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Effect of disclosure *Sustainability Report* on company value with company performance as intervening variables in the company *Go Public* listed on Indonesia stock exchange

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Abstract. Significant changes occur as at this time, companies are required to increase their knowledge, make new updates to keep up with the times. Learning procedures are at the root of the company's strength to adapt to the significant changes occurring in the business world. This is done in particular with a sustainable development plan for the entire company. In this study, IDX companies use the manufacturing and mining sectors. The research sample is 21 companies with a period of 5 years so the total sample is 105 data. Variables consist of exogenous, endogenous and intervening. This study applies the PLS-SEM analysis tool with measurement tools or supporting applications for WarpPLS 5.

Keywords. *Sustainability Report*, Economic Performance, Environmental Performance, Social Performance and Corporate Value.

1. Introduction

System *Triple Bottom Line* used to evaluate performance in the perspective of widespread business and create better business value. First appeared introduced by John Elkington in a book with the title *Cannibals with Foks: the Triple Bottom Line 21st Century*, that's where the term *Triple Bottom 1 Line* first time. Business goals are not only concerned with profit (*profit*), but also society (*people*) and the earth's environment (*planets*) [1]. Companies that use this idea will be more than just a profit line, because they will examine how they treat people both inside and outside the organization, as well as reduce negative environmental impacts [1]. With the advent of the project, a series of social and environmental problems began to emerge. Projects can bring enormous benefits such as economic impact, regional influence, employment, and protection from disasters. However, there are some drawbacks, such as environmental problems and socio-economic problems. Therefore, environmental compensation is as important as technology, economy,

culture and supervision, and has received significant attention from many stakeholders (*stakeholders*) [2].

Significant changes occur as at this time, companies are required to increase their knowledge, carry out new updates to keep up with the times. Learning procedures are at the root of the company's strength to adapt to the significant changes occurring in the business world. This is done in particular with a sustainable development plan for the entire company [3].

Currently the company focuses on three paradigms, namely the economy (*profit*), social (*people*) and environment (*planets*). Not only focus on the economic paradigm (*Profit*) just. *Sustainable Development* is a form of development in fulfilling contemporary human life (*current*) without interfering with the life needs of children and grandchildren as the next generation (*next generation*) [4].

The emergence of the mining industry in Indonesia has a good (positive) and bad (negative) impact. The good effects are; create jobs for the state, mine production to meet the demands of the global market, especially in the mining industry, sales proceeds are able to meet the state treasury and have a positive impact on the life of the nation. The mining industry can attract foreign investors to invest in Indonesia. On the other hand, the mining industry has a negative impact, namely environmental damage such as: polluted environment, rivers and an uncertain climate due to environmental damage. The area where the mining area is located has an impact on environmental damage such as causing erosion and eroding soil due to coal production. If it is not handled wisely by the company then all that is left is a mining pit. There is global warming and the greenhouse effect because there are no trees that block direct sunlight. Children and grandchildren will not be able to feel the natural resources that exist today in the future.

Following are the problems that occurred a few years ago, namely in 2018, the people of Lingga village, Lawang Kidul District, Muara Enim could not use the Kiah river water for daily activities because it was polluted due to the exploration of mining activities by PT. Bukit Asam Tbk (PTBA). Then in 2017, a number of environmental activists in the city of Balikpapan planned to report PT. Semen Indonesia Tbk (SMGR) the police (the authorities) for causing environmental damage in the Balikpapan Bay area. From this example, it can be concluded that the company's operational activities can destroy the environment and have a negative impact on society. As a form of business ethics, the company is responsible for the impacts that occur by disclosing *sustainability report* [5].

Global Reporting Initiative (GRI) is a company guideline for disclosing *sustainability report* to *shakeholders* or shareholder. GRI was issued in 2009 where companies are required to disclose their work by making financial or non-financial reports. Efforts are made to improve the quality of the company by reporting *sustainability report*, using GRI published in 2013. The company is required to provide clear and transparent information regarding the report *sustainability report* [1].

In Indonesia, disclosure *sustainability report* classified as rare or *volunteer* (volunteer). However, it received support from the government with the release of Law Number 32 for the 2009 period related to environmental protection and management, then received support from the Statement of Financial Accounting Standards (PSAK) No.1. With the report *sustainability report* The company gains various benefits such as increased company performance due to sales purchased by stakeholders and value.

Even though it is *volunteer* disclosure of information regarding *sustainability report* This received a positive response from several companies so that it increased from

2005 to 2014 and decreased in 2015. There is a possibility that in the 2015 period the company has not published on the company website so that the report *sustainability report* can't be accessed by *public* [6].

The latest information Indonesia has created a new program in the form of evaluating company performance ratings when managing the environment or (proper) including the government's agenda to encourage companies located in Indonesia to have compliance in environmental management. *Awards* divided into 5 colors namely, *gold, green, blue, red and black*.

Table 1

Awards To Companies Making Sustainability Report

Color Rank	Color Meaning
<i>Gold</i>	Very good
<i>Green</i>	Good
<i>Blue</i>	Currently
<i>Red</i>	Not good
<i>Black</i>	Very Not Good

Processed Data 2020

For the minimum obedience aspect is *blue, red and black*. While the criteria included in the category are better than those required (*beyond compliance*) is *gold and green*. In 2018-2019, there were 2050 various industrial company sectors carrying out assessment activities. Proper award *gold* as many as 26 companies, including the Aqua factory because they are able to minimize the negative impact of water managed by the company. For those who get the gift of property *blue* there are as many as 200 companies from various islands in Indonesia [7].

2. Literature Review

2.1 Theory Stakeholders

Theory *Stakeholders* expressed by *Stanford Research Institute (SRI)* in 1963 (Freeman, 1984). This theory is widely used to initiate a related research *Sustainability Report*. According to Freeman *stakeholders* is an organization that is directly able to influence in achieving a goal. So that *Stakeholder Theory* able to reflect the company's performance as an investor's response to the company. *Stakeholders* expected to take part in voicing the company's assessment of the *sustainability report* has maximum performance in achieving the target, namely obtaining *profit* but have business ethics. Become the target of investors to invest because it is clear and unquestionable in providing transparent information so that there is no fraud in the company.

According to Ghozali and Chariri (2007), regarding *Stakeholder Theory* is a theory that expresses the assessment that companies do not only carry out activities for the benefit of individuals but there are contracts between companies and the community where the company stands and develop economic resources. Group *stakeholders* this is taken into account by management when deciding whether to disclose information in company reports or not. The purpose of attending *stakeholders* namely providing an assessment to the company in order to avoid fraud or fraud. Theory *stakeholders* based on a system of view that is dynamic between being influenced and influencing. *Stakeholders* have more

rights in influencing the company because *stakeholders* have expertise when directing bad things happen to the economy, environment and social.

2.2 *Sustainability Report*

Sustainability Report is a performance report produced in the form of financial and non-financial reports so that all company operations can be monitored by stakeholder groups (Elkington, 1997). Sustainability Report is a report that states economic performance, social performance and environmental performance [1]. The company in an effort to realize its goal is to make the company accountable. The purpose of making a sustainability report (Sustainability Report) is to provide company information to stakeholders in terms of commitment to economic performance, social performance and environmental performance. According to the GRI sustainability report, the disclosure of reports in carrying out operations and company activities is disclosed openly in the form of economic, environmental and social reports.

2.3 *Company Value*

In a business, the value of the company becomes the attention of investors because having a good reputation or history becomes a target for investing. Profit is not the only benchmark to see the success of a company in surviving in the midst of today's competition, but there are social factors and environmental factors. Firm value is the selling price given to the capital market to be used as a benchmark as a measure of [4]. Share selling value used in company activities including covering liquidity so that the expected target is bigger and equally profitable. The selling value in the capital market is expected to reach the company's target. The selling value is the stock price that is carried out by buying and selling interactions every hour of the exchange.

2.4 *Company Performance*

The achievement of a company over a certain period of time, which represents the level of health of the company, is referred to as financial performance or company performance. *Financial performance is an achievement achieved by the company and reflects the health of the company of conditions within a certain period of time. So it can be said that financial performance is a measure of a company's performance achievement* [8]. The following is an explanation of the company's performance "*Evaluation of financial performance can be seen from the profitability ratio. Profitability is the company's ability to earn profit related to assets, the level of sales and certain stock capital. One way to measure profitability ratio is to use ROA (Return on Assets)*" [9]. From some of the opinions above, it means that financial performance is measured or analyzed using a company ratio measuring tool to assess how much profit the company gets.

2.5 *Global Reporting Initiative (GRI)*

GRI is a non-profit organization dedicated to economic sustainability. GRI publishes related standards *sustainability reporting* (sustainable reporting) which is the most widely used in the world, besides that, it is also called *Ecological Footprint Reporting, Environmental Social Governance (ESG) Reporting, Triple Bottom Line (TBL) reporting*, and *Corporate Social Responsibility (CSR) Reporting*.

As a publishing guide *sustainability report* researchers used the GRI standard. *Global Reporting Initiative (GRI)* is the first global reporting standard and is widely

applied. GRI has several indicators such as economic, social, environmental, human rights and the workplace environment. This indicator describes factors regarding business health related to *stakeholders* transparently. This information can help *stakeholders* or investors when making decisions by looking at the company's performance and *size work*.

For the GRI guidelines, researchers use G4 basic principles *sustainability report* prevent waste and negative impacts that have a direct impact on the environment. The waste and waste produced by the company is expected to be minimized so as not to damage the living ecosystem. Waste or leftover production is recycled or sold to companies to have more economic value.

The community is also responsible for protecting the environment by disposing of waste in its place. Good communication is carried out by the social relations that exist between companies and companies *stakeholders*.

According to the Global Reporting Initiative (2017), in this context the G4 was conceived, implemented and designed. *Sustainability Reporting Guidelines* (WRS) is present as a good guideline to prevent bad things from happening in the economy, environment and society.

2.6 Hypothesis

The process of modeling through the choice of variables and the relationship between variables, is based on theoretical and empirical studies. From the explanation of the theory above, the description in the framework of thought is as follows:

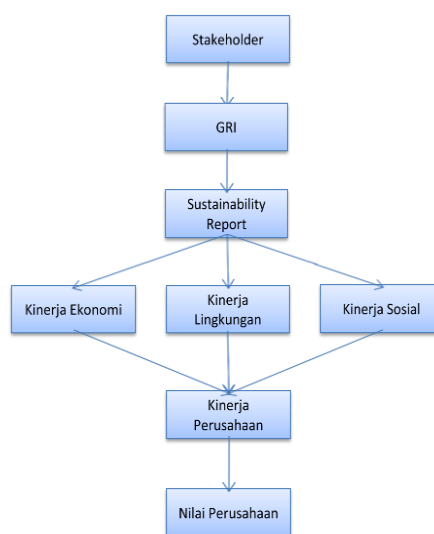


Figure 1. Conceptual Framework

The following hypotheses will be tested as follows:

H1: Accepted if disclosure *sustainability report* aspects of economic performance have a significant positive effect on firm value.

H2: Accepted if disclosure *sustainability report* aspects of economic performance have a significant positive effect on company performance.

H3: Accepted if the disclosure of company performance has a significant positive effect on firm value.

H4: Accepted if the firm's performance value mediates the relationship between

influential economic performance and firm value.

- H5: Accepted if disclosure *sustainability report* aspects of environmental performance have a significant positive effect on firm value.
- H6: Accepted if disclosure *sustainability report* aspects of environmental performance have a significant positive effect on company performance.
- H7: Accepted if the value of the company's performance mediates the relationship between the influential environmental performance and the value of the company.
- H8: Accepted if disclosure *sustainability report* aspects of social performance have a significant positive effect on firm value.
- H9: Accepted if disclosure *sustainability report* aspects of social performance have a significant positive effect on company performance.
- H10: Accepted if the value of the company's performance mediates the relationship between social performance and the value of the company.

3. Research Methodology

3.1 Data Source

The data used are secondary data from the mining and manufacturing sectors which are available in the company's annual financial reports and the company's sustainability report. Data obtained from the official website of the Indonesia Stock Exchange (IDX) (www.idx.co.id) also the site of each company which is then sorted according to research needs, namely all companies *go public* who are consistently listed on the IDX who have made *sustainability report* during the 2015-2019 period.

3.2 Population and Sample

Population

Based on the opinion of Pandoyo and Sofian (2018: 173), the population is a collection of people, events, or things that have the same characteristics. All companies listed on the Indonesia Stock Exchange were used as the study population. Based on the observations of researchers, the mining and manufacturing sub-sectors listed on the Indonesia Stock Exchange totaled 21 companies for the 2015-2019 period.

Sample

There are 203 mining and manufacturing sub-sector companies on the Indonesia Stock Exchange but only 21 companies that make *sustainability report* routinely every year 2015-2019 within a 5-year research period.

3.3 Exogenous Variable Formula

Economic Performance (X1)

Economic performance involves the activities carried out in an institution or company that interacts with *stakeholders* impact on local, national and global levels. This information, on the other hand, is mostly available in the form of corporate financial statements [10]. Here is the formula *EcDI* [11] :

$$EcDI = \frac{K}{N}$$

Information:

EcDI = *Economic Disclosure Index*

K= Number of indexes disclosed

N = Number of indexes required

Environmental Performance (X2)

The environmental dimension relates to organizational sustainability that occurs in the environment, if the company is not able to minimize the environmental impact it will result in the destruction of the ecosystem.

Companies are required to be able to preserve the environment around the company so that there is no negative impact on the community or company.10]. Here is the formula *EnDI* [11] :

$$EnDI = \frac{K}{N}$$

Information:

ENDI = *Environmental Disclosure Index*

K = Number of indexes disclosed

N = Number of indexes required

Social Performance (X3)

The social dimension of organizational continuity influences the functioning of social systems. The social performance indicators in GRI define the main aspects of performance which consist of labor/labor practices, human rights, community/social, and product responsibility. Information obtained from the company has an impact on company performance and company value. So

that having good social ties can attract the attention of stakeholders to the company.10]. Here is the formula *SODI* [11] :

$$SoDI = \frac{K}{N}$$

Information:

SoDI = *Social Disclosure Index*

K = Number of indexes disclosed

N = Number of indexes required

3.4 Endogenous Variable Formula

Firm value is an endogenous variable in this study. The value of the company's sales as an operating company is called the value of the company. The operational value of business management is the sales value that exceeds the financial value. Selling value is the actual value of the shares acquired in exchange for the company's assets being sold at a per share price. The price per share can be used to determine the value of the company.

3.5 Firm Value Formula

In this study, firm value is defined as market value as measured by Tobin's Q proposed by Professor James Tobin (1967). If value

high company can be said that the value of the company is good, and vice versa. Here is the formula *Tobins'Q* used by [11] :

$$Tobins'Q = \frac{MVE + DEBT}{TA}$$

Information:

Market Value of Equity (MVE) = (Closing price of shares x number of shares

outstanding) / Debt "Closing price of shares on December 30".

DEBT = Book value of company debt {(current liabilities - current assets) + inventory + non-current liabilities}

TA = Total assets of the company

3.6 Intervening Variable Formula

The amount of a company's profitability is used to measure its performance. Profitability measures the company's ability to earn revenue or profit. The profitability of this research applies a measuring tool *Return on Assets (ROA)*. Ratio *Return on Assets (ROA)* is the proportion of net profit after tax to total assets. The profit (%) of the company's assets is measured using this ratio. The following is the ROA formula [11] :

$$ROA = \frac{\text{Net Income After Tax}}{\text{Total Aset}} \times 100\%$$

3.7 PLS Multiple Regression Analysis

According to Ghazali and Latan (2016: 337) Partial Least Square analysis is specially designed to overcome problems in multiple regression such as the limited number of observations. In accordance with the data, which is less than 100. The data can be categorized as abnormal or less than 100 samples in this study, there were 21 samples used so that the researchers conducted an analysis using PLS to avoid discrepancies when managing data.

4. Results and Discussion

4.1 Descriptive Statistics

Based on the data inputted from the annual report as well as the company's financial statements, then the data is formed in a data panel which includes *sustainability report* (economic performance, environmental performance and social performance) affect the company's performance and company value. Then the value of the standard deviation, the maximum value, as well as the minimum value of each variable in the study can be observed in Table 5.1 below:

Table 1

Descriptive Statistics of Variables in Sub-Mining and Manufacturing Companies

	mean	Maximum	Minimum	Std. Deviation
EcDI	0.48	1.00	0.8292	0.12445
EnDI	0.45	0.99	0.8741	0.07924
SoDI	0.24	0.98	0.7217	0.15933

ROA	- 6.40	46.66	6.9754	8.99291
Tobins'Q	0.14	3.91	0.8038	0.75540

Source: Secondary data processed

Information:

Economic Disclosure Index (EcDI)

Disclosure Index (EnDI)

Social Disclosure Index (SoDI)

Return on Assets (ROA)

Tobins'Q Company Performance

The economic performance variable has a maximum value of 1 and a minimum of 0.48 so that the value of can be calculated *mean* on economic performance is 0.8292 and the standard deviation value on economic performance is 0.1244. It can be said that the level of the economic performance variable in this study is good as a data representation based on the average value exceeding the standard deviation.

Path coefficients and P Values of Mining and Manufacturing Sub-Sector Companies

Path Coefficients

	EcDI	EnDI	SoDI	ROA	Tobins'Q
ROA	0.273	0.246	0.296		
Tobins'Q	0.257	0.187	0.161	0.440	

Path Values

	EcDI	EnDI	SoDI	ROA	Tobins'Q
ROA	0.002	0.004	<0.001		
Tobins'Q	0.003	0.024	0.046	<0.001	

Source: WarpPLS 5.0 Output output

Information:

Economic Disclosure Index (EcDI)

Disclosure Index (EnDI)

Social Disclosure Index (SoDI)

Return on Assets (ROA)

Tobins'Q Company Performance

Hypothesis test

The value of and P value are used to test the hypothesis. The table shows the direction of the relationship between exogenous and endogenous factors. Positive numbers in table indicate a positive effect, while negative numbers indicate the opposite. If $P < 0.1$, it means that exogenous factors have a significant (significant) effect on endogenous variables and vice versa.

The first hypothesis testing relates to *sustainability report* on the aspect of economic performance on firm value carried out in the SEM-PLS can be observed in Table 2 below:

Table 2

Path coefficients and P Values Mining and Manufacturing Sub-Sector Companies

Path Coefficients

	EcDI	EnDI	SoDI	ROA	Tobins'Q
ROA					
Tobins'Q	0.257				

Path Values

	EcDI	EnDI	SoDI	ROA	Tobins'Q
ROA					
Tobins'Q	0.003				

Source: WarpPLS 5.0 Output output

Information:

Economic Disclosure Index (EcDI): Tobins'Q Economic Performance: Firm Value

Based on the table above, the value of for the Tobins'q variable or firm value on economic performance is 0.257 with a P value of 0.003. The results of this study show that economic performance has a positive and significant impact on Tobins'q or firm value. This means, H₁ accepted.

The second hypothesis testing relates to the effect of *sustainability report* on the economic performance aspect of the company's performance carried out on the SEM-PLS can be observed in Table 3 below:

Table 3

Path coefficients and P Values Mining and Manufacturing Sub-Sector Companies

Path Coefficients

	EcDI	EnDI	SoDI	ROA	Tobins'Q
ROA	0.273				
Tobins'Q					

Path Values

	EcDI	EnDI	SoDI	ROA	Tobins'Q
ROA	0.002				
Tobins'Q					

Source: WarpPLS 5.0 Output output

Information:

Economic Disclosure Index (EcDI): Economic Performance

Return on Assets (ROA): Company Performance

Based on the table, see the value of for the variable *return on assets* or the company's performance on economic performance is 0.273 with a P value of 0.002. The results of this study show that economic performance has a positive and significant influence on *return on assets* or company performance. Thus, H₂ accepted.

The third hypothesis testing related to the effect of company performance on firm value carried out in SEM-PLS can be observed in Table 4 below:

Table 4

Path coefficients and P Values Mining and Manufacturing Sub-Sector Companies

Path Coefficients

	EcDI	EnDI	SoDI	ROA	Tobins'Q
ROA					
Tobins'Q				0.440	

Path Values

	EcDI	EnDI	SoDI	ROA	Tobins'Q
ROA					
Tobins'Q				<0.001	

Source: WarpPLS 5.0 Output output

Information:

Return on Assets (ROA): Tobins'Q Company Performance:
Company Value

Based on the table above, see the value of for the variable *return on assets* or company performance on company value or *tobins'q* is 0.440 which is $P < 0.001$. The results of this research show that *return on assets* or company performance positively and significantly affects *tobins'q* or the value of the company. This means that, H_3 accepted.

Hypothesis testing which is then related to the effect of the company's performance disclosure mediates the relationship between disclosure *sustainability report* on economic performance over firm value. According to Latan and Ghazali (2016), in terms of testing the effects of previous mediation through the following stages:

Hypothetical relationship between exogenous variables and endogenous variables must be accepted first. The previously accepted hypothesis testing carried out in the SEM-PLS can be observed in Table 5 below:

Table 5

Path coefficients and P Values Mining and Manufacturing Sub-Sector Companies

Path Coefficients

	EcDI	EnDI	SoDI	ROA	Tobins'Q
ROA	0.273				
Tobins'Q	0.257			0.440	

Path Values

	EcDI	EnDI	SoDI	ROA	Tobins'Q
ROA	0.002				

Tobins'Q	0.003			<0.001	
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Source: WarpPLS 5.0 Output output

Information:

Economic Disclosure Index (EcDI): Economic Performance Return on Assets (ROA): Tobins'Q Company Performance: Company Value

Furthermore, testing the mediating effect carried out in PLS-SEM can be observed in Table 6 below:

Table 6

Standard errors of indirect effects for paths with 2 segments and P values of indirect effects for paths with 2 segments

Standard errors of indirect effects for paths with 2 segments

	EcDI	EnDI	SoDI	ROA	Tobins'Q
Tobins'Q	0.067				

P values of indirect effects for paths with 2 segments

	EcDI	EnDI	SoDI	ROA	Tobins'Q
Tobins'Q	0.039				

Source: WarpPLS 5.0 Output output

Information:

Economic Disclosure Index (EcDI): Economic Performance Return on Assets (ROA): Tobins'Q Company Performance: Company Value

Based on the table above, it can be seen that the variable of economic performance on firm value (the hypothesis is accepted), economic performance on firm performance

(accepted hypothesis) and firm performance on firm value (accepted hypothesis). That is, this research can be tested for the effect of mediation. Based on table 5.6 relating to testing the mediation effect with the value of *standard errors of indirect effects for paths with 2 segment* is 0.067 with a value of *p values of indirect effects for paths with 2 segment* is 0.039. The results of this study show that the company's performance mediates the relationship between economic performance and firm value. Thus, H₄ accepted.

Testing the fifth hypothesis is related to the effect of disclosure *sustainability report* on the environmental performance aspect of company value implemented in SEM-PLS can be observed in Table 7 below:

Table 7

Path coefficients and P Values Mining and Manufacturing Sub-Sector Companies

Path Coefficients

	EcDI	EnDI	SoDI	ROA	Tobins'Q
ROA					
Tobins'Q		0.187			

Path Values

	EcDI	EnDI	SoDI	ROA	Tobins'Q
ROA					
Tobins'Q		0.024			

Source: WarpPLS 5.0 Output output

Information:

Environmental Disclosure Index (EnDI): Tobins'Q Environmental Performance: Corporate Value

Based on the table above, the value of for the Tobins'q variable or firm value on environmental performance is 0.287 with a P value of 0.024. The results of this study show that environmental performance has a positive and significant impact on Tobins'q or firm value. This means, H_5 accepted.

The sixth hypothesis testing is related to the effect of *sustainability report* on the environmental performance aspect of the company's performance carried out in the SEM-PLS can be observed in Table 8 below:

Table 8

Path coefficients and P Values Mining and Manufacturing Sub-Sector Companies

Path Coefficients

	EcDI	EnDI	SoDI	ROA	Tobins'Q
ROA		0.246			
Tobins'Q					

Path Values

	EcDI	EnDI	SoDI	ROA	Tobins'Q
ROA		0.004			
Tobins'Q					

Source: WarpPLS 5.0 Output output

Information:

Environmental Disclosure Index (EnDI): Environmental Performance

Return on Assets (ROA): Company Performance

Based on the table above, it can be seen that the value for the company's performance variable on environmental performance is 0.246 with a P value of 0.004. The results of this research show that environmental performance has a positive and significant impact on company performance. That means, H_6 accepted.

Hypothesis testing which is then related to the effect of the company's performance disclosure mediates the relationship between disclosure *sustainability report* on environmental performance over firm value. According to Latan and Ghozali (2016), in terms of testing the

previous mediating effect through the stages of the hypothetical relationship between exogenous variables and endogenous variables, it must be accepted first. The previously accepted hypothesis testing carried out in the SEM-PLS can be observed in Table 9 below:

Table 9

Path coefficients and P Values Mining and Manufacturing Sub-Sector Companies

Path Coefficients

	EcDI	EnDI	SoDI	ROA	Tobins'Q
ROA		0.246			
Tobins'Q		0.187		0.440	

Path Values

	EcDI	EnDI	SoDI	ROA	Tobins'Q
ROA		0.004			
Tobins'Q		0.024		<0.001	

Source: WarpPLS 5.0 Output output

Information:

Environmental Disclosure Index (EnDI): Environmental Performance

Return on Assets (ROA): Tobins'Q Company Performance: Company Value

Furthermore, testing the mediating effect carried out in PLS-SEM can be observed in Table 10 below:

Table 10

Standard errors of indirect effects for paths with 2 segments and P values of indirect effects for paths with 2 segments

Standard errors of indirect effects for paths with 2 segments

	EcDI	EnDI	SoDI	ROA	Tobins'Q
Tobins'Q		0.068			

P values of indirect effects for paths with 2 segments

	EcDI	EnDI	SODI	ROA	Tobins'Q
Tobins'Q		0.056			

Source: WarpPLS 5.0 Output output

Information:

Environmental Disclosure Index (EnDI): Environmental Performance Return on Assets (ROA): Tobins'Q Company Performance: Company Value

Based on the table, it can be seen that the environmental performance variables on firm value (accepted hypothesis), environmental performance on firm performance (accepted hypothesis) and firm performance on firm value (accepted

hypothesis). That is, this research can be tested for the effect of mediation. Based on table 5.9 relating to testing the mediation effect with the value of *standard errors of indirect effects for paths with 2 segment* is 0.068 with a value of *p values of indirect effects for paths with 2 segment* is 0.056. The results of this study indicate that the company's performance does not mediate the relationship between environmental performance and firm value. Thus, H₇ rejected. Testing the eighth hypothesis is related to the effect of disclosure *sustainability report* on the aspect of social performance on the value of the company carried out in the SEM-PLS can be observed in Table 11 below:

Table 11

Path coefficients and P Values Mining and Manufacturing Sub-Sector Companies

Path Coefficients

	EcDI	RnDI	SODI	ROA	Tobins'Q
ROA					
Tobins'Q			0.161		

Path Values

	EcDI	RnDI	SODI	ROA	Tobins'Q
ROA					
Tobins'Q			0.046		

Source: WarpPLS 5.0 Output output

Information:

Social Disclosure Index (SoDI): Tobins'Q Social Performance: Corporate Value

Based on the table above, the value of for the Tobins'q variable or firm value on social performance is 0.161 with a P value of 0.046. The results of this study show that social performance has a positive and significant impact on Tobins'q or firm value. This means, H₈ accepted.

The ninth hypothesis testing relates to the effect of *sustainability report* on the aspect of social performance on company performance carried out on SEM-PLS can be observed in Table 12 below:

Table 12

Path coefficients and P Values Mining and Manufacturing Sub-Sector Companies

Path Coefficients

	EcDI	RnDI	SODI	ROA	Tobins'Q
ROA			0.296		
Tobins'Q					

Path Values

	EcDI	RnDI	SODI	ROA	Tobins'Q
ROA			<0.001		
Tobins'Q					

Source: WarpPLS 5.0 Output output

Information:

Social Disclosure Index (SoDI): Social Performance

Return on Assets (ROA): Company Performance

Based on the table, it can be seen that the value of for the variable of company performance on social performance is 0.296, which has a P value of <0.001. The results of this research show that social performance has a positive and significant impact on company performance. That thing, H₉ accepted.

Hypothesis testing which is then related to the effect of the company's performance disclosure mediates the relationship between disclosure *sustainability report* in social performance on firm value. According to Latan and Ghazali (2016), in terms of testing the effect of the previous mediation through the stages of the hypothetical relationship between exogenous variables and endogenous variables, it must be accepted

first. The previously accepted hypothesis testing carried out in the SEM- PLS can be observed in Table 5.13 below:

Table 13

Path coefficients and P Values Mining and Manufacturing Sub-Sector Companies

Path Coefficients

	EcDI	RnDI	SODI	ROA	Tobins'Q
ROA			0.296		
Tobins'Q			0.161	0.440	

Path Values

	EcDI	RnDI	SODI	ROA	Tobins'Q
ROA			<0.001		
Tobins'Q			0.046	<0.001	

Source: WarpPLS 5.0 Output output

Information:

Social Disclosure Index (SoDI): Social Performance

Return on Assets (ROA): Tobins'Q Company Performance: Company Value

Table 14

Standard errors of indirect effects for paths with 2 segments and P values of indirect effects for paths with 2 segments

Standard errors of indirect effects for paths with 2 segments

	EcDI	EnDI	SODI	ROA	Tobins'Q
Tobins'Q			0.067		

P values of indirect effects for paths with 2 segments

	EcDI	EnDI	SODI	ROA	Tobins'Q
Tobins'Q			0.028		

Source: WarpPLS 5.0 Output output

Information:

Social Disclosure Index (SoDI): Social Performance Return on

Assets (ROA): Tobins'Q Company Performance: Company Value

Based on the table, it can be seen that the variables of social performance on firm value (accepted hypothesis), social performance on firm performance (accepted hypothesis) and firm performance on firm value (accepted hypothesis). That is, this research can be tested for the effect of mediation.

Based on table 5.13 which relates to testing the mediation effect with the value of standard errors of indirect effects for paths with 2 segment is 0.067 with a value of p values of indirect effects for paths with 2 segment is 0.028. The results of this study show that the company's performance mediates the relationship between social performance and company value. Thus, H₁₀ accepted.

Coefficient of Determination

The R-Squared value is the coefficient of determination on the endogenous variable. R-Squared value of sub company *sustainability report* (economic performance, environmental performance and social performance), company performance and company value in this study are shown in Figure 5.2 below:

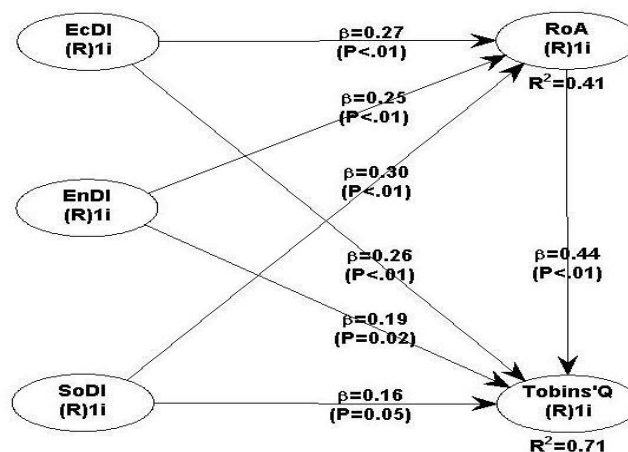


Figure 2

R-Squared

Source: WarpPLS 5.0 Output and Processed Data

Information:

Economic Disclosure Index (EcDI)

Disclosure Index (EnDI)

Social Disclosure Index (SoDI)

Return on Assets (ROA)

Tobins'Q Company Performance

Score *R-Squared* The mining and manufacturing sub-sector companies in this study are listed in Table 5.14 below:

Table 14 *R-Squared*
Mining and Manufacturing Sub-Sector Companies

	EcDI	EnDI	SODI	ROA	Tobins'Q
R-Squared				0.408	0.710
Adjusted R-Squared				0.390	0.698

Source: WarpPLS 5.0 Output and Processed Data

Information:

Economic Disclosure Index (EcDI): Economic Performance

Environmental Disclosure Index (EnDI): Environmental Performance

Social Disclosure Index (SoDI): Social Performance

Return on Assets (ROA): Tobins'Q Company Performance: Company Value

The R-Squared value in Figure 5.2 and Table 5.13 above for the Tobins'Q variable or firm value is 0.710, which means it is included in the normal category. That is, in the mining & manufacturing sub-sector the influence of the variable *sustainability report* (economic performance, environmental performance and social performance), the company's performance as well as the value of the company is 71% and the remaining 29% is affected by other variables outside this research. The value of Adjusted R-squared above is also included in the normal category, which is 69.8%.

5. Conclusion

From the results of the discussion in the previous chapter, it is stated that the significant positive effect that occurs on *sustainability report* in economic performance, environmental performance, and social performance and affect the value of the company. This can be seen from the results of the analysis carried out by SEM-PLS using WarpPLS 5 if the value of < 0.1 then the big influence on the results of the study and vice versa.

The results of the acquisition in the previous chapter stated that there was a significant positive influence that occurred on the *sustainability report* in economic performance, environmental performance, and social performance and affect the company's performance. This can be seen from the results of the analysis carried out by SEM-PLS using WarpPLS 5 if the value of < 0.1 then the big influence on the results of the study and vice versa.

From the results of the study there is a significant positive effect that occurs

between company performance and company value. This is known from the results of the analysis carried out by SEM-PLS using WarpPLS 5 if the value of < 0.1 then the big influence on the results of the study and vice versa.

The results obtained from the research analysis on the effect of company performance mediate the relationship between disclosure *sustainability report* in economic performance, environmental performance and social performance on firm value. Only environmental performance was rejected because the value obtained exceeded the required magnitude of 0.056.

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