indicators of the quality of corporate governance, in this case the position of management (agent) as the party that manages the company becomes more profitable when compared to the principal, because the management knows the information that exists in the company's internals and the sustainability of the company in the future. The main objective

of profit management is to increase the company's profit and profit and company value to be able to meet the expectations of external users of financial statements (Chen & Hung, 2020) by using corporate profit management to monitor profit and loss reports and companies can utilize management to minimize losses to make a profit for the company. The manager has an obligation to provide information about the actual condition of the company to the principal, but this sometimes does not match the actual conditions. This condition causes information asymmetry from agents and principals which creates opportunities for management in carrying out profit management.

This research focuses on fulfilling research gaps and provides empirical studies related to the influence of sustainability reports on profit management by focusing research on companies in developing countries, especially non-financial companies in Indonesia, namely by examining the relationship between sustainability reports and profit management. Researchers argue that research related to social disclosure of sustainability within companies receives less attention and is very important in interactive to the effect of profit management by looking at the size of the company. This is because broader sustainable social and environmental disclosures can provide information that the company has met stakeholder expectations and indicate that the company has a better governance system and can meet the expectations of the surrounding community, so that the profit management and financial financing system can be controlled. Profit is the most important part of the financial statements which is used as a measure (size) that describes the company's performance, so that the size of the company (size) can be used as a tool to control a company. This study aims to find the interaction of earnings management, sustainability reports and the cost of equity capital with company size as a control variable.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Sustainability Report, Economic, Social, and Environmental Aspects of Profit Management

Sustainability disclosure is a report that contains measurement practices and disclosure of corporate social and

environmental responsibility and as a responsibility to internal and external stakeholders related to organizational performance for sustainable development goals (World Business Council for Sustainable Development). Sustainability reporting is designed to be able to assist organizations / communities in planning, reporting and disclosing information about commitments, implementation, measurements, disclosures and corporate responsibility for the performance of economic, social and environmental issues as well as governance to internal and external stakeholders to realize the vision and sustainable goals (Lako, 2018). Sustainability report as a mandatory report regulated in OJK regulations must be disclosed. The information contained in the sustainability report on economic, social and environmental dimensions can assure the potential of competitive capital resources with a low level of risk to stakeholders.

Corporate responsibility which is an economic indicator in financial statements has now become an economic disclosure that is of more concern to companies, especially in profit management. In ensuring the survival of the company, the company really needs the support of stakeholders, but in this case there are often conflicts of interest between management and capital providers (principals).

A social sustainability report is a corporate sustainability disclosure that requires organizations to interact with society and explains the role and risks of interaction with other social institutions. Currently, corporate social responsibility has shifted by attaching more importance to and taking into account social factors towards its stakeholders. The role of social disclosure to ensure the survival of the company urgently needs the support of stakeholders. The thinking that underlies corporate social responsibility is an ethic in doing business which means that companies do not only focus on obligations in terms of economy and performance, but in terms of social disclosures that interact with society that are not legitimacy.

Environmental factors are one of the indicators of the company's survival. The company really needs encouragement from stakeholders, if the stronger the stakeholders' encouragement, the greater the company's ability to adapt to the environment. Related to environmental issues, the government issued Law no. 5 of 1995 concerning the regulation

of social and environmental responsibility reporting, where the regulation of environmental pollution is not binding as a criminal responsibility that harms and causes environmental damage. The environment is a problem caused by the absence of long-term considerations that have an impact on activities related to the environment and how the company manages them. Stakeholders in a company will choose to disclose information about environmental performance voluntarily upon request that is required to exceed and meet expectations that are truly recognized by stakeholders.

According to R Scott in his book *Financial Accounting Theory* (2000: 404) profit management is the choice by a manager of accounting policies or actions that affect profits to achieve certain reported profit goals. Profit management has a pattern, namely taking a bath, which is charging future costs to be charged on the current report so that subsequent financial statements increase, income minimization which is carried out when the company's profit is high such as removing capital goods and intangible assets, research and development or service expenses, as well as advertising costs, income maximization which is carried out when the company is declining by using this pattern in order to protect Companies from debt breach promises and income smooting i.e. leveling the reported profitability for external reports and in preparing financial statements, management does a way that can affect the level of profit displayed with the aim of increasing the value of the company. And the concept of discretionary accruals which gives the understanding that the management can manipulate accrual income and is usually used to achieve the desired income.

Company size is the size of the size or small assets owned by the company. The size of the company has an influence on the disclosure of the company, where the size of the company is a measure of the availability of information. Information on large companies is easier to obtain than relatively smaller companies, so the size of the company can be used as a control variable in this study. Extensive disclosure of sustainability reports tends to create corporate transparency that reflects a good relationship between the company and stakeholders, social and environmental so as to improve the company's image in the eyes of stakeholders which in turn can reduce

information asymmetry between principals and agents. Large-scale companies will have a greater rate of return and vice versa small-scale companies will have relatively lower or smaller rates of return.

Based on the literature, the hypothesis is formulated as follows:

H1: Sustainability Report Economic Aspects negatively affects Profit Management

H2: Sustainability Report on Social Aspects negatively affects Profit Management

H3: Sustainability Report on Environmental Aspects negatively affects Profit Management

H4: Profit Management positively affects Company Size as a Control Variable

METHODS

Research Design

This research is a study designed to describe and explain the phenomena that occur in the business world, namely company sustainability, company size, and management fraud in the company and strive to get answers to questions (verification) with the aim of analyzing and providing clarity between causal relationships between one variable and another by using data analysis in the context of hypothesis testing or testing formulation of the previous hypothesis. This type of research is explanatory research.

Population and Sample

The population in this study is all companies listed on the Indonesia Stock Exchange (IDX) and SBI (BI rate) during the period 2018 to 2021. As well as the sampling criteria, this study used a sample of all non-financial companies that went public that followed the GRI and had published a sustainability report that can be seen from participation in ISRA, and the company had a report on the company's finances. The selection of samples in this study on non-financial companies in Indonesia because non-financial companies have a large contribution in terms of disclosures and management patterns that are different from financial companies, relatively strong levels of competence and different categories will present different disclosure patterns and profit management patterns. The sampling technique in this study uses the purposive sampling method, based on predetermined sampling criteria, namely in companies that

follow the GRI, report annual reports, BI rates, and publish sustainability reports.

Based on the sample criteria, in this study the samples obtained were 24 companies, with a total of 82 observations during the observation (table 1). The details of the company that can be used as the object of research are as follows:

Table 1
Companies that can be used as Research Objects

Year	Number of Companies	Percent
2018	24	29.2
2019	24	29.2
2020	24	29.2
2021	10	12.4
Total	82	100.0

Source : Processed secondary data, 2022

This study used an observation period of 4 years, namely in the period 2018 to 2021 with a sample obtained with criteria of 82 reports. It can be seen that each company has different characteristics, due to the existence of companies that have just published sustainability reports and the inconsistency of companies in issuing sustainability reports. Like some companies that revealed sustainability reports in the previous year, but did not disclose in the following year.

RESULTS AND DISCUSSION

Data Testing and Analysis

This study used an analysis model with PLS, the use of the PLS model is because the number of samples is relatively small compared to the number of indicators which is not good if processed with a covariance-based SEM analysis. Variance-based SEM analysis with PLS uses a factor analysis base in its processing. As with SEM analysis in general, the use of latent variables and measurable variables is also used in PLS analysis. The software used for PLS analysis is WarpPLS 5.0.

Structural Model Testing (Inner Model)

Testing using the Inner Model describes the relationship between latent variables based on substantive theory, this test is carried out to see the relationship between variables, significant values, R-square or Adjusted R² of the research model, in assessing the inner model can be started by looking at the magnitude of the percentage of variance described by looking at R-Square to explain the influence of certain exogenous latent variables on endogenous latent variables whether it has an influence that Substantive. This testing is intended to assess the quality of the model and test the relationship of constructs in the research of already formulated hypotheses. This study looked at the value of R-square, because the coefficient of determination using R-Square can explain what percentage of endogenous construct variation can be explained by the construct that affects it (exogenous). The larger the R-square number indicates the greater the independent variable describes the dependent variable, so the better the structural equation built. The magnitude of the determinant coefficient value of each endogenous variable in this study model is as follows:

Table 2
R values – Square and Adjusted R²

	R ²	Adj R ²
ML	0.160	0.126
SIZE	0.137	0.114

Source : WarpPLS Output 5.0, 2022

According to table 4.3, it can be seen that the R-square value of the sustainability report on profit management is obtained by 0.160, it can be explained that the influence of the sustainability report variable described by the three variables, namely economic aspects, social aspects and environmental aspects on profit management gives a value of 0.160 which can be interpreted that the profit management construct variable can be explained by the economic construct variable, social and environmental at 16%, while the remaining 84% is explained by other variables that were not included in the research model. The R-Square value of 16% falls into the weak category., while the R-square for size is 0.137, meaning that 13.7% of the variance of the size variable affects profit management, while the remaining 86.3% is explained by other variables that were not included in the research model. The R-square value of variable size of 13.7% is included in the weak category.

Model Fit Testing

By using WarpPLS 5.0 test the fit model by looking at the output of "Model fit and quality indices". The criteria for measuring fit and quality indices models provide Average Path coefficient (APC) and Average R-Square (ARS) test results which are used to evaluate suitable fit models supported by data, with values of < 0.05 and significant at 5%, respectively. Average full collinearity VIF (AFVIF) is used for multicollinearity indicators, if the value is < 5 or the value is below 5, then the model is not multicollinearity. The following are the output results of the fit and quality indices model:

Table 3
Model fit and quality indices

	Indeks	P- Value
Average path coefficient (APC)	0.302	P < 0.001
Average R-Squared (ARS)	0.145	P < 0.001
Average full collinearity VIF (AFVIF)	1.596 (Good IF < 5)	P < 0.001

Source : WarpPLS Output 5.0, 2022

The output results above show that APC has an index of 0.302 with a P-value of < 0.001, while ARS has an index of 0.145 with a P-value of < 0.001. The results show that the index meets the APC and ARS criteria and all sizes are acceptable. The average full collinearity VIF (AFVIF) shows an index below 5 which is 1,592 which means that the model does not contain multicollinearity. Based on this, it can be concluded that the results of the goodness of fit test show that all sizes are acceptable and the research model has met all the criteria of the fit model, so it can be concluded that the results of the analysis of the research model in general reflect a good model and have been fit to foresee the phenomenon.

Hypothesis testing

Hypothesis testing in this study regarding the relationship developed in the model, the magnitude of the coefficient value and the value of P- Value became the basis of the significance of the relationship between exogenous, endogenous latent variables and control variables. Since all variables have a single indicator, it does not require validity testing, the signification rate in this study is 5%. The limit for rejecting and accepting the proposed hypothesis is $t_{table} = 1.96$, where if the value of t counts < t table (1.96) then the alternative hypothesis (Ha) will be rejected or in other words accept the null hypothesis (H0).

Model testing is also a test of the relationship between hypothesized latent variables. The significance of the estimated parameters provides very useful information regarding the relationship between the research variables. Path Coefficients and P-Value values and standard errors this study used WarpPLs 5.0. The following table 4 provides estimation output for structural model testing:

Table 4
Result for Inner Weight

	Path Coefficients	Standard Errors	P- Value	Hipo tesis	Hasil Hipo tesis	Kesimpulan
EC →ML	0.339	0.106	<0.001	Tidak Signifikan	Signifikan	Ditolak
SOC →ML	0.255	0.109	0.010	Tidak Signifikan	Signifikan	Ditolak
ENV →ML	-0.420	0.104	<0.001	Tidak Signifikan	Tidak Signifikan	Diterima
SIZE →ML	-0.315	0.107	0.006	Signifikan	Tidak Signifikan	Ditolak

Source : WarpPLS Output 5.0, 2022

From the test results as seen in table 4, it can be seen that 2 hypotheses, namely H1 and H2, show that the influence of the sustainability report on economic aspects (EC) and the sustainability report on social aspects (SOC) on profit management shows that the alternative hypothesis (Ha) is rejected and accepted (H0), it is shown that at the level of significance of 5% sustainability report economic aspects and social aspects have a positive and significant influence on profit management. According to the results of the analysis it can be concluded that Hypothesis 1.2 is rejected. It can be concluded that the direction of the positive coefficient indicates that the disclosure of

sustainability of economic aspects and broader social aspects will provide greater profit management.

Meanwhile, H3 test results show that the effect of sustainability report environmental aspects (ENV) on profit management shows that at the level of significance of the 5% sustainability report sustainability report environmental aspects have a negative and insignificant influence on profit management. According to the results of the analysis, it can be concluded that Hypothesis 3 is accepted. It can be concluded that the direction of the negative coefficient indicates that the disclosure of sustainability of broader environmental aspects will provide lower profit management.

The results of the H4 test stated that the relationship of company size as a control variable negatively affects profit management. According to the results of the analysis, it can be concluded that Hypothesis 4 is rejected. Company size is the size of the size or small assets owned by the company. The size of the company has an influence on the disclosure of the company, where the size of the company is a measure of the availability of information. Information on large companies is easier to obtain than relatively smaller companies, but the size of the company will still have no effect on the occurrence of profit management.

DISCUSSION

Based on the results of hypothesis testing and data analysis, this study provides empirical evidence of sustainability report indicators on profit management and company size as control variables. Based on the results of data analysis and discussion, it can be concluded that the three aspects of continuous disclosure have different characteristics. These differences in characteristics show that the breadth of disclosure in each aspect has different weights and objectives so that this study provides different empirical evidence of each aspect in sustainability disclosure.

Sustainability reporting is a form of non-financial information that must be disclosed by the company. The role of governance that acts as the party that regulates and controls the company is expected to provide trust management related to the management of fund providers (shareholder wealth) so that profit management does not occur. The breadth of sustainability disclosure is seen as

a defense tool for companies to raise funds or support from stakeholders, because with a wide level of sustainability disclosure to meet stakeholder demands, it can affect the company's financial performance. The amount of disclosure costs incurred by the company will reduce economic efficiency which has an impact on higher company costs, so that it can cause hidden costs which are indirectly charged to stakeholders, in this case the higher the disclosure costs indicate that the company will be more aggressive in managing profits, one of which is by doing profit management.

This research provides empirical evidence that social disclosure in sustainability is carried out only as a social contribution and corporate social responsibility to society that must be disclosed in order to meet the demands of stakeholders. Broad sustainability disclosures tend to lead to greater disclosure costs, so social costs only lower economic efficiency and business profits which makes company costs higher than competitors.

Environmental factors have a large impact related to the company's environmental activities. The environment is one of the indicators of survival that requires encouragement from stakeholders, the huge benefits of environmental impact make the company more transparent in managing financing. Environmental aspects can reduce risks to the company and a higher valuation of the company, in this case environmental activities can make it easier for the company to achieve capital so that the company's risk level in carrying out profit management is low.

Profit management is an intervention that management deliberately executes to benefit from certain stakeholders. This research provides results that profit management is seen as an efficiency contracting perspective, where profit management can help companies in lowering the cost of equity capital. Profit management gives managers and investors the flexibility to protect themselves and the company in the face of the realization of circumstances that cannot be anticipated to benefit all parties involved in the contract as well as not to arouse investors' suspicion of profit manipulation which may reflect that there are no other possibilities or factors that may affect the rising cost of equity capital. This research is in line with agency theory which is used to understand the relationship where principals

(shareholders) hire agents (managers) to carry out various activities on their behalf (principals) and delegate decision-making authority to profit managers.

Profit management of the size of the company as a control variable shows a discrepancy that a large-scale company will have an easier return than a small-scale company. Larger companies have greater growth than smaller companies, so the rate of return of large companies is greater than the return on shares in small-scale companies. This shows that the size of the company as a control variable has no effect on the cost of equity capital, there are other factors that can be used as a basis for controlling the occurrence of profit management against the cost of equity, such as growth rate or leverage.

The results of the study above can be concluded that the three aspects of continuous disclosure have different characteristics. These differences in characteristics show that the breadth of disclosure in each aspect has different weights and objectives so that this study provides different empirical evidence from each aspect in sustainability disclosure. Sustainability Reporting is a form of non-financial information that must be disclosed by the company, the role of governance that acts as a party that regulates and controls the company is expected to provide trust management related to the management of fund providers (the wealth of shareholders) so that profit management does not occur. It can be concluded that when a company that carries out profit management, through sustainability disclosure will form a good image in the eyes of stakeholders that can cover the pattern of profit management actions.

CONCLUSION

The results of the study above can be concluded that the three aspects of continuous disclosure have different characteristics. These differences in characteristics show that the breadth of disclosure in each aspect has different weights and objectives so that this study provides different empirical evidence from each aspect in sustainability disclosure. Sustainability Reporting is a form of non-financial information that must be disclosed by the company, the role of governance that acts as a party that regulates and controls the

company is expected to provide trust management related to the management of fund providers (the wealth of shareholders) so that profit management does not occur. It can be concluded that when a company that carries out profit management, through sustainability disclosure will form a good image in the eyes of stakeholders that can cover the pattern of profit management actions.

LIMITATIONS AND SUGGESTION

Limitations and obstacles are definitely present in this study, but these are expected to be input and can be overcome in future research. This study used variable sustainability reporting information obtained from the ISRA website in this study assumes that non-existent company data is assumed not to issue sustainability disclosures. The measurement of profit management variables only uses discretionary accrual, where the main focus is the amount of profit management and how to reduce and increase profits. The control variables only use the size of the company, so the control variables in this study cannot control the research variables.

This study suggests that the next study is Determinants may be proxied not only in Sustainability Reporting, but can be in Corporate Governance or other disclosure variables, profit management models can use other measurement models, such as Real Earnings Management and Classification Shifting, and may be proxied or supplemented with variables such as Cost of Capital.

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