DIJEFA: Dinasti International Journal of Economics, Finance & Accounting
https://dinastipub.org/DIJEFA dinasti.info@gmail.com +62 811 7404 455
E-ISSN: 2721-303X
P-ISSN: 2721-3021
DOI: https://doi.org/10.38035/dijefa.v6i2

Analysis of the Influence of Sustainability Reporting on Company Market Performance

Arif Mulyono[1], Murtanto[2].
[1]Trisakti University, Jakarta, Indonesia, moel_arif@yahoo.com.
[2]Trisakti University, Jakarta, Indonesia, murtanto@trisakti.ac.id.

Corresponding Author: moel_arif@yahoo.com[1]

Abstract: This study aims to analyze the impact of economic, environmental, and social performance disclosures in sustainability reports on market performance in the food and beverage sector companies listed on the Indonesia Stock Exchange during the 2021–2023 period. Using an explanatory research method, the data were analyzed through a multiple linear regression approach. The independent variables include economic, environmental, and social performance disclosure indices measured based on GRI 2021 standards, while market performance is proxied by the Tobin's Q ratio. The results indicate that, simultaneously, economic, environmental, and social performance disclosures do not significantly affect market performance. These findings differ from previous studies, possibly due to the unique characteristics of the food and beverage sector, which primarily produces consumer staples where factors such as consumer perception and economic conditions are more dominant. This study is expected to provide insights for companies, investors, and policymakers on the importance of considering sustainability factors in business strategies and their implications for market outcomes.

Keyword: Market Performance (Tobin's Q), Economic Performance Disclosure, Environmental Performance Disclosure, Social Performance Disclosure.

INTRODUCTION

Companies operating in the era of globalization face increasingly complex demands from various stakeholders. Stakeholders, including shareholders, employees, customers, communities, and governments, have different interests that need to be considered in corporate decision-making. Stakeholder Theory emphasizes the importance of considering the balance of interests of these various parties to achieve the sustainability and long-term success of the company.

In addition, companies are also required to operate in accordance with the norms and values that apply in society, as stated in the Legitimacy Theory. The mismatch between company operations and community expectations can lead to a loss of legitimacy and pose a risk to the continuity of the company's operations. For this reason, sustainability reports are an important tool for companies to demonstrate their commitment to economically, socially, and environmentally responsible business practices.

On the other hand, from an investor perspective, sustainability reports serve as signals that reflect a company's commitment to sustainable practices, as explained in Signaling Theory . These reports provide information on the extent to which a company is able to manage the economic, social, and environmental impacts of its activities, thereby influencing investor perceptions of the company's potential risks and long-term growth prospects.

Indonesia has adopted international standards in preparing sustainability reports through the Global Reporting Initiative (GRI) guidelines and regulations such as Financial Services Authority Regulation (POJK) number 51/POJK.03/2017. Studies on sustainability performance disclosure have been conducted, including research conducted by Eriyanti and Fitri (2022) on non-financial companies listed on the SRI-KEHATI index in 2017-2019. Aprilia and Sarumpaet (2023) also studied the disclosure of sustainable performance by manufacturing companies on the Indonesia Stock Exchange that published sustainability reports in the 2020-2022 period. However, research related to the impact of sustainability performance disclosure on market performance in specific sectors, such as food and beverages, is still limited. The food and beverage industry sector is one of the industrial sectors that is closely related to sustainability issues. In its production process, this industry will involve the use of natural resources in the form of energy supply and water use as well as waste generation. The food and beverage processing industry sector is also a sector that absorbs a lot of labor which will be related to social and community issues.

This study aims to analyze the effect of disclosure of economic, environmental, and social performance in sustainability reports on the market performance of food and beverage companies listed on the Indonesia Stock Exchange during the period 2021–2023. By using the Tobin's Q ratio as a proxy for market performance, this study is expected to provide new insights for companies, investors, and policy makers in understanding the importance of sustainability management in increasing company value.

METHOD

The research conducted was to examine the effect of disclosure of economic, social, and environmental performance in sustainability reports published by companies on the company's market performance. The type of research used is explanatory research , namely research that examines the causal relationship between variables. The variables used in this study are disclosure of economic, social, and environmental performance in sustainability reports as independent variables , while market performance is the dependent variable . The population used in this study were food and beverage industry companies listed on the Indonesia Stock Exchange in 2021-2023. The selected sample is a food and beverage company that reports sustainability reports using the GRI 2021 standard and has products that are freely marketed. The public as consumers can easily recognize and find if they are going to buy products from the sample companies. Researchers did not include companies whose main products are generally considered bad for health such as cigarettes and alcoholic beverages. The sample selection technique used purposive sampling and resulted in a sample size of 16 companies. The data used was for a period of 3 years from 2021 to 2023.

The data used in this study are secondary data in the form of sustainability reports and annual reports in the period 2021 to 2023. The sustainability reports and annual reports were obtained from the official websites of each company. The dependent variable of financial performance is measured by the Tobin's Q ratio . The independent variables in the form of economic, social, and environmental performance are measured using the sustainability performance disclosure value in accordance with the GRI Standard 2021 framework. Sustainability performance disclosure value calculated by dividing the disclosure value made by the company for each economic, social, and environmental performance by the total disclosure indicators according to GRI Standard 2021. In accordance with GRI Standard 2021, disclosure of economic performance uses 17 indicators in GRI 200, disclosure of environmental performance uses 31 indicators in GRI 300, and disclosure of social performance uses 36 indicators in GRI 400.

In this study, the assessment of the disclosure of economic performance, environmental performance, and social performance in the sustainability report published by the company was carried out in the same way as in the study conducted by Anggraeni and Djakman (2018). The method used to measure the quality of information disclosed by a company in a sustainability report uses a scale of 0-3 for all indicators disclosed, namely:

1. value 0: not revealed.
2. worth 1: disclosed without any explanation or the company only provides a brief statement regarding the disclosure indicator.
3. Value 2: expressing and explaining qualitatively.
4. Worth 3: if it discloses and provides explanations qualitatively and provides data with nominal numerical data (quantitative) for each indicator disclosed.

To determine the influence of each economic, social, and environmental performance on financial performance and market performance, multiple linear regression analysis is used. The mathematical equation model in this study is as follows:

Market Performance (Tobin's Q) : $\alpha + \beta\ 1\ EcDI + \beta\ 2\ SoDI + \beta\ 3\ EnDI + \varepsilon$ ……… (1)

Information:

ROA : Financial Performance
Tobin's Q : Market Performance
α : Constant
β : Regression Coefficient
EcDI : Economic performance index
SoDI : Social performance index
EnDI : Environmental performance index
ε : Error

RESULTS AND DISCUSSION

Normality Test

One-Sample Kolmogorov-Smirnov Test

			Ekonomi	Lingkungan	Sosial	Tobin's Q
N			43	43	43	43
Normal Parameters[a,b]	Mean		.5376	1.1238	.9173	1.9444
	Std. Deviation		.22329	.33993	.31189	1.24201
Most Extreme Differences	Absolute		.109	.116	.104	.128
	Positive		.109	.116	.065	.128
	Negative		-.081	-.082	-.104	-.094
Test Statistic			.109	.116	.104	.128
Asymp. Sig. (2-tailed)[c]			.200[d]	.165	.200[d]	.076
Monte Carlo Sig. (2-tailed)[e]	Sig.		.213	.142	.279	.071
	99% Confidence Interval	Lower Bound	.202	.133	.267	.065
		Upper Bound	.223	.151	.290	.078

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.
e. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 334431365.

From the results of the normality test using the Kolmogorov-Smirnov Test, the resulting Asymp. Sig. (2 tailed) value for all variables is greater than 0.05 with the following details:

Economy : 0.200
Environment : 0.165
Social : 0.200
Tobin's Q : 0.076

Based on these results, it can be concluded that all variables used in the study are normally distributed.

Heteroscedasticity Test

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.712	.517		1.376	.177
	Ekonomi	.228	.626	.063	.365	.717
	Lingkungan	-.040	.477	-.017	-.084	.933
	Sosial	.053	.555	.020	.095	.925

a. Dependent Variable: ABS_RES

From the results of the heteroscedasticity test using the Glejser Test, the significance value for all independent variables, namely, economic, environmental, and social, is greater than 0.05 with the following details:

Economy : 0.717
Environment : 0.933
Social : 0, 925

Based on these results, it can be concluded that all independent variables used in the study do not show symptoms of heteroscedasticity.

Multicollinearity Test

Coefficients[a]

Model		Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	Ekonomi	.849	1.178
	Lingkungan	.629	1.589
	Sosial	.552	1.812

a. Dependent Variable: Tobin's Q

From the results of the multicollinearity test, all independent variables have a tolerance value > 0.100 and VIF < 10.00 with the following details:

Economy : tolerance value of 0.849 > 0.100 and VIF value of 1.178 < 10.00
Environment : tolerance value of 0.629 > 0.100 and VIF value of 1.589 < 10.00
Social : tolerance value of 0.552 > 0.100 and VIF value of 1.812 < 10.00

Based on these results, it can be concluded that the data does not show symptoms of multicollinearity.

Autocorrelation Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.336[a]	.113	.045	1.21385	2.213

a. Predictors: (Constant), Sosial, Ekonomi, Lingkungan

b. Dependent Variable: Tobin's Q

Based on the Durbin Watson Table with the number of data N=43 and K=3, it is known:
DL value = 1.3663
DU value = 1.6632
4 – DU = 2.3368
Based on the results above, it is known that the Durbin Watson value is greater than the DU value and less than the 4-DU value or DU < DW < 4-DU, namely: 1.6632 < 2.213 < 2.3368 so it can be concluded that there is no autocorrelation symptom.

Multiple Linear Regression Analysis

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.336[a]	.113	.045	1.21385

a. Predictors: (Constant), Sosial, Ekonomi, Lingkungan

Based on the Adjusted R Square value of 0.045, it can be concluded that the influence of the three variables of disclosure of economic performance, environmental performance, and social performance together is 4.5% on the dependent variable Tobin's Q.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.325	3	2.442	1.657	.192[b]
	Residual	57.463	39	1.473		
	Total	64.789	42			

a. Dependent Variable: Tobin's Q

b. Predictors: (Constant), Sosial, Ekonomi, Lingkungan

Based on the F test calculation, the Sig. value is 0.192, which is greater than 0.05. From these results, it can be concluded that the three independent variables in the form of disclosure of economic performance, environmental performance, and social performance together (simultaneously) have no significant effect.

Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	3.464	.753		4.600	<.001
	Ekonomi	-.670	.911	-.121	-.736	.466
	Lingkungan	-.355	.695	-.097	-.511	.612
	Sosial	-.829	.808	-.208	-1.025	.312

a. Dependent Variable: Tobin's Q

Based on the calculation results above, the regression equation obtained is:

Tobin's Q = 3.464 – 0.670 (Economic Performance) – 0.355 (Environmental Performance) – 0.829 (Social Performance)

The effect of economic performance disclosure in sustainability reports on market performance (Tobin's Q)

Based on the results of the regression calculation, it is known that the independent variable in the form of economic performance disclosure has an insignificant effect because it has a value of 0.466. This value is greater than 0.05. The independent variable of economic performance disclosure has a negative effect according to the coefficient value of -0.670. The results of this study differ from the results of research conducted by Eriyanti and Fitri (2022) which concluded that disclosure of economic dimensions had an effect on the Tobin's Q ratio in companies listed on the SRI-KEHATI index in 2017-2019. Research conducted by Aprilia and Sarumpaet (2023) also concluded different results, namely that economic performance from sustainable reporting had a significant effect on manufacturing stock prices. The difference between the research conducted by the researcher and previous research is that the researcher limited the research to food and beverage companies that published sustainability reports using the 2021 GRI Standards, Eriyanti and Fitri (2022) studied non-financial companies listed in the SRI-KEHATI index in 2017-2019, and Aprilia and Sarumpaet (2023) studied all manufacturing companies that published sustainability reports in the period 2020-2022.

The effect of environmental performance disclosure in sustainability reports on market performance (Tobin's Q)

The results of the regression calculation produce a sig. value of 0.612 for the environmental performance disclosure variable. This value concludes that the environmental performance disclosure variable has no significant effect on market performance calculated using the Tobin's Q ratio because it is greater than 0.05. The environmental performance disclosure variable also has a negative effect on market performance because its coefficient value is -0.355. The results of this study differ from the results of the study conducted by Pratama et al. (2019) which concluded that the environmental dimension of the sustainability report has a significant positive effect on company value (Tobin's Q). Different results were also shown by the study conducted by Aprilia and Sarumpaet (2023). The difference between the study conducted by the researcher and previous studies is that the researcher studied limited food and beverage companies that published sustainability reports using the 2021 GRI Standards, Pratama et.al (2019) studied manufacturing companies participating in PROPER activities in 2016-2017, and Aprilia and Sarumpaet (2023) studied all manufacturing companies that published sustainability reports in the period 2020-2022.

The effect of social performance disclosure in sustainability reports on market performance (Tobin's Q)

The results of the regression calculation for the social performance disclosure variable show a sig. value of 0.312, greater than 0.05. These results indicate that social performance disclosure has no significant effect on the company's market performance variable (Tobin's Q). The coefficient value of this variable is also negative at -0.829, which means it has a negative effect on the market performance variable (Tobin's Q). These results differ from the results of research conducted by Eriyanti and Fitri (2022) which concluded that the social dimension has an effect on company performance as proxied by Tobin's Q. The difference between the research conducted by the researcher and the research conducted by Eriyanti and Fitri (2022) is that the researcher studied limited food and beverage companies that publish sustainability reports using the 2021 GRI Standards, while Eriyanti and Fitri (2022) studied non-financial companies listed on the SRI-KEHATI index in 2017-2019.

CONCLUSION

Conclusion

This study examines the effect of disclosure of economic performance, environmental performance, and social performance on company performance calculated using the Tobin's Q ratio. The companies studied are food and beverage companies listed on the Indonesia Stock Exchange that publish sustainability reports with the GRI 2021 standard for the period 2021-2023. The results of the study indicate that the disclosure variables of economic performance, environmental performance, and social performance have no significant effect on the company's market performance calculated using the Tobin's Q ratio.

The results of this study differ from previous studies because the companies studied in this study are limited to food and beverage companies that have products that are freely sold in the market and are widely known by consumers. The products produced are mostly also basic consumer needs. The perception of consumer choice of products to be purchased which is the main factor in the company's financial performance and market performance can be influenced by the nature of the product which is a basic need. Another factor that can have an influence is the consumer's economic condition which will affect consumers in choosing the products to be consumed and how much marketing effort is made.

Limitations

This study has several limitations that need to be considered in interpreting the results:

1. Scope of Research Sector

   This study is limited to food and beverage sector companies listed on the Indonesia Stock Exchange during the period 2021–2023. The unique characteristics of this sector, which is dominated by basic consumer needs, may affect the research results so that they cannot be generalized to other sectors.
2. Number and Sample Selection Techniques

   The research sample was limited to 16 companies selected using the purposive sampling method . The relatively small sample size was due to the fact that the sampled companies were limited to food and beverage companies that prepared sustainability reports using the GRI 2021 standards. Although this technique is relevant for exploratory studies, the relatively small sample size may affect the representation of the population as a whole.

Suggestions for Further Research

Based on the research conclusions, the results of which are different from research in other sectors, the researcher suggests adding other variables to determine the dominant variables that influence the company's market performance, which is calculated using the Tobin's Q ratio, such as consumer economic conditions and marketing efforts made by the company.

REFERENSI

Anggraeni, DY, & Djakman, CD (2018). Testing the Quality of CSR Disclosure in Indonesia. Equity: Journal of Economics and Finance, 2 , 22-41.

Aprilia, TT, & Sarumpaet, S. (2023). The Effect of Sustainability Report Disclosure on Stock Prices in Manufacturing Companies Listed on the Indonesia Stock Exchange for the 2020-2022 Period. Rimba Journal: Research in Business Management and Accounting, 1 (4), November 2023.

Aras, G., Aybars, A., & Kutlu, O. (2010). Managing corporate performance: Investigating the relationship between corporate social responsibility and financial performance in emerging markets. International Journal of Productivity and Performance Management, 59 (3).

Astari, TA, & Sari, N. (2023). Analysis of the Impact of Sustainability Reporting on Company Performance and Value. Journal of Accounting and Finance (JAK), 28 (2), July 2023.

Eriyanti, Y., & Fitri, A. (2022). The Influence of Sustainability Reporting Disclosure Based on GRI Standards on Company Performance (Study of Non-Financial Companies Listed on the Sri-Kehati Index in 2017-2019). Trisakti Accounting Journal, 9 (1)), 145-154.

Gutiérrez-Ponce, H.; Wibowo, SA Do Sustainability Activities Affect the Financial Performance of Banks? The Case of Indonesian Banks. Sustainability 2023, 15, 6892. https://doi.org/10.3390/ su15086892

Hardiningsih, P., Januarti, I., Afri Yuyetta, EN, Srimindarti, C., & Udin. (2020). The Effect of Sustainability Information Disclosure on Financial and Market Performance: Empirical Evidence from Indonesia and Malaysia. International Journal of Energy Economics and Policy, 10 (2), 18-25.

Lu, L. W. (2021). The moderating effect of corporate governance on the relationship between corporate sustainability performance and corporate financial performance. International Journal of Disclosure and Governance, 18 , 193–206.

Matuszewska-Pierzynka, A. (2021). Relationship between corporate sustainability performance and corporate financial performance: evidence from US companies. Equilibrium. Quarterly Journal of Economics and Economic Policy, 16(4), 885–906. doi: 10.24136/eq.2021. 033

Mengistu, A. T., & Panizzolo, R. (2023). Analysis of indicators used for measuring industrial sustainability: A systematic review. Environment, Development and Sustainability, 25 , 1979–2005.

Mulpiani, W. (2019). The Influence of Sustainability Report Disclosure on Public Company Performance in Indonesia. Journal of Accounting and Finance Studies, 2 (2), 77-90.

Pratama, MFGP, Purnamawati, I., & Sayekti, Y. (2019). Analysis of the Influence of Environmental Performance and Sustainability Reporting Disclosure on Company Value. Journal of Accounting, University of Jember, 17 (2).

Purnamasari, S., & Trimeiningrim, E. (2022). Analysis of the Impact of Sustainability Report Disclosure on Company Value. JEMAP: Journal of Economics, Management, Accounting, and Taxation, 5 (1), April 2022.

Rahim, S., Safitra, H., & Putra, AHPK (2024). Sustainability Report and Financial Performance: Evidence From Mining Companies in Indonesia. International Journal of Energy Economics and Policy, 14 (1), 673-685.

Shaban, O. S., & Barakat, A. (2023). The impact of sustainability reporting on a company's financial performance: Evidence from the emerging market. Journal of Governance & Regulation, 12 (4), 306–314.

Tristanto, TA, Nugraha, N., Waspada, I., Mayasari, M., & Kurniati, PS (2023). Sustainability Performance Impact of Corporate Performance in Indonesian Banking. Journal of Eastern European and Central Asian Research, 10 (4) .

Yilmaz, I. (2021). Sustainability and financial performance relationship: international evidence. World Journal of Entrepreneurship, Management and Sustainable Development, 17 (3).