The Analysis of Sustainability Report and Its Effects on Company Performance and Company Value

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ABSTRACT

This study aims to examine the effect of sustainability report along with its economic, environmental, and social performance on firm performance and firm value. The sample used in this research is LQ45 companies that published sustainability report during 2017-2018. The statistic method used is multiple linear regression test and statistical t-test. The research findings show that economic, environmental, and social performance affects firm performance. In relation to firm value, environmental performance affects firm value but economic and social performance have no effect on firm value.

Keywords: Sustainability Report, Economic Performance, Environmental Performance, Social Performance, Return on Assets, Tobin’s Q

1. INTRODUCTION

As the time goes by, firms do not merely focus on profits. Stakeholders require them to participate in developing sustainability. Sustainability development is one of the current challenges for firms to conduct development in accordance with the current generation’s needs while considering the next generation’s needs (WCED, 1987).

According to John Elkington (1997), a company that would participate in sustainability development should be concerned with Profit, People, and Planet for earning supports from the environment and society. One of the ways in sustainability development is issuing a sustainability report. Sustainability report is a company’s report that depicts the company’s position and activities from economic, environmental, and social aspects intended to internal and external stakeholders (Natalia & Taringan, 2014).

For companies, a sustainability report is used to publish information on the company performance in the economic, social, and environmental aspects (ACCA, 2013). The economic sustainability aspect is closely tied to the organizational impacts on the economic condition from the stakeholders’ point of view and on the economic system within the local, national, and global scale. The social sustainability aspect relates to the organizational impacts on the social system where the organization operates. Meanwhile, the environmental sustainability aspect deals with the organizational impacts on nature system - living and unliving things, including lands, air, and ecosystem.

In relation to objectives, a sustainability report is utilized by a company to build stakeholders’ trust with the aim of business sustainability for the company.
(2015) suggested that with stakeholders’ trust, productivity and sales would rise which in turn lead to profits. As such, ROA or financial performance of the company will rise too.

In addition, by issuing a sustainability report, public trust in the company will increase that it can boost firm value (Weber et.al., 2008). It is well acknowledged that firm value is one of the factors investors consider in investment decision making as it is concerned with how they perceive the company. Nurdin & Cahyandito (2006) stated a company’s expectation of public trust is that it can boost the company image in the eyes of investors so that they would invest in the company’s stock which in turn raise the company value.

A few studies have been conducted to examine the influence of sustainability report (including its aspects) on firm performance and firm value. However, they revealed inconsistent results.

Wijayanti (2016) suggested that economic, environmental, and social aspects had a positive effect on a company’s financial performance. Simbolon & Sueb (2016) revealed economic aspect had a positive effect on a company’s financial performance. In contrast, Sari & Andreas (2019) found different result that the disclosure of economic, environmental, and social aspects did not affect a company’s financial performance. Similarly, Simbolon & Sueb (2016) found that environmental and social aspects did not affect a company’s financial performance.

Meanwhile, Kurniawan, Sofyani, & Evi (2018), and Erkanawati (2018) suggested that economic and environmental aspects had a positive influence on firm value. This finding contrasts with a study by Evana (2017) revealing that the two aspects did not have a positive influence on firm value.

The research findings of prior studies show diverse and inconsistent results. Therefore, this research study aims to reinvestigate the corporations which issue a sustainability report comprising three disclosure aspects – economic, environmental, and social aspects. The data in this research is the corporations that issued a sustainability report during 2017-2018 with reference to GRI standard. This study greatly refers to previous studies by Wijayanti (2016) and Evana (2017).

The research sample is the corporations included in the LQ45 index listed on the Indonesia Stock Exchange with certain criteria, such as liquidity. The LQ45 index aims to complete IHSG (Composite Stock Price Index) and provides a reliable tool for financial analysis, investors, and others in monitoring stock price movements that are actively traded. Therefore, corporate sustainability is of great importance so that the role of LQ45 can continue to run well.

This research study aims to examine (1) the influence of economic aspect in a sustainability report on a company’s financial performance, (2) the influence of environmental aspect in a sustainability report on a company’s financial performance, (3) the influence of social aspect in a sustainability report on a company’s financial performance, (4) the influence of economic aspect in a sustainability report on a company’s financial performance, (5) the influence of environmental aspect in a sustainability report on firm value, (6) the influence of social aspect in a sustainability report on firm value.

2. LITERATURE REVIEW
2.1. Stakeholders Theory

Stakeholders theory is basically a theory that explains to whom a company should be responsible. In this case, a company should maintain a relationship with its stakeholders, primarily those who authorize the resources used by the company’s operations, for example, workforce, market, products, etc (Chariri dan Ghozali, 2007). To that end, a company should disclose a sustainability report which informs things concerning economic, social, and environmental performance.

2.2. Legitimacy Theory

Legitimacy theory asserts that companies continue to strive to ensure their operations are within the framework and norms that exist in the community or environment where they operate, and always attempt to ensure that their business activities are accepted by outsiders as something "legitimate" (Deegan, 2004). Thus, the company who conducts a social disclosure would perceive that it has earned a social status from the community and surroundings or put it another way the company gets legitimated.

2.3. Sustainability Report

According to Elkington (1997), sustainability report is the report that contains financial and non-financial information (social and environment) that allow a company to grow sustainably.

Global Reporting Initiative (GRI) develops the guidelines of sustainability report. In GRI standards, it says that the disclosure of economic aspect relates with the organizational impacts on economic condition from the perspective of stakeholders and on the economic system within the local, national, and global scales. There are 13 assessment items in the economic aspect. Meanwhile, the disclosure of environmental aspect is concerned with organizational impacts on the living and unliving things in the nature system. For this aspect, there are 30 assessment items. The last aspect is the social aspect that deals with the organizational impacts on the social system in which the organization operates. It comprises 34 assessment items. Overall, based on the GRI Standards, there are 77 items for the sustainability report assessment.

2.4. Developing Hypotheses and Framework

2.4.1. The Disclosure of Economic Aspect in a Sustainability Report and Company Performance

The disclosure of economic aspect is concerned with how a company plays a role in economic development in the community where the company operates. The disclosure aims to provide relevant and accurate information to stakeholders on the company performance caring about the economy issue within the area where the company operates. In this case, consumers are a part of stakeholders. The transparency of information on economic performance, market existence, indirect economic impacts, procurement, anticorruption practices in a sustainability report is needed by consumers as it is related to the impacts of the products being consumed on the economic development in the area where company is located. In addition, the information can be used by the company as a promotion media, thus increase consumers’ interest and attitude on the company. Further, it will increase the company’s ability and performance in rising profits. Thus, the better the disclosure of economic aspect, the better the company's performance.
This is confirmed by a study by Wijayanti (2016), that the economic aspect in a sustainability report had a positive influence on a company’s financial performance. As explained above, hypothesis 1 is proposed as follows:

**Hypothesis 1**: The disclosure of economic aspect has a positive influence on company performance

2.4.2. The Disclosure of Environmental Aspect in a Sustainability Report and Company Performance

A good firm is the one that runs its operations by paying attention to the surroundings. The disclosure of environmental performance aspect aims to provide relevant and accurate information to stakeholders on the company performance relating to its concerns to the environment. In this case, consumers are a part of stakeholders. The transparency of the information related to water, materials, energy, biodiversity, emissions, effluents, wastes, and others included in a sustainability report is needed by consumers as it is associated with the impacts of the products being consumed over the surroundings. In addition, the information can be utilized by the company as a promotion media to increase consumers’ interest and attitude on the company. Furthermore, it will boost the company’s ability and performance in rising profits. Thus, the better the disclosure of environmental aspect, the better the company performance.

Wijayanti (2016) suggested that the environmental aspect in a sustainability report had a positive influence on a company’s financial performance. As explained above, hypothesis 2 is proposed as follows:

**Hypothesis 2**: The disclosure of environmental aspect has a positive influence on company performance.

2.4.3. The Disclosure of Social Aspect in a Sustainability Report and Company Performance

The social aspect includes transparent information on the company’s treatment to human resources in the surroundings. The disclosure of social performance aspect aims to provide relevant and accurate information to stakeholders on the company performance caring about human resources in the area. In this case, consumers are a part of stakeholders. The transparency of the information which is concerned with human rights, society, product responsibilities, and others included in a sustainability report is needed by consumers as it is closely connected with the impacts of the products being consumed on human resources in the area. Additionally, the information can be used by the company as a promotion media to increase consumers’ interest and attitude on the company. Furthermore, it will improve the company’s ability and performance in rising profits. Thus, the better the disclosure of the social aspect, the better the company performance.

A study by Wijayanti (2016) revealed that the social performance aspect in a sustainability report had a positive influence on a company’s financial performance. As explained above, hypothesis 3 is proposed as follows:

**Hypothesis 3**: The disclosure of social aspect has a positive influence on company performance.
2.4.4. The Disclosure of Economic Aspect in a Sustainability Report and Firm Value

The disclosure of the economic aspect is related to how a company plays a role in developing the economy in the community. The disclosure aims to provide relevant and accurate information to stakeholders on the company performance that puts concerns on the economy in the area where the company’s operations take place. In this case, investors are a part of stakeholders. In making an investment, they certainly prefer a profitable company from an economic perspective as investments aim to earn profits. The information regarding the economic performance aspect in a sustainability report will be likely to build stakeholders’ trust which in turn boosts the company’s positive image as well as financial performance. As the financial performance gets improved, so does the stock price, that the firm value will be higher.

This explanation is in line with studies by Kurniawan, Sofyani, & Evi (2018), and Evana (2017), revealing that economic performance aspect had a positive influence on firm value. Thus, hypothesis 4 is proposed as follows:

**Hypothesis 4:** The disclosure of economic aspect has a positive influence on firm value.

2.4.5. The Disclosure of Environmental Aspect in a Sustainability Report and Firm Value

A good company is the one that runs its business operations by paying attention its surroundings. The disclosure of environmental performance aspect aims to provide relevant and accurate information to stakeholders concerning the company performance caring about environment. In this case, investors are a part of stakeholders. In making an investment, they certainly prefer a company that has a good environment performance aspect. When a company has a good environment performance aspect, it will be likely to build investors’ trust. So, the information on the environmental performance aspect in a sustainability report will be likely to increase stakeholders’ trust which in turn enhances the company’s positive image and financial performance. As such, the stock price will rise that the firm value is too.

This explanation corroborates a study by Kurniawan, Sofyani, & Evi (2018), who found that environment performance aspect had an influence on firm value. Thus, hypothesis 5 is proposed as follows:

**Hypothesis 5:** The disclosure of environmental aspect has a positive influence on firm value.

2.4.6. The Disclosure of Social Aspect in a Sustainability Report and Firm Value

The social aspect includes transparent information on how the company treats the human resources in the community. The disclosure of social performance aspect aims to provide relevant and accurate information to stakeholders on the company performance caring about the human resources in the area. In this case, investors are a part of stakeholders. In making investments, they prefer a company that has concerns with social issues in the community. To put it another way, the more the company puts concerns over the society, the more the investors put trust in the company. The relevant and accurate information concerning the social performance aspect in a sustainability report will be more likely to build stakeholders’ trust which in turn boosts the company’s positive image and financial performance. As the financial performance gets improved, the stock price will rise that the firm value is too.
This is in line with a study by Erkanawati (2018), showing that social aspect had an influence on firm value. Thus, hypothesis 6 is proposed as followed:

**Hypothesis 6:** The disclosure of social aspect has a positive influence on firm value

2.4.7. Theoretical Framework

Based on those hypotheses, a framework can be drawn as follows:

![Theoretical Framework Diagram]

Figure 1: Theoretical Framework

3. **RESEARCH METHOD**

3.1. Population and Sample

The population in this research study are Liquid 45 companies (LQ45) listed on the Indonesia Stock Exchange (IDX) during the research period 2017-2018. The sample research was taken by using purposive sampling method, that is selecting a sample by certain considerations. The criteria of selecting sample can be seen on the table below.
Table 1. The Criteria of Selecting the Sample

<table>
<thead>
<tr>
<th>Information</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>The LQ45 corporations listed on the IDX during 2017-2018.</td>
<td>45</td>
</tr>
<tr>
<td>The LQ45 corporations that were inconsistently listed in the LQ45 index for 2017-2018 and did not publish their sustainability reports by using GRI standards.</td>
<td>(26)</td>
</tr>
<tr>
<td>Total corporations that meet the criteria</td>
<td>19</td>
</tr>
<tr>
<td>Total sample during 2 years</td>
<td>38</td>
</tr>
<tr>
<td>The sample encountered outlier</td>
<td>(8)</td>
</tr>
<tr>
<td><strong>Total sample used</strong></td>
<td>30</td>
</tr>
</tbody>
</table>

3.2. Research Variables

**Dependent Variables**

In this research study, there are two dependent variables – a company’s financial performance and firm value.

**Financial Performance**

Financial performance is a picture of how good a financial condition and market performance are that can be identified by analyzing the two with financial analysis tools (Wijayanti, 2016). The financial performance in this research makes use of profitability dimension. The profitability is measured by Return on Asset (ROA). ROA is the most important ratio in the profitability dimension as it is used to measure the effectiveness of a company’s operations (Albahi, 2009). ROA is net profits after tax divided by total assets. By this ratio, it can be known the amount of return level (%) from the company’s assets.

**Firm Value**

Firm value in this research can be defined as market value. Samuel (2000) in Nurlela & Islahuddin (2008) explained that market value is a stock price listed on the stock exchange determined by market participants based on supply and demand of the stock. Firm value can provide maximum prosperity for shareholders if the firm’s stock price rises. Firm value is measured by Tobin’s Q ratio developed by Professor James Tobin (1967). Selecting this ratio is based on the ratios popularly employed by prior studies and it is considered the right formula to measure firm value.

Tobin’s Q is the ratio of the market value of the company's assets as measured by the market value of the total outstanding shares and debt to the company assets’ replacement cost.

**Independent Variable**

The independent variable in this research study is the disclosure of sustainability report proxied with the disclosure of economic, environment, and social performance.
Economic Performance

The economic performance aspect in a sustainability report is closely tied to the organizational impacts on the economic condition from the stakeholders’ point of view and on the economic system within the local, national, and global scale. The economic performance is measured by using SRDI.

\[ EcDI = \frac{K}{N} \]

Information:
- \( EcDI \) = indicator of economic performance disclosure
- \( K \) = The number of items disclosed
- \( N \) = the number of items expected to be disclosed

Environmental Performance

The environmental performance dimension in a sustainability report is the organizational impacts on nature system - living and unliving things. The environment categories include the impacts related to the company’s input and output. Environmental performance is measured by using SRDI.

\[ EnDI = \frac{K}{N} \]

Information:
- \( EnDI \) = indicator of environmental performance disclosure
- \( K \) = the number of items disclosed
- \( N \) = the number of items expected to be disclosed

Social Performance

The social performance aspect in a sustainability report is the organizational impacts on the social system within the community where the company operates. The indicators of social performance contain sub-categories of employment practices and work convenience, human rights, community, and product responsibilities. Social performance is measured by using SRDI.

\[ SoDI = \frac{K}{N} \]

Information:
- \( SoDI \) = indicator of social performance disclosure
- \( K \) = the number of items disclosed
- \( N \) = the number of items expected to be disclosed

3.3. Data Analysis Method

The data analysis method used in this research study is quantitative method processed by SPSS program version 26. The method comprises descriptive statistics, classic assumption test, multiple regression analysis and hypothesis testing. There are two equation models of multiple linear regression developed in this study:

I. \[ KP = \alpha + \beta1EcDI + \beta2EnDI + \beta3SoDI + \epsilon \]

II. \[ NP = \alpha + \beta1EcDI + \beta2EnDI + \beta3SoDI + \epsilon \]
4. RESULTS AND DISCUSSIONS

4.1. Descriptive Analysis

Descriptive statistics is used to see the picture or description of the data viewed from minimum, maximum score, mean, and deviation standard. The descriptive statistics results of each variable in this study are as follows:

Table 2. Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>.0000</td>
<td>.6923</td>
<td>.328206</td>
</tr>
<tr>
<td>Environmental</td>
<td>.0000</td>
<td>.3667</td>
<td>.153334</td>
</tr>
<tr>
<td>Social</td>
<td>.0882</td>
<td>.5882</td>
<td>.250001</td>
</tr>
<tr>
<td>Company Performance</td>
<td>.0077</td>
<td>.2068</td>
<td>.047071</td>
</tr>
<tr>
<td>Company Value</td>
<td>.9025</td>
<td>2.9487</td>
<td>1.407775</td>
</tr>
</tbody>
</table>

4.2. Classic Assumption Test

Normality test in this research study was conducted by Kolmogorov-Smirnov Test. The results show the value of asymp.sig (2-tailed) is 0.200 which means the data are normally distributed. As it is above 0.05, the testing of regression model 1 and 2 has produced normally distributed results.

Test of multicollinearity was done by checking the tolerance value and VIF. If the tolerance value > 0.10 and VIF < 10, the data are free from multicollinearity symptoms. The research findings reveal that the tolerance value and VIF on the free variable are >0.1 and <10. So, it can be concluded that the regression equation of model 2 does not contain a strong connection within the regression or to put it another way the data are free from multicollinearity symptoms, thus they are worthy of use for further analysis.

Test of heteroscedasticity makes use of scatterplot graph. Based on the results of the heteroscedasticity test of model 1 and 2, certain patterns were not created on the scatterplot graph and the dots spread randomly above and below the 0 on the Y axis. This finding shows that the data are worth of use for further analysis as heteroscedasticity symptoms are not found.
Test of autocorrelation in this research study makes use of run test. The results of the autocorrelation test of model 1 and 2 reveal that the values of asymp.sig (2-tailed) is 0.353 and 0.193 which means the values are > 0.05. Thus, autocorrelation is not found in this test.

4.3. Results of Hypothesis Testing

The hypothesis testing in this research study uses multiple regression equation and t-test with the following results.

Testing hypothesis 1, hypothesis 2, and hypothesis 3 employed equation model I.

Table 3: Results of t-test for equation model I

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>B</th>
<th>Sig.</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>.904</td>
<td>.015</td>
<td>Hypothesis supported</td>
</tr>
<tr>
<td>Environmental</td>
<td>1.410</td>
<td>.011</td>
<td>Hypothesis supported</td>
</tr>
<tr>
<td>Social</td>
<td>-1.621</td>
<td>.006</td>
<td>Hypothesis not supported</td>
</tr>
</tbody>
</table>

4.3.1. The influence of economic aspect on company performance

The hypothesis says the economic aspect in a sustainability report has a positive influence on company performance. The hypothesis testing was conducted by examining the significance of regression coefficient of economic aspect variable in a sustainability report on company performance. The regression coefficient of the economic variable is 0.904 and its significance value is 0.015. On the level of $\alpha = 5\%$, such regression coefficient is significant as its significance value $0.015 < 0.05$. The significance value leads to a conclusion that the economic aspect in a sustainability report has a positive influence on company performance. As such, H1 is supported. Thus, the larger the index in the disclosure of the economic aspect, the higher the financial performance of a company.

The disclosure of the economic aspect relates to how a company plays a role in economic development in the surrounding area. The more the economic performance aspect has been disclosed, the higher the ROA of a company for one year to come. This is because the disclosure will provide positive information on things the company undertakes related to economic issues. Furthermore, the information will be used by the company as a promotion media thus increase consumers’ interest and attitude on the company. Consequently, it will increase the company’s ability and performance in rising profits. Thus, the better the disclosure of economic aspect, the better the company's performance. This finding is in line with the research finding by Simbolon and Sueb (2016), and Wijayanti (2016), revealing that the economic aspect in a sustainability report had a positive influence on a company’s financial performance.

4.3.2. The influence of environmental aspect on company performance

The hypothesis states that the environmental aspect in a sustainability report has a positive influence on company performance. The hypothesis testing was conducted by examining the significance of regression coefficient of environmental aspect variable in a sustainability report on company performance. The regression coefficient of environmental aspect is 1.410 and the significance value is 0.011. On the level of $\alpha = 5\%$, such regression coefficient is significant as its significance value is $0.011 < 0.05$. The significance value leads to a
conclusion that the environmental aspect in a sustainability report has a positive influence on company performance. As such, H2 is supported.

A good company is the one that runs its business operations by paying attention to its surroundings. The more the environmental aspect has been disclosed, the higher the ROA of a company for one year to come. This is because the disclosure of the environmental aspect in a sustainability report will provide a positive information on things the company undertakes related to environmental issues. Furthermore, the information can be used by the company as a promotion media thus increase consumers’ interest and attitude on the company. Consequently, it will increase the company’s ability and performance in rising profits. Thus, the better the disclosure of environmental aspect, the better the company performance. This finding corroborates a study by Wijayanti (2016), showing that environmental aspect in a sustainability report had a positive influence on a company’s financial performance.

4.3.3. The influence of social aspect on company performance

The hypothesis says that the social aspect in a sustainability report has a positive influence on company performance. The hypothesis testing was done by examining the significance of regression coefficient of social aspect variable in a sustainability report on company performance. The regression coefficient of social aspect is -1.621 and the significance value is 0.006. On the level of $\alpha = 5\%$, such regression coefficient is significant as its significance value is 0.006 < 0.05. From such significance value, it can be concluded that the social aspect in a sustainability report has a negative influence on company performance. Thus, H3 is not supported.

The negative influence of social aspect disclosure on company performance will likely be the information that causes a decline in the company performance. This is because most of companies still consider that the social aspect is only a burden possibly reducing their revenues so that the disclosure of this aspect is unable to contribute to the company’s financial performance. This finding is in line with stakeholder theory by Freeman (1984), stating that social disclosure should be a form of corporate responsibility to stakeholders in order to earn a positive image that will improve the company's financial.

Testing hypothesis 4, hypothesis 5 and hypothesis 6 used equation model II with the following results:

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>B</th>
<th>Sig.</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>-.018</td>
<td>.906</td>
<td>Hypothesis supported</td>
</tr>
<tr>
<td>Environmental</td>
<td>.610</td>
<td>.011</td>
<td>Hypothesis supported</td>
</tr>
<tr>
<td>Social</td>
<td>-.317</td>
<td>.192</td>
<td>Hypothesis not supported</td>
</tr>
</tbody>
</table>

4.3.4. The influence of economic aspect on firm value

The hypothesis states that the economic aspect in a sustainability report has a positive influence on firm value. The hypothesis testing was carried out by examining the significance of regression coefficient of economic aspect variable in a sustainability report on firm value. The regression coefficient of economic aspect is -0.018 and the significance value is 0.906. On the level of $\alpha = 5\%$, such regression coefficient is significant as its significance value is
0.906 > 0.05. From the significance value, it can be concluded that the economic aspect in a sustainability report does not have an influence on firm value. Thus, H4 is not supported.

The absence of the influence of economic aspect on firm value will be likely the information that does not impact the company’s stock price. Investors would perceive that the companies with more or less disclosure of economic aspect in their sustainability reports will have similar stock prices. This is because the economic aspect has not been completely disclosed in a sustainability report. It is likely caused by few factors - there are few indicators undisclosed, changing guidelines from GRI-G4 to be GRI standards. This finding supports a study by Sejati & Prastiwi (2015) that suggested the disclosure of economic aspect in a sustainability report did not influence firm value.

4.3.5. The influence of environmental aspect on firm value

The hypothesis says that the environmental aspect in a sustainability report has a positive influence on firm value. The hypothesis testing was conducted by examining the significance of regression coefficient of environmental aspect in a sustainability report on firm value. The regression coefficient of the environmental aspect is 0.610 and the significance value is 0.011. On the level of $\alpha = 5\%$, such regression coefficient is significant as its significance value 0.011 < 0.05. Such significance value leads to a conclusion that the environmental aspect in a sustainability report has a positive influence on firm value. Thus, H5 is supported. It indicates that the higher the index of environmental aspect, the higher the firm value.

A good company is the one that runs its business operations by paying attention to its surroundings. In this case, investors prefer a company with better environmental performance aspect. Better environmental performance aspect means the company could build investors’ trust so that the investors might invest their funds in the company. In Indonesia, environmental damage is increasing each year, one of the causes is due to the company’s activities and investors can monitor clearly this environmental aspect through the sustainable report the company has disclosed. Consequently, the sustainable report containing good environmental aspect will be likely to boost the positive image and financial performance of the company. As the financial performance gets improved, the stock price rises too, thus increases firm value. This corroborates a study by Kurniawan, Sofyani, & Evi (2018), that suggested the environmental performance aspect influenced firm value.

4.3.6. The influence of social aspect on firm value

The hypothesis states that the social aspect in a sustainability report has an influence on firm value. The hypothesis testing was carried out by examining the significance of regression coefficient of social aspect variable in a sustainability report on firm value. The regression coefficient of social aspect is -0.317 and the significance value is 0.192. On the level of $\alpha = 5\%$, such regression coefficient is not significant as its significance value is 0.192 > 0.05. From the significance value, it can be concluded that the social aspect in a sustainability report does not have an influence on firm value. Nevertheless, the firm value remains high when viewed from the mean of Tobin’s Q which is above 1, namely 1,407775. Thus, H6 is not supported.

The disclosure of social performance aspect simply focuses on the direct relationship between company and stakeholders, primarily consumers. This shows that the social performance aspect is not connected directly with investors’ interest. In this research study,
the investors’ point of view serves as the primary stakeholders, so that it might be one of the factors why social aspect disclosure does not have any effect on firm value. This finding supports a research by Sejati & Prastiwi (2015) showing that the disclosure of social aspect in a sustainability report did not have an influence on firm value.

5. CONCLUSIONS AND LIMITATIONS

5.1. Conclusions
The disclosure of economic aspect has a positive influence on company performance, but does not have an influence on firm value.
The disclosure of environmental aspect has a positive influence on company performance as well as firm value.
The disclosure of social aspect has a negative influence on company performance, but no influence on firm value.

5.2. Implication
The Indonesian government should give rewards to the corporations with high disclosure of sustainability reports, and give punishments to those with low disclosure.

5.3. Limitations
During the research years, the changing of guidelines of GRI G4 to be GRI standards was occurring. Thus, there are a few corporations that have not made use of GRI standards.

REFERENCES
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12.


