The Effect of Financial Ratios and Sustainability Report Disclosure on Company Value

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Abstract
This study aims to examine the impact of Company Characteristics, quantified through Profitability Ratio, Leverage, Liquidity, and Company Size, on Company Value, utilizing Sustainability Reports as intervening factors. This study utilizes secondary data obtained from the Annual Report and Sustainability Report of state-owned enterprises listed on the Indonesia Stock Exchange (IDX) for the period 2018-2022. The research sample was gathered using purposive sampling, resulting in 20 selected organizations. The hypothesis testing employs panel data analysis utilizing the Eviews 12 software. The results indicate that profitability, as measured by Return on Assets and Earnings per Share, does not demonstrate a positive impact on firm value. Leverage, represented by the Debt to Equity Ratio, similarly lacks evidence of a positive effect on firm value; however, leverage indicated by the Long-term Debt to Equity Ratio does show a positive effect. Liquidity, as measured by the Current Ratio and Cash Ratio, is also not shown to positively influence firm value. In contrast, sustainability reports are confirmed to positively affect firm value, while firm size, as indicated by total assets and total employees, does not exhibit a positive effect on firm value..
Keywords: company characteristics; company value; financial statement disclosure

INTRODUCTION

Companies have a crucial role in economic sustainability. Presently, companies bear the obligation to facilitate sustainable development, which addresses contemporary needs while considering the requirements of future generations (Hidayah et al., 2023). Consequently, it is imperative for enterprises to engage in economic continuity (Firmansyah et al., 2021).

Stakeholder Theory posits that a firm should not solely pursue its own interests but must also deliver advantages to stakeholders, including shareholders, creditors, consumers, suppliers, government, and society. This theory posits that the company must cultivate relationships with stakeholders by addressing their current desires and needs, particularly those stakeholders who possess power over the resources essential for the company's operational activities, including labor, customers, and owners (Agustina et al., 2022). Consequently, the organization's sustainability necessitates stakeholder support to ensure that the company's operations align with its objectives (Tambaip & Tjilen, 2022).

One strategy to maintaining connections with firm stakeholders involves disclosing information in sustainability reports that encompass economic, social, and environmental dimensions (Kamila & Purwanti, 2019). The publication of sustainability reports is anticipated to fulfill stakeholder expectations, hence fostering a harmonious connection between the company and its stakeholders, which will enable the organization to attain future sustainability. The *Global Reporting Initiative* (*GRI*), an international non-profit organization founded in 1997 in collaboration with the United Nations Environment Programme (*UNEP*), pioneered sustainability reporting to advance sustainability and environmental, social, and governance reporting.

GRI formulates the notion of sustainability to facilitate *Sustainable Development* by establishing rules for corporations on *Sustainability Reporting* rules (*SRG*). These reporting criteria are continually improved, culminating in the *GRI Disclosure 2021*, which has been adopted by over 100 nations. The World Business Council for Sustainable Development asserts that the *Global Reporting Initiative* (*GRI*) is a widely accepted standard for sustainability reporting, believed to enhance company value, influenced by governance, the quality of

reporting information, activities, employee capabilities, strategies, and stakeholder engagement (Akadiati et al., 2023).

The *Global Reporting Initiative* establishes a framework for reporting on economic, social, and environmental responsibility, enabling companies to exhibit accountability and transparency via sustainability reporting. Stakeholders necessitate that companies measure, disclose, and account for their performance in attaining sustainable development goals (Gunawan et al., 2022). Sustainability reporting significantly enhances corporate value by boosting sales through the execution of numerous social initiatives in the surrounding community (Farhana & Adelina, 2019). The augmentation of the company's valuation impacts the attainment of its long-term objectives. The worth of a firm can be determined by numerous methodologies. The most straightforward approach to ascertain a company's value is to examine its market value, usually referred to as *Market Capitalization* (Kurnia, 2019). Market capitalization is calculated by multiplying the total number of outstanding shares of a firm by the current price of a single share (Rujikartawi, 2023).

The company's value, as shown by the share price, serves as a metric for investors and the public to evaluate its performance, both currently and prospectively. The value of the company is affected by the attributes inherent to each organization, as an internal factor identified by Anggraini & Hidayat (2021). Company characteristics refer to the fundamental attributes of a business entity observable from various elements, including the industry type, ownership structure, liquidity, profitability, and size (Rujikartawi, 2023).

This study will analyze the impact of various factors on both financial and non-financial dimensions that are believed to influence a company's value, specifically focusing on the disclosure of sustainability statements as a non-financial aspect, alongside profitability, leverage, liquidity, and company size as financial aspects. The profitability variable, as indicated by prior study by Kustono (2021), found that profitability influences corporate value via sustainability disclosure, with sustainability reports serving as a mediating variable linking profitability and firm value. The *Stakeholder Theory* posits that a corporation disseminates information regarding its performance to stakeholders to elucidate its actions. Enhanced profitability promotes elevated sustainability disclosure to articulate performance, facilitating societal acceptance of the organization (Mahmood et al., 2019).

The leverage variable is a ratio that assesses a company's capacity to fulfill short-term and long-term obligations in the event of liquidation (Kasmir, 2016). Prior scholars Dewi and Praptoyo (2022), along with Firda and Efriadi (2020), determined that leverage positively influences firm value. Conversely, studies by Himawan (2020) and Prasetya and Musdholifah (2020) determined that leverage does not influence the company's value. *Signal Theory* posits that leverage influences a company's value and serves as a critical indicator. *Signal theory*, as articulated by Brigham and Houston (2017), pertains to the conduct of corporate management in conveying guidance to investors regarding the company's future outlook.

The liquidity variable is a ratio that indicates a company's capacity to fulfill short-term obligations (Kasmir, 2016). Companies with a favorable liquidity ratio are perceived as performing well by investors, thereby attracting their investment to enhance the company's value. Previous research by Ndruru et al. (2020) and Mahanani & Kartika (2022) demonstrates that liquidity significantly enhances firm value. In contrast to the findings of the study by Setiawan et al. (2022), it demonstrates that liquidity adversely affects the company's value. *Capital Structure Theory*, as articulated by Fahmi (2017), delineates the composition of a company's financial framework, specifically the ratio between capital derived from long-term debt and equity, which serves as the funding source for the enterprise.

The company size variable, which quantifies a corporation's magnitude, is represented by total assets (Kustono, 2021). The more the overall assets possessed by the company, the higher the company's size, resulting in an increase in money for operational activities. A higher

firm size indicates strong performance, eliciting a favorable response from investors and positively affecting the company's value (Handriani and Irianti, 2015). Prior studies by Handriani and Robiyanto (2019) and Efesia and Sunarto (2022) shown that firm size positively and significantly influences company value.

This study examines a sample of *State-Owned Enterprises* (*SOEs*), which is significant for the following reasons: Primarily, the majority of state-owned enterprises (*SOEs*) are established to address community needs in essential sectors, including food, electricity, telecommunications, transportation, and the development of public infrastructure (Wahyudi, 2021). Secondly, state-owned enterprises (*SOEs*) must adhere to all relevant tax regulations and obligations. Transparency in reporting is essential, highlighting the necessity for precise and comprehensive disclosure of information regarding financial performance, corporate governance, and the social and environmental impacts of *SOEs* to stakeholders, including the government, investors, and the general public. Additionally, the three *SOEs* derive funding from the *State Revenue and Expenditure Budget* (*APBN*) through investments, necessitating a thorough examination of both financial and non-financial factors required by management for informed decision-making.

The researcher identified contradictory findings in prior studies about the impact of firm characteristics, namely profitability, debt, liquidity, and company size on company value. Researchers Meutia and Titik (2019) asserted that profitability, leverage, and firm size collectively exert a considerable influence on the publication of sustainability reports, but Setiawan et al. (2022) elucidated that profitability and liquidity do not impact sustainability reports. Hermawan & Sutartri (2021) similarly indicated that liquidity and leverage do not significantly affect the disclosure of sustainability reports. Moreover, fluctuations in the global landscape generate uncertainty, prompting organizations to enhance reporting transparency, risk management, and their capacity to confront diverse new problems.

The publication of sustainability reports utilizing the *GRI 2021* standard is increasingly recognized as vital, introducing innovation in sustainability reporting. This approach aims to fulfill stakeholders' demand for comprehensive information and is anticipated to foster trust amid the complexities of a dynamic business landscape. Consequently, researchers are motivated to pursue further investigation titled "Influence of Company Characteristics on Company Value with Sustainability Report Disclosure as an Intervening Variable," focusing on *GRI 2021* standards and company characteristics, which are represented by profitability, leverage, liquidity, and company size.

This study aims to provide empirical evidence on the influence of company characteristics on company value with disclosure of financial statements as an intervening variable carried out on 20 state-owned companies listed on the Indonesia Stock Exchange for the period 2018–2022. The specific objectives of this study to be achieved are: To find out and test the influence of profitability, as measured by *ROA* and *EPS* on company value in 20 state-owned companies listed on the *IDX*. To find out and test the influence of leverage, measured by *DER* and *LTDER* on company value in 20 state-owned companies listed on the *IDX*. To find out and test the influence of liquidity, which is measured by the *Current Ratio* on company value in 20 state-owned companies listed on the *IDX*. To find out and test the effect of the sustainability report, which is measured by *GRI Disclosure* on company value in 20 state-owned companies listed on the *IDX*. To find out and test the influence of company size, calculated from total assets and total employees, on company value in 20 state-owned companies listed on the *IDX*.

The following stakeholders are anticipated to benefit from the findings of this study: The sustainability report expresses the following results of the research for management, which are related to the company's value and its characteristics: Management is provided with an overview of the company's financial performance by profitability, which is used to evaluate

operational effectiveness and business strategy. It is anticipated that profitability will serve as a critical instrument for management in the planning of strategies to achieve sustainable growth, as well as in the allocation of resources and the development of new products or services. The debt ratio, or leverage, is a critical metric that management uses to assess the extent to which the company is reliant on loans and the consequences of this dependence on the company's capacity to generate enough revenue to cover interest and principal debt. Additionally, the company's long-term position is strengthened by minimizing the risk of loss and assisting management in decision-making regarding loan policy, debt restructuring, and risk management. Management is aided in monitoring the availability of funds to satisfy short-term obligations, such as operational costs and debt repayments, by liquidity. In addition to facilitating the development of financial management policies that are suitable for the company's requirements, such as decisions regarding short-term investments and financing strategies. In evaluating the health and performance of the company, management considers company value to be a critical factor. A critical metric for assessing the efficacy of business strategies and the success of the company's operations in generating value for shareholders and other stakeholders, as well as aiding management in the determination of stock prices and the assessment of financial performance, is company value. Through sustainability reports, management can demonstrate the company's contributions to sustainable development, monitor the company's sustainability objectives, respond to stakeholder feedback, and modify business strategies in response to changing social and environmental demands.

It is anticipated that the findings of this investigation will offer a comprehensive description of the company's attributes, including profitability, liquidity, leverage, and company value. This information will assist investors in comprehending the company's financial performance and potential risks, enabling them to make more informed investment decisions. Additionally, investors will be able to select companies that are not only financially profitable but also socially and environmentally responsible. This contributes to the development of a more sustainable investment portfolio and mitigates long-term risk. It is anticipated that the findings of this investigation will significantly enhance the comprehension of the correlation between the significance of sustainability reports and corporate financial performance, as assessed by business values and company characteristics, among academicians. It is anticipated that this research will provide a deeper understanding of the subject matter and facilitate the development of new discoveries by utilizing innovative research methodologies and conducting a more thorough analysis.

METHOD

Analytical methodologies comprise the research methodology employed in problem-solving. Figure captions are incorporated into the picture title, not the image itself. This section details the methods used to complete the investigation.

Research *Methods* does not require the documentation of small and non-mainstream tools that are commonly found in the laboratory, such as scissors, measuring cups, and pencils. However, the primary set of instruments, or the primary tools used for analysis and characterization, must be documented, including their type and accuracy. The research location, the number of respondents, the method for processing the results of observations, interviews, or questionnaires, and the method for measuring performance benchmarks must all be completely documented. It is unnecessary to provide a comprehensive description of the general method; rather, it is sufficient to consult the reference book. The experimental procedure must be composed in the manner of a news sentence, rather than a command sentence.

RESULT AND DISCUSSION
Data Analysis
Panel Data Regression Model Selection Test

Determining the panel data regression model, there are three approaches that can be used to determine the panel data regression model, namely *the Common Effect Model* approach, the Fixed Effect Model *approach*, and *the Random Effect Model* approach. According to Widarjono (2007), there are three types of tests used to choose the best panel data regression model for an existing problem, namely the chow test, the thirst test, and the LaGrange multiplier test.

Chow Test

Chow testing is undertaken to determine whether the appropriate panel model to use is *the Common Effect Model* (CEM) *or the Fixed Effect Model* (FEM). The results of Chow's test are shown in table 1 and the information from the table shows the p-value of the cross section of the chi-square of $0.0000 < 0.05$ so that Ho is rejected (Ha is accepted) and it can be concluded that the right model is *the Fixed Effect Model* (FEM).

Table 1. Chow testing

Effects Test	Statistic	D.F.	Prob.
Model TobinsQ			
Cross-section F	9.093072	(19,66)	0.0000
Cross-section Chi-square	122.154724	19	**0.0000**

Source: data processed

Hausman Test

Hausman's test is conducted if the Fixed Effect Model (FEM) is chosen based on the findings of the Chow test. Hausman testing is employed to determine if the appropriate model is the Fixed Effect Model (FEM) or the Random Effect Model (REM). The outcomes of the Hausman test are presented in Table 4.6. The table indicates a p-value of 0.2600, which above 0.05, signifying that the null hypothesis (Ho) is not rejected (therefore, the alternative hypothesis Ha is rejected). Consequently, it may be argued that the appropriate model is the Random Effects Model (REM). More details can be seen in table 2.

Table 2. Hausman testing

Effects Test	Statistic	d.f.	Prob.
Model TobinsQ			
Cross-section random	11.233731	9	**0.2600**

Source: data processed

Hypothesis Test

Before evaluating the theoretical hypothesis, traditional assumption testing is conducted initially. In panel models, classical assumption testing is conducted when the chosen model is the Common Effect Model (CEM); however, if the Fixed Effect Model (FEM) or Random Effect Model (REM) is used, classical assumption testing is not applicable (Widarjono, 2018).

The validation of classical assumptions was not conducted due to the choosing of the Random Effects Model (REM).

1. Determination Coefficient Testing (R2)

The determination coefficient test was carried out to find out the extent to which independent variables are able to explain the dependent variables in a model by looking at the adjusted R2 value. The results of the determination coefficient test are shown in table 3. Information from the table obtained an adjusted R2 value of 0.440053 which means that the variation or behavior of independent variables, namely ROA, EPS, DER, LTDER, *Current Ratio*, *Cash Ratio*, and GRI is 44% while the remaining 56% is a variation of other independent variables that affect TobinsQ but is not included in the model. These results show that the resulting model has a fairly good fit.

Table 3. Determination Coefficient (R2) Test Results

Model	R2	Adjusted R2
Model TobinsQ	0.493665	0.440053

Data source: processed with EViews9

2. Simultaneous Testing (F Test)

The F test is carried out to test whether there is at least one independent variable that has a significant effect on the dependent variable. The processing results for the F test can be seen in table 4. Based on the data in the table, the p-value of F is $0.000 < 0.05$, thus it can be concluded that Ho is rejected (Ha is accepted) so that it is proven that there will be at least one independent variable that has a significant effect on its dependent variable.

Table 4. F Test Results (Global Test)

Model	F Value	Nilai Sig.
Model TobinsQ	9.208111	0.000000

Data source: processed with EViews9

2. Partial Testing (t-test)

The t-statistical test aims to test whether individual independent variables have an effect on dependent variables. The processing results for the partial test can be seen in table 5

Table 5. Results of the t-test (Partial test)

Variable	Coefficient	T-Statistic	Prob.
LENGTH	-2.893233	-1.652167	0,0511
EPS	9.32E-05	1.099688	0.1373
THE	-0.364129	-2.580666	0.0058
LTDER	0.618561	2.243302	0.0137**
Current Ratio	-0.002187	-1.708740	0.0455
Cash Ratio	0.088069	1.196351	0.1174
CRY	0.378710	1.610940	0.0554*
Total Assets	-0.962108	-3.164134	0.0011
Total Employees	0.211933	0.981309	0.1646

Data Source: Data Processed with EViews9

1) Hypothesis 1 Testing of ROA Variables Against *TobinsQ Variables*

Return on Assets affects *TobinsQ*. The processing results are shown with an estimated coefficient value of -2.8932. The higher *the Return on Assets* will lower *the TobinsQ* and conversely the lower *the Return on Assets* will increase *the TobinsQ*. The value of the estimation coefficient opposite to the proposed hypothesis indicates that Ho is accepted so that the hypothesis that *Return on Assets* has a positive effect on *TobinsQ* is not proven.

2) **Hypothesis 2 Testing of EPS Variables Against *TobinsQ Variables***

Hypothesis 2 was carried out with the aim of testing the positive effect of Earnings *per Share* on *TobinsQ*. The processing results are shown with an estimated coefficient value of 9.32E-05 which means that the higher *the Earnings per Share* will increase *the TobinsQ* and vice versa, the lower *the Earnings per Share* will lower *the TobinsQ*. With the p-value of the statistical t of $0.1373 > 0.05$, Ho failed to be rejected so that it can be concluded that *Earnings per Share* was not proven to have a positive effect on *TobinsQ*.

3) **Hypothesis 3 Testing DER Variables Against *TobinsQ Variables***

Hypothesis 2 was carried out with the aim of testing the positive effect of DER on *TobinsQ*. The processing results are shown with an estimated coefficient value of -0.3641 which means that the higher the DER will lower *the TobinsQ* and vice versa the lower the DER will increase *the TobinsQ* and vice versa. The results of these findings show that the hypothesis that DER has a positive effect on *TobinsQ* is not proven.

4) **Hypothesis 4 Testing of LTDER Variables Against *TobinsQ Variables***

Hypothesis 4 was carried out with the aim of testing the positive influence of LTDER on *TobinsQ*. The processing results are shown with an estimated coefficient value of 0.6186. The higher the LTDER will increase *the TobinsQ* and conversely the lower the LTDER will lower *the TobinsQ*. With the p-value of the statistical t of $0.0137 < 0.05$, Ho is rejected and Ha is accepted so that it can be concluded that LTDER is proven to have a positive effect on *TobinsQ*.

5) **Hypothesis 5 Testing *Current Ratio* Variables Against *TobinsQ Variables***

Hypothesis 5 was carried out with the aim of testing the positive influence of *the Current Ratio* on *TobinsQ*. The processing results are shown with an estimated coefficient value of -0.0022. The higher *the Current Ratio* will lower *the TobinsQ* and vice versa the lower *the Current Ratio* will increase *the TobinsQ*. The value of the estimation coefficient that does not match the proposed hypothesis shows that the hypothesis that the *Current Ratio* has a positive effect on *TobinsQ* is not proven.

6) **Hypothesis 6 Testing the *Cash Ratio* Variable against *the TobinsQ Variable***

Hypothesis 6 was carried out with the aim of testing the positive influence of *the Cash Ratio* on *TobinsQ*. The processing results are shown with an estimated coefficient value of 0.0881. The higher *the Cash Ratio* will increase *the TobinsQ* and conversely the lower *the Cash Ratio* will lower *the TobinsQ*. With the p-value of the statistical t of $0.1174 > 0.05$, Ho failed to be rejected and Ha was rejected so that it can be concluded that *the Cash Ratio* was not proven to have a positive effect on *TobinsQ*.

7) **Hypothesis 7 Testing of Sustainability Report Variables Against *TobinsQ Variables***

Hypothesis 7 aims to examine the positive influence of the report of continuity on *TobinsQ*. The processing results are shown with an estimated coefficient value of 0.3787. The higher *the GRI* will increase *the TobinsQ* and conversely the lower *the GRI* will lower *the TobinsQ*. With the p-value of the statistical t of $0.0554 < 0.10$, Ho is rejected so that it can

be concluded that the hypothesis that the sustainability report has a positive effect on *TobinsQ* is proven.

8) **Hypothesis 8 Testing of *Total Assets* Variables Against *TobinsQ Variables***

Hypothesis 8 was carried out with the aim of testing the positive influence of *Total Assets* on *TobinsQ*. The processing results are shown with an estimated coefficient value of - 0.9621. The higher *the Total Assets* will decrease *the TobinsQ* and vice versa the lower *the Total Assets* will increase *the TobinsQ*. The value of the estimation coefficient that is not in accordance with the theory shows that the hypothesis that *Total Assets* has a positive effect on *TobinsQ* is not proven.

9) **Hypothesis 9 Testing of Total Employee Variables Against TobinsQ Variables**

Total Employees has an effect on *TobinsQ*. The processing results are shown with an estimated coefficient value of 0.2119. The higher the Total Employees will increase *the TobinsQ* and vice versa the lower the Total Employees will decrease *the TobinsQ*. With the p-value of the statistical t of $0.1646 > 0.05$, Ho failed to be rejected and Ha was rejected so that it can be concluded that Total Employees was not proven to have a psychological effect on *TobinsQ*.

Discussion of Research Results
The Effect of Profitability on Company Value

The analysis of hypotheses 1 and 2 reveals that there is no significant positive impact of the profitability variable on company value, specifically regarding the effects of ROA and EPS. This finding aligns with the research conducted by Nikomang & Wiwi (2023), Fitriya et al. (2023), Dewi et al. (2022), Kustono (2021), and Steven et al. (2021), which indicates that profitability does not significantly enhance company value. The study's results contradict the findings of Chakkavarty B et al (2024), Jeni & Andi (2024), Icha et al (2023), Risa & Ferikawita (2023), Herry et al (2023), Kholif et al (2023), Tahsan (2022), Suci & Roy (2022), Syifa & Fauji (2021), R Fadhilah et al (2021), Helsa et al (2020), Hung et al (2019), and Alabaraba et al (2019), who demonstrated that profitability significantly positively influences company value. This study indicates that profitability does not influence the company's worth, as evidenced by the declining trend of the profitability variable depicted in the subsequent graph. ROA underwent a substantial decrease from 2018, reaching a nadir in 2020, followed by a resurgence until 2022. The reason ROA has not been demonstrated to have a major beneficial impact on the company's value is as follows.
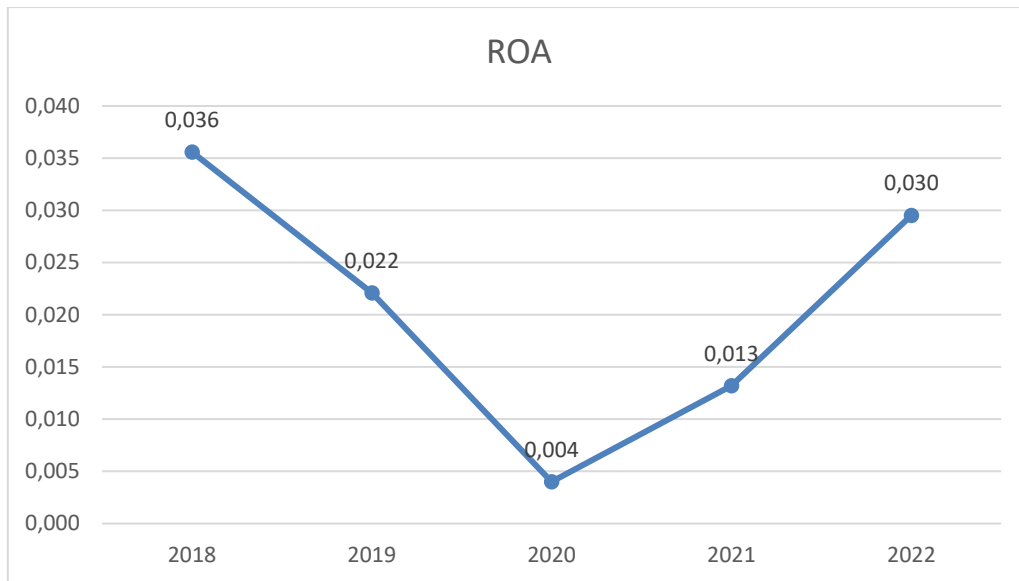
Figure 1. Progress Chart *Return on Asset*
Source: data processed

Meanwhile, EPS also showed the same trend until 2020, but experienced a sharp spike in 2021 before falling again in 2022. The decline in ROA reflects a decline in the efficiency of the company in managing assets to generate profits, which can reduce investor confidence in the company's growth prospects. In addition, sharp EPS fluctuations reflect profitability instability, which can increase risk perception in the eyes of investors and depress stock prices.
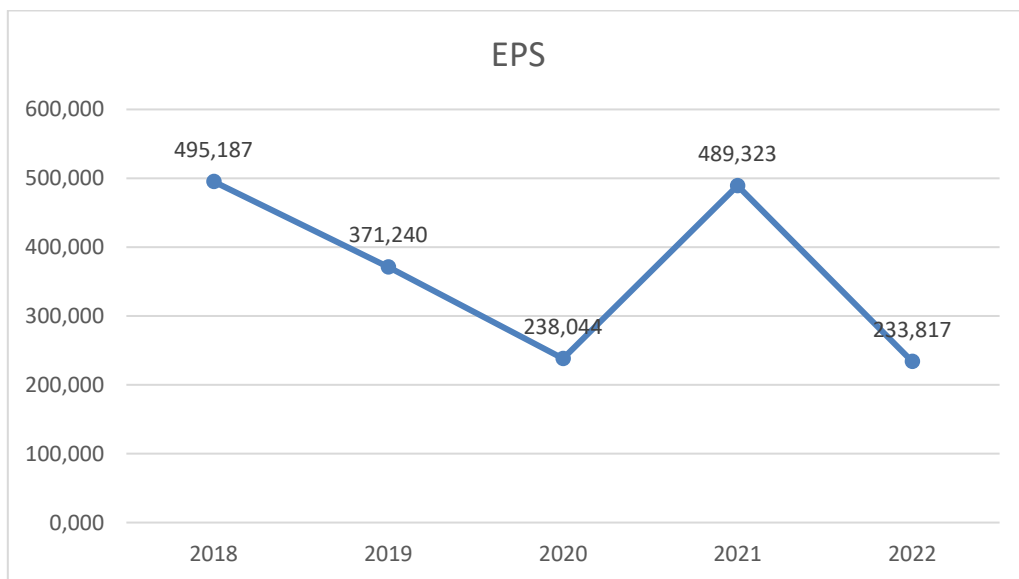
Figure 2. Progress Chart *Earning per Share*
Source : data processed

The Effect of Leverage on Company Value

Based on hypotheses 3 and 4, the results of the analysis for hypothesis 3, namely the influence of DER on the company's value, show that there is no significant positive influence between the leverage variable and the company's value, this is in accordance with the research results of Shofi et al (2024), Herry et al (2023), Syifa & Fauji (2021), Umar & AbdulQudus

(2020), and Zaher Abdel Fattah Al-Slehat (2020), Explain that leverage does not have a significant positive effect on the company's value. Meanwhile, the results of the analysis for hypothesis 4, namely the influence of LTDER on company value, show that there is a significant positive influence between the variables *leverage with the company's value, this is in accordance with the research results of Icha et al (2023), Risa & Ferikawita (2023), Kholif et al (2023), Dewi et al (2022), who explain that leverage has a significant positive effect on company value.*

In this study, the leverage propped by DER had no effect on the company's value while the leverage propped by the LTDER had a positive effect on the company's value, which was due to the value of the leverage variable as seen in the following chart. The Debt to Equity Ratio (DER) fluctuated throughout the 2018–2022 period, with the highest spike in 2021 before declining again in 2022. Meanwhile, the Long-Term Debt to Equity Ratio (LTDER) shows an increasing trend from year to year which causes the influence of LTDER to have a significant positive effect on the company's value as a proxy that the company trusts investors to get a long-term loan.
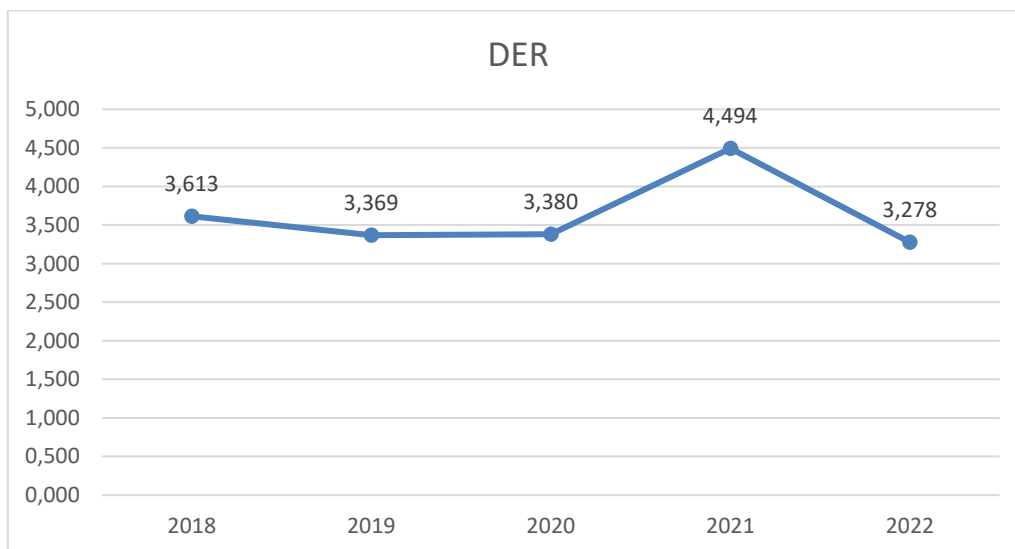

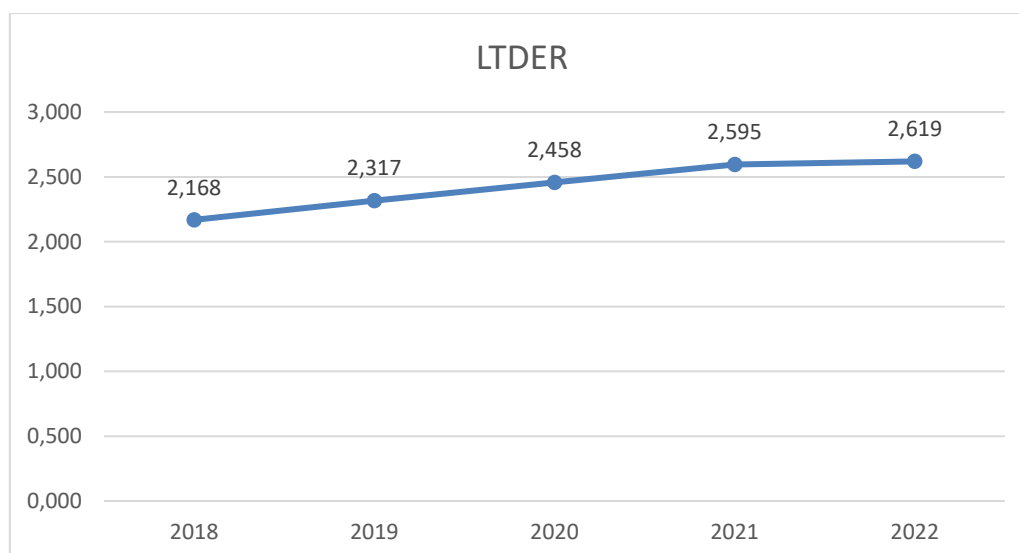**Figure 3. Progress Chart** *Debt to Equity Ratio*
Source : data processed

Figure 4. Progress Chart *Long-term Debt to Equity Ratio*
Source : data processed

The influence of DER on firm valuation suggests that the overall utilization of debt, whether short-term or long-term, is not a significant consideration for investors in assessing the company's worth. This may occur if investors emphasize other considerations, such as profitability, revenue expansion, or business strategy, over the company's debt levels. Moreover, organizations exhibiting a variable Debt-to-Equity Ratio may implement inconsistent debt management practices, complicating investors' ability to utilize them as a dependable measure of a company's worth.

Conversely, the advantageous impact of LTDER on a company's valuation indicates that long-term debt may be advantageous, particularly when allocated towards productive projects that enhance future profitability. The rising trend of LTDERS indicates that corporations are progressively dependent on long-term debt, maybe for corporate expansion or development. When investors observe effective management of long-term debt allocated towards growth-inducing investments, their trust in the company's future prospects may rise, thereby enhancing the company's worth.

The Effect of Liquidity on Company Value

Based on hypotheses 5 and 6, the results of the analysis of both hypotheses, namely hypothesis 5 influences *Current Ratio* on the company's value and the hypothesis of 6 influences *Cash Ratio* on the company's value shows that there is no significant positive influence between the liquidity variable and the company value variable, this is in accordance with the research results of Shofi et al (2024), Risa & Ferikawita (2023), Herry et al (2023), Kholif et al (2023), Steven et al (2021), Jonathan & Xuan (2019), explaining that liquidity does not have a significant positive effect on the company's value. However, the results of the study are not in line with the research of Bon & Abdul Talib (2022) and Nahin et al (2022) who explained that liquidity has been proven to have a significant positive effect on company value.

This study indicates that liquidity does not influence the company's worth, as evidenced by the declining trend of the liquidity variable depicted in the subsequent graph. The Current

Ratio had a substantial rise in 2019, followed by a steep decline in 2020, and then a modest climb until 2022. Concurrently, the Cash Ratio had a more consistent trend, with an uptick in 2019, followed by a notable decrease in 2020, and thereafter appeared to plateau in the ensuing years. The absence of liquidity in a company's valuation indicates that investors prioritize aspects such as profitability and business growth over liquidity levels when evaluating a company's potential.
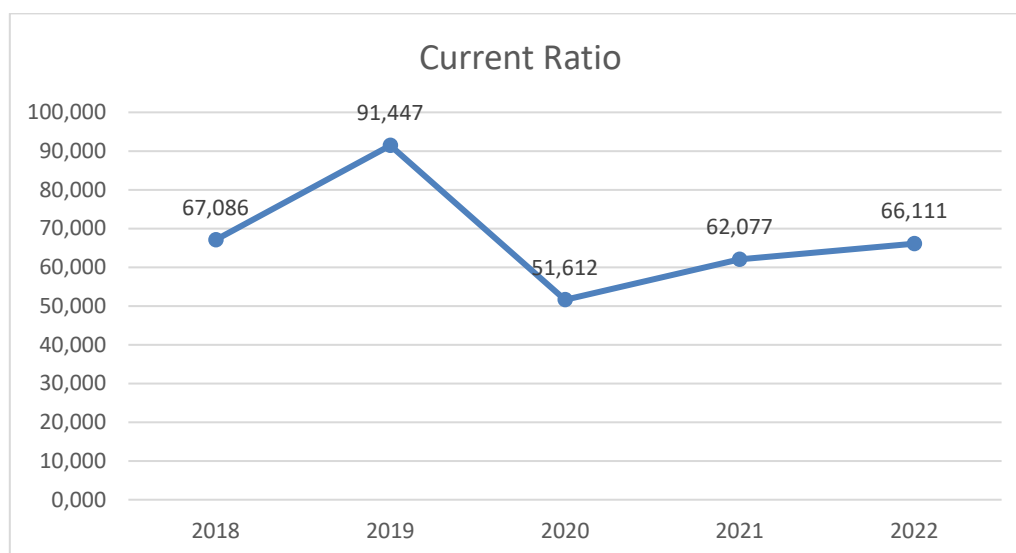

Figure 5. Progress Chart *Current Ratio*
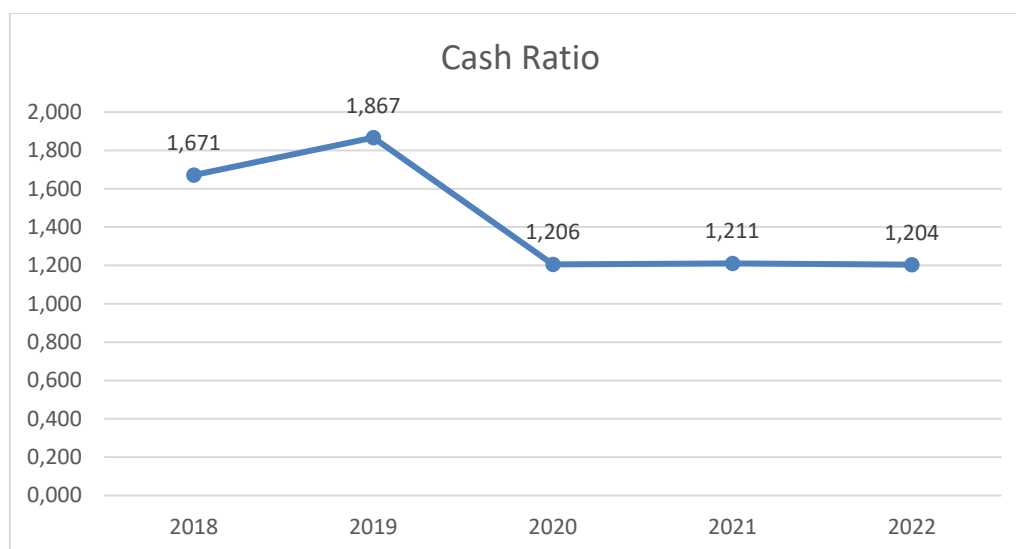*Source : data processed*

Figure 6. Progress Chart *Cash Ratio*
Source : data processed

Although liquidity indicates a company's capacity to fulfill short-term obligations, an elevated liquidity level does not inherently enhance the company's worth. Excessive liquid assets held by a corporation, without appropriate investment or expansion, may lead investors to perceive inefficiency in resource management. Conversely, firms with diminished liquidity

that effectively manage their operations and yield substantial profits are sometimes more appealing to investors.

The variability of the Current Ratio and the constancy of the Cash Ratio in this chart indicate that while the company sustains its liquidity, factors such as profitability, leverage, and growth strategy are more influential in shaping investor perceptions of the company. Consequently, organizations must guarantee that their liquidity is adequate to fulfill short-term obligations while also being optimal for productive investments to enhance the company's worth in the perception of shareholders and investors.

The Effect of Sustainability Reports on Company Value

The analysis results, in accordance with hypothesis 7, indicate a positive and significant correlation between the sustainability report variables and the company's value. This finding aligns with the research conducted by Irawan Budi Prasetyo (2024), Sreepriya J et al (2023), Icha et al (2023), Kustono (2021), and Junhee et al (2019), which demonstrates that the sustainability report significantly enhances the company's value. Nevertheless, the findings of the study contradict the research conducted by Nikomang & Wiwi (2023), Galuh Artika Febriyanti (2021), and Tao & Meng (2019), which indicated that sustainability reports do not significantly enhance corporate value.

This study indicates that the sustainability report enhances the company's worth, due to the leverage variable, as depicted in the following graph. A discernible increase in sustainability reports is apparent from 2018 to 2022. The value of the sustainability report increased from 0.193 in 2018 to 0.538 in 2022. This increase signifies that firms are increasingly prioritizing the sustainability aspect of their operations. The research indicates that a corporation's successful application of sustainability principles is associated with enhanced company value. This may stem from increased confidence among investors and other stakeholders in companies that implement sustainable business strategies. The increase in sustainability reports indicates the company's commitment to environmental and social responsibility while also functioning as a strategic factor in improving competitiveness and market value.

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Figure 7. Sustainability Report Progress Graph
Source : data processed

The Effect of Company Size on Company Value

According to hypotheses 8 and 9, the analysis reveals that there is no significant positive influence of company size, as measured by total assets and total employees, on company value. This finding aligns with the research conducted by Icha et al. (2023), Nikomang & Wiwi (2023), Suci & Roy (2022), Ketut et al. (2021), Putri et al. (2022), Khairizki et al. (2022), R. Fadhilah et al. (2021), Graceta et al. (2020), and Hirdinis M. (2019), which indicates that company size does not significantly enhance company value. Nevertheless, the findings of the study contradict the research conducted by Fitriya et al. (2023), Risa & Ferikawita (2023), Machali & Muslicha (2022), Dewi et al. (2022), Helsa et al. (2020), and Hung et al. (2019), which demonstrate that company size significantly positively influences company value.

This study indicates that company size does not influence company value, as evidenced by the subsequent graph depicting the company size variable. The company's total assets exhibited volatility from 2018 to 2022, with a decline in 2019 before rising again in 2022. Simultaneously, total employees had an erratic trend, experiencing an increase in 2020, a decrease in 2021, and a subsequent rise in 2022. If the study reveals that firm size, as measured by total assets and total personnel, does not influence company value, then suggests that alternative criteria are more significant in determining that value.

This influx may arise from external reasons, like market conditions, management plans, or investor confidence, which are further affected by elements such as sustainability reports, profitability, and dividend policy. While assets and staff count indicate the magnitude of a company's operations, this does not inherently signify an enhancement in the company's worth unless it is coupled with effective asset use and optimization of personnel productivity. Consequently, organizations should prioritize not only the expansion of assets and workforce but also the implementation of sustainable and innovative business strategies to enhance the company's worth in the perception of stakeholders.
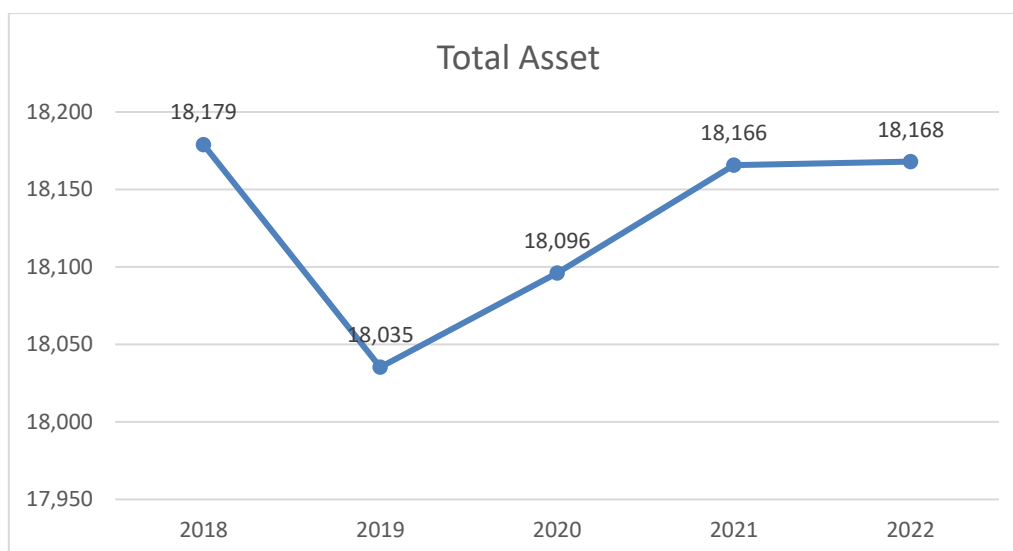
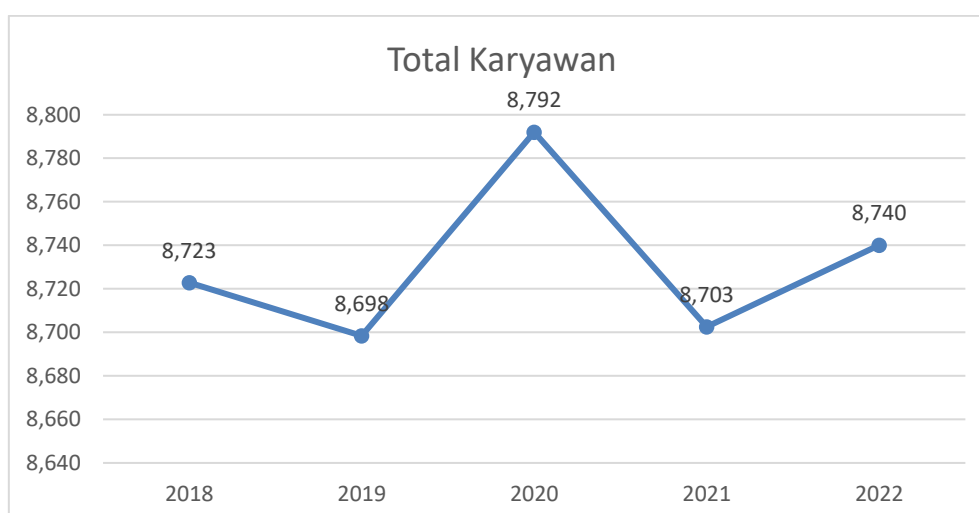**Figure 8. Total Asset Development Chart**
Source : data processed

Figure 9. Total Employee Growth Graph
Source : data processed

CONCLUSION

Research findings indicate the impact of company characteristics, assessed through independent variables such as profitability, leverage, liquidity, and company size as control variables, alongside sustainability reports as intervening variables, on the value of state-owned enterprises. The following conclusions can be drawn. Profitability, assessed through *ROA* and *EPS*, exerts no influence on the disclosure of sustainability reports in state-owned enterprises. The magnitude of a company's profitability does not influence the Sustainability Report, as *State-Owned Enterprises* (*SOEs*) are mandated by *POJK No. 51/POJK.03/2017* regarding the implementation of sustainable finance for financial institutions, issuers, and public companies, to submit a Sustainability Report, irrespective of the profitability attained by *SOEs*. Leverage, as assessed through *DER* and *LTDER*, indicates that *DER* does not demonstrate a substantial beneficial impact on the company's value,

however *LTDER* is shown to positively influence the company's value. Liquidity, assessed through the *Current Ratio* and *Cash Ratio*, does not influence the disclosure of sustainability reports in state-owned enterprises. Neither high nor low liquidity levels guarantee or indicate that state-owned enterprises will refrain from issuing sustainability reports. *State-Owned Enterprises* (*SOEs*) are compelled to present sustainability reports to stakeholders concerning the company's performance. Effective liquidity management demonstrates the capacity of *state-owned enterprises* to convert assets and cash to fulfill short-term obligations. The Sustainability Report has demonstrated a substantial positive impact on the value of *state-owned enterprises* listed on the *Indonesia Stock Exchange*. The size of a company, assessed through *Total Assets* and *Total Employees*, has not demonstrated a significant beneficial impact on its value.

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