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Sustainability Reporting Disclosure on Industry in Indonesia

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Abstract

This study aims to analyze Sustainability Reporting disclosure in different industry type. This study also examine the effect of Sustainability Reporting on company value in public companies listed on the Indonesia Stock Exchange. The industry type consisted 8 industry are agriculture; mining; basic industry and chemical; miscellaneous industry; consumer goods industry; property, real estate, and building construction; infrastructure, utility, and transportation and trade, service, and investment. Sustainability Reporting variable was measured by SRDi and company value variable was measured by Tobin's Q. This study used a quantitative method, data obtained from annual report, financial report, and sustainability report from 2015-2019. Determination of the sample used slovin and purposive sampling techniques. Determination of the sample used slovin and purposive sampling methods. Analyzing used in this research are ANOVA test with One Way Analysis of Variance and multiple regression analysis. The results of this study show that the level of Sustainability Reporting disclosure in each industry is different, both in terms of the number of items and in terms of the aspects disclosed. However, Sustainability Reporting disclosure has no effect on company value.

Keywords: Industry Type; Sustainability Reporting; Company Value

INTRODUCTION

Every industry is required to be involved in social and environmental responsibility activities and sustainable development activities. The Sustainable Development Goals (SDGs) contain 17 goals that were officially endorsed by the United Nations in 2015. This agenda is a global action plan including Indonesia for 15 years from 2016-2030.

In the field of accounting, the practice of corporate reporting on sustainability issues has also become a global concern. Global Reporting Initiative (GRI) is a non-profit organization that focuses on developing globally recognized standards or guidelines in the preparation of sustainable reporting. The standards issued by GRI contain the positive and negative impacts caused by the company in terms of economic, social, and environmental aspects by taking into account sustainable goals.

John Elkington 1994 put forward the concept of a triple bottom line consisted of profit, people, and planet (Bhatia and Tuli 2017). It means that the activities carried out by industry must be economically feasible, socially adaptable, and also responsible for the environmental impacts arising from its business activities. Reports on industrial activities, in this case, can be seen in the Sustainability Reporting Disclosure issued by the company as a form of communication with the public (Lako 2018). In Indonesia, the importance of reports on environmental social responsibility activities for sustainable development, the government issued Undang-Undang No. 40 of 2007 concerning Limited Liability Companies.

In convincing the public and other stakeholders, each industry will disclose activities related to economic, social, and environmental activities carried out in the Sustainability Reporting report. Therefore the community provides legitimacy. The company will try to harmonize social values related to its business activities with behavioral norms that exist in the social system of society (Swarnapali 2020). It is in accordance with the legitimacy theory proposed by Dowling & Preffer (1975) which revealed that the legitimacy of the community is important for companies.

With the disclosure of the sustainability report which is a medium of dialogue between the company and the community, it is hoped that the company will be able to gain legitimacy from the community for their participation in sustainable development. Each different industry has relatively different characteristics seen from its regulations, stakeholder demands, market competition, the type of information needed by the community, and the threat of entry of new competitors into the market. Therefore the information disclosed will be different (Bhatia and Tuli 2017).

Every industry will strive to do more activities related to the environment and have an impact on society. The Industries that have interests with more legitimate parties and whose activities have a wider impact on economic, environmental, and social aspects will try to convey broader information, therefore the items disclosed by each industry will be different in their sustainability reports (Swarnapali 2020).

According to (Yi and Yu 2010) the financial industry in Hong Kong discloses more social aspects of sustainability reporting in its annual report. (Ching, Gerab, and Toste 2013) stated that the companies in the financial industry will maintain relationships with the community. In addition, the utility industry discloses more sustainability information on environmental aspects because public awareness of the environment is relatively higher for the impact caused by the utility company during production. However, the results of the research also found that companies in the consumer goods industry tend to disclose low sustainability information.

According to (Ching et al. 2013) the infrastructure industry provides reported content with better quality than the service industry, this is because the infrastructure industry concentrates on electrical energy and natural distribution, therefore it will pay more attention to issues related to the environment. Polluting industries must report all disclosures related to pollution impacts in their sustainability reports following the GRI framework which is the guideline for preparing sustainability reports (Ariyani and Hartomo 2018).

Bhatia & Tuli (2017) argued that the chemical companies whose products quickly pollute the environment and their dangerous research activities motivate them to be more responsive to the disclosure of information to the public, therefore they are not rivaled by other companies than other companies. The other sensitive industries, namely the mining industry which is directly related to nature and in direct contact with the community, oil and gas companies disclose more information about social contributions to maintain their public image and goodwill.

The nature of the industry is expected to be related to the quality of sustainability disclosure (Bhatia and Tuli 2017). According to the findings of several studies above, some industries that are more sensitive to sustainability issues disclose more disclosures because they have more legitimate stakeholders to deal with.

Any relevant information about the company plays a very important role in the investment decisions of investors because the information is absorbed by the market very quickly in the form of changes in stock prices (Sinaga et al. 2017). The more complete the information disclosed by a company, the less investor's perception of the company's risk.

The results of research by (Wiwik and Yanto 2016), (Ariyani and Hartomo 2018) conducted in Indonesia was suggested that both industries that have high and low risks both disclose wider Sustainability Reporting to provide benefits to stakeholders. This research will expand the research by looking at the disclosure of Sustainability Reporting from each industry.

In addition, this study wants to analyze the effect of the disclosure of Sustainability Reporting on company value. The company's goal is to increase its value of the company because the companies that exist in the future will be guaranteed if the company's value is higher(Prastuti and Sudiartha 2016). The value of the company is used by investors as a reference for market assessments to assess the state of the company (Karjati and Winarto 2018) which can be reflected in its share price.

The movement of company value is one of the phenomena or topics that are still interesting to discuss. The stock performance of each sector during 2011-2018 for the agriculture industry decreased by 2.67%, the basic industry increased by 138.8%, mining increased by 26.32%, finance increased by 161.31%, property and construction industries increased by 137.12%, the Astra industry rose by 109.95%, the consumption industry increased by 159.74%, infrastructure rose by 49.45%, and the trade and service industry increased by 129.71%. (Source: www.slaveberdasi.com/analisa-sector-saham-ihsg/)

The data above illustrates that the phenomenon of the movement of company value seen from the stock performance of each sector is still volatile and the changes are different for each industry. This is because the fast information circulating about the state of public companies can affect the considerations of investors who have invested in them to keep investing or not. Information about the ability of each company to respond to changes that occur rapidly in the development of the business world is an important assessment for investors (Sinaga et al. 2017).

The company's involvement in carrying out social and environmental responsibility activities for the company's sustainability has proven to be expensive for the company in the short term because it will cost more, but it provides many benefits for the company in the future (Swarnapali and Le 2018). The benefits that can feel directly are in the form of risk reduction, while indirectly in the form of competitive advantage, and also the company will be able to guarantee its business continuity in the future.

Based on the signal theory developed by (Ross 1977), if the company is in good condition, then the manager will be encouraged to convey this information to potential investors so that they are interested in investing and buying company shares. Therefore, the disclosure of Sustainability reporting will give a signal to investors that the company has carried out transparency on its activities related to economic, social, and environmental aspects. Sustainability Reporting is published by the company as a form of communication with the public (Lako 2018). Sustainability Reporting contains information that can describe as a signal to influence investors, because the company's good image is important for the company's future (Adiatma and Suryanawa 2018), resulting in a higher company (Loh, Thomas, and Wang 2017).

The results of research by (Swarnapali 2020), (Karjati and Winarto 2018), (Kuzey and Uyar 2017) suggested a positive relationship between Sustainability Reporting and company value. However, the results of (Iswati 2020) revealed that Sustainability Reporting did not influence the fluctuations in company value in the manufacturing industry in Indonesia.

This study was conducted to find out specifically the differences in the disclosure of Sustainability Reporting in different types of industries. This study also analyzed the effect of Sustainability Reporting disclosure on company value in public companies listed on the Indonesia Stock Exchange.

THEORITICAL FRAMEWORK AND HYPOTHESIS

Signaling Theory

Signaling theory was developed by Ross (1977) (Connelly et al. 2011), according to him, if the company is in good condition, then the manager will be encouraged to convey this information to potential investors so that they are interested in investing and buying company shares.

Disclosure of Sustainability reporting will give a signal to investors as receivers that the company has carried out transparency on its activities related to economic, social, and environmental aspects. Sustainability Reporting disclosures provide information that describes the activities carried out by the company with the aim of influencing stakeholders and public perceptions, because the company's good image is important for the company's future (Adiatma & Suryanawa 2018) therefore the resulting company value will be higher (Loh et al. 2017).

Legitimacy Theory

Legitimacy Theory was coined by (Dowling and Pfeffer 1975) who suggested that legitimacy theory is very useful in analyzing organizational behavior:

> *"because legitimacy is important to organizations, constraints imposed by social norms and values and reactions to such constraints provide a focus for analyzing organizational behaviors taken with respect to the environmental."*

Organizational legitimacy can be seen as what the company wants or the company seeks from the community or something that the community gives to the company (Karlina et al. 2019). Legitimacy theory focuses on the interaction between the company, environment, and society (Dowling and Pfeffer 1975). Companies need legitimacy or recognition from stakeholders (investors, creditors, consumers, government, and society) in order to be able to maintain their business continuity (Susanti and Alvita 2019).

Every industry must be able to adapt to the social norms and values of society(Swarnapali 2020). If there is a difference between the social values inherent in the company's activities and the social values of the community, the difference is referred to as a "legitimacy gap" where the company's ability to continue its business activities can be affected (Lindawati and Puspita 2015). Based on this, it can be said that social values related to the activities carried out by the company must be in line with community values.

The embodiment of legitimacy in today's business world can be in the form of reporting on corporate social and environmental activities. Disclosure of sustainability reports (Sustainability

Reporting) is expected to be able to make companies gain social legitimacy and maximize their financial situation. Every industry will strive to disclose a complete Sustainability Reporting to gain legitimacy from the public and investors.

Industry Type

The type of industry is a characteristic possessed by a company related to the line of business, business risks, employees owned, and the company environment (Susanti and Alvita 2019). The type of industry is the type of business that the company runs according to the business sector (Karlina et al. 2019).

The different industries will have different characteristics and depend on growth potential, the number of employees, competition, and government intervention (Hidayah, Badawi, and Nugroho 2019). Based on these definitions, it concluded that the type of industry was related to the business activities carried out by each industry.

According to 2020 data taken from the Indonesia Stock Exchange (IDX), industry types are divided into 9. There are agriculture; mining; basic industry and chemical; miscellaneous industry; consumer goods industry; property, real estate, and building construction; infrastructure, utility, and transportation; financial industry; and trade, service, and investment.

The agricultural sector consists of businesses related to food crops, plantations, animal husbandry, fisheries, forestry, and other services. Mining sector consists of businesses related to mining and quarrying, for example, coal mining, oil and gas, metal ore, rock quarrying, clay, sand, salt mining and quarrying, mineral mining, chemicals, and mining. fertilizers, as well as gypsum, asphalt, and limestone mining.

Basic and chemical industry, the basic industrial sector is concerned with converting basic materials into semi-finished or finished goods that are still to be processed further. The chemical industry includes the business of processing materials related to basic chemicals that use in the next production process and the pharmaceutical industry. The miscellaneous industrial sectors are related to business activities in the manufacture of heavy or light machines, including their supporting components.

The consumer goods industry is related to the processing business that converts basic or semi-finished materials into finished goods which can generally be consumed by personal or households. Property, real estate, and construction, the construction industry is concerned with the business of making, repairing, and demolishing houses and various types of buildings. The real estate industry is concerned with the business of buying, selling, leasing, and operating a wide variety of residential and non-residential buildings.

The infrastructure, utilities, and transportation industries are related to businesses that include the provision of energy, transportation, and telecommunications facilities, as well as infrastructure buildings and their supporting services. Infrastructure buildings include non-building and houses. Finance industries related to the financial sector, including financial intermediaries, financing institutions, insurance, securities companies, and investment companies. The trade, service, and investment industries are related to large and small or retail trade businesses, as well as businesses related to the service sector such as hotels, restaurants, computers and their equipment, advertising and media, and the printing industry (www.idx.co.id).

Sustainability Reporting

Sustainability Reporting is defined by Lako as follows:

"Sustainability Reporting (SR) is a model for reporting corporate information to stakeholders that integrates financial reporting with social reporting, environmental reporting, and corporate governance reporting. integrated into one reporting package."

Sustainability Reporting is structured to make an organization in planning, preparing, reporting, and disclosing information about activities related to social and environment as accountability for its participation commitments to pay more attention to economic, social, and environmental issues as well as their accountability to stakeholders to achieve goals sustainability of the organization.

Sustainability Reporting based on the concept of TBL (Tripple Bottom Line) was coined by Elkington (1994) (Bhatia and Tuli 2017). There are three aspects mentioned, that are known as the 3P (Profit, People, Planet). The company's responsibility is not only to create economic prosperity (profit) but also to prosper the community (people) and protect the environment (planet). The information presented is more complete, relevant, reliable, and sustainable, therefore the decisions made by stakeholders are more precise and accurate (Lako 2018).

The Global Reporting Initiative (GRI) organization has developed globally applicable sustainability reporting guidelines since 2001 and continues to grow today These guidelines can be used by all companies as guidelines in preparing Sustainability Reporting (sustainability reports) (Lako 2018). The GRI standard consists of disclosure items regarding the positive and negative impacts carried out by companies viewed from the economic, environmental, and social aspects which are the reference for each company to prepare a sustainability report. Organizations and companies can disclose all or part of the disclosure items listed in the GRI standards to report information on their activities.

Company Value

The value of a company can be interpreted as an assessment of the level of success of investors in managing their resources (Karjati and Winarto 2018). Company value is reflected in the price of shares that have been outstanding in the stock market that investors must pay to be able to own a public company and also from the bargaining power of shares.

If the company is estimated as a company that has good prospects in the future, the value of its shares will be high (Rizki, Agriyanto, and Farida 2019). Therefore, it can be stated that the value of the company will increase if the stock price of a company is high because more investors are buying the shares.

1. Industry Type and Sustainability Reporting

The nature of the industry is expected to be related to the quality of sustainability disclosure (Bhatia and Tuli 2017). Each different industry should have different interests towards society. The characteristics and differences of interest between industries will differentiate the level of Sustainability Reporting disclosure in each industry.

Based on the legitimacy theory, each different type of industry should have different interests in society. The company will always strive to ensure that its business activities are in accordance with the values of the community to get good recognition from the community. One of the manifestations of corporate legitimacy today can be seen from the reporting of corporate social and environmental activities which will ultimately maximize the company's financial aspects. This reporting is known as a sustainability report or Sustainability Reporting. The characteristics and differences of interest between industries will differentiate the level of Sustainability Reporting disclosure in each industry.

Research conducted (Wiwik and Yanto 2016) (Ariyani and Hartomo 2018), and (Hidayah et al. 2019) stated that the type of industry did not necessarily affect the extent of Sustainability Reporting disclosure, this study only divides the type of company into high profile and low profile companies. , these companies are both trying to make wider SR disclosures to provide benefits to stakeholders. However, (Bhatia and Tuli 2017) argued that companies in the field of multinational operations and including in the Software, IT and ITES, Oil and Gas industries in India have a significant influence on sustainability disclosure. In addition, research conducted (Yi and Yu 2010) on companies in Hong Kong found that different types of industries have different levels of disclosure. Research (Kuzey and Uyar 2017) argued that the significant influence of industry type on sustainability reporting shows the relevance of legitimacy theory in explaining sustainability reporting practices in Turkish companies

H1: Sustainability Reporting in each industry has a different level of disclosure

2. Sustainability Reporting and Company Value

Disclosure of Sustainability Reporting is very important for potential investors as a form of transparency on the activities carried out by the company. The signal given by the company by disclosing the Sustainability Reporting will affect the investment decisions of potential investors so that it affects the value of the company. The results of research by (Swarnapali 2020), (Karjati and Winarto 2018) and (Kuzey and Uyar 2017) suggested a positive relationship between Sustainability Reporting and company value. However, the results of (Iswati 2020) revealed that Sustainability Reporting did not influence the fluctuations in company value in the manufacturing industry in Indonesia.

Based on the signaling theory in Sustainability Reporting, it is a form of transparency and accountability of corporate social and environmental responsibility activities that can improve the company's economic or financial condition so that its business sustainability can be guaranteed. The information contained in the Sustainability Reporting is very important for stakeholders, especially investors, as a signal that the company is in good condition. This causes the company's stock price to rise and the value of the company to increase.

Iswati 2020 explained the relationship between Sustainability Reporting to company value and the results of his research find that Sustainability Reporting does not effect on company value. In contrast to research (Kuzey and Uyar 2017) and (Karjati and Winarto 2018)which suggested a positive relationship between Sustainability Reporting and company value, also research (Swarnapali 2020) found a positive relationship between Sustainability Reporting and market value. The company's Sustainability Reporting will give a positive signal to stakeholders, especially potential investors who play a role in increasing the value of the company.

H2: Sustainability Reporting has a positive effect on company value

RESEARCH METHOD

This research used a quantitative method. The research data is secondary data obtained from the company's annual report, financial report, and sustainability report from 2015-2019. Determination of the sample used slovin and purposive sampling techniques. The characteristics of the samples used are:

1. The company listed on the Indonesia Stock Exchange in 2015-2019.

2. The company published Annual Reports and has complete financial data required for 2015-2019.
3. The company used rupiah currency in their financial statements in the Annual Report from 2015-2019.
4. The company published Sustainability Reporting consecutively in 2015-2019 either in one unit with the annual report or published separately.

The final sample of the study was 35 companies consisting of 8 industries listed on the Indonesia Stock Exchange in 2020, which can be seen in table 1 below:

Table 1. Number of Final Samples of Research

Industry Type	Number Sample
Agriculture	2
Mining	2
Basic industry and chemical	4
Miscellaneous industry	3
Consumer goods industry	7
Property, real estate, and building construction	4
Infrastructure, utility, and transportation	4
Trade, service, and investment	9
Total	35

This study was analyzed using the ANOVA test with One Way Analysis of Variance because the study wanted to compare more than two categories. In addition, this study also uses multiple regression analysis. Thus, the research model to test the two hypotheses is as follows:

Model 1: *One Way Analysis of Variance Test*

H0: $\mu1 = \mu2 = \mu3 = \mu4 = \mu5 = \mu6 = \mu7 = \mu8$

H1: $\mu1 \neq \mu2 \neq \mu3 \neq \mu4 \neq \mu5 \neq \mu6 \neq \mu7 \neq \mu8$

Model 2: Multiple Regression Analysis

$CV = \alpha + \beta_1 SR + \beta_2 SZ + \beta_3 ROA + \beta_4 ROE + \beta_5 CR + e$

Operational Variables

Company's value was measured by Tobin's Q (Swarnapali 2020) and (Kuzey and Uyar 2017).

Tobin's Q = $\frac{(MVE+DEBT)}{TOTAL\ ASSET}$

Sustainability Reporting was measured by Sustainability Reporting Disclosure index or SRDi (Iswati, 2020; Anggiyani and Yanto, 2016).

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

n: disclosure items reported by the company divided
K: overall items contained in the 2016 GRI standard

This study was added several control variables namely company size as measured by the logarithm of total assets (LnAsset) (Pratama and Wiksuana 2019), profitability as measured by ROA and ROE ratios (Sutama and Erna 2018), and liquidity as measured by the current ratio (Hapsoro and Falih 2020).

RESULT AND DISCUSSION

This study used 35 companies in 5 years of observation to obtain 175 observational data. The financial industry was excluded from this study because there were unfulfilled sample characteristics.

Sustainability Reporting in Every Industry

The results of the descriptive statistical test of the Sustainability Reporting variable in each industry are presented in table 2 below:

Table 2: Descriptive Statistics of Sustainability Reporting Variables

In Every Type of Industry

Industry Type	N	Mean	Std. Dev	Min	Max
Agriculture	10	0,400	0,140	0,260	0,662
Mining	10	0,504	0,208	0,182	0,896
Basic industry and chemical	20	0,276	0,126	0,117	0,506
Miscellaneous industry	15	0,207	0,049	0,130	0,273
Consumer goods industry	35	0,193	0,087	0,039	0,325
Property, real estate, and building construction	20	0,255	0,099	0,104	0,532
Infrastructure, utility, and transportation	20	0,277	0,115	0,104	0,481
Trade, service, and investment	45	0,142	0,077	0,026	0,286

Descriptive statistics of the Sustainability Reporting variable in the agriculture industry revealed 40% items, mining industry 50.4% items, basics, and chemical industries 27.6% items, various industries 20.7% items, consumer goods industry 19.3% items, property industry, real estate, and building construction with 25.5% items, infrastructure, utilities, and transportation industries 27.7% items, and trade, service, and investment industries accounting for 14.2% items from the total items contained in the 2016 GRI standard.

The industry that has the highest average Sustainability Reporting disclosure is the mining industry at 50.4%, and the lowest in the trade, service, and investment industry. Thus, it can be seen that the average Sustainability Reporting disclosure in each industry is different as evidenced by the results of the F ANOVA test in table 3 below:

Table 3: F ANOVA Test Results

	Sustainability Reporting
F	19,762
Sig.	0,000
sig at p<=5%	

The significance value (sig) 0.000 is smaller than 0.05. These results indicated that the 8 industrial groups in this study have different average values.

The results of the study are in line with the Legitimacy theory. Industries that have wider interests and have an impact on all three aspects (economic, social, and environmental) disclose more SR to maintain a good image and recognition from the public, services, and investments.

The entire industry that is the research sample reports a different level of Sustainability Reporting disclosure every year. The mining industry reveals the most SR in every aspect included economic, social, or environmental aspects. Various industries revealed the lowest SR on the economic aspect. Trade, service, and investment industries revealed the lowest SR on social and environmental aspects.

The agriculture industry discloses Sustainability Reporting on economic aspects related to climate/weather. In addition, in environmental aspects, especially related to land used or land related to protected areas, it is also related to the waste generated. The mining industry discloses more Sustainability Reporting disclosure items on environmental and social aspects because it is business activities that were directly related to nature and regarding employment as related to social contributions made to the community was also reported.

The basic and chemical industry discloses Sustainability Reporting on environmental aspects, especially it is related to materials, greenhouse gases, and waste. It is in line with research by (Bhatia and Tuli 2017) which reveals that chemical companies will be more responsive to the disclosure of information to the public to maintain public trust. Various industries disclose Sustainability Reporting on environmental aspects related to the energy used by the company because industrial production activities use large amounts of energy. This result is in line with (Ariyani and Hartomo 2018) research because production activities require large amounts of energy which can cause waste and pollution.

The consumer goods industry discloses Sustainability Reporting on social aspects related to product safety. Research (Yi and Yu 2010) stated that the consumer goods industry reveals low Sustainability Reporting. However, in this study, the consumer goods industry is better than the trade, service, and investment industries. The property, real estate, and building construction industries disclose Sustainability Reporting on environmental aspects.

The infrastructure, utility, and transportation industries disclose the disclosure items on environmental and social aspects. This result was related to the research of (Ching et al. 2013) that found that the infrastructure industry pays more attention to environmental issues, and this industry is better than various industries. The trade, service, and investment industries disclose Sustainability Reporting on social aspects related to employment and products.

The result of this study was also related to the research conducted by several previous studies which stated that different industries will have different levels of disclosure due to different interests (Bhatia and Tuli 2017). Some more sensitive industries will disclose more details regarding their sustainability information (Yi and Yu 2010).

Industry in Indonesia has paid attention to the direct impact on the economic, environmental, and social aspects of the community in the environment around the company. The greater impact makes the higher the involvement of the industry in conducting and disclosing Sustainability Reporting. It is done to make the industry still gets legitimacy from the community.

Relationship between Sustainability Reporting and Company Value

In table 4 below are the results of descriptive statistical tests for all variables.

Table 4: Table of Descriptive Statistics

Variabel (N=175)	Mean	Minimum	Maximum	Std. Dev
Sustainability Reporting	0,237	0,026	0,896	0,139
Company's Size	3,407	3,240	3,616	0,060
Profitability – ROA	0,106	-0,558	2,765	0,355
Profitability – ROE	0,111	-1,439	1,400	0,271
Liquidity	0,171	-6,475	2,006	0,935
Company's value	0,053	-2,518	3,076	0,991

Descriptive statistics showed that the company discloses only 23.7% of the items contained in the 2016 GRI standard.

Table 5: Multiple Regression Analysis Results

Model	Prediction sign	β	T Parsial	sig
(Constant)		5,224	1,294	0,198
SR	+	0,419	0,826	0,410
ROA	+	0,392	1,999	0,047**
ROE	+	1,574	6,007	0,000*
SIZE	+	-1,608	-1,344	0,181
CR	+	-0,041	-0,56	0,576
N	175			
F	9,691			
Sig.	0,000*			
R	0,472			
R Square	0,223			
Adj. R Square	0,200			
*: sig at p<=1%; ** sig at p<=5%; *** sig at p<=10%				

Based on the result of the regression analysis above, the following multiple linear regression equation was obtained:

CV= 5,224 + 0,419SR– 1,608SIZE + 0,392ROA + 1,574ROE - 0,041CR + e

The result of multiple regression analysis showed that the value of the variable sig Sustainability Reporting is 0.410 or 41.0% greater than sig at p <= 5%. This result means that the disclosure of Sustainability Reporting by the company did not affect the value of the company. The control variables of company size and liquidity showed the same results with sig values of 0.181 or 18.1% and 0.576 or 57.6%. This value is greater than sig at p <= 5%, therefore the two variables did not affect the company's value.

The control variable of profitability as measured by ROA showed a sig value of 0.047 or 4.7% smaller than sig at p <= 5%. ROE showed the value of sig 0.000 or 0% smaller than sig at p <= 1%. These results mean that the profitability as measured by ROA and ROE has a positive effect on the company's value.

Based on signal theory, the disclosure of Sustainability Reporting will give a signal to potential investors to buy shares of a company, therefore the value of the company increases. However, this study cannot prove this theory. The signal conveyed by the company from the disclosure of Sustainability Reporting did not make potential investors interested in investing. Investors are more interested in the financial statements issued by the company.

This study was provided results that indicated that the profitability control variables as measured by ROA and ROE have a positive effect on company value. ROE has a greater influence on company value than ROA. ROE reflects the rate of return on investment for(Sutama and Erna 2018). It was showed that the investors are more interested in information related to the profits that will be obtained later.

In line with the research conducted by (Iswati 2020) which stated that in practice the implementation of Sustainability Reporting was not able to convince investors that manufacturing industry or industries that have a high risk of the three aspects and cannot guarantee the continuity of their business in the future and looked at other factors, namely the financial statement. Disclosure of Sustainability Reporting remains important for investors to know the state of the company regarding the company's sustainability. However, for now, the disclosure of Sustainability Reporting has not become the main one to be used as the basis for making investment decisions.

CONCLUSION

Based on the result, it was concluded that each industry in Indonesia has different Sustainability Reporting disclosures, both in terms of the number of items and in terms of the aspects disclosed. It means that each industry has a responsibility to the community with the disclosure of this report. The community will provide legitimacy so that the activities carried out by the industry are still accepted by the community. In addition, the results obtained that the disclosure of Sustainability Reporting in the industry in Indonesia did not give a signal to potential investors. Therefore it did not affect the value of the company. The Financial statements still provide a stronger signal that affects investor decision-making. Therefore, it was affected the value of the company, and also reflected that the characteristics of investors in Indonesia are investors who invest for short-term goals rather than long-term.

ACKNOWLEDGMENTS

This study does not know how the state of Sustainability Reporting and the influence of Sustainability Reporting on company value in the financial industry, because the financial industry

is excluded from the study. In future research, it is recommended to use the Price Book Value (PBV) formula. Further research can divide the type of industry into 12 according to the IDX Industrial Classification issued by the Indonesia Stock Exchange in 2021 and using the latest data. For further research, it is possible to add other variables such as net profit margin and dividend policy.

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