SUSTAINABILITY REPORT DISCLOSURE AND FIRM VALUE: EMPIRICAL STUDIES ON MANUFACTURING COMPANIES LISTED ON INDONESIA STOCK EXCHANGE

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ABSTRACT

This study aims to determine the influence of sustainability report disclosure on firm value. The disclosure of sustainability reports in this study consists of economic performance, environmental performance, and social performance. The index of sustainability report follows the guidelines from Global Reporting Initiative (GRI) G4. The research model used is quantitative descriptive. The population in this study was 165 manufacturing companies listed on the Indonesia Stock Exchange in the period of 2014 to 2018. The sample of this study was 7 companies from the purposive sampling. The method used for analysis in this study is multiplied linear regression.

The result of this study shows that (1) The economic performance of sustainability report disclosure had a significant effect on firm value, but shows a negative direction. is because the costs spent by the company in the context of sustainability report disclosures that require considerable costs so that they still cannot influence the firm value positively in short-term, (2) The disclosure of environmental performance had not significant effect on firm value, (3) The disclosure of social performance had not significant effect on firm value, (4) Simultaneously, the economic performance, environmental performance and social performance of the sustainability reports had not significant effect on firm value.

Keywords: Sustainability Report Disclosure, Firm Value.

INTRODUCTION

In general, the company is built with the main goal to get the maximum profit. In carrying out its business activities, the company certainly utilizes natural resources and human resources. However, these activities are often done unwisely and ignore the social and environmental impacts arising from the company's economic activities and actions. According to Sutami et al. (2011), many companies exploit natural and human resources to increase corporate profits. This is reinforced by Hadad & Maftuchah (2015) who stated that one example of the impact of environmental damage is global warming caused by many environmentally unfriendly industrial activities such as the disposal of waste without being processed into the waters, the resulting emissions exceed the threshold; illegal logging and other activities that can damage the environment.

In addition to preparing an annual report, it is important for companies to create a Sustainability Report, because sustainability reports are reports that respond to the public or stakeholder desire to pay attention to corporations about the environment (Clarissa & Rasmini,

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2018). Sustainability Report is a report that contains financial performance information and non-financial information consisting of social and environmental activities that enable companies to grow sustainably (sustainable performance) (Elkington, 1997). Elkington (1997) gives the view that if a company wants to maintain its survival, the company must pay attention to "*3P*". That is, in addition to pursuing profits, companies must also pay attention and engage in the fulfillment of the welfare of the people (people) and contribute actively to preserve the environment (planet).

According to Avi-Yonah (2008), a company is a real-world entity that must survive in a competitive business environment and must be associated with many entities and individuals. The company will develop policies, strategies and operations that are not only centered on the well-being of shareholders but also for stakeholders (governments, politicians, trading communities, employees, suppliers, and customers) and the public community. Porter & Kramer (2006) state that companies that have high social responsibility will have a good image, a strong brand, and an increase in the value of the company. There are various motivations and reasons companies express their sustainability activities through sustainability reports. Sustainability reporting is an important first step for companies not only for transparency but also for their own good (Farraswan et al., 2016). Understanding sustainability can help companies to understand the impact on their stakeholders, and ways that can mitigate negative impacts on the economy, society and environment (EY, 2013).

The Sustainability Report presents the company's long-term values and business strategies, which consider the interests of stakeholders, which then demonstrates their commitment to a sustainable economy. In the past decade, more and more companies in all sectors have adopted sustainability reports in response to the increasing demand for accountability and transparency in corporate governance and so-for-life responsibilities. This disclosure is expected to provide useful information not only to members of the public relating to environmental issues, but also to investors interested in assessing future potential and liabilities based on the company's reported problems and progress (Nurdin et al., 2019).

Since its launch by the Global Reporting Initiative (GRI) in 2001 and continues to be refined to this day, sustainability reports have received widespread attention from global businesses and corporations. Until now there have been about 3,500global corporations that implement sustainability reports (Lako, 2018).

In 2005 it became a CSR milestone in Indonesia where for the first time the National Center for Sustainability Reporting conducted an assessment to companies that had developed sustainability and CSR reports. In2006, there was only one company that published a sustainability report. Based on data obtained from the Global Reporting Initiatives (GRI) Database, in 2015 there were a total of 94 companies that published sustainability reports. However, there was a decline in 2016, which is only 79 companies, and in 2017 as many as 80 companies.

It has been more than a decade since sustainability reports were first implemented in Indonesia, but there does not appear to be a significant increase in disclosure rates (Farraswan et al., 2016). This is because in Indonesia the publication of sustainability reports until now is still voluntary, there are no standards or rules that expressly require all companies both private and public to make sustainability reports.

In 2017 the Financial Services Authority issued POJK Number 51/POJK.03/2017 on the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies that require financial services institutions, issuers, and public companies to

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implement sustainable finance in their business activities. But in accordance with article 3 paragraph 1(b) in this regulation, the application of sustainable finance by public companies began on January 1, 2020. However, the existence of this regulation can affect the increase in the number of companies reporting sustainability reports.

A study of manufacturing companies is very important compared to other sectors, since manufacturing companies cause significant damage to the soil, water, and air, resulting in massive pollution in the environment (Cherian et al., 2019). A manufacturing company is an industrial company that manages raw materials into finished goods. Environmental factors play an important role in the survival of manufacturing companies. Starting from raw materials that are mostly obtained from nature, processing that can cause air and water pollution, to waste production results affect the surrounding environment (Network, 2018).

In addition to environmental factors, the surrounding community also plays an important role in the survival of manufacturing companies. Like companies in general, manufacturing companies also need human resources or labor from the surrounding community, as well as consumers of the products produced are the community. In addition, the environmental impact caused by the company will be felt also by the surrounding community. Therefore, manufacturing companies in addition to being required to have environmental responsibilities also need to have social responsibility and help improve the economy of the surrounding community. By disclosing sustainability reports, manufacturing companies can convince stakeholders that companies have committed social responsibility to the community and contribute to maintaining environmental sustainability and improving economic development (Mulya & Herbayu, 2018).

Research on the influence of sustainability report disclosure and Firm Value has been widely done by researchers before. Research conducted by Sejati & Prastiwi (2015) found that the disclosure of sustainability reports did not have a significant influence on the company's performance and value. Similarly, research conducted by Gunawan & Mayangsari (2015) also found that sustainability reports have no effect on the value of the company. In addition, in his research found that sustainability reports on economic aspects have a positive effect on Firm Values, environmental aspects negatively affect Firm Values, and social aspects have no effect on Firm Values. However, research conducted by Yulianingsih et al. (2018); Tiurmaida & Augustine (2019) concluded that the disclosure of sustainability reports affects the value of the company. This shows that over time, investors have begun to pay attention to sustainability reports as one of the considerations in making investments.

This research aims to analyze and find empirical evidence of the influence of sustainability report disclosure and each aspect of its performance on the value of the company in manufacturing companies. This research can contribute as literature, especially regarding the influence of sustainability reports on the value of companies. This research can also be used as a reference source for future research. Practically speaking, the study is expected to provide companies with an understanding of the importance of economic, environmental, and social accountability expressed in the sustainability report. In addition, this research may also be used as a consideration for the government as a regulator to design the right rules related to sustainability in social, economic and environmental issues.

LITERATURE REVIEW

Stakeholder Theory, Legitimacy Theory, dan Contract Social Theory

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Freeman (1984) states that stakeholder theory is a theory that describes which companies are responsible. The stakeholder theory assumes that a company is not an entity that operates only for the benefit of shareholders but must also provide benefits to stakeholders. By disclosing sustainability reports, companies disclose financial information and non-financial information, enabling companies to communicate more transparently with the public about their business activities related to non-financial and performance management aspects (Clarissa & Rasmini, 2018).

Legitimacy theory states that an organization or company will make efforts to ensure that the organization or company will carry out its operational activities in accordance with the norms in the society in which the company conducts its operational activities (Deegan, 2004). It aims to ensure that the operational activities carried out by an organization or company are accepted by the local community. Companies use sustainability reports to describe the impression of responsibility for the economy, social and environment, so that the company is accepted by the community.

Social Contract Theory states that the existence of a company in an area because it is politically supported and guaranteed by government regulations and parliaments which are also representations of society. Thus, there is an indirect contract between the company and the community where the community provides costs and benefits for the sustainability of a corporation (Lako, 2011). The existence of interrelationships in the social life of the community in order for harmony, suitability, and balance to be included in the environment. Companies that are groups of people who share goals and strive to achieve goals together are part of society in a larger environment. Its existence is largely determined by society, where between the two influences each other. For that, in order for equality to occur, it is necessary for the social contract both expressly and implicitly, so that there is an agreement that protects each other's interests (Hadi, 2011). Through this theory, it can be seen the relationship between the disclosure of sustainability reports disclosed by the company and the value of the company that reveals it. Sustainability report is an effort made by companies to ensure the survival and needs of the community through economic, environmental and social responsibilities, this aims to minimize the risks or greater impacts that may occur in the future. With the economic, environmental, and social responsibility carried out by this company, the company can increase public trust so that it can provide a positive image for the company and increase the value of the company.

Sustainability Report Disclosure

Sustainability report has a variety of definitions, according to Elkington (1997) sustainability report means a report that contains not only financial performance information but also non-financial information consisting of social and environmental activity information that allows the company to grow continuously (sustainable performance*)*. GRI (2013) defines sustainability report as the practice of measuring, disclosing and accountability efforts of organizational performance in achieving sustainable development goals to stakeholders, both internal and external. It can be concluded that, sustainability report is a report that provides information to stakeholders about economic, environmental, and social responsibility activities that companies have done in achieving sustainable development goals (Hadad & Istiana, 2015).

The aspects of sustainable development in general have the following meaning of responsibility (Blackburn, 2007):

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1. Economic Success: wise use of financial resources for corporate welfare and for the well-being of society.
2. Responsible for the Environment: to value the life and management and use of natural resources which include: Resource conservation, waste management and prevention, control and recovery of environmental risks, reducing supply chain impact and collaboration with communities?
3. Social responsibility: to reward human beings by: respecting employees; fair recruitment practices, anti-discrimination, nothing exploitative; risk-responsible management, idolizing business ethics and law; respect stakeholders, including local communities, investors, suppliers and others; Dealing with customers fairly.

According to the World Business Council for Sustainable Development (WBCSD), the Global Reporting Initiative (GRI) is the standard for widely accepted sustainability reports (Nurdin et al., 2019). The GRI standard is also the most widely used disclosure standard by companies in Indonesia. Gri guidelines state that companies must explain the impact of a company's activities on economic, environmental, and social aspects. From these three aspects, it was expanded to 6 aspects, namely: economy, environment, labor practices, human rights, society, and product responsibility. Of these six aspects there are a total of 91 items that must be disclosed by the company according to GRI G4.

Firm Value

According to Weston & Copeland (1994), the value of the company is the perception of investors to the success rate of a company reflected in the company's stock price. The higher the stock price, the higher the value of the company. Likewise, the lower the stock price, the lower the value of the company will also be low. Harrison & Wicks (2013) defines value as anything that has potential benefits for stakeholders. The company creates the value of its activities and stakeholders want to achieve the utility of its relationship with the company by getting that value. The value of this company can be seen from the value of Tobin's Q, which is interpreted as the market expectation of economic returns generated from the company's assets (Gaio & Raposo, 2011). The advantage of using Tobin's Q to measure a company's value is that Tobin's Q is long-term because it is based on the company's market value (Servaes & Tamoyo, 2013). This makes Tobin's Q less affected by differences in accounting procedures as well as managerial manipulation and represents investors evaluating a company's ability to generate future economic income than past performance (McGuire et al., 1988).

HYPOTHESES

Effect of Sustainability Report Disclosure of Economic Aspects on Firm Value

In investing, investors are always concerned with two things, the first is to expect profits, and the second is to be prepared for all the risks that come with it. Therefore, investors need transparency of information regarding the company's economic performance. According to Cahyandito (2010), the transparency contained in the sustainability report on economic aspects will be able to improve the company's image and stakeholder confidence in the company. With the disclosure of economic performance as a form of corporate transparency to investors, it will be able to improve the company's image in the eyes of investors. This will have an impact on the company's financial performance, one of which is profitability (Tarigan & Semuel, 2014). The company's improved performance will increase the stock price on the stock market. Therefore, the researcher assumes that:

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H_1*: *Disclosure of sustainability report economic aspects affects the value of the company

Effect of Sustainability Report Disclosure of Environmental Aspects on Firm Value

According to Kurniawan, in the era of sustainable development, companies are required to make disclosures on the environmental performance in which the company was founded. In addition to having an impact on increasing investor confidence, people's views on the company's activities will be better. With the increasing image of the company in the eyes of investors and the public, this will also have an impact on the increasing value of the company. This is in accordance with research conducted by Tarigan & Semuel (2014), that environmental performance can affect the increasing profitability of the company. This will lead to an increase in the value of the company. Therefore, this study assumes that:

H_2*: *Disclosure of sustainability report on environmental aspects of the company's value

Effect of Disclosure of Sustainability Report on Firm Values

The social aspect of the sustainability report concerns the impact of the organization on the society in which the company operates and explains the risks of interaction with other social institutions they manage. The disclosure of the social aspect sustainability report will show the company's concern for human rights, good labor practices, the comfort of working the workforce, and also responsibility for the products produced by the company. With the company's concern in this social sphere, it will improve the company's image in the eyes of stakeholders (Tarigan & Semuel, 2014), and will ultimately affect the value of the company. Therefore, this study assumes that:

H_3*: *Disclosure of sustainability report social aspects affects the value of the company

Effect of Sustainability Report Disclosure of Economic Aspects, Environmental Aspects, and Social Aspects on Firm Value

A company can be said to grow and develop if the company is not only oriented to economic (financial) aspects, but also considers the social and environmental aspects around the company. Investors and other stakeholders can find out more clearly about social and environmental responsibility through the company's sustainability report. Through the company's sustainability report, investors, communities, and other stakeholders will assess the company's performance. The company can be said to have good value, if the company is able to carry out social and environmental responsibilities and express them well. That's why researchers assume that:

H_4*: *Disclosure of sustainability report on economic, environmental, and social aspects affects the value of the company

RESEARCH METHODS

The approach taken in this study is a quantitative descriptive approach. The research method uses panel data analysis, which is a combination of time series and cross section data. The selection of panel data because this study uses a span of several years and many companies.

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The population of this study is all manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the period 2014 to 2018 with a total of 165 companies. Sampling in this study was done using purposive sampling techniques. This technique is a sampling technique with certain criteria in order to be able to represent the existing population. For this reason, several criteria have been set, including (1) manufacturing companies listed on the Indonesia Stock Exchange until 2018, because it will be necessary information on the closing price of shares and the number of shares outstanding in the calculation of the value of the company. (2) Companies that issue annual reports in the period 2015 to 2018 in Rupiah, to find out information on the amount of assets and liabilities of the company to be used in the calculation of the company's value. (3) Companies that publish sustainability reports consecutively in the period 2014 to 2017 and made separately from financial statements, because the sustainability report measurements in this study using the GRI-G4 index and sustainability report indicators will be easier to trace through. Sustainability reports are made separately from financial statements. Based on the sampling criteria that have been spelled out previously, a detailed research sample is obtained as follows Table 1:

Table 1
SAMPLING PROCEDURE

No.	Criteria	Number of Companies
1.	Manufacturing companies listed on the Indonesia Stock Exchange until 2018	165
2.	Companies that do not issue consecutive annual reports in the period 2015 to 2018 in Rupiah	(32)
3.	Companies that did not publish *consecutive sustainability reports* in the period 2014 to 2017, and were made separately from the financial statements	(126)
Total Sample		7

Based on the sample selection procedure that has been done, there are 7 companies that meet the criteria, among others:

1. PT Astra International Tbk (ASII)
2. PT Indocement Tunggal Prakarsa Tbk (INTP)
3. Multi Bintang Indonesia Tbk (MLBI)
4. PT Solusi Bangun Indonesia Tbk (SMCB)
5. PT Semen Indonesia (Persero) Tbk (SMGR)
6. PT Unilever Indonesia Tbk (UNVR)
7. PT Wijaya Karya Beton Tbk (WTON)

The type of data used in this study is secondary data, obtained indirectly through intermediary media. Secondary data used is sustainability report and annual report obtained from the IDX website (http://www.idx.co.id). Data for sustainability report disclosure variables is obtained from the company's sustainability report accessed through each company's website,data for companyvalue variables obtained from the company's annual report and idx website (http://www.idx.co.id) to find out stock price information.

The data collection method used in this study is the documentation method. According to Deriyaso (2014: 38), the documentation method is a data collection technique that is done by finding, collecting, recording, and reviewing data about related matters through records, newspapers, books, websites, documents, and so on. The documentation method is carried out

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by collecting documents in the form of sustainability reports in 2014 to 2017 and financial statements in 2015 to 2018, as well as other related data needed in this study.

This research analyzes the effect of sustainability report disclosure (which consists of: disclosure of sustainability report economic aspects, disclosure of sustainability report of environmental aspects, and disclosure of sustainability report of social aspects) as independent variables and Firm Values as dependent variables. The analytical technique used in this study is multiple regression analysis. The definition of each variable is as follows:

Disclosure of Sustainability Report

Sustainability Report disclosure in this study consists of 3 dimensions which are the disclosure of sustainability report of economic aspects, disclosure of sustainability report of environmental aspects, and disclosure of sustainability report of social aspects. This variable is measured according to SRDI (Sustainability Report Disclosure Index) with GRIG4 amounting to 91 disclosure items. SRDI gives 1 if the item is disclosed and instead gives a score of 0 when it is not and then summed up in its entirety. After giving a score on each index, the score is then included in the SRDI formula, namely:

$$SRDI = \frac{n}{k}$$

Where in:

SRDI	:	Company Sustainability Report Disclosure Index
n	:	Number of disclosure items the company made
k	:	Number of items the company expects to disclose

Firm Value

The Company's value in this study is the value of the company projected using the Tobin's Q ratio. The selection of this proxy based on consideration that this ratio has been popularly used in previous research and is the right proxy in measuring the value of the company, in addition to the formula Tobin's Q also compares between the value of the company in the market with the value of the company is recorded, so it can be considered superior to other ratios in measuring the value of the company. haan. The tobin's Q ratio formula used in this study is:

$$Q = \frac{EMV + BV\ (Debt)}{BV\ (Assets)}$$

Wherein:

Q	=	Firm Value
EMV	=	Equity Market Value (closing price per share x number of shares outstanding)
BV (Debt)	=	Total Book Value of Liabilities

RESULT AND DISCUSSION

Based on classical assumption tests, it is known that the data in this study is distributed normally and there is no heteroskedasticity, multicollinearity, and autocorrelation. Therefore, the available data is already eligible to use multiple regression models. Multiple linear regression

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analysis is used to determine the effect of sustainability report disclosure variables on economic aspects, environmental aspects and social aspects on corporate values. The results of the processed regression equation can be seen in the following Table 2:

Table 2
T-STATISTICS TEST (PARTIAL TEST)

Model	**Unstandardized Coefficients**		**Standardized Coefficients**		
	B	Std. Error	Beta	t	Sig.
(Constant)	9,742	2,632		3,701	,001
SR_Economy	-14,594	6,802	-,528	-2,145	,042
SR_Environment	-4,874	7,783	-,152	-,626	,537
SR_Social	12,527	10,814	,285	1,158	,258

From the results of the double linear regression analysis above, the regression equation model developed in this study is as follows:

$$Y = 9,742 - 14,549X1 - 4,874X2 + 12,527X3$$

Wherein:

Y = Firm Value
X1 = Disclosure of SR on Economical Aspects
X2 = Disclosure of SR Environmental Aspects
X3 = Disclosure of SR Social Aspects

The Table 2 above shows the significance value of the disclosure of the economic aspect variable is 0.042< 0.05, thus H_0 is rejected. Therefore, the disclosure of economic aspects has a significant effect on the value of the company but shows a negative direction. The disclosure of the environmental aspect variable is seen from the significance value of 0.537 > 0.05, so H_0 is accepted. Lastly, the disclosure of environmental aspects has no significant effect on the value of the company. The disclosure of the social aspect variable is seen from the significance value of 0.258> 0.05, then H_0 is accepted. Therefore, the disclosure of social aspects has no significant effect on the value of the company.

Table 3
F-STATISTICS TEST (SIMULTANEOUS TEST)

Model	**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
Regression	299,516	3	99,839	2,523	,082[b]
Residual	949,633	24	39,568		
Total	1249,150	27			

From Table 3 above, the F_{count} value is 2.523 with a probability of 0.082. The result showed a greater value compared to the predetermined level of significance, which was 0.05 (0.082>0.05), then H_0 was rejected. Thus, it can be concluded that simultaneously there is no significant influence on the disclosure of economic aspects (X1), disclosure of environmental aspects (X2), and disclosure of social aspects (X3) to the value of the company (Y).

Effect of the Disclosure of Economic Aspects Sustainability Report on Firm Value

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Based on the results of the partial n-test, it can be known that the independent variable disclosure of economic aspect sustainability report has a regression coefficient of -2,145 with significance of 0.042 < 0.05, which means the disclosure of economic aspect sustainability report has a significant effect on the value of the company but shows a negative direction. These results show that increased disclosure of economic aspects will result in a decrease in the value of the company and vice versa.

Disclosure of economic aspect sustainability reports has a negative influence on the value of the company because the costs incurred by the company in the context of sustainability report require considerable costs so that it cannot affect the value of the company positively in the short term. As summarized by Minguel (2017) which states that one of the factors that make the company choose not to disclose sustainability reports is because it is too expensive. In implementing sustainability report programs, the company certainly requires a considerable basic cost. However, the benefits of the programs that the company has implemented cannot be felt by the company in the short term but can provide considerable benefits in the long run. That's what investors don't realize.

In addition, Lopez et al. (2007) found evidence that sustainability report disclosures only positively affect a certain period and do not remain all the time. In short periods the given impact is negative. The costs that arise as a result of social responsibility carried out by the company can put the company at a disadvantage compared to companies that have low social responsibility. Similar to the research conducted by Lopez, the period in this study is also quite short, which is only 4 years. This may lead to a negative influence of sustainability reports on the value of companies in this study.

This result is different from the study conducted by Kurniawan, But in line with research conducted by Tiurmaida & Augustine (2019) which states that disclosure of economic aspects in sustainability reports has a significant but negative influence on the value of the company.

Effect of Disclosure of the Environmental Aspects Sustainability Report on Firm Value

Based on the results of the partial test, it can be known that the independent variable of disclosure of environmental aspect sustainability report has a significance value of 0.537> 0.05, which means that the disclosure of environmental aspect sustainability report has no effect on the Firm Value. These results show that disclosure of environmental aspects of the company is not able to significantly affect the value of the company (Lyon & John, 2007).

It also shows that in Indonesia, the company's environmental performance is not much noticed, unlike in developed countries, so that the disclosure of sustainability reports on environmental aspects has not been able to provide added value for companies that implement it. It also shows that investors have not responded more to environmental disclosures but rather to their financial performance.

These results are different from studies conducted by (Tiurmaida & Augustine, 2019). But in line with research conducted by Sejati & Prastiwi (2015) which states that environmental performance disclosure has no influence on the value of the company. Sejati & Prastiwi (2015) states that the insignificant possibility that occurs between environmental performance disclosure and Firm Value can occur because the assumption of stakeholders to companies that disclose environmental performance does not have better value than companies that do not disclose environmental performance. Stakeholders prefer companies that take concrete action without having to issue their environmental responsibility to the community.

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Effect of the Disclosure of Social Aspect Sustainability Report on Corporate Values

Based on the results of the partial test n, the disclosure of independent variables of social aspect sustainability report disclosure has a significance value of 0.258 > 0.05, which means that the disclosure of social aspects sustainability report has no effect on the value of the company. These results show that disclosure of social aspects of the company is not able to significantly affect the value of the company.

These results are different from the studies conducted by (Tiurmaida & Augustine, 2019). But in line with research conducted by Sejati & Prastiwi (2015) which stated that the disclosure of sustainability reports on social aspects had no effect on the value of the company. According to Sejati & Prastiwi (2015), social performance disclosure is only information for stakeholders that has no effect on the value of the company itself. Improving social performance by companies is considered more important than just revealing how social performance results in sustainability reports.

In contrast to Sejati & Prastiwi (2015) stated that this is because the social category in the sustainability report focuses on the company's direct relationship with stakeholders consisting of workers and communities and in this case especially, consumers. This shows that the disclosure of social categories is not related to the interests of investors. This research uses the investor's point of view as the main thing. So maybe this is one of the factors why the disclosure of social aspect sustainability reports has no effect on the value of the company.

Effect of Sustainability Report Disclosure of Economic Aspects, Environmental Aspects, and Social Aspects on Firm Value

Based on the results of the simultaneous test, it can be known that the independent variable that is the disclosure of sustainability reports of economic, environmental, and social aspects has a significance value of 0.082 > 0.05, which means that the variable has no effect on the value of the company.

The effect of the disclosure of sustainability reports on the value of companies in this study may be due to the small amount of the sample used in this study, and also because there are not many companies that disclose their sustainability reports, especially in the manufacturing sector. Based on research conducted by Faraswan which conducted research on the level of sustainability report disclosure on companies listed on the IDX, concluded that the sustainability report disclosure rate in Indonesia is still weak. The food and beverage industry, trade, services, and investment sectors, and various industries are the sectors with the lowest sustainability report disclosure rates. In addition, this study only examined companies that make sustainability reports separately. While most manufacturing companies still disclose CSR contained in annual reports, they may still struggle to turn CSR into stand-alone sustainability reports (Crisóstomo et al., 2011; Schön, 2008).

This result is different from the research conducted by Sueb & Hasyir (2018). But in line with research conducted by Gunawan & Mayangsari (2015); Sejati & Prastiwi (2015) which stated that the disclosure of sustainability reports had no effect on the value of the company (Chariri & Ghozali, 2007).

CONCLUSIONS, IMPLICATIONS AND LIMITATIONS

Conclusion

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Based on the background, theoretical foundation, data analysis and test results conducted on hypotheses aimed at testing the effect of sustainability *report* disclosure of economic aspects, environmental aspects, and social aspects on corporate value proves that:

1. Based on the results of the hypothesis test (H1) it is known that partially, the variable disclosure of sustainability reports on economic aspects has a significant effect on the value of the company but shows a negative direction. These results suggest that increased disclosure of economic aspects will result in a decrease in the value of the company and vice versa.
2. Based on the results of the hypothesis test (H2) it is known that partially, the variable disclosure of sustainability reports on environmental aspects has no effect on the value of the company. These results show that disclosure of environmental aspects of the company is incapable of significantly affecting the value of the company.
3. Based on the results of the hypothesis test (H3) it is known that partially, the disclosure variable of the sustainability report on social aspects has no effect on the value of the company. These results show that disclosure of the social aspects of the company is not capable of significantly affecting the value of the company.
4. Based on the results of the hypothesis test (H4) it is known that simultaneously, the variable disclosure of sustainability reports on economic, environmental, and social aspects have no effect on the value of the company. The conclusion that can be taken is that the disclosure of sustainability reports is not able to affect the value of the company significantly.

Implication

Based on the results of analysis and discussion, it shows that the sustainability reports disclosure in Indonesia has not been noticed by investors. Investors have not realized the importance of sustainability report disclosure, so better assess the company from its financial performance, because sustainability report itself cannot provide significant benefits in the short term but can provide great benefits in the long term. That's what investors don't realize. In addition, companies in manufacturing are also still few that disclose sustainability reports. This is because in Indonesia, sustainability report disclosure is still voluntary, there is no regulation that expressly requires the disclosure of sustainability report for all companies in Indonesia.

Researchers advise that investors should be able to pay more attention to sustainability report disclosure as a form of appreciation for social responsibility that has been done by the company. In addition, for companies to continue to disclose sustainability reports on the basis of stakeholder theory, namely because of the company's sense of responsibility to the economy, environment, and social community. This research may also be taken into consideration for the Government, the Financial Services Authority (OJK) or the authorities to design the right rules related to sustainability in social, economic and environmental issues, and so that sustainability reports are mandatory for all companies in Indonesia, seeing the disclosure of sustainability reports in Indonesia is still lacking.

Research Limitations

This study only used a very limited sample, namely only 7 manufacturing companies registered with the IDX for the period 2014-2018. Researchers should then research in other sectors such as mining or the financial sector, because in that sector there are already many companies that make sustainability reports. Research in the manufacturing sector can also be done again, because currently many manufacturing companies have started to switch to standalone sustainability reports so that the period of time studied can be longer, considering that sustainability reports can provide long-term benefits for companies, especially with the

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regulation of the Financial Services Authority (OJK) on the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies that come into force in 2020.

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