DETERMINANT OF FIRM VALUE THROUGH SUSTAINABILITY REPORT ON SRI-KEHATI INDEX FOR THE PERIOD 2017-2021

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Abstract

This research is motivated by the low firm value on the SRI-KEHATI Index when the performance of the SRI-KEHATI index continues to increase. This study aims to test and obtain empirical evidence related to the effect of economic disclosure, environmental disclosure and social disclosure in the Sustainability Report on firm value on the SRI-KEHATI Index in 2017-2021. This type of research used quantitative. The research data is secondary from the Annual Report and Sustainability Report. The number of samples is 7 companies with a period of 5 years (2017-2021) and selected using the purposive sampling method. The dependent variable is firm value as proxy by Tobin's Q. Economic, environmental and social disclosures as independent variables were measured using the GRI Standards Sustainability Report disclosure index. This study uses the panel data regression analysis method and data processing is assisted by Microsoft Excel 2019 and E-Views 9. The results of this study indicate that (1) economic disclosure in sustainability reports doesn't have significant effect on firm value as evidenced by the probability t-statistical value of 0.5612 > a significant level of 0.05, (2) environmental disclosure in sustainability reports doesn't have significant effect on firm value as evidenced by the probability t-statistical value of 0.4419 > a significant level of 0.05. (3) social disclosure in sustainability reports significantly influence on firm value as evidenced by the probability t-statistical value of 0.0325 < a significant level of 0.05.

Keywords: Firm Value, Economic Disclosure, Environmental Disclosure, Social Disclosure, Sustainability Report.

1. Introduction

The business world today has undergone many developments that have made business actors compete quickly and precisely by prioritizing the effectiveness of company resources and efficiency. In general, companies will be oriented to maximize profitability in order to increase company value and investor satisfaction[1]. Firm value is used by investors to assess the company as a whole. Firm value is an important thing because it reflects the company's performance which can affect investors assessment of the company's level of success[2]. The value of the company in a go public company is usually seen from the market price of the company and in looking at the value of the company, of course, investors are never separated from company information in the form of financial statements that are issued every year[2]. In the Era of Globalization, investors, both domestic and overseas, are slowly starting to implement ESG as one of the aspects considered in making basic investment decisions. Based on the 2018 GSIA (Global Sustainable Investment Alliance) Report, investments that put forward the ESG concept are worth US\$ 14 billion and this figure shows an increasing trend since 2016 where at that time the value of ESG-based investments was around US\$ 12 billion and this upward trend was also found in Japan, Canada, Australia, New Zealand and the United States[3].

The Indonesia Stock Exchange (IDX) on June 8, 2009 released an index whose work pattern is carried out based on global investment trends, namely the SRI-KEHATI index where this index measures the performance of 25 company shares with company selection standards that apply the principles of sustainable responsible investment (SRI) and ESG principle[4]. Since the launch until November 2021, the SRI-KEHATI Index has increased by 224.19%. It can be said that the SRI-KEHATI Index has performed well. However, based on observations from secondary data, several companies that are members of the SRI-KEHATI Index tend to experience a decline in company value since the past few years from 2017 to 2021. This can be seen from Table 1 below:

Company	Tobin's	Tobin's Q				
Code	2017	2018	2019	2020	2021	
ASII	1,57	1,46	1,26	1,14	1,04	
JSMR	1,35	1,31	1,14	1,08	1,03	
KLBF	4,93	4,08	3,92	3,26	3,12	
UNVR	23,29	17,68	16,26	14,41	8,99	

Table 1. List of Values of 4	SRI-KEHATI Index Member
Companies for the	period 2017-2021

Source: Processed by Researchers, 2022

The phenomenon of the declining value of companies in the SRI-KEHATI index members when the performance of the SRI-KEHATI index shows a positive trend makes it an interesting thing to be investigated further. The company's ability to inform its commitments and responsibilities in the form of economic disclosure, environmental disclosure and social disclosure through sustainability reports can be assessed as a form of responsibility, accountability, and transparency of the company to its stakeholders which can then be trusted to increase the value of the company so that the sustainability report can be verified. referred to as one of the factors that can affect the firm value^[5]. This is in accordance with research conducted by Marcella Roebita Lyan, Felisitas Defung, and Zaki Fakhroni who said that the disclosure of sustainability reports on economic, environmental and social aspects had a significant effect on firm value^[6]. And this is also supported by research conducted by Yane Devi Anna and Dita Rari Dwi^[7]. However, other researchers found different results, according to Winri Mulpiani found that the economic disclosure, environmental disclosure and social disclosure in the sustainability report had no significant effect on firm value^[8].

This study aims to test and obtain additional empirical evidence related to the influence of economic disclosure, environmental disclosure and social disclosure in the sustainability report on firm value. Compared to previous research, this research is more focused on the green investment index, namely the SRI-KEHATI Index where no research has been found that considers the economic, environmental, and social aspects of the SRI-KEHATI Index which is a proxy for firm value with Tobin's Q with a study period of 5 years, namely 2017 to 2021.

Disclosure of economic aspects as a form of transparency and corporate responsibility to the demands of stakeholders. Accurate and relevant information will get a good response from stakeholders and will improve the company's image in the eyes of investors and this will have an impact on increasing company financial performance so that it will increase stock prices on the stock market^[9]. The increase in stock prices will be able to increase the firm value^[10]. Research conducted by Tedy Kurniawan, Hafiez Sofyani and Evi Rahmawati found that the disclosure of economic performance has a

significant effect on firm value^[9]. This can be interpreted that the more disclosures made by the company in the economic aspect in the sustainability report, the more it will affect the value of the company. Thus the hypotheses that can be built is:

H_a1: Economic Disclosure in Sustainability Report has a significant effect on firm value.

Disclosure of environmental aspects as a way for the company to explain how its behavior and responsibilities towards the environment around the company's operational activities take place. Disclosure of environmental aspects will make the company gain a competitive advantage because minimizing environmental damage and protecting nature will be a signal for the company's environmental performance that will get the attention of the community^[11]. Public attention will provide positive feedback for the company and increase stakeholder trust in the company. Companies that have environmental responsibility mean that they have relatively low environmental risks and this attracts investors to invest because of transparency in environmental management and will increase investor confidence which makes the demand for company shares increase which means an increase in company value will be followed^[8]. Research conducted by Yane Devi Anna and Dita Rari Dwi has found that the disclosure of environmental aspects in the sustainability report has an effect on firm value^[7]. So that it can be interpreted that the more companies disclose environmental aspects in the sustainability report, the value of the company will increase because of the high stakeholder trust in the company. Thus the hypothesis that is built is:

H_a2: Environmental Disclosure in Sustainability Report has a significant effect on firm value.

Disclosure of social aspects as information on the company's social performance will have an impact on stakeholder perceptions about the company's treatment of the surrounding human resources^[12]. The social aspect is focused on developing skills and the quality of human resources and practices in the surrounding community. The company's performance will not run smoothly if the social aspects have not been met^[13]. Companies that have good social performance will get a positive appreciation from investors so that it will have an impact on increasing stock prices which will increase the value of the company^[8]. Research conducted by Muhammad Farizal Gigih Putra Pratama, Indah Purnamawati, and Yosefa Sayekti stated that the disclosure of the social dimension in the sustainability report has an effect on firm value^[13]. So that it can be interpreted that the more companies disclose social aspects in the sustainability report, the value of the company will increase because of the attractiveness of the company and high stakeholder trust in the company. Thus the hypothesis that is built is:

H_a3: Social Disclosure in Sustainability Report has a significant effect on firm value.

2. Material and Methods

This type of research is a quantitative research. The population in this study are all companies listed on the Indonesia Stock Exchange (IDX) and have been included in the SRI-KEHATI index during the period 2017 to 2021 with a total of 51 companies. As for the sampling technique using the purposive sampling method with the following sampling criteria:

- 1. Companies that have been listed on the SRI-KEHATI Index of the Indonesia Stock Exchange from 2017 to 2021 and have not been delisted.
- 2. Companies that are consistently listed on the SRI-KEHATI Index of the Indonesia Stock Exchange during 2017 to 2021.

- 3. The company publishes annual reports and financial reports from 2017 to 2021.
- 4. The company publishes a sustainability report from 2017 to 2021.
- Companies that publish sustainability reports based on GRI Standards and disclose economic, environmental and social aspects from 2017 to 2021.

No	Criteria	Number of Sample Companies	Number of Sample Data
1.	Companies that have been listed on the SRI- KEHATI Index of the Indonesia Stock Exchange from 2017 to 2021 and have not been delisted	51	255
2.	Companies that are not consistently listed on the SRI-KEHATI Index of the Indonesia Stock Exchange during 2017 to 2021.	(36)	(180)
3.	Companies that do not publish annual reports and financial reports from 2017 to 2021	0	0
4.	Companies that do not publish sustainability reports from 2017 to 2021	(3)	(15)
5.	Companies that publish sustainability reports are not based on GRI Standards and do not disclose economic, environmental and social aspects from 2017 to 2020	(5)	(25)
Tota	al Sample	7	35

Table 2. Sample Distribution List

Source: Processed by Researchers, 2022

Based on the predetermined sample criteria, there are 7 companies with 35 sample data from the population that meet the sample requirements.

This research data is secondary data taken from the company's Annual Report and Sustainability Report obtained from each company's website. Documentation studies are sourced from the Indonesia Stock Exchange through its official website, namely www.idx.co.id, the KEHATI website, namely www.kehati.or.id, the Global Reporting Initiative (GRI) website, namely www.globalreporting.or.id, the official website of each company. , print media and journals. The data used in this study is panel data. Panel data is a combination of time series and cross-section data^[14]. The data processing in this study was carried out using Microsoft Office Excel 2019 and Eviews 9.

The dependent variable in this study is firm value. Firm value in this study is proxied by Tobin's Q. This ratio includes elements of debt and all company assets so that this measurement is superior because it summarizes information relevant to the company's investment decisions^[15]. Tobin's Q < 1 indicates that the stock price is undervalued, which means that management has failed to manage the company's assets and the investment growth potential is low. Tobin's Q = 1 indicates that the stock price is in average condition, which means that the management is stagnant in managing the company's assets and the investment growth potential is not developing. Tobin's Q > 1 indicates that the stock price is overvalued, which means that management has managed to manage the company's assets and the investment growth potential is high. The formula for calculating Tobin's q is ^[16].

$$To bin' s Q = \frac{MVE + DEBT}{TA}$$

Keterangan:

MVE= Closing price of shares x number of shares outstandingDEBT= Long-term liabilities + short-term liabilitiesTA= Total Assets

The independent variables in this study are the disclosure of economic aspects, environmental aspects and social aspects which are measured using the Sustainability Report Disclosure Index (SRDI). The measurement of the disclosure of each index is measured by dividing the number of items disclosed by the company by the number of items expected to be disclosed^[12]. Disclosure guidelines using the GRI Standards. The disclosure indicators for economic aspects are 17 indicators, environmental aspects are 32 indicators, and social aspects are 40 indicators^[17]. The design of this research can be seen in Figure 1 below:



Image 1. Research Design Source: Processed by Researchers, 2022

The analytical method used in this research is the panel data regression analysis method. Panel data regression is a regression model using panel data as research data^[18]. The advantages of panel data regression are^[14]:

- a. Data panels are able to take individual heterogeneity into account explicitly by allowing individual-specific variables
- b. The ability to control heterogeneity which in turn makes panel data can be used to test and build more complex behavioral models.
- c. Panel data is based on repeated cross-sectional observations (time series), so that the panel data method is suitable for use as a study of dynamic adjustment.

- d. The high number of observations has implications for data that is more informative, varied, and the collinearity (multico) between the data is decreasing, and the degree of freedom (df) is higher so that more efficient estimation results can be obtained.
- e. Panel data can be used to study complex behavioral models
- f. Panel data can be used to minimize bias that may be caused by the aggregation of individual data.

The panel data used in this study is a balanced panel data. Data analysis begins with descriptive statistical analysis followed by estimating the panel data regression model, selecting the right panel data regression model with the Chow test, Hausman test, and Lagrange multiplier test, which is then continued by performing classical assumption tests and hypothesis testing performed by using t test (Partial Test) and Coefficient of Determination Test (Adj. R²) The panel data regression model that will be used in this study can be written with the following formula^[14]:

$NP = \alpha + \beta_1 EcDI_{1it} + \beta_2 EnDI_{2it} + \beta_3 SoDI_{3it} + \epsilon it$

Keterangan:

α	= Constant (intercept)
$\beta_1 \dots \beta_3$	= Regression Coefficient (slope)
NP	= Firm Value
EcDI	= Economic Disclosure Index
EnDI	= Environmental Disclosure Index
SoDI	= Social Disclosure Index
8	= Error Term
i	= Cross Section/Company
t	= Time Series/Year

3. Result and Discussion

Date: 06/17/22 Time: 21:11

The description of the data described in this study can be seen from the number of samples, minimum value, maximum value, average value (mean), and standard deviation of each variable used. The results of the descriptive statistical analysis obtained can be seen in table 3 below:

Sample: 2017 2021						
	NP	С	ECDI	ENDI	SODI	
Mean Median Maximum Minimum Std. Dev. Skewness Kurtosis	3.777789 1.539200 23.28580 0.855900 5.500410 2.332059 7.311177	1.000000 1.000000 1.000000 0.000000 NA NA	30.02857 18.00000 94.00000 6.000000 21.78570 1.678746 5.211533	29.88571 25.00000 81.00000 3.000000 21.69274 1.188470 3.538111	31.60000 33.00000 68.00000 8.000000 15.88414 0.585960 2.735088	
Jarque-Bera Probability Sum Sum Sq. Dev.	58.82953 0.000000 132.2226 1028.653	NA NA 35.00000 0.000000	23.57196 0.000008 1051.000 16136.97	8.661640 0.013157 1046.000 15999.54	2.105214 0.349027 1106.000 8578.400	

Table 3. Descriptive	Statistical	Results
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Observations	35	35	35	35	35	
Source: Output	Eviews 9.2	022				

Based on the results of descriptive statistics in table 3, it shows that the amount of data studied is in accordance with the purposive sampling criteria set, which is 35 data, coming from 7 companies that were used as research samples for 5 periods, namely 2017 to 2022.

The firm value variable is proxied by Tobin's Q (NP) which shows the lowest value obtained from PT. Perusahaan Gas Negara Persero, Tbk in 2017. The highest score was obtained from PT. Unilever Indonesia, Tbk in 2017. The Variable Disclosure of Economic Aspects (EcDI) shows the lowest value obtained from PT. Semen Gresik (Persero), Tbk in 2017. The highest score was obtained from PT. Perusahaan Gas Negara Persero Tbk in 2020 and 2021. The Environmental Aspect Disclosure Variable (EnDI) shows the lowest value obtained from PT. Kalbe Farma, Tbk in 2017 and PT. Bank Central Asia, Tbk in 2019. The highest score was obtained from PT. Perusahaan Gas Negara Persero, Tbk in 2020 and 2021. The value of the Social Aspect Disclosure Variable (SoDI) shows the lowest value obtained from PT. Perusahaan Gas Negara Persero, Tbk in 2020 and 2021. The value of the Social Aspect Disclosure Variable (SoDI) shows the lowest value obtained from PT. Perusahaan Gas Negara Persero, Tbk in 2020 and 2021. The value of the Social Aspect Disclosure Variable (SoDI) shows the lowest value obtained from PT. Perusahaan Gas Negara Persero, Tbk in 2017. The highest score was obtained from PT. Semen Gresik (Persero) Tbk in 2017. The highest score was obtained from PT. Semen Gresik (Persero) Tbk in 2020 and 2021.

Panel Data Regression Model Selection

There are 3 panel data equation models, namely Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). To find out which model is the most appropriate and efficient of the three equation models, it is necessary to test each of these models by performing the Chow test, Hausman test, and the Lagrange Multiplier (LM) test. The results of the equations of the three models can be seen in table 4, table 5, and table 6 below:

Table 4. Common Effect Model Regression Results

Dependent Variable: NP Method: Panel Least Squares Date: 06/17/22 Time: 18:33 Sample: 2017 2021 Periods included: 5 Cross-sections included: 7 Total panel (balanced) observations: 35

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C ECDI ENDI SODI	4.537264 -0.090371 -0.041898 0.101468	2.100638 0.061772 0.062825 0.103944	2.159946 -1.462976 -0.666901 0.976172	0.0386 0.1535 0.5098 0.3365
R-squared Adjusted R-squared S.E. of regression Sum squared resid Log likelihood F-statistic Prob(F-statistic)	0.084366 -0.004243 5.512068 941.8696 -107.2819 0.952112 0.427554	Mean depend S.D. depende Akaike info cri Schwarz critel Hannan-Quini Durbin-Watso	ent var nt var iterion rion n criter. n stat	3.777789 5.500410 6.358967 6.536721 6.420328 0.191546

Source: Output Eviews 9, 2022

Table 5. Fixed Effect Model Regression Results

Dependent Variable: NP Method: Panel Least Squares Date: 06/17/22 Time: 18:34 Sample: 2017 2021 Periods included: 5 Cross-sections included: 7 Total panel (balanced) observations: 35

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	5.274150	0.869709	6.064270	0.0000
ENDI	0.018596	0.031580	0.588862	0.5612
SODI	-0.086923	0.038402	-2.263503	0.0325
	Effects Spo	ecification		
Cross-section fixed (du	mmy variables)			
R-squared	0.913921	Mean depend	ent var	3.777789
Adjusted R-squared	0.882932	S.D. depende	nt var	5.500410
S.E. of regression	1.881973	Akaike info cri	terion	4.337475
Sum squared resid	88.54559	Schwarz criter	rion	4.781860
Log likelihood	-65.90581	Hannan-Quini	n criter.	4.490877
F-statistic	29.49227	Durbin-Watso	n stat	0.774069
Prob(F-statistic)	0.000000			

Source: Output Eviews 9, 2022

Table 6. Random Effect Model Regression Results

Dependent Variable: NP Method: Panel EGLS (Cross-section random effects) Date: 06/17/22 Time: 18:35 Sample: 2017 2021 Periods included: 5 Cross-sections included: 7 Total panel (balanced) observations: 35 Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.		
С	5.321467	1.446270	3.679443	0.0009		
ECDI	0.005697	0.030088	0.189349	0.8511		
ENDI	0.018173	0.028654	0.634211	0.5306		
SODI	-0.071451	0.038147	-1.873078	0.0705		
Effects Specification						
			S.D.	Rho		
Cross-section random			3.095854	0.7302		
Idiosyncratic random			1.881973	0.2698		
	Weighted	Statistics				
R-squared	0.103103	Mean depend	lent var	0.991065		
Adjusted R-squared	0.016307	S.D. depende	ent var	2.257970		
S.E. of regression	2.239485	Sum squared	resid	155.4741		
F-statistic	1.187872	Durbin-Watso	n stat	0.433183		
Prob(F-statistic)	0.330429					
Unweighted Statistics						

R-squared	-0.019731	Mean dependent var	3.777789
Sum squared resid	1048.950	Durbin-Watson stat	0.064206

Source: Output Eviews 9, 2022

The Chow test is a test to determine the most appropriate Common Effect Model (CEM) or Fixed Effect Model (FEM) used in estimating the panel data regression equation. The results of the Chow test can be seen in table 7 below:

Table 7. Chow Test Results

Redundant Fixed Effects Tests Equation: FEM Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	40.154646	(6,25)	0.0000
Cross-section Chi-square	82.752226	6	0.0000

Source: Output Eviews 9, 2022

The results of the Chow test show that the probability value of Cross-section F is 0.0000 or <0.05, this means that the most appropriate model in estimating the panel data regression equation is the Fixed Effect Model (FEM).

Hausman test is a test to determine the most appropriate Fixed Effect Model or Random Effect Model for estimating the panel data regression equation. Hausman test results can be seen in table 8 below:

Correlated Random Effects - Hausman Test Equation: REM Fest cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	15.896616	3	0.0012

Table 8. Hausman test results

Source: Output Eviews 9, 2022

The Hausman test results show that the probability value of random cross-section F is 0.0012 or <0.05, this means that the most appropriate model in estimating the panel data regression equation is the Fixed Effect Model (FEM).

Based on the panel data estimation model selection test that has been carried out, because the Chow test and Hausman test produce the best model Fixed Effect Model (FEM). Therefore, the Lagrange Multiplier test was not carried out so that it can be concluded that the best regression model used to estimate the Effect of Economic Disclosure, Environmental Disclosure, and Social Disclosure in Sustainability Report on Firm Value on the SRI KEHATI Index for the period 2017-2021 is the Fixed Effect Model (FEM).

Classic assumption test

After determining the estimation of the best regression model equation used for this research, which is the Fixed Effect Model, it is necessary to test the classical assumption test. The classical assumption test used in this study is the multicollinearity test and the heteroscedasticity test.

Normality test was not carried out because basically the normality test is not a BLUE (Best Linear Unbias Estimator) requirement and some opinions do not require this requirement as mandatory^[14]

Autocorrelation test is also not carried out because autocorrelation only occurs in time series data. Autocorrelation testing on data that is not time series (cross-section or panel) will be useless and meaningless^[14]

Multicollinearity test aims to see whether in the regression model there is a correlation between the independent variables. A good regression model should not have a correlation between the independent variables^[19]. The results of the multicollinearity test can be seen in table 9 below:

	ECDI	ENDI	SODI
ECDI	1.000000	0.524711	0.711515
ENDI	0.524711	1.000000	0.720112
SODI	0.711515	0.720112	1.000000
Source: Outp	ut Eviews 9.	2022	

Table 9. Multicollinearity Test

The results obtained from the multicollinearity test show that the correlation value between the independent variables (disclosure of economic aspects, disclosure of environmental aspects, and disclosure of economic aspects) is less than 0.80, so it can be concluded that the data is free from the problem of multicollinearity between independent variables in the regression model.

Heteroscedasticity test aims to see whether the residuals of the formed model have a constant variance or not. A good regression model is the one with homoscedasticity^[19]. The method used by the author to perform the heteroscedasticity test is the Glejser test method. The Glejser test was carried out by regressing the absolute residual value (RESABS) on the independent variables. The results of the heteroscedasticity test and its interpretation can be seen in table 10 and table 11 below:

Table 10. Heteroscedasticity Test Results

Dependent Variable: RESABS Method: Panel Least Squares Date: 06/17/22 Time: 18:47 Sample: 2017 2021 Periods included: 5 Cross-sections included: 7 Total panel (balanced) observations: 35

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.686619	0.482872	1.421949	0.1674
ECDI	-0.007148	0.017533	-0.407705	0.6870
ENDI	0.002800	0.016452	0.170216	0.8662
SODI	0.011441	0.021321	0.536589	0.5963

Source: Output Eviews 9, 2022

Independent Variable	Prob.	Decision	
Economic Disclosure (EcDI)	0,6870	Absence of heteroscedasticity	
Environmental Disclosure (EnDI)	0,8662	Absence of heteroscedasticity	
Social Disclosure (SoDI)	0,5963	Absence of heteroscedasticity	

Source: Processed by Researchers, 2022

The results obtained from the heteroscedasticity test using the glejser test showed that all independent variables (EcDI, EnDI and SoDI) showed a probability value > 0.05. Thus it can be concluded that the regression model does not occur heteroscedasticity.

Analysis and Interpretation of Selected Panel Data Regression Equations

After determining the estimation of the best regression model equation used for this research, which is the Fixed Effect Model and after doing the classical assumption test, the results show that the model is feasible to use and has met the BLUE (Best Linear Unbias Estimator) requirements. So here are the results of the Fixed Effect Model panel data regression which can be seen in table 12 below:

Table 12. Fixed Effect Model Regression Results

Dependent Variable: NF Method: Panel Least Sc Date: 06/17/22 Time: 1 Sample: 2017 2021 Periods included: 5 Cross-sections included Total panel (balanced) of	p juares .8:34 : 7 pbservations: 3	5		
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C ECDI ENDI SODI	5.274150 0.018596 0.023154 -0.086923 Effects Sp	0.869709 0.031580 0.029633 0.038402 ecification	6.064270 0.588862 0.781378 -2.263503	0.0000 0.5612 0.4419 0.0325
Cross-section fixed (dur	nmy variables)			
R-squared Adjusted R-squared S.E. of regression Sum squared resid Log likelihood F-statistic Prob(F-statistic)	0.913921 0.882932 1.881973 88.54559 -65.90581 29.49227 0.000000	Mean dependent var S.D. dependent var Akaike info criterion Schwarz criterion Hannan-Quinn criter. Durbin-Watson stat		3.777789 5.500410 4.337475 4.781860 4.490877 0.774069

Source: Processed by Researchers, 2022

From the results of the panel data regression analysis of the Fixed Effect Model (FEM) in table 12, the panel data regression equation models that can be developed in this study are:

$NP = 5,274150 + 0,018596EcDI_{1it} + 0,023154EnDI_{2it} - 0,086923SoDI_{3it}$

From the results of the equation with linear regression of panel data in table 4.10, the following conclusions can be drawn:

- 1. The value of the intercept constant is 5.274150. This result can be interpreted that if the magnitude of all independent variables is 0, then the value of the company proxied by Tobin's Q will be 5.274150.
- 2. The value of the economic disclosure variable is 0.018596. This result can be interpreted that if the disclosure of the economic aspect increases by 1%, the value of the company as proxied by Tobin's Q will increase by 0.018596 assuming all other independent variables are constant.
- 3. The value of the environmental disclosure variable is 0.023154. This result can be interpreted that if the disclosure of environmental aspects increases by 1%, the value of the company as proxied by Tobin's Q will increase by 0.023154 assuming all other independent variables are constant.
- 4. The value of the social disclosure variable is 0.086923. This result can be interpreted that if the disclosure of social aspects increases by 1%, the value of the company as proxied by Tobin's Q will decrease by 0.086923 assuming all other independent variables are constant.

Hypothesis testing

The t-test (Partial) was used to determine how much influence the economic disclosure, environmental disclosure, and social disclosure had in explaining the variance of firm value partially (individually). The results of the t-test can be seen in table 12 so that the following conclusions can be drawn:

- 1. The Economic Disclosure Variable (EcDI) has a t_{count} of 0.588862 < t_{table} 2.03951 and a probability t-statistical value of 0.5612 > a significant level of 0.05. This means that partially the variable of Economic Disclosure has no significant effect on Firm Value. Thus, every increase in Economic Disclosure, the Firm Value does not increase significantly.
- 2. The Environmental Disclosure Variable (EcDI) has $t_{count} 0.781378 < t_{table} 2.03951$ and t-statistical probability value is 0.4419 > significant level is 0.05. This means that partially the variable of Environmental Disclosure has no significant effect on Firm Value. Thus, every increase in Environmental Disclosure, the Firm Value does not increase significantly
- 3. The Social Disclosure Variable (SoDI) has $t_{count} 2.263503 > t_{table} 2.03951$ and the probability value of t-statistics is 0.0325 <significant level 0.05. This means that partially the variable of Social Disclosure has a significant effect on Firm Value. Thus, every increase in Social Disclosure, the Firm Value will decrease.

The coefficient of determination test (Adjusted R^2) is used to measure how far the model's ability to explain the dependent variables with values ranging from zero to one (0<R2<1). The results of Adjustes R^2 can be seen in table 12 which shows the Adjusted R-Squared value of 0.882932. This shows that the value of the company can be influenced by 88% by the variables of Economic Disclosure, Environmental Disclosure and Social Disclosure in Sustainability Report. While the remaining 12% is influenced by other variables not examined in the study.

The Effect of Economic Disclosure in Sustainability Report on Firm Value

The results of this study prove that Economic Disclosure (EcDI) has no significant effect on firm value as proxied by Tobin's Q. This can be seen in table 12 where the

variable of Economic Disclosure (EcDI) has $t_{count} 0.588862 < t_{table} 2.03951$ and the value probability t-statistic 0.5612 > 0.05 significant level means that Ha1 is rejected, then the economic disclosure does not have a significant effect on increasing firm value. This indicates that the company's market value in the SRI-KEHATI Index is not significantly affected by the economic disclosure in sustainability report.

This study is in accordance with research conducted by Muhammad Farizal Gigih Pratama, Indah Purnamawati and Yosefa Sayekti regarding the Analysis of the Effect of Environmental Performance and Disclosure of Sustainability Reporting on Firm Value where in the article says that the economic disclosure has no significant effect on firm value^[13]. it is suspected that the economic disclosure in sustainability report is only used as additional information for stakeholders but does not influence investors in determining investment decision policies^[13]. In addition, this is also due to the lack of understanding of investors in the Indonesian capital market on the benefits of long-term sustainability reports^[8].

The Effect of Environmental Disclosure in Sustainability Report on Firm Value

The results of this study prove that the Environmental Disclosure (EnDI) has no significant effect on firm value as proxied by Tobin's Q. This can be seen in table 12 where the variable of Environmental Disclosure (EnDI) has t_{count} 0.781378 < t_{table} 2.03951 and the probability t-statistic value is 0.4419 > the significant level is 0.05, meaning that Ha2 is rejected, then the environmental disclosure does not have a significant effect on increasing firm value. This indicates that the company's market value in the SRI-KEHATI Index is not significantly affected by the environmental disclosure in sustainability report.

This study is in accordance with the research conducted by Winri Mulpiani on the Effect of Disclosure of Sustainability Reports on the Performance of Public Companies in Indonesia which in his article says that the environmental disclosure has no significant effect on firm value^[8]. This is presumably because stakeholders prefer real actions taken by the company without having to issue environmental responsibility to the community^[8].

The Effect of Social Disclosure in Sustainability Report on Firm Value

The results of this study prove that Social Disclosure (SoDI) has a significant effect on firm value as proxied by Tobin's Q. This can be seen in table 12 where the variable of Social Disclosure (SoDI) has $t_{count} 2.263503 > t_{table} 2.03951$ and probability value t-statistic 0.0325 < 0.05 significant level means that Ha3 is accepted, then the social disclosure has a significant effect on increasing firm value. This indicates that the company's market value in the SRI-KEHATI Index is significantly affected by the social disclosure. The level of social disclosure in the sustainability report will affect the firm value.

This research is in accordance with research conducted by Farah Cornelia Muty regarding the Analysis of the Effect of Intellectual Disclosure and Global Reporting Initiative on Firm Value (Empirical Study on ISRA Participating Companies for the Period 2013-2016 Listed on the Indonesia Stock Exchange) where in her article it says that social disclosure in sustainability report significant effect on firm value^[20]

4. Conclusion

This study aims to test and obtain additional empirical evidence related to the influence of economic disclosure, environmental disclosure and social disclosure in the sustainability report on firm value. Empirical evidence shows that the economic

disclosure and the environmental disclosure in the sustainability report does not have a significant effect on firm value, but for the social disclosure it has a significant effect on firm value.

This study has limitations, namely the sample used in this study is limited, namely only 11 companies listed on the SRI-KEHATI Index on the Indonesia Stock Exchange so that the results of the study cannot be generalized to public companies in general, it is advisable for further researchers to conduct research with a large number of samples. more and using a different company. The period of research conducted is also not long, which is only 5 years, future researchers should be able to re-do research with a longer period of years. This will make the influence of the sustainability report on the value of the company more reflect the actual situation. Then the variables that affect the value of the company are only focused on the sustainability report, while there are still many other variables that affect the value of the company, further researchers should be able to add other variables that further affect the value of the company such as Profitability, Stock Price, etc. Firm value is only proxied on Tobin's Q, while there are many other ratios that can be used as firm value, further researchers should be able to use other ratios such as Price to Book Value (PBV) or Price Earning Ratio (PER). The economic disclosure, environmental disclosure, and social disclosure by companies are still few and there are still companies that have not changed their disclosure standards from GRI G4 to GRI Standards so that the data obtained is still very limited. Companies should pay more attention to disclosure in every aspect. This is useful as a strategy to improve the company's competitive ability, the more transparent the company will increase stakeholder trust^[18]

5. References

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