

## The Effect of Financial Performance on Sustainability Report Disclosure in Supporting the SDGs in Energy Sector Companies Listed on the Indonesia Stock Exchange during 2022–2024

Thata Surya Pramisty<sup>a\*</sup>, Sonia Maulina Suharto<sup>b</sup>, Elysabeth Putri Pamungkas<sup>c</sup>, Hasna Afifah<sup>d</sup>

<sup>a,b,c,d</sup>Universitas Lambung Mangkurat, Banjarmasin, Indonesia



[pramistythata@gmail.com](mailto:pramistythata@gmail.com)

### ABSTRACT

This study aims to analyze the effect of financial performance on sustainability report (SR) disclosure in supporting the achievement of the Sustainable Development Goals (SDGs) among energy sector companies listed on the Indonesia Stock Exchange during the 2022–2024 period. Financial performance was measured using Return on Assets (ROA), Current Ratio (CR), and Debt to Equity Ratio (DER). This study employed a quantitative approach using secondary data obtained from companies' annual reports and sustainability reports. The sample was selected using purposive sampling, resulting in 17 energy sector companies as the research sample. Data were analyzed using panel data regression. The results show that ROA has a significant positive effect on SR disclosure, indicating that companies with higher profitability tend to have greater capacity to implement and report sustainability practices. CR has a significant negative effect on SR disclosure, suggesting that high liquidity is not always followed by greater sustainability transparency. DER has a significant positive effect on SR disclosure, indicating that companies with higher leverage tend to increase sustainability disclosure to maintain the trust of creditors and stakeholders. Simultaneously, ROA, CR, and DER have a significant effect on SR disclosure, with a coefficient of determination of 71.2%. These findings indicate that financial performance is associated with the level of SR disclosure among energy companies, although the interpretation of the results should consider the limitations of the sample, research period, and consistency in panel data model selection.

### ARTICLE HISTORY

Received 10 February 2026

Accepted 2 June 2026

Published 8 June 2026

### KEYWORDS

Return on Assets; Current Ratio; Debt to Equity Ratio; sustainability report; SDGs; energy sector

## Introduction

The current development of the business environment shows that corporate success is no longer assessed solely from financial performance, but also from a company's ability to manage its social, environmental, and governance impacts. This shift encourages companies not only to be oriented toward economic profit, but also to pay attention to accountability to stakeholders and their contribution to sustainable development. In this context, the sustainability report has become an important instrument for disclosing a company's economic, social, environmental, and governance performance more transparently. The Global Reporting Initiative (2021) emphasizes that sustainability reporting standards are designed to help organizations communicate the impacts of their activities on the economy, the environment, and society in a measurable and comparable manner.

The urgency of sustainability report disclosure is becoming stronger because the Sustainable Development Goals (SDGs) remain a global development agenda until 2030. The Sustainable Development Goals Report 2024 shows that monitoring SDG achievement needs to be continuously strengthened through data and evidence that can be used as a basis for development decision-making (United Nations, 2024). In the corporate context, sustainability reporting can serve as a means of showing how business activities support the sustainable development agenda, particularly through the disclosure of environmental, social, economic, and governance performance. Therefore, sustainability report disclosure is not merely an administrative obligation, but also a form of corporate accountability toward the SDGs.

In Indonesia, attention to sustainability reporting has increased following the obligation to prepare sustainability reports for financial service institutions, issuers, and public companies through Financial Services Authority Regulation Number 51/POJK.03/2017. This regulation emphasizes that sustainability reports may be prepared separately or as part of annual reports. Although this regulation has provided a formal basis for sustainability reporting practices, the quality and level of disclosure may still vary across companies. This indicates that regulatory compliance alone is not sufficient to explain variations in sustainability report disclosure; internal company factors, including financial performance, also need to be considered.

The energy sector is an important context to examine because its operational activities are closely related to the use of natural resources, emissions, environmental risks, and public pressure. Energy sector companies face greater demands to disclose sustainability information because their business activities have direct impacts on the environment and society. Rakhmawati and Rahmasari (2024) show that the energy sector has a relatively higher level of sustainability report disclosure than the financial sector in the context of Sharia-compliant companies in Indonesia and Malaysia, particularly on environmental topics. This finding indicates that the energy sector has distinctive sustainability disclosure characteristics that are worth analyzing further, especially in the most recent period when the SDGs agenda and sustainability reporting have become increasingly prominent.

Theoretically, sustainability report disclosure can be explained through stakeholder theory, legitimacy theory, agency theory, and signaling theory. Stakeholder theory views that companies need to meet the expectations of various interested parties, such as investors, creditors, government, society, employees, and customers. Within this framework, the sustainability report functions as a communication medium to demonstrate corporate responsibility for social and environmental impacts. Legitimacy theory explains that companies seek social acceptance by showing that their operational activities are aligned with societal values and norms. Agency theory emphasizes that information disclosure can reduce information asymmetry between management and shareholders. Meanwhile, signaling theory explains that companies can use sustainability disclosure as a positive signal to the market, investors, and stakeholders.

Financial performance is one internal factor that can influence a company's ability and motivation to disclose sustainability information. Profitability, which in this study is measured

using Return on Assets (ROA), reflects a company's ability to generate profit from its assets. Companies with higher profitability generally have greater resources to support sustainability programs and report them transparently. However, empirical findings regarding the effect of profitability on sustainability disclosure have not always been consistent. Mandagie et al. (2024), for example, found that profitability was not proven to determine sustainability disclosure in Indonesian energy companies, while Aprilia et al. (2025) showed that profitability had no significant effect on sustainability report disclosure in the energy sector. These differences in findings indicate the need for retesting using different periods and samples.

Liquidity, which in this study is measured using the Current Ratio (CR), indicates a company's ability to meet its short-term obligations. Theoretically, companies with high liquidity are considered to have better financial flexibility to support sustainability activities. However, high liquidity may also indicate that companies hold more current assets for short-term operational needs, so it does not necessarily encourage broader sustainability disclosure. Mandagie et al. (2024) found that liquidity had a negative effect on sustainability disclosure in Indonesian energy companies. This finding is important because it shows that liquidity is not always directly proportional to sustainability transparency, especially in sectors with high working capital needs and operational risks.

Leverage, which in this study is measured using the Debt to Equity Ratio (DER), describes the proportion of company financing derived from debt compared with equity. From the perspective of stakeholder theory and agency theory, companies with higher leverage may have a stronger motivation to disclose sustainability information in order to maintain the trust of creditors, investors, and other stakeholders. Sustainability disclosure can be used as a mechanism to show that the company remains committed to governance and social responsibility despite having higher financing burdens. Aprilia et al. (2025) found that leverage had a positive effect on sustainability report disclosure in energy sector companies. Thus, DER is a relevant variable to be tested in the context of sustainability disclosure.

Recent studies show that the relationship between financial performance and sustainability disclosure remains inconsistent. Benvenuto et al. (2023) explain that the determinants of sustainability reporting include various internal and external company factors, including stakeholder pressure, governance, company characteristics, and financial conditions. The IFRS Foundation (2023) also emphasizes that global sustainability disclosure standards such as IFRS S1 and IFRS S2 position information on sustainability-related risks and opportunities as important information useful to users of financial reports. This development shows that sustainability reporting is increasingly connected to financial and non-financial information used by investors and stakeholders in assessing companies.

Based on the above explanation, the research gap in this study lies in the need to retest the effect of financial performance on sustainability report disclosure in the context of the Indonesian energy sector in the most recent period. Previous studies have discussed sustainability disclosure, but some used periods before the strengthening of the SDGs agenda and before sustainability reporting practices became more established in corporate reports. In addition, previous findings regarding the effects of ROA, CR, and DER on sustainability disclosure remain inconsistent. Therefore, the contribution of this study is not only to retest the effects of ROA, CR, and DER, but also to place them in the context of Indonesian energy sector companies during the 2022–2024 period, a period in which SDGs, ESG, and sustainability reporting issues have increasingly become the concern of regulators, investors, and the public.

Based on the theoretical and empirical review, this study develops the following hypotheses.

1. H1: Return on Assets (ROA) has a positive effect on sustainability report disclosure in energy sector companies listed on the Indonesia Stock Exchange during the 2022–2024 period.

2. H2: Current Ratio (CR) has an effect on sustainability report disclosure in energy sector companies listed on the Indonesia Stock Exchange during the 2022–2024 period.
3. H3: Debt to Equity Ratio (DER) has a positive effect on sustainability report disclosure in energy sector companies listed on the Indonesia Stock Exchange during the 2022–2024 period.
4. H4: ROA, CR, and DER simultaneously affect sustainability report disclosure in energy sector companies listed on the Indonesia Stock Exchange during the 2022–2024 period.

Thus, this study aims to analyze the effects of ROA, CR, and DER on sustainability report disclosure in supporting the SDGs among energy sector companies listed on the Indonesia Stock Exchange during the 2022–2024 period. This study is expected to provide empirical contributions to the development of sustainability reporting studies, particularly in the Indonesian energy sector, and to offer practical implications for companies in improving sustainability transparency in line with stakeholder demands and the sustainable development agenda.

### **Method**

This study employed a quantitative approach with the aim of testing the effect of financial performance on sustainability report disclosure in energy sector companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 period. The quantitative approach was used because this study examined relationships among variables through numerical data, financial ratio measurements, and statistical analysis. In quantitative research, numerical data are used to explain relationships among variables objectively through systematic testing procedures (Creswell & Creswell, 2023). The independent variables in this study consist of Return on Assets (ROA), Current Ratio (CR), and Debt to Equity Ratio (DER), while the dependent variable is sustainability report disclosure measured using the Sustainability Report Disclosure Index (SRDI).

The data used in this study were secondary data obtained from the annual reports and sustainability reports of energy sector companies during the 2022–2024 period. The use of secondary data was considered appropriate because all research variables could be obtained from official company documents that are publicly published, such as annual reports, sustainability reports, and financial statements. Secondary data are also commonly used in accounting and finance research because they provide historical information that can be measured, compared, and statistically analyzed (Wooldridge, 2020; Baltagi, 2021). The research data were processed using EViews 15 software.

The 2022–2024 period was selected because it reflects a phase in which SDGs, ESG, and sustainability transparency issues have received increasing attention in corporate reporting practices. In the Indonesian context, sustainability reporting has a regulatory basis through Financial Services Authority Regulation Number 51/POJK.03/2017 concerning the implementation of sustainable finance for financial service institutions, issuers, and public companies (Otoritas Jasa Keuangan, 2017). This regulation emphasizes the importance of sustainability report submission as part of sustainable finance practices. In addition, the GRI Standards were used as a reference because these standards help organizations report economic, environmental, and social impacts in a structured and comparable manner (Global Reporting Initiative, 2021). The development of global standards such as IFRS S1 and IFRS S2 also shows that sustainability information is increasingly positioned as an important part of information useful to investors and users of financial reports (IFRS Foundation, 2023a, 2023b).

### **Population and Sample**

The population in this study consisted of all energy sector companies listed on the Indonesia Stock Exchange during the 2022–2024 period. The sample was selected using purposive sampling, namely sample selection based on certain criteria aligned with the research objectives. This

technique was used to ensure that the selected samples had the complete data needed to measure ROA, CR, DER, and sustainability report disclosure. The sample selection criteria were as follows.

1. Energy sector companies listed on the Indonesia Stock Exchange consecutively during the 2022–2024 period.
2. Companies that published annual reports and sustainability reports consecutively during the 2022–2024 period.
3. Companies that had complete data related to the research variables, namely ROA, CR, DER, and sustainability report disclosure during the research period.

Based on these criteria, 17 energy sector companies were obtained as the research sample. With a three-year observation period, the total number of observations in this study was 51 firm-year observations. This data structure is classified as panel data because it combines a cross-sectional dimension in the form of companies and a time-series dimension in the form of observation years. Panel data allow researchers to analyze differences in company characteristics as well as changes in data over time (Baltagi, 2021; Hsiao, 2022).

### Operational Definition of Variables

The dependent variable in this study is sustainability report disclosure, measured using the Sustainability Report Disclosure Index (SRDI). SRDI is used to assess the level of corporate sustainability information disclosure based on the disclosure items used in the research instrument. Measurement is carried out by assigning a score of 1 if an item is disclosed and a score of 0 if an item is not disclosed. Subsequently, the number of items disclosed by the company is compared with the total number of expected disclosure items. The higher the SRDI value, the broader the level of the company's sustainability report disclosure. The use of disclosure indices such as SRDI is common in sustainability reporting research because they can convert narrative information in reports into quantitative measures that can be analyzed statistically (Global Reporting Initiative, 2021; Benvenuto et al., 2023).

The first independent variable is Return on Assets (ROA). ROA is used to measure a company's ability to generate net income from its total assets. The higher the ROA, the greater the company's ability to utilize assets to generate profit. In this study, ROA is used as an indicator of profitability because this ratio shows the effectiveness of a company in using assets to create financial performance (Brigham & Houston, 2021).

The second independent variable is the Current Ratio (CR). CR is used to measure a company's ability to meet short-term obligations using current assets. This ratio reflects the level of corporate liquidity. The higher the CR, the greater the company's ability to meet its short-term obligations, although excessively high liquidity does not always indicate efficient use of current assets (Brigham & Houston, 2021; Ross et al., 2022).

The third independent variable is the Debt to Equity Ratio (DER). DER is used to measure a company's financing structure by comparing total liabilities to total equity. This ratio shows the extent to which a company uses debt in its capital structure. DER is used as an indicator of leverage because it can show the company's level of dependence on debt-based financing and potential pressure from creditors (Brigham & Houston, 2021; Ross et al., 2022).

**Table 1.** Operational Definition of Variables

Variable	Symbol	Measurement Indicator	Scale
Sustainability Report Disclosure	SRDI	Proportion of sustainability disclosure items disclosed by the company compared with the total expected disclosure items	Ratio
Return on Assets	ROA	Net income after tax divided by total assets	Ratio
Current Ratio	CR	Current assets divided by current liabilities	Ratio
Debt to Equity Ratio	DER	Total liabilities divided by total equity	Ratio

### **Data Analysis Technique**

The data analysis techniques in this study included descriptive statistics, panel data regression, model selection tests, classical assumption tests, and hypothesis testing. Descriptive statistics were used to describe the characteristics of the research data, such as the minimum, maximum, mean, and standard deviation values of each variable. Panel data regression analysis was used because the research data combined a cross-sectional dimension in the form of companies and a time-series dimension in the form of observation years. Panel data have advantages because they can capture variation across observational units and variation over time simultaneously, as well as increase the number of observations compared with using only cross-sectional or time-series data separately (Baltagi, 2021; Hsiao, 2022; Wooldridge, 2020).

The panel data regression model in this study was used to test the effects of ROA, CR, and DER on sustainability report disclosure. ROA, CR, and DER were placed as independent variables, while SRDI was placed as the dependent variable. The analysis was conducted using a 5% significance level.

### **Panel Data Regression Model Selection**

In panel data regression, three estimation models can be used: the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). CEM assumes that company and time data can be pooled without distinguishing individual company characteristics. FEM takes into account fixed differences in characteristics across companies, while REM assumes that individual company differences are random and not correlated with the independent variables. Therefore, selecting the appropriate model is an important part of panel data analysis (Baltagi, 2021; Hsiao, 2022; Ghazali & Ratmono, 2017).

Model selection was carried out through the Chow test, Hausman test, and Lagrange Multiplier (LM) test. The Chow test was used to compare CEM and FEM. If the probability value of the Chow test is less than 0.05, FEM is more appropriate than CEM. Conversely, if the probability value is greater than 0.05, CEM is more appropriate. The Hausman test was used to compare FEM and REM. If the probability value of the Hausman test is less than 0.05, FEM is more appropriate. Conversely, if the probability value is greater than 0.05, REM is more appropriate than FEM. The Lagrange Multiplier test was used to compare CEM and REM. If the probability value of the LM test is less than 0.05, REM is more appropriate than CEM. Conversely, if the probability value is greater than 0.05, CEM is more appropriate than REM.

Thus, the selection of the final model must follow the consistency of the test results. If the Chow test shows that CEM is more appropriate than FEM and the LM test shows that CEM is more appropriate than REM, then the final model used is the Common Effect Model (CEM). Under this condition, the Hausman test only explains the comparison between FEM and REM, but cannot override the LM test result that directly compares CEM and REM. This clarification is important because inconsistency between the model selection results and the final regression model can reduce the validity of econometric interpretation (Baltagi, 2021; Hsiao, 2022; Ghazali & Ratmono, 2017).

### **Classical Assumption Tests**

Classical assumption tests were conducted to ensure that the regression model met the basic requirements of analysis. The normality test was used to examine whether the residuals were normally distributed. The multicollinearity test was used to ensure that there was no excessively high correlation among the independent variables. The heteroskedasticity test was used to determine whether there was unequal residual variance. The autocorrelation test was used to determine whether there was correlation among residuals in the model. Classical assumption tests were conducted before interpreting regression results so that the statistical conclusions obtained would be more valid. In regression analysis, testing basic assumptions is necessary to

ensure that estimation results do not lead to interpretive bias that may affect the research conclusions (Wooldridge, 2020; Baltagi, 2021).

### Hypothesis Testing

Hypothesis testing was conducted through the t-test, F-test, and coefficient of determination. The t-test was used to determine the partial effect of each independent variable on sustainability report disclosure. The F-test was used to determine the simultaneous effect of ROA, CR, and DER on sustainability report disclosure. The coefficient of determination was used to determine the extent to which the independent variables could explain variations in the dependent variable. The significance level used in this study was 5% or 0.05. The use of partial tests, simultaneous tests, and the coefficient of determination is commonly applied in regression-based quantitative research to assess the significance of relationships and the explanatory power of the model (Wooldridge, 2020; Ghozali & Ratmono, 2017).

## Results

### Descriptive Statistics

Descriptive statistics were used to provide a general overview of the characteristics of the research data. The variables analyzed consisted of Current Ratio (CR), Debt to Equity Ratio (DER), Return on Assets (ROA), and sustainability report disclosure (SR). The summary of descriptive statistics is presented in Table 2.

**Table 2.** Descriptive Statistics of Research Variables

Variable	Mean	Standard Deviation	Minimum	Maximum	Observations
CR	2.51	0.95	0.54	4.96	51
DER	0.94	0.50	-0.31	1.94	51
ROA	0.14	0.07	0.00	0.34	51
SR	0.68	0.10	0.51	0.92	51

Based on Table 2, the CR variable has a mean value of 2.51 with a standard deviation of 0.95. The minimum value of CR is 0.54 and the maximum value is 4.96. The DER variable has a mean value of 0.94 with a standard deviation of 0.50, a minimum value of -0.31, and a maximum value of 1.94. The ROA variable has a mean value of 0.14 with a standard deviation of 0.07, a minimum value of 0.00, and a maximum value of 0.34. Meanwhile, the SR variable has a mean value of 0.68 with a standard deviation of 0.10, a minimum value of 0.51, and a maximum value of 0.92. In general, the data indicate that sustainability report disclosure among the energy sector companies in the sample is at a moderate to high level.

### Panel Data Regression Model Selection Test

The selection of the panel data regression model was carried out using the Chow test, Hausman test, and Lagrange Multiplier (LM) test. The summary of the model selection test results is presented in Table 3.

**Table 3.** Results of Panel Data Regression Model Selection Tests

Model Test	Statistical Value	Probability	Decision
Chow Test: Cross-section F	0.773	0.702	CEM is more appropriate than FEM
Chow Test: Cross-section Chi-square	17.116	0.378	CEM is more appropriate than FEM

Model Test	Statistical Value	Probability	Decision
Hausman Test	2.124	0.547	REM is more appropriate than FEM
LM Breusch-Pagan Test	0.410	0.522	CEM is more appropriate than REM

The Chow test results show that the probability value of Cross-section F is 0.702 and the probability value of Cross-section Chi-square is 0.378. Since both probability values are greater than 0.05, the Common Effect Model (CEM) is more appropriate than the Fixed Effect Model (FEM). The Hausman test result shows a probability value of 0.547, indicating that REM is more appropriate than FEM. However, the LM test result shows a probability value of 0.522, which is greater than 0.05, indicating that CEM is more appropriate than REM. Therefore, the final model used in this study is the Common Effect Model (CEM).

### Classical Assumption Tests

Classical assumption tests were conducted to ensure the feasibility of the regression model. The tests included normality, multicollinearity, heteroskedasticity, and autocorrelation tests. The summary of the classical assumption test results is presented in Table 4.

**Table 4.** Results of Classical Assumption Tests

Type of Test	Statistical Value	Probability/Value	Decision
Jarque-Bera Normality	1.253	0.534	Residuals are normally distributed
VIF ROA	1.010	< 10	No multicollinearity
VIF CR	1.008	< 10	No multicollinearity
VIF DER	1.010	< 10	No multicollinearity
Breusch-Pagan Heteroskedasticity	198.021	0.000	Indication of heteroskedasticity
Durbin-Watson Autocorrelation	2.090	Close to 2	No serious autocorrelation

The normality test using the Jarque-Bera method shows a probability value of 0.534, indicating that the residuals are normally distributed. The multicollinearity test results show that all VIF values are below 10, indicating no multicollinearity. The heteroskedasticity test shows a probability value of 0.000, indicating the presence of heteroskedasticity. Therefore, the regression results should be interpreted using robust standard errors. The autocorrelation test shows a Durbin-Watson value of 2.090, indicating no serious autocorrelation.

### Panel Data Regression Results

Based on the model selection test results, the final model used is the Common Effect Model (CEM). Since the heteroskedasticity test indicated the presence of heteroskedasticity, the regression interpretation is presented using robust standard errors. The summary of the regression results is presented in Table 5.

**Table 5.** Panel Data Regression Results Using the Common Effect Model

Variable	Coefficient	Robust Std. Error	t-Statistic	Probability	Decision
Constant	0.572	0.041	13.951	0.000	Significant
ROA	0.339	0.108	3.139	0.003	Significant positive effect

Variable	Coefficient	Robust Std. Error	t-Statistic	Probability	Decision
CR	-0.095	0.018	-5.278	0.000	Significant negative effect
DER	0.059	0.013	4.538	0.000	Significant positive effect

Based on Table 5, the constant value of 0.572 indicates that when ROA, CR, and DER are equal to zero, the level of sustainability report disclosure is estimated to be 0.572. The ROA coefficient of 0.339 with a probability value of 0.003 indicates that ROA has a significant positive effect on SR disclosure. The CR coefficient of -0.095 with a probability value of 0.000 indicates that CR has a significant negative effect on SR disclosure. The DER coefficient of 0.059 with a probability value of 0.000 indicates that DER has a significant positive effect on SR disclosure.

### Coefficient of Determination

The coefficient of determination was used to determine the ability of ROA, CR, and DER to explain variations in sustainability report disclosure. The summary of the coefficient of determination is presented in Table 6.

**Table 6.** Coefficient of Determination

Indicator	Value	Interpretation
R-squared	0.712	71.2% of the variation in SR is explained by ROA, CR, and DER
Adjusted R-squared	0.694	69.4% of the variation in SR is explained by the model after adjusting for the number of variables
Remaining variation outside the model	0.288	28.8% of the variation in SR is explained by factors outside the model

The R-squared value of 0.712 indicates that 71.2% of the variation in SR disclosure can be explained by ROA, CR, and DER, while the remaining 28.8% is explained by factors outside the model. The Adjusted R-squared value of 0.694 indicates that after adjusting for the number of variables, the model still has an explanatory power of 69.4%.

### Partial Test

The partial test was used to determine the effect of each independent variable on SR disclosure. The summary of the partial test results is presented in Table 7.

**Table 7.** Results of Partial Test

Variable	Coefficient	t-Statistic	Probability	Direction of Effect	Decision
ROA	0.339	3.139	0.003	Positive	Significant
CR	-0.095	-5.278	0.000	Negative	Significant
DER	0.059	4.538	0.000	Positive	Significant

Based on Table 7, ROA has a probability value of 0.003, CR has a probability value of 0.000, and DER has a probability value of 0.000. All probability values are smaller than 0.05. Therefore, ROA, CR, and DER each have a significant partial effect on SR disclosure.

### Simultaneous Test

The simultaneous test was used to determine the joint effect of ROA, CR, and DER on SR disclosure. The summary of the simultaneous test results is presented in Table 8.

**Table 8.** Results of Simultaneous Test

Indicator	Value	Decision
F-statistic	38.735	Significant
Prob(F-statistic)	0.000	Significant at $\alpha = 5\%$

Based on Table 8, the F-statistic value is 38.735 with a Prob(F-statistic) value of 0.000. Since the probability value is smaller than 0.05, ROA, CR, and DER simultaneously have a significant effect on SR disclosure.

## Discussion

### Consistency of Panel Model Selection

The results of the model selection tests show that CEM is the most consistent model to be used in this study. The Chow test shows that CEM is more appropriate than FEM, while the LM test shows that CEM is more appropriate than REM. Although the Hausman test indicates that REM is more appropriate than FEM, this result is not sufficient to make REM the final model because the Hausman test does not compare REM with CEM. In panel data analysis, model selection must be conducted consistently so that the estimation model matches the characteristics of the data and does not lead to biased interpretation (Baltagi, 2021; Hsiao, 2022; Wooldridge, 2020).

This correction is important because the previous manuscript still used REM even though the LM test results showed that CEM was more appropriate. Inconsistency between the model selection results and the final estimation model can reduce the validity of statistical analysis. Therefore, the interpretation of the research results needs to follow the most consistent model based on the test results, namely CEM. If researchers still use REM, a strong additional methodological justification is required, such as evidence that individual company variations are random and that REM is more efficient than CEM.

### The Effect of ROA on Sustainability Report Disclosure

The results show that ROA has a significant positive effect on sustainability report disclosure. This finding indicates that energy sector companies with higher profitability tend to have greater capacity to implement, finance, and disclose sustainability activities. Strong profitability can provide financial space for companies to develop environmental, social, and governance programs and disclose such information in sustainability reports.

From the perspective of stakeholder theory, companies with good financial performance tend to face greater expectations from investors, regulators, society, and other stakeholders to demonstrate social and environmental responsibility. From the perspective of legitimacy theory, sustainability disclosure becomes a means for companies to gain social acceptance, especially in the energy sector, whose operational activities are closely related to environmental risks. The study by Benvenuto et al. (2023) shows that the determinants of sustainability reporting are not only related to regulatory compliance, but are also influenced by internal company characteristics, stakeholder pressure, and legitimacy needs.

This finding is also consistent with the development of global sustainability reporting standards. The GRI Standards emphasize the importance of reporting economic, environmental, and social impacts transparently and systematically (Global Reporting Initiative, 2021). IFRS S1 also positions information on sustainability-related risks and opportunities as relevant information for users of financial reports (IFRS Foundation, 2023a). Thus, profitability can be understood as a factor that strengthens a company's capacity to respond to sustainability disclosure demands.

### The Effect of CR on Sustainability Report Disclosure

The most interesting finding in this study is the negative effect of CR on sustainability report disclosure. This result indicates that a higher level of liquidity is not always followed by an

increase in sustainability disclosure. Theoretically, CR reflects a company's ability to meet short-term obligations. However, high liquidity may also indicate that a company is more cautious in holding current assets for operational needs, short-term liability payments, and business risk management.

In the context of the energy sector, companies face substantial working capital needs, operating expenditures, and market risks. Therefore, companies with high liquidity do not necessarily allocate resources to expand sustainability reporting. This finding indicates the possibility of a short-term orientation, in which companies prioritize financial and operational stability over broader SR disclosure. This interpretation is in line with the view that the determinants of sustainability reporting are complex and may be influenced by managerial priorities, regulatory pressure, investor pressure, and corporate strategy (Benvenuto et al., 2023; Mandagie et al., 2024).

The negative CR result is an important contribution of this article because it shows that liquidity does not always serve as a positive signal for sustainability transparency. The ability to meet short-term obligations does not automatically reflect a company's readiness to increase social, environmental, and governance disclosure. Rakhmawati and Rahmasari (2024) show that the level of sustainability disclosure may differ across sectors, so the interpretation of financial results in relation to SR needs to consider industry characteristics. In the energy sector, environmental pressure and operational needs may make the relationship between liquidity and SR disclosure more complex.

### **The Effect of DER on Sustainability Report Disclosure**

The results show that DER has a significant positive effect on sustainability report disclosure. This finding indicates that companies with higher leverage tend to increase sustainability disclosure. From the perspective of agency theory, companies with higher debt face greater monitoring from creditors and investors. Therefore, sustainability disclosure can be used as a mechanism to reduce information asymmetry and increase the trust of external parties.

In the context of the energy sector, high leverage can increase pressure on companies to demonstrate that business activities are still managed responsibly. SR disclosure can be one way for companies to communicate their commitment to environmental, social, and governance risk management. The IFRS Foundation (2023a, 2023b) emphasizes that sustainability and climate-related disclosures are increasingly important because they help investors understand risks and opportunities that may affect a company's prospects. Thus, companies with higher leverage may have a stronger motivation to expand disclosure in order to maintain the trust of capital providers.

This finding can also be understood as a reputational signal. Energy companies with financing structures that involve more debt need to maintain market and creditor perceptions. Sustainability disclosure can signal that the company is not only oriented toward short-term financial performance but also pays attention to long-term operational sustainability. Aprilia et al. (2025) also found that leverage affects sustainability report disclosure in energy sector companies, thereby strengthening empirical evidence in the context of the Indonesian energy sector.

### **The Simultaneous Effect of ROA, CR, and DER on Sustainability Report Disclosure**

The results show that ROA, CR, and DER simultaneously have a significant effect on sustainability report disclosure. This indicates that overall financial performance is related to the level of sustainability disclosure among energy sector companies. Profitability shows a company's capacity to generate profit, liquidity shows the ability to meet short-term obligations, and leverage shows the financing structure and pressure from external parties.

The coefficient of determination of 71.2% indicates that these three financial variables have fairly strong explanatory power for variations in SR disclosure. However, 28.8% of the variation

is still explained by other factors outside the model. These factors may include company size, corporate governance, ownership structure, audit quality, board characteristics, regulatory pressure, and industry sensitivity. The systematic review by Benvenuto et al. (2023) emphasizes that the determinants of sustainability reporting can come from various internal and external company factors. Therefore, studies that use only financial ratios need to acknowledge the limitations of the model.

Thus, the simultaneous results of this study show that financial performance is an important factor, but not the only determinant of SR disclosure. In the energy sector, external pressures such as regulation, public attention to environmental impacts, and investor demands for ESG also need to be considered in future research.

### **Sustainability Report Disclosure in Supporting the SDGs**

Sustainability report disclosure in energy sector companies has direct relevance to the achievement of the SDGs. The energy sector is related to various sustainable development issues, such as affordable and clean energy, decent work, economic growth, responsible consumption and production, and climate action. Through SR, companies can communicate their contributions to economic, social, environmental, and governance aspects.

The GRI Standards provide a disclosure framework that helps companies report organizational impacts on the economy, the environment, and society (Global Reporting Initiative, 2021). In addition, IFRS S1 and IFRS S2 strengthen global attention to sustainability information that is relevant to investors, particularly information on sustainability-related risks and opportunities as well as climate-related disclosures (IFRS Foundation, 2023a, 2023b). In the Indonesian context, Financial Services Authority Regulation Number 51/POJK.03/2017 also strengthens the obligation of sustainability reporting for issuers and public companies (Otoritas Jasa Keuangan, 2017). Thus, SR disclosure can serve as a bridge between corporate performance, stakeholder demands, and the SDGs agenda.

However, the findings of this study need to be interpreted carefully. The research sample only included 17 energy sector companies during the 2022–2024 period. Therefore, the findings that ROA and DER encourage SR disclosure, while CR has a negative effect, cannot be directly generalized to all industrial sectors. The conclusion should be limited to the context of the energy sector companies included in the research sample. Future research may extend the observation period, add industrial sectors, and include governance variables, company size, ownership, and regulatory pressure to obtain a more comprehensive picture.

Based on the research findings, it can be concluded that financial performance plays an important role in encouraging energy sector companies to disclose Sustainability Reports as a form of support for achieving the Sustainable Development Goals (SDGs). Profitability, as reflected by Return on Assets (ROA), has been proven to have a significant positive effect, meaning that the higher the profit obtained by a company, the greater the capacity and motivation to implement sustainability programs and report them transparently. Conversely, the Current Ratio (CR) shows a significant negative effect, indicating that high liquidity does not guarantee that a company will be more open in sustainability report disclosure because funds may be more focused on meeting short-term operational needs.

Meanwhile, Debt to Equity Ratio (DER) has a significant positive effect, meaning that companies with high leverage are encouraged to increase transparency in order to maintain investor and creditor trust. Simultaneously, ROA, CR, and DER have been proven to significantly affect Sustainability Report disclosure, with a coefficient of determination of 71.2%. Therefore, it can be concluded that most of the variation in disclosure levels is influenced by corporate financial performance, while the rest is influenced by other factors such as company size, governance, ownership, and regulation. These findings confirm that profitability and leverage are the main

drivers for energy companies to actively contribute to sustainable development through information transparency in sustainability reports.

### **Conclusion**

Based on the research findings, it can be concluded that financial performance affects sustainability report disclosure in energy sector companies listed on the Indonesia Stock Exchange during the 2022–2024 period. The test results show that Return on Assets (ROA) has a significant positive effect on sustainability report disclosure. This finding indicates that companies with higher profitability tend to have greater capacity to implement and disclose sustainability activities more transparently.

Current Ratio (CR) has a significant negative effect on sustainability report disclosure. This finding shows that high liquidity is not always followed by increased sustainability disclosure. In energy sector companies, higher liquidity may be directed more toward maintaining operational needs, short-term obligations, and financial stability, so it does not automatically increase attention to sustainability disclosure.

Debt to Equity Ratio (DER) has a significant positive effect on sustainability report disclosure. This result shows that companies with higher leverage tend to have stronger motivation to increase transparency to creditors, investors, and other stakeholders. Sustainability disclosure can serve as a form of corporate communication to maintain reputation, trust, and accountability amid financing pressures and business risks in the energy sector.

Simultaneously, ROA, CR, and DER have a significant effect on sustainability report disclosure. The coefficient of determination of 71.2% indicates that these three financial performance variables are able to explain most of the variation in sustainability report disclosure, while the remaining variation is influenced by other factors outside the model, such as company size, corporate governance, ownership structure, regulatory pressure, audit quality, and industry characteristics.

The findings of this study show that financial performance is associated with the level of sustainability report disclosure in supporting the achievement of the SDGs, particularly among energy sector companies. However, the findings need to be interpreted carefully because the sample only includes 17 energy sector companies over a three-year period. Therefore, the conclusions of this study cannot be widely generalized to all industrial sectors. Future research is recommended to extend the observation period, increase the sample size, compare different sectors, and include non-financial variables such as company size, governance, institutional ownership, sustainability committees, and regulatory pressure so that the analysis of sustainability report disclosure becomes more comprehensive.

### **Acknowledgment**

The authors would like to express their sincere gratitude to Universitas Lambung Mangkurat for its academic support during the preparation of this manuscript. The authors also extend their appreciation to lecturers, academic supervisors, and colleagues who provided guidance, feedback, and non-financial support throughout the research and writing process. Appreciation is also given to the Indonesia Stock Exchange and the energy sector companies whose publicly available annual reports and sustainability reports served as the main data sources for this study.

### **Research Ethics Statement**

This study was conducted in accordance with the ethical principles of academic research. Since this study used secondary data obtained from publicly available annual reports, sustainability reports, and financial statements of energy sector companies listed on the Indonesia Stock Exchange, it did not involve human participants, interviews, surveys, clinical intervention, experimental treatment, or the collection of personal data. Therefore, formal ethical approval was

not required. Nevertheless, the research process was carried out responsibly by maintaining data accuracy, transparency, proper citation of sources, and integrity in data analysis and interpretation.

### **Author Contributions**

Thata Surya Pramisty: conceptualization, data collection, preparation of the research dataset, calculation of financial ratios, panel data analysis, and writing of the original draft.

Sonia Maulina Suharto: research methodology, literature review, sustainability report disclosure coding, data verification, and manuscript editing.

Elysabeth Putri Pamungkas: statistical analysis support, panel model selection, preparation of tables, interpretation of regression results, and revision of the results section.

Hasna Afifah: theoretical framework development, discussion refinement, final manuscript review, editing, and approval of the final version.

All authors have read and approved the final version of the manuscript.

### **Funding**

This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

### **Conflict of Interest**

The authors declare that there is no conflict of interest regarding the research, authorship, and publication of this article.

### **Artificial Intelligence Use Statement**

The authors declare that artificial intelligence, if used, was employed only as a technical support tool for language editing, grammar checking, translation assistance, and improving manuscript readability. All research processes, including research design, data collection, financial ratio calculation, sustainability disclosure coding, statistical analysis, interpretation of findings, discussion, arguments, and conclusions, remain the full responsibility of the authors.

### **Data Availability Statement**

The data supporting the findings of this study consist of annual reports, sustainability reports, financial ratio calculations, Sustainability Report Disclosure Index coding sheets, panel data regression outputs, and analytical interpretations related to energy sector companies listed on the Indonesia Stock Exchange during the 2022–2024 period. The primary documents used in this study are publicly available through company websites and official disclosure channels. Processed datasets and additional information regarding the analysis may be obtained from the corresponding author upon reasonable request.

### **References**

- Aprilia, D., Kartika, & Purnamawati, I. (2025). The influence of profitability, leverage, and corporate governance on sustainability report disclosure: Evidence from energy sector companies listed on the Indonesia Stock Exchange. *Journal of Accounting and Tax*, 4(1).
- Baltagi, B. H. (2021). *Econometric analysis of panel data* (6th ed.). Springer.
- Benvenuto, M., Aufiero, C., & Viola, C. (2023). A systematic literature review on the determinants of sustainability reporting systems. *Heliyon*, 9(4), Article e14893. <https://doi.org/10.1016/j.heliyon.2023.e14893>
- Brigham, E. F., & Houston, J. F. (2021). *Fundamentals of financial management* (16th ed.). Cengage Learning.

- Creswell, J. W., & Creswell, J. D. (2023). *Research design: Qualitative, quantitative, and mixed methods approaches* (6th ed.). SAGE Publications.
- Ghozali, I., & Ratmono, D. (2017). *Analisis multivariat dan ekonometrika: Teori, konsep, dan aplikasi dengan EViews 10* (Edisi 2). Badan Penerbit Universitas Diponegoro.
- Global Reporting Initiative. (2021). *GRI standards*. Global Reporting Initiative.
- Hsiao, C. (2022). *Analysis of panel data* (4th ed.). Cambridge University Press.
- IFRS Foundation. (2023a). *IFRS S1 general requirements for disclosure of sustainability-related financial information*. IFRS Foundation.
- IFRS Foundation. (2023b). *IFRS S2 climate-related disclosures*. IFRS Foundation.
- Mandagie, W. C., Susanto, K. P., Endri, E., & Wiwaha, A. (2024). Corporate governance, financial performance and sustainability disclosure: Evidence from Indonesian energy companies. *Uncertain Supply Chain Management*, 12(3), 1791–1800. <https://doi.org/10.5267/j.uscm.2024.3.003>
- Otoritas Jasa Keuangan. (2017). *Peraturan Otoritas Jasa Keuangan Nomor 51/POJK.03/2017 tentang penerapan keuangan berkelanjutan bagi lembaga jasa keuangan, emiten, dan perusahaan publik*. Otoritas Jasa Keuangan.
- Rakhmawati, A., & Rahmasari, O. F. (2024). The disclosure of sustainability report in energy and financial sector companies of Indonesia and Malaysia Sharia Securities List. *Indonesian Journal of Applied Accounting and Finance*, 4(1). <https://doi.org/10.31961/ijaaf.v4i1.2249>
- Ross, S. A., Westerfield, R. W., Jaffe, J., & Jordan, B. D. (2022). *Corporate finance* (13th ed.). McGraw Hill.
- United Nations. (2024). *The Sustainable Development Goals report 2024*. United Nations.
- Wooldridge, J. M. (2020). *Introductory econometrics: A modern approach* (7th ed.). Cengage Learning.