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Effect Of Financial Leverage, Profitability And Income Smoothing On Sustainability Reporting Disclosure

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Article Info	ABSTRACT
Keywords: Financial leverage, profitability, income smoothing, sustainability reporting disclosure	Sustainability reporting is a report carried out by the company to meet, fulfill, and fulfill the company's efforts to become a responsible company for all internal and external stakeholders for the company's performance goals towards sustainable development. The purpose of this study was to determine the effect of changes in financial leverage, profitability and revenue smoothing on the disclosure of sustainability reporting. The type of research used in this study is quantitative research by measuring the hypothesis. The population in this study was obtained from data from manufacturing companies that publish financial statements and annual reports on the Indonesia Stock Exchange (IDX) and the company's official website for the period 2020-2022. Sampling method using purposive sampling, and the data used in this study are separate data. The final sample results in this study were 48 companies. The results showed that financial leverage has no effect on the implementation of sustainability reporting, while profitability and income smoothing affect the sustainability reporting disclosure.
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INTRODUCTION

An early company was established with the aim of making a profit or profit, and meeting the wishes of stakeholders in the development of the company's activities for the better. However, in this increasingly complex global business era, companies cannot only focus on profits. Instead of focusing on the triple bottom line concept,a company that wants to be sustainable must pay attention to the “3Ps” (profit,people, planet). In addition to pursuing (profit), the company also pays attention and involvement in the fulfillment of the welfare of society (people), and actively contributes to preserving the environment (planet) (Elkington, 1997)

The 3P principles are the main focus in building a sustainable business, with the aim of meeting today's needs without harming future generations. As a key element in society, organizations in various forms have a vital role in achieving this (Global Reporting Initiative, 2015)

Efforts to disclose a company's economic, social, and environmental responsibilities often materialize in the form of a sustainability report, known as a Sustainability Report. In Indonesia, sustainability reporting is still voluntary as a form of corporate social and environmental responsibility. The importance of Sustainability Report lies in the information

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it conveys to stakeholders, including the community, to understand the company's responsibility to the environment and society (Yustia Sari and Marsono, 2013)

International standards for sustainability reporting refer to the Global Reporting Initiative (GRI). The emergence of the sustainability report stems from the damage to environmental and natural resource problems caused by the rapid growth of the industry. Currently, the company is demanded by stakeholders, investors, employees, government and even the community to be more transparent and accountable in implementing the sustainability report. The company is required to carry out social activities in response to economic and social issues that are developing in the community.

According to Elkington (1997)), all companies should be responsible for the positive and negative impacts arising from their environmental, social, and economic activities. The company's activities must maintain good relations with all stakeholders, not only with shareholders, also by providing social assistance and establishing good relations with consumers and the community.

Many cases have emerged related to social and environmental issues that are currently being discussed among stakeholders. One of them is the case of environmental pollution in the Bengawan Solo River. The Central Java Department of Environment and Forestry (DLHK) found that 63 companies in the upstream to downstream areas of the former Surakarta residency dumped waste into the Bengawan Solo River. Of these, as many as four companies were threatened with criminal penalties for ignoring the warning letter. Of these, 34 industries have been evacuated and repaired their industrial wastewater treatment plants (WWTP).

Then there are four companies among which rose to investigation for gross violations. The process of enforcement of environmental pollution violations ranging from reprimand, written, to local government intervention. In addition to textile waste, there are also small and medium industrial waste. After checking the problem is about WWTP because it costs a lot to make it. It encourages large companies to use Corporate Social Responsibility (CSR) funds to build WWTP for small industries. (https://timlo.net) .

The increasing number of violations committed by companies has increased public awareness of the impact they have on society and their current business activities (Luthfia, 2011) although sustainability reporting disclosures are different from Corporate social responsibility (CSR) disclosures, both are disclosures of a company's social activities. Understanding corporate social responsibility (CSR) itself is an approach in which the company integrates social care and interaction with stakeholders into its business operations, based on the principles of partnership and volunteerism. Meanwhile, information on sustainability reporting includes financial and non-financial performance information and consists of social and environmental activity information with emphasis on principles and Standards, Assessment of the company's overall activity level and enabling the company to grow sustainably (sustainable performance) (Chariri and Nugroho, 2009)

Sustainability Reporting according to Sustainability Reporting Guidelines is reporting carried out by the company to measure, disclose, and show the company's efforts to become an accountable company for all internal and external stakeholders for the purpose of company performance towards sustainable development. The benefits of implementing sustainability reporting include the company becoming more concerned about the community and the environment by providing added value (Value added), improving a positive image, reducing risks that adversely affect the company, and increasing the trust of shareholders and other stakeholders. Some large companies that have implemented Sustainability Reporting argue that for internal stakeholders Sustainability Reporting encourages employee participation in sustainable development while for external stakeholders it is used to assess the performance or hard work of the organization and as an accountability for operations that have been carried out and demonstrate organizational commitment, so that stakeholders can measure and communicate the organization's sustainability efforts with a high level of transparency. Shell management also believes that Sustainability Reporting is the implementation of the principles of Good Corporate Government (GCG), through the implementation of Sustainability Reporting, it is expected that the company can develop sustainably (Sustainable Growth) based on Business Ethics.

Sustainability is a key factor that not only affects a company's reputation but also its long-term performance. Companies, including manufacturing companies, are increasingly recognizing the importance of engaging in sustainable business practices and communicating this through sustainability reporting.

In the context of the Indonesia Stock Exchange (IDX), manufacturing companies play an important role in economic growth. The ever-evolving dynamics of Indonesia's capital market place these companies at the center of attention. Therefore, it is important to understand the factors that influence the decision of manufacturing companies in conducting sustainability reporting.

The importance of sustainability reporting in contemporary business practices is gaining significant attention. In an effort to maintain transparency and accountability, companies are now faced with demands to disclose the social, environmental, and economic impacts of their operations through sustainability reporting. These disclosures are becoming increasingly relevant in the face of global sustainability challenges and increasing stakeholder awareness of Corporate Social Responsibility.

Manufacturing companies as a key element in the economic supply chain have a significant role to play in carrying out their sustainability responsibilities. In this context, this study aims to explore the factors that can affect the level of disclosure of sustainability reporting in manufacturing companies listed on the Indonesia Stock Exchange (IDX). Sustainability Report in Indonesia has increased with strict regulations that require companies to take social and Environmental Responsibility, which will encourage companies to disclose Sustainability Reports.

But this reason does not require all Indonesian companies to disclose Sustainability Reports. Every business leader has a different level of initiative in publishing Sustainable Development reports, and this disclosure costs a lot. The Indonesian government supported the disclosure of the Sustainability Report by issuing Law No. 40 on Limited Liability Companies which was ratified in July 2007. Law No. 40 of 2007 on limited liability companies. Article 74 paragraph (1) of the PT Law reads: “companies that carry out commercial activities in the field and/or related to natural resources must carry out social and environmental responsibilities". If this rule is not applied correctly, then sanctions are imposed in accordance with the provisions of the law.

The government issued Government Regulation No. 47 of 2012 concerning the implementation of the company's Environmental Social Responsibility, as the implementing regulation of Article 74 of the PT Law above. This resulted in a gap (gap), where companies in Indonesia should carry out social and environmental responsibility, then disclose it in the Sustainability Report separately or integrated in the company's annual report but based on data it is known that the level of disclosure of Sustainability reports by companies is still low.

Previous research has examined the issue of sustainability report, related to the company's activities. There are factors used in previous studies including profitability. Profitability is a ratio used to measure the income generated by a company. Profitability is also used to evaluate the evolution of profits over time and to measure the productivity of funds used to generate profits (Khafid et al., 2020).

The level of profitability of the company has a great influence on the publication of sustainability reporting. Where the higher the level of profitability ratio, it will be high the profit it generates. So that the company can use for Social Responsibility activities. Then in addition to profitability, financial leverage can also be a factor that affects the disclosure of sustainability reporting. According to research by Yohana and Suhendah (2023) leverage has a significant effect on sustainability reporting disclosure. But it is different from research conducted by Khafid et al., (2020) which shows that leverage has no effect on sustainability reporting disclosure.

In the previous study showed inconsistencies in the results provided, the researchers are interested in doing research again about the factors that affect the sustainability reporting disclosure. Based on this background, the author is interested in conducting research entitled "The effect of Financial Leverage, profitability and Income Smoothing on Sustainability reporting disclosure (case study on manufacturing companies listed on the Indonesia Stock Exchange for the period 2020-2022)".

Literature Review

Legitimacy Theory

Legitimacy is the insight or postulation that the actions of an organization are treated or correspond to norms, values and beliefs in the social area. The theory of legitimacy was first proposed by Dowling Pfeffer in 1975 (Dowling et.,al 1975). This theory describes a condition where a company is required to conduct its business activities must be in accordance with the rules or standards of society. Legitimacy theory provides a powerful framework for understanding why companies disclose sustainability information. Through these disclosures, companies seek to maintain or enhance their legitimacy in the eyes of society and stakeholders. By meeting social expectations related to environmental and social responsibility, companies can build and maintain public trust, gain stakeholder support and gain a competitive advantage.

Stakeholder Theory

Stakeholder theory explains that the existence of the company in carrying out operational activities must contribute to stakeholders not only for its own interests. (Freeman,

1983) explained that stakeholders as "any group or individual that can affect or be influenced by the achievement of organizational goals", that is, a small group of individuals who can affect or be influenced by a process of achieving organizational goals. In the context of delivering sustainability reports, stakeholder interest theory emphasizes how important it is to find and meet the needs and expectations of various corporate stakeholders.

Financial Leverage On Sustainability Reporting Disclosure

Leverage is used by companies to fund their operations. When leverage is high, creditors and investors will demand greater transparency in the form of sustainability reports to assess non-financial risks that may affect the company's ability to pay its debts and the company also needs to build and maintain a good reputation to maintain the trust of creditors and investors. A comprehensive and transparent Sustainability Report can help in building a positive reputation and strengthen the confidence of stakeholders that the company has good risk management practices and is committed to long-term sustainability.

Research that has been conducted by (Yohana and Suhendah, 2023) proves that financial leverage has a positive and significant effect on sustainability reporting disclosure. According to the explanation of the theory, it can be concluded that financial leverage has an effect on sustainability reporting disclosure, so the hypothesis can be taken as follows:

H1: Financial leverage affects sustainability reporting disclosure

Profitability On Sustainability Reporting Disclosure

More profitable companies have greater financial resources to invest in sustainability and reporting initiatives. With high profits, companies can more easily bear the additional costs associated with data collection, reporting, and managing their environmental and social impacts. A good sustainability report can be used as a marketing tool to demonstrate a company's commitment to responsible business practices and attract customers who care about environmental and social issues.

Research conducted (Maryana and Carolina, 2021) proves that profitability has a positive and significant effect on sustainability reporting disclosure. A higher level of profitability reflects an entity's ability to generate higher profits, so that the entity is able to increase its social responsibility, as well as express its social responsibility in broader financial statements. According to the explanation of the theory, it can be concluded that profitability has an effect on sustainability reporting disclosure, the hypothesis can be taken as follows:

H2: Profitability affects sustainability reporting disclosure

Income Smoothing On Sustainability Reporting Disclosure

Companies that use the practice of income smoothing more often disclose their sustainability reports. This is due to their financial stability, which can increase trust and legitimacy in the eyes of stakeholders as well as give them greater ability to allocate resources to sustainability programs. The disclosure of a good sustainability report can be an effective addition to achieving this goal by demonstrating that the company is not only financially stable, but also socially and environmentally responsible.

Research conducted by (Mahjoub, 2018) proves that income smoothing is positively and significantly influenced by sustainability reporting disclosure. according to Bora et al. (2015) Income smoothing is an action to reduce profit fluctuations made by managers

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deliberately using special tools in accounting. The more the company's managers fluctuate profits, the more the company reveals sustainability reporting. According to the explanation of the theory, it can be concluded that income smoothing has an effect on sustainability reporting disclosure, so the hypothesis can be taken as follows:
H3: Income Smoothing affects sustainability reporting disclosure

METHODS

The type of research used in this study is quantitative research by conducting hypothesis testing. The population in this study was obtained from data from manufacturing companies that publish financial statements and annual reports on the Indonesia Stock Exchange (IDX) and the company's official website for the period 2020-2022. The sample used in this study is a manufacturing company that publishes financial statements and annual reports during 2020-2022. The Data is obtained through direct access to the website of the Indonesia Stock Exchange (IDX) (www.idx.com) and the company's official website. Sampling method using purposive sampling. The Data used in this study is secondary data.

Data analysis method using multiple linear regression analysis. Data analysis techniques include descriptive statistics, classical assumption test includes normality test, multicolonarity test, heteroscedasticity test and autocorrelation test, and hypothesis test includes f t est, t test, and coefficient of determination test.

Table 1. Variable Measurement

Variable	Indicators	Referencessources
	Dependent Variable	
Sustainability Reporting Dis-clouser	$SRDI = \frac{total\ disclosure\ score\ met}{maximum\ total\ score}$	(Eckel, 1981)
	Independent Variable	
Financial Leverage	$\mathrm{DAR} = \frac{\text{Total Liabilities}}{\text{Total Assets}}$	(Kasmir, 2017)
Profitability	$\mathrm{ROA} = \frac{\text{Profit After Tax}}{\text{Total Assets}}$	(Kasmir, 2019)
Income Smoothing	Indeks Eckel = $\frac{CV\ \Delta I}{CV\ \Delta S}$	(Febriyanti, 2021)

Table 2. Sample Calculation

Criteria	Total
Manufacturing companies listed on the Indonesia Stock Exchange in 2020-2022	165
Inconsistent manufacturing companies provide annual reports on the Indonesia Stock Exchange in 2020-2022	(14)
The company does not publish Sustainability reports and does not provide GRI G4 and GRI Standards for 2020-2022	(124)
Manufacturing companies that do not use the rupiah in the disclosure of the annual report	(7)

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Criteria	Total
Manufacturing companies that suffered losses in the period 2020-2022	(4)
Samples that meet the criteria	16
Total research sample 16 x 3 years	48

Source: processed Data, 2024

RESULTS AND DISCUSSION

Table 3. Descriptive Test Results

	N	Minimum	Maximum	Mean	Std. Deviation
Financial Leverage	48	0,1415510559	0,7817867058	0,3980035371	0,1831262327
Profitability	48	0,0089660180	0,3488514428	0,1092616882	0,0908420151
Income Smoothing	48	-18,6116086	12,88538451	1,621920709	4,516274203
SRD	48	0,1318681319	0,4835164835	0,3411172161	0,0917436684
Valid N (listwise)	48				

Source: SPSS output, 2024

Financial Leverage proxied with Debt to Asset Ratio (DAR) has a minimum value of 0.1415510559 , a maximum value of 0.7817867058 , the average value (mean) of 0.3980035371 and standard deviation of 0.183126232. From the results of the descriptive statistical test, it shows that the lowest (minimum) value of financial leverage is found in the company PT Industri Jamu dan Pharma Sido Muncul (SIDO) in 2022. Meanwhile, the highest value (maximum) is found in the company PT Unilever Indonesia (UNVR) in 2022.

Profitability proxied by Return on Asset (ROA) has a minimum value of 0.0089660180, a maximum value of 0.3488514428, the average value (mean) of 0.1092616882 with a standard deviation of 0.0908420151. From the results of the descriptive statistical test, it shows that the lowest (minimum) value of profitability is found in the PT Wijaya Karya Beton (WTON) company in 2021. Meanwhile, the highest value (maximum) is found in the company PT Unilever Indonesia (UNVR) in 2020.

Income smoothing proxied with Eckel Index has a minimum value of -18.6116086, a maximum value of 12.88538451, the average value (mean) of 1.621920709 and standard deviation of 4.516274203. From the results of the descriptive statistical test, it shows that the lowest (minimum) value of income smoothing is found in the PT Charoen Pokphand Indonesia (CPIN) company in 2021 . Meanwhile, the highest value (maximum) is found in the company PT Steel Pipe Industry of Indonesia (ISSP) in 2022.

Sustainability reporting disclosure proxied with SRDI has a minimum value of 0.1318681319, a maximum value of 0.4835164835, the average value (mean) of 0.3411172161 and standard deviation of 0.0917436684. From the results of the descriptive statistical test, it shows that the lowest value (minimum) of sustainability reporting disclosure is found in the PT Charoen Pokphand Indonesia (CPIN) company in 2020. Meanwhile, the highest (maximum) value is found in the company PT Solusi Bangun Indonesia (SMCB) in 2020.

Classical Assumption Test

Table 4. Normality Test Results

	Unstandardiz ed Residual
Asymp. Sig. (2-tailed)	0,079[c]

Source: SPSS Output, 2024

Based on the table above the results of the data normality test with one-sample Kolmogorov-smirnov showed that the value of Asymmp. Sig (2-tailed) of 0.079 > 0.05. This shows that the data can be said to be normally distributed.

Tabel 5. Test Result Multicollinearity

Variable	Tolerance	VIF	*Description*
Financial Leverage	0.991	1,009	There Is No Multicollinearity
Return On Asset	0,981	1,019	There Is No Multicollinearity
Income Smoothing	0,980	1,020	There Is No Multicollinearity

Source: SPSS Output, 2024

Based on the table above multicollinearity test results show that the value of tolerance and VIF all independent variables showed the value of VIF < 10 and tolerance value > 0.10. So it can be concluded that there is no multicollinearity between independent variables in the regression model.

Tabel 6. The Results Heteroscedasticity

Variable	Sig. (2. Tailed)	Description
Financial Leverage	1.000	There Is No Heteroscedasticity
Return On Asset	1.000	There Is No Heteroscedasticity
Income Smoothing	1.000	There Is No Heteroscedasticity

Source: SPSS Output, 2024

Based on the table above heteroscedasticity test results show that all independent variables showed significance value > 0.05. So it can be concluded that the regression model does not contain heteroscedasticity.

Tabel 7. The Results Autocorrelation

	Unstandardiz ed Residual
Asymp. Sig. (2-tailed)	0,466

Source: SPSS Output, 2024

Based on the table above autocorrelation test results show that the value of Asymmp. Sig. (2-tailed) is 0.466 > 0.05 which means the value of Asymmp. Sig. (2-tailed) greater than 0.05. Then it can be concluded that there is no autocorrelation.

Hypothesis Test

Tabel 8. Hypothesis Test Results

	Beta	t	Sig.	Description
(Constant)	0.320	10.185	0.000	
Financial Leverage	0.105	1.605	0.116	H_1 rejected

	Beta	t	Sig.	Description
Return On Asset	-0.291	-2.203	0.033	H_2 accepted
Income Smoothing	.007	2.501	0.016	H_3 accepted

Source: SPSS Output, 2024

The model resulting from testing the regression model is:

$$SR = 0.320 + 0.105DAR - 0.291ROA + 0.007INDEKS + e$$

Constant value of 0.320 with a positive value. This then can be interpreted that the independent variable is constant or worth 0 then the value of the dependent variable is 0.320. The value of financial leverage coefficient is 0.105 with positive value. The results of the t test in the table above show that financial leverage with t is 1.605 and significant is 0.116 which is greater than 0.05, then H1 is rejected. This shows that H1 which states that financial leverage has a positive effect on sustainability reporting disclosure is rejected. Means any increase or decrease in financial leverage individually will not affect the sustainability reporting disclosure.

The magnitude of the profitability coefficient is proxied by Retrun on Asset ratio (ROA) of -0.291 with a negative value. The result of T test shows Retrun on Asset ratio (ROA) with T of -2.203 and significant of 0.033 which is smaller than 0.05, then H2 is accepted. This shows that H2 which states profitability negatively affects the sustainability reporting disclosure received. Means any increase or decrease in profitability individually will affect the sustainability reporting disclosure.

The value of income smoothing coefficient proxied with eckel index is 0.007 with positive value. The result of t test showed eckel index with t of 2.501 and significant of 0.016 which is smaller than 0.05, then H3 was accepted. This shows that H3 which states that income smoothing has an effect on sustainability reporting disclosure is accepted. Means each increase or decrease in income smoothing individually will affect the sustainability reporting disclosure. e is an error term, which explains that there are other factors that can affect the sustainability reporting disclosure (SRDI) in this study.

Tabel 9. Test Results Koefisien Determinasi

Model	R	R Square	Adjusted R Square
1	0.509^a	0.259	0.209

Source: SPSS Output, 2024

Based on the table above, the coefficient of determination test results obtained adjusted R2 value of 0.259 or 25.9%. This shows that the variable sustainability reporting disclosure is influenced by the variable financial leverage (DAR), profitability (ROA), and income smoothing (index). While the rest is equal to 74.1% (100% - 25.9%) influenced by other factors or variables outside this study.

Tabel 10. Test Results F

Model		F	Sig.
	Regression	5.131	0.004^b
	Residual		
	Total		

Source: SPSS Output, 2024

Based on the table above F test results can be seen that the significance of 0.004. This shows that the value is smaller than 0.05 or the model is fit, it can be concluded that all variables, namely financial leverage, profitability, and income smoothing, together (simultaneously) affect the sustainability reporting disclosure of manufacturing companies listed on the Indonesia Stock Exchange (IDX) in 2020-2022.

Discussion

Effect Of Financial Leverage On Sustainability Reporting Disclosure

Based on the results of the test that has been done above that financial leverage shows that a significant value of 0.116 where this value is greater than the predetermined 0.05 or 5%. This result shows that H1 is rejected and it can be concluded that partial financial leverage that is proxied by Debt to Asset Ratio (DAR) has no effect on sustainability reporting disclosure.

The results of this study indicate that where a company has a large or small financial leverage will not affect the sustainability reporting disclosure report. Because companies will not finance social, economic and Environmental Responsibility activities with their debts. Companies that have high financial leverage are more considering and choosing to use sources of funds that aim to increase productivity rather than implementing sustainability reporting disclosure.

According to Sulistyawati and Qadriatin (2019) with a high degree of leverage, companies are more likely to violate credit agreements. As a result, companies will now report profits more often. High financial leverage can influence company management to report high levels of profit by reducing costs, including the cost of disclosing Social and Environmental Responsibility reports. The publication of an Environmental Responsibility Report takes a long time and costs significantly. The results of this study are in line with research conducted by (Sinaga and Teddyani, 2020), (Khafid et al., 2020) which shows that financial leverage has no effect on sustainability reporting disclosure.

Effect Of Profitability On Sustainability Reporting Disclosure

Based on the results of the test that has been done above that profitability shows that a significant value of 0.033 where this value is smaller than the predetermined 0.05 or 5%. This result shows that H2 is accepted and it can be concluded that the profitability proxied by Return on assets affects the sustainability reporting disclosure in manufacturing companies listed on the Indonesia Stock Exchange for the period 2020-2022. High profitability gives shareholders many advantages, both in the form of cash dividends paid each time and retained earnings that can improve the efficiency of the company in the long run.

A higher level of profitability indicates that an organization has the ability to make more money so that the organization can increase its social responsibility and demonstrate its social responsibility in broader financial statements. With the high profitability ratio of a company, it will increase investors to invest in the company. So that the stocks that are in demand will increase and the price will tend to be higher. Therefore, the higher the profitability ratio will make the company better in the disclosure of sustainability reporting disclosure.

The results of this study are in accordance with the author's initial hypothesis, and successfully support the hypothesis proposed and are consistent with the results of previous studies conducted (Yohana and Suhendah, 2023), (Maryana and Carolina, 2021) which prove that profitability affects sustainability reporting disclosure.

Effect Of Income Smoothing On Sustaianability Reporting Disclosure

Based on the results of the test that has been done above that income smoothing shows that a significant value of 0.016 where this value is smaller than the predetermined 0.05 or 5%. This result shows that H3 is accepted and it can be concluded that the income smoothing proxied with the eckel index affects the sustainability reporting disclosure on manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the period 2020-2022.

According to Bora et al. (2015) Income smoothing is an act of reducing profit fluctuations made by managers deliberately using special tools in accounting. This practice can be done in a variety of ways, including manipulating income and expenses to make financial results look stable.

Investors and creditors often look for companies with stable and predictable financial performance. Income smoothing can make a company look more stable and attractive to investors who care about sustainability because they may see financially stable companies as better able to fund and sustain sustainability initiatives.

Therefore, income smoothing has an effect on the disclosure of sustainability reporting because it can provide financial stability that can increase the company's credibility, divert attention from short-term issues, and attract investors who care about sustainability and increase transparency and accountability of the company. This study is in line with research conducted by Mahjoub (2018)) which shows that income smoothing has an effect on sustainability reporting disclosure.

CONCLUSION

This study aims to test empirically whether financial leverage, profitability and income smoothing effect on sustainability reporting disclosure. The results showed that financial leverage no effect on sustainability reporting disclosure, profitability and income smoothing affects on sustainability reporting disclosure. Based on the results of testing and discussion, there are some limitations, namely this study only focuses on 2020-2022 in manufacturing companies listed on the Indonesia Stock Exchange (IDX), on sampling using sample selection criteria to make the sample of companies a little, which is better for subsequent researchers more sampling to be more accurate, and this study only uses three independent research variables, namely financial leverage, profitability and income smoothing. So it is considered less broadly covers the factors that affect the sustainability reporting disclosure. Based on the results and discussion of the study, there are several suggestions, namely the next research is expected to increase the time period for the sample used in the study to be more effective, for the next researcher can add other variables to produce more optimal research, and for the next researcher is expected to continue this research by adding the population.

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