Accounting And Finance Research Letters

available at http: www.privietlab.org

Accounting And Finance Research Letters Journal, 2022, 1(1), 1-12

THE EFFECT OF SUSTAINABILITY REPORT DISCLOSURE ON COMPANY PERFORMANCE

(Empirical Study on Banking Companies Listed on the Indonesian Stock Exchange for The Period 2017-2020)

Vivi[1*] Derry Wanta[2] & Rinto Noviantoro

[1,2]University Dharma Persada, [3]Universitas Dehasen Bengkulu
*Email: derry.wanta@gmail.com

Received: 28 November 2022 **Accepted:** 27 Desember 2022 **DOI:**

ABSTRACT

This study aims to analyze the effect of disclosing sustainability reports which are proxied into 4 aspects, namely economic aspects, environmental aspects, social aspects and governance aspects on company performance. This research was conducted on banking companies listed on the Indonesia Stock Exchange for the period 2017-2020. Quantitative research methods using secondary data, namely financial reports or annual reports and reports that are the object of research. Data analysis used multiple linear regression analysis. The calculation of economic aspects, environmental aspects, social aspects and governance aspects uses the standards according to the Financial Services Authority Regulation Number 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers and Public Companies. The results of the study indicate that the influence of the economic aspect has an effect and is significant on the company's performance. Environmental aspects have an effect and are significant on the company's performance. While the social aspect does not affect the company's performance. The governance aspect has no effect on the company's performance.

Keywords: *Sustainability Report*, *Economic Aspect, Environmental Aspect, Social Aspect, Governance Aspect, Company Performance, Financial Services Authority Regulation Number 51/POJK.03/2017*
JEL Classifications: JEL Classifications codes.

1. INTRODUCTION

In general, the company's main goal is to generate profits for the company and its stakeholders. The use of financial

statements as a means of accountability to owners of capital results in excessive and uncontrolled exploitation of natural resources and society. This can result in damage to the natural environment. If allowed to continue, it is feared that it will threaten environmental sustainability, even human survival. The financial condition alone is actually not enough to ensure the company's value grows sustainably. Company sustainability can be guaranteed if it pays attention to the social and environmental dimensions (Sabrina & Lukman, 2019).

The issue of the environment was first discussed by the World Commission on Environmental Development (WCED) which said that sustainable development is development that is maximized to meet future needs and does not reduce the ability of future generations to meet their needs. Sustainable development itself aims to complement various interests, namely the interests of development in the economic field and the interests of development in the field of environmental preservation. Companies can realize measurable and transparent sustainable development by disclosing a sustainability report. This concept aims to strike a balance between economic development and environmental preservation. The company basically has a goal to earn as much profit as possible. However, as time goes by, companies can no longer only think about profit as the main goal, but must also think about social impact and responsibility.

In 2017, a new regulation regarding sustainability reports emerged, namely in the regulation of the financial services authority number 51/POJK.03/2017 concerning the application of finance which requires financial service institutions, issuers and public companies to issue sustainability reports, especially for financial service institutions based in Indonesia. According to the Financial Services Authority Regulation Number 51/POJK.03/2017 a bank is a financial entity that is required to implement a sustainability report.

In general, the main activities of banks are channeling funds to people who need funds in the form of credit and accommodating customer money in various forms of savings, so that banks do not have a direct relationship with environmental damage. This is very different when compared to other industries, for example manufacturing and mining, which actually cause environmental damage with various residual evidence from their industrial activities. However, from several articles that the author has read, banking has an indirect influence. Through the distribution of funds to meet capital needs for companies that cause a lot of damage to the environment and social.

According to stakeholder theory, how is a company responsible for its financial reports and sustainability reports to external parties? Companies need to disclose sustainability reports to gain the trust and interests of stakeholders. The trust and interests of stakeholders are important for companies in running their business, without the trust and interests of stakeholders, business cannot run well. The trust of these stakeholders can be in the form of cooperation decisions that have the potential to increase productivity and the percentage of company sales. Within the banking company itself, stakeholder decisions can take the form of saving/savings decisions and credit decisions. As a result of this trust, the company gets an impact in the form of an increase in people who want to save at the bank, an increase in customers who make credit at the bank, with more and more people saving and making credit at the bank, the income of the bank company will increase and increase net profit which will affect the value of ROA of the company.

According to the results of research conducted by Suhardiyah (2018), Puspitandari (2017) states that economic aspects affect company performance. Meanwhile, the results of Karyawati et al., (2017), Sari and Andreas, (2019) Rahmananda and Gustyana, (2019) stated different results, namely no effect.

Environmental aspects are intended to provide relevant and accurate information regarding the company's environmental dimensions to stakeholders. The environmental dimension report is used by stakeholders to evaluate the impact caused by the company's business operations on the environment (Mulpiani, 2019). Thus the disclosure of sustainability reports by the company is expected to provide clear evidence that the production process carried out by the company also pays attention to social and environmental issues, so that it can increase stakeholder confidence which will have an impact on increasing investment so that it will increase company profits (Karyawati et al., 2017) .

According to the results of research conducted by Suhardiyah et al., (2018) and Wijayanti (2016) stated that environmental aspects affect company performance. Meanwhile, the research results of Hardi and Chairina (2019), Sari and Andreas, (2019) Prijanto et al., (2019) state that environmental aspects do not affect company performance.

There are other things that are no less important than concern for the surrounding environment related to the disclosure of sustainability reports, namely the social aspect. Social performance is very important for companies. This is because these achievements will give a positive impression in the eyes of the public as well as the achievement of environmental performance. Thus, in the eyes of the community, the company will get the title as a company that has sympathy and empathy for the community for the things that the company does for the benefit of society, so that public trust in the company will increase and become stronger. As a result, loyalty will increase. Consumers owned by the company will become loyal consumers and continue to use the company's products. Consumer loyalty is important for the continuity of the company's operations. Thus, the company's value in the future will be better (Anna et al., 2019).

According to the results of research conducted by Bukhori and Sopian (2017) Wijayanti (2016) states that social aspects affect company performance. While the results of research conducted by Suhardiyah et al., (2018), Mulpiani (2019) Anna et al. (2019) stated that it had no effect.

The development of corporate governance is characterized by the management of the company which is no longer dominant for shareholders, but also for stakeholders. The balance between shareholders and stakeholders in managing the company is in line with the principles of Good Corporate Governance (GCG). The term GCG in the context of language consists of three syllables, namely: good, corporate, and governance. GCG implementation is said to be good if the company guarantees the implementation of the principles of transparency, accountability, responsibility, professionalism and prioritizing justice (Ekadjaja, 2018).

The better the performance of GCG, the investors will respond positively and in the end it can have an impact on the company's performance. Corporate governance is one of the company's controls that govern the policies that exist within the company and greatly affect the company's financial performance. The benefits of implementing GCG are to improve company performance, minimize financing within the company and increase investor confidence to invest in the company (Agustina & Santosa, 2019).

According to the research results of Aprianingsih (2016) it shows that GCG influences company performance. However, the research results of Nabilah (2016) and Buallay et al., (2017) show the opposite result, that is, GCG has no effect on company performance.

In 2019, old cases emerged that were increasingly fatal for the environment, namely the haze disaster in Kalimantan and Sumatra. In news compiled from Sindo Nasional news, almost all billions and even trillions of projects undertaken by palm oil companies, starting from clearing plantation land, exploration, mining exploitation and construction of power plants receive credit/financing from banks. However, it seems that banking institutions still do not care about the impact of environmental damage caused by project activities. It is not appropriate for banks to benefit when the surrounding community is suffering as a result of company activities that cause environmental pollution (Accessed July 17, 2021).

2. BUSINESS DECISION-MAKING PROCESS

Stakeholder Theory

Stakeholder theory states that a company is not an entity that operates for its own sake but has a positive impact on its stakeholders. Therefore the existence of a company is strongly influenced by the support provided by stakeholders to the company. Efforts to make a positive contribution to stakeholders by minimizing the negative impacts arising from all company policies and operations are the responsibility of the company. Corporate social responsibility should be able to go beyond actions to maximize profits for the benefit of shareholders, but the actual welfare generated by the company is not limited to the interests of shareholders, but for the interests of stakeholders, namely all parties who have a relationship with the company. Shareholders who have rights to actions taken by company management, stakeholders also have rights to the company (Budiana & Budiasih, 2020).

Stakeholder Theory

Stakeholder theory states that a company is not an entity that operates for its own sake but has a positive impact on its stakeholders. Therefore the existence of a company is strongly influenced by the support provided by stakeholders to the company. Efforts to make a positive contribution to stakeholders by minimizing the negative impacts arising from all company policies and operations are the responsibility of the company. Corporate social responsibility should be able to go beyond actions to maximize profits for the benefit of shareholders, but the actual welfare generated by the company is not limited to the interests of shareholders, but for the interests of stakeholders, namely all parties who have a relationship with the company. Shareholders who have rights to actions taken by company management, stakeholders also have rights to the company (Budiana & Budiasih, 2020).

Company Performance

Financial performance is a description of the conditions and circumstances of a company which is analyzed with financial analysis tools so that good and bad financial conditions and financial achievements of a company can be identified at a certain time (Wijayanti, 2016). Kariyoto, (2017) argues that financial performance is a picture of a company's financial condition which is measured using financial ratios, so that it can be known about the good or bad financial condition of a company that reflects work performance in a certain period.

In determining decision making, stakeholders need information about company performance. Information related to company performance can provide an overview to stakeholders about the level of company efficiency and company development in each period. Financial performance reports are made to describe the company's past financial condition and are used to predict future finances, in certain years financial reports can be used as a comparison with previous years so that you can see developments or declines from year to year and what is meant by financial statements . The difference is to find out whether the company is consistent (Wijayanti, 2016).

Financial performance is used by management as one of the guidelines for managing the resources entrusted to it. Financial performance reflects the company's

fundamental performance which will be measured using data derived from financial reports. The Return on Assets (ROA) ratio is defined as a proxy for measuring a company's financial performance. This ratio is very important to determine the extent to which a company's ability to generate profits both from operational activities and non-operational activities. ROA is an analytical technique that is commonly used to measure the level of effectiveness of the entire company's operations (Simbolon, 2016)

Return On Assets =(Net Profit After Tax)/(Total Assets)

Definition of Sustainability Report

Sustainability report contains information on the company's performance in the economic, social and environmental fields. In addition, the sustainability report is a moral agent for companies by carrying out "activities" and "interactions" with the community, so that they have responsibility for the environment. Moral responsibility requires companies to consider the interests of other parties related to company activities (stakeholders) (Astuti & Juwenah, 2017).

Sustainability report means a report that contains not only financial performance but also non-financial information which consists of information on social and environmental activities that enable the company to grow sustainably.

Previously in 2017, sustainability reports were prepared based on the policies of each company, as mandated by Law no. 32 of 2009 concerning Environmental Protection and Management, and later by Statement of Financial Accounting Standards (PSAK) No.1. However, since the Financial Services Authority (OJK) issued OJK Regulation Number 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers and Public Companies, reporting on sustainability performance through sustainability reports has become mandatory, especially for financial service institutions based in Indonesia. This rule applies to issuers and public companies, as well as financial service providers. The POJK on Sustainable Finance was issued as a special rule relating to sustainability reporting that must be followed by all players in the financial services industry. Bank is one of the financial entities that must implement sustainable finance. According to the Financial Services Authority (OJK) Sustainable Finance Roadmap, sustainable finance is defined as the total support of the financial services industry for long-term growth arising from the alignment of economic, social and environmental objectives (Wanta & Herawati, 2021).

Principles of Sustainability Report

In accordance with POJK Sustainable Finance, in implementing Sustainable Finance, banks must gradually adopt and internalize 8 (eight) principles of Sustainable Finance into vision, mission, strategic plans and work programs. The implication is that banks no longer carry out business strategies and operations in a business as usual (BAU) manner but are carried out as part of the implementation of Sustainable Finance. Thus, it is necessary to interpret the practical meaning of the 8 (eight) principles of Sustainable Finance to make it easier for banks to adopt and internalize these principles. The practical meaning of the Sustainable Finance principles contained in the POJK Sustainable Finance is as follows:

1. Principles of Responsible Investment

Responsible investment is an investment approach that considers economic, social, environmental and governance factors in investment decisions. Thus the bank can better manage risk and generate sustainable long-term profits. This principle applies to the collection and distribution of funds that consider increasing economic benefits, social welfare, environmental quality, and enforcement of governance as the ultimate goal. The implementation of this principle is carried out in stages according to the financial condition, structure and complexity of each bank. The practical measure is the allocation of bank assets and liabilities that takes into account the impact of economic, social, environmental and governance risks.

2. Principles of Sustainable Business Strategy and Practices

In applying this principle, every bank must determine and implement sustainable business strategies and practices in every decision making. The Bank emphasizes achieving long-term goals and establishing short-term strategies which are part of efforts to achieve long-term goals. The strategies and business practices referred to include the vision, mission, organizational structure, strategic plans, standard operating procedures, work programs to determining risk factors in raising or distributing funds.

3. Principles of Social and Environmental Risk Management

Every bank must adhere to the principle of prudence in measuring social and environmental risks from fundraising and channeling activities. These activities include identification, measurement, mitigation, monitoring, and monitoring. Social and environmental risks in bank activities include negative social and

environmental impacts of projects or activities financed.

4. Governance Principles

Governance enforcement for banks is implemented through management and business operations that include, among others, transparency, accountability, responsibility, independence, professionalism, equality and fairness.

5. Principles of Informative Communication

Each bank must prepare and provide informative reports covering the strategy, governance, performance and prospects of the company/institution. Reports must be easily understood, accountable and delivered through effective communication media and accessible to all stakeholders. Reports that must be prepared by banks are RAKB and Sustainability Reports. An explanation of the two reports is presented in sections VI and VII of this Guide.

6. Principle of Inclusion

Every bank must strive to ensure the availability and affordability of products and/or services so that they can be accessed by all levels of society, including those who do not yet have access to banking products and/or services. The types of banking products and/or services offered are expected to cover all economic sectors according to the needs of the community and government policies.

7. Principles of Priority Leading Sector Development

In setting sector priorities, each bank must consider the priority leading sectors that have been determined by the Government through the Medium and Long Term Development Plans (RPJMN and RPJP). This is done to support the achievement of sustainable development goals, including tackling climate change.

8. Principles of Coordination and Collaboration

In order to align strategies/policies, business opportunities, and product innovations with national interests, banks actively participate in forums/activities/cooperation related to Sustainable Finance, both at the regional/national/local level.

Disclosure in Sustainability Report

Disclosures in the sustainability report according to the Technical Guidelines for Banks related to POJK Implementation Number 51 2017 consist of:

Economic Aspect

Contains information regarding sustainable economic performance, at least including: a. the type of product and/or service provided along with the amount; b. bank operating income; c. bank net profit or loss; d. products and/or services that meet the criteria for sustainable business activities; and e. local parties involved in the Sustainable Finance business process.

The formula for calculating the economic aspect is:

$$EcDI=K/(N)$$

Information:

EcDI : Indicator of economic aspect
K : Number of indexes disclosed
N : Number of indexes expected to be disclosed

Environmental Aspect

Contains a summary of information about bank activities that meet the criteria for sustainable business activities, including:

Internal activities such as efficient use of energy (eg electricity and water), green buildings, efficient use of paper and plastic.

TJSL funding allocation for activities with high environmental impact.

TJSL activities related to improving environmental quality and supporting the bank's core business.

The formula for calculating environmental aspects is:

$$EnDI=K/(N)$$

Information:

EnDI : Indicators of environmental aspects
K : Number of indexes disclosed
N : Number of indexes expected to be disclosed

Social Aspect

Contains a summary of information about bank activities related to regional and community empowerment including positive impacts and efforts to minimize negative impacts as well as the allocation of funds which includes among others:

Internal Performance

Allocation of TJSL funding to activities with high social impact

TJSL activities related to community empowerment and supporting the bank's core business.

The formula for calculating the social aspect is:

$$SoDI=K/(N)$$

Information:

SoDI : Indicator of social aspect
K : Number of indexes disclosed
N : Number of indexes expected to be disclosed

Governance Aspect

Contains summary information about bank activities

related to:
Explanation of the sustainability strategy
Vision, mission and value of sustainability
Explanation regarding the value of sustainability, response and commitment of FSI companies, issuers
Explanation regarding competency development, procedures for FSI or issuer,
Stakeholder involvement, problems encountered
An explanation of the activities that build the culture and the percentage of products and services that have been evaluated for safety
As well as written verification from an independent party if any.
This governance aspect is based on the results of discussions with experts in preparing sustainability reports. The formula for calculating governance aspects is:

$$GovDI=K/(N)$$

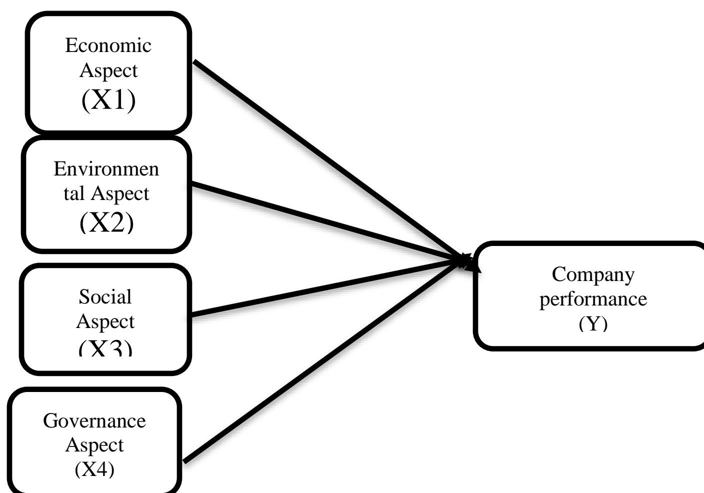
Information:
GovDI : governance indicators
K : Number of indexes disclosed
N : Number of indexes expected to be disclosed

3. METHOD

4. Figure 1: Model and hypothesis

in Peru (90%), Colombia(5%), Ecuador (4%) and Chile (1%).

adalah:



H1: Economic aspects affect company performanceEffect of Disclosure of Economic Aspects of Sustainability Reports on Company Performance

At present, people's awareness of products that do not damage the environment and care about social causes opportunities for companies to disclose sustainability reports with economic aspects, where a company is encouraged to produce products that are friendly and care about the environment and social. So that the products produced by the company can be well received by the community and can improve company performance followed by increased company profitability. So it can be concluded that if the more items disclosing the economic aspects of a company, the higher the profitability the company will get (Septiana et al., 2019).

H1: Economic aspects affect company performance

Effect of Disclosure of Environmental Aspects of Sustainability Reports on Company Performance

In research by Puspitandari, (2017), Wijayanti, (2016) states that disclosure of environmental aspects has an influence on company performance. Whereas in the research results of Hardi and Chairina, (2019), Prijanto et al., (2019) Sari and Andreas, (2019) state that disclosure of environmental aspects has no effect. Based on this description, the hypothesis can be formulated as follows:

H2: Environmental aspects affect company performance

Effect of Disclosure of Social Aspects of Sustainability Report on Company Performance

In Sakiyah et al.'s research, (2018), Wijayanti, (2016) states that disclosure of social aspects has an influence on company performance. Whereas in the research of Suhardiyah et al., (2018), Mulpiani, (2019), Anna et al., (2019) states that the results of disclosing social aspects have no effect on company performance. Based on this description, the hypothesis can be formulated as follows:

H3: Social aspects affect company performance

Effect of Disclosure of Sustainability Report Aspects of Governance on Company Performance

The results of research conducted by Bhatt and Bhatt (2017) state that there is a positive and significant relationship between corporate governance and company performance and reiterates that the implementation of strong corporate governance improves company performance and provides clear evidence to incorporate governance rules and practices at the company. Likewise, the results of Ekadjaja's research (2018) state that disclosure of governance affects company performance. Meanwhile, according to Buallay et al., (2017) shows that there is no significant effect of the implementation of corporate governance on the company's financial performance. Based on this description, the hypothesis can be formulated as follows:

H4: Governance aspects affect company performance

3.1. Sample

According to Sugiyono (2017) the sample is part of the number and characteristics possessed by the population. The sample was taken because researchers had limitations in conducting research both in terms of time, energy, and the sampling method used in this study was a purposive sampling technique, a sampling technique using certain considerations or criteria. The criteria for determining the sample used in this study are:

1. Banking companies listed on the Indonesia Stock Exchange for the 2017-2020 research period.
2. Banking companies that publish financial reports or annual reports and sustainability reports during the 2017-2020 period.
3. The sample companies provide the required data in full for the 2017-2020 period.

3.2. Measurements

Data collection technique

The data collection technique used in this study is documentation, namely the process of collecting data in the form of documents or notes from past events in the form of writing, drawings, or other people's monumental works (Sugiyono, 2017). This documentation is in the form of data on the financial statements of banking companies listed on the Indonesia Stock Exchange (IDX) in 2017-2020 which

were obtained on the website www.idx.co.id. These data will be processed using SPSS software for statistics.

3.3. Data Analysis

Data analysis technique

Data analysis technique is a way of processing data that has been collected and then the results of data processing can be interpreted to answer the problems that have been formulated. This study uses the SPSS 25 statistical program. The data analysis techniques used in this study are as follows:

Descriptive Statistical Analysis

According to Ghozali (2018) descriptive statistics provide an overview or description of a data seen from the average value (mean), standard deviation, variance, maximum, minimum, sum, range, kurtosis and skewness (distribution skewed).

Classic assumption test

.1 Normality Test

The normality test aims to test whether the data in the study are normally distributed or not. Testing the normality test is carried out because in parametric statistical analysis, the assumptions that must be owned by the data are normally distributed or in the form of a normal distribution (Ghozali, 2018). The test used in this study is a statistical test with Kolmogorov-Smirnov. The basis for decision making using the Kolmogorov-Smirnov Normality Test is:

• If it is significant > 0.05 then the data distribution is said to be normal.

• If it is significant <0.05 then the data distribution is said to be abnormal.

.2 Heteroscedasticity Test

The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from one residual observation to another. If the variance from residue from one observation to another observation remains, then it is called Homoscedasticity and if it is different it is called Heteroscedasticity. A good regression model is one that has homoscedasticity or does not have heteroscedasticity (Ghozali, 2018). The method used to detect the presence or absence of heteroscedasticity is through testing using a Scatter Plot. The basis of the analysis is as follows:

• If there is a certain pattern, such as the dots forming a certain regular pattern (wavy, widens and then narrows), then it indicates that heteroscedasticity has occurred.

• If there is no clear pattern, and the dots spread above and below the number 0 on the Y axis, then there is no heteroscedasticity.

.3 Multicollinearity Test

The multicollinearity test aims to test whether in the regression model a correlation is found between the independent (independent) variables (Ghozali, 2018). The regression model is said to be good if there is no correlation between the independent variables. To detect whether or not multicollinearity occurs, it can be seen from the Tolerance value or Variance Inflation Factor (VIF). Both measures show which independent variables are explained by other independent variables. So a low tolerance value is the same as a high VIF value. The commonly used cutoff values are if the tolerance value is ≥ 10% and VIF ≤ 10, then it can be concluded that there is no multicollinearity between the independent variables in the regression model.

.4 Autocorrelation Test

The autocorrelation test aims to test whether in the linear regression model there is a correlation between the confounding errors in period t and the confounding errors in the t-1 (previous) period. Autocorrelation arises because successive observations over time are related to one another. This is often found in time series data, because certain samples or observations tend to be influenced by previous observations. This study uses the Durbin-Watson Test (DW Test) to detect the presence or absence of autocorrelation (Ghozali, 2018).

Table 3.3

Decision Making Whether or not Autocorrelation exists

ZERO DECISION HYPOTHESIS IF

There is no positive autocorrelation Reject $0 \le d \le dl$

There is no positive autocorrelation No Decision $dl \le d \le du$

There is no negative autocorrelation Reject $4 - dl \le d \le 4$

No negative autocorrelation No Decision $4 - du \le d \le 4 - dl$

There is no negative positive autocorrelation Not rejected $Du \le d \le 4 - du$

3.6.3 Multiple Linear Regression Test

Multiple linear regression is used for studies that have more than one independent variable. According to Ghozali (2018) multiple linear regression analysis is used to determine the direction and how much influence the independent variables have on the dependent variable. The results of the multiple linear regression analysis will test how much influence institutional ownership, asset structure, and capital structure have on firm value. Regre equation

4.DISCUSSION AND IMPLICATIONS

Discussion of Hypothesis Test Results

All processed data obtained comes from calculations through SPSS. Based on the results of the research, the results of the research will be discussed in accordance with the problems posed, in this study it proves that:

Effect of Disclosure of Economic Aspects of Sustainability Reports on Company Performance

Based on table 4.9 the results of the study to state the calculated t value for the economic aspect variable is 3.133, which means it is greater than the t table of 1.97669 and a significant value of 0.002 <0.05. Therefore, it can be concluded that H1 is accepted, which means that the economic aspect has an influence and is significant on company performance.

The results of this study are consistent with that of Anna et al. (2019) and Mulpiani (2019) who said that a positive effect means that the wider the disclosure of the economic dimension carried out by companies, the more financial performance will be proxied by Return on Assets (ROA). As part of stakeholders, shareholders need economic transparency related to the company's economic performance. With information about the company's economic performance, shareholders can provide policy. It is from these policies taken by the shareholders that the company is required to be able to increase the level of the company's net profit so that the shareholders do not withdraw their shares.

The Effect of Disclosure of Environmental Aspects of Sustainability Reports on Company Performance

Based on table 4.9 the results of the research to state the calculated t value for the environmental aspect variable is 2.708, which means it is greater than the t table of 1.97669 and a significant value of 0.008 <0.05. Therefore, it can be concluded that H2 is accepted, which means that environmental aspects have an influence and are significant on company performance.

The results of this study are consistent with research by Puspitandari (2017) and Li et al. (2017) stated that environmental performance affects company performance. With the company carrying out activities that have a positive impact on society and increasing investor confidence, the company will be considered good by the community and the company's image will be good and can improve the company's performance itself. So it can be indicated that the disclosure of environmental performance information has an impact on increasing investor confidence and company performance. Disclosure of information regarding the impact of company activities on the environment can provide a good reputation for the company and increase investor confidence.

Effect of Disclosure of Social Aspects of Sustainability Report on Company Performance

Based on table 4.9 the results of the study to state the calculated t value for the social aspect variable is -0.779, which means it is smaller than the t table of 1.97669 and a significant value of 0.438 > 0.05. Therefore, it can be concluded that H3 is rejected, which means that social aspects do not affect company performance.

The results of this study are consistent with research by Asuquo et al., (2018) which shows that social performance has no significant effect on a company's return on assets. Social expenditures made by companies are usually a small part of the company's total expenditure which is used to obtain company profits

The social dimension in sustainability reports concerns the impact of organizations on the communities in which they operate, and explains the risks from interactions with other social institutions that they manage. According to Bukhori's research (2017) it states that practicing social performance disclosure is for the purpose of gaining legitimacy as a response to public pressure. However, the conditions in Indonesia itself where the disclosure is still voluntary indicates that the disclosure of socially related information is still a second priority to pay attention to compared to the disclosure of its economic performance.

Effect of Disclosure of Sustainability Report Aspects of Governance on Company Performance

Based on table 4.9 the results of the research to state the calculated t value for the governance aspect variable is -1.766, which means it is smaller than the t table 1.97669 and a significant value of 0.080 > 0.05. Therefore, it can be concluded that H4 is rejected, which means that the governance aspect has no effect on company performance.

Research conducted by Yermack (1996), Jensen (1993), Sundgren and Wells (1998) expresses the argument that "more and more personnel on the board of commissioners can result in poor performance of the company". This is because with the increasing number of members of the board of commissioners, the company will experience difficulties in carrying out its role, including difficulties in carrying out communication and coordination between members of the board of commissioners. The results of this study are consistent with Mrs

5. CONCLUSION

This study aims to analyze the influence of economic aspects, environmental aspects, social aspects and governance aspects on company performance, by taking research samples from banking companies listed on the Indonesia Stock Exchange for the 2017-2020 period. Samples were taken using purposive sampling and obtained as many as 41 companies with a total of 148 observations. Based on the data that has been collected and then tested using multiple linear regression analysis, it can be concluded for this study are as follows:

1. The economic aspect influences the company's performance. This proves that the products or services provided to the company are of high quality and are liked by the public so that stakeholders also trust and are interested in investing in the company and can improve the company's performance.

2. Environmental aspects affect the company's performance. This proves that with the company carrying out activities that have a positive impact on the surrounding community, the company will be seen as good and improve the company's image and also have a good impact on improving company performance.

3. The social aspect has no effect on company performance. This is because the company does not yet have enough reliable and effective resources to manage the company's assets in order to generate maximum profits.

4. The aspect of governance has no effect on company performance. This proves that corporate governance is bad so that the results are not optimal so that the company's performance decreases.

REFERENCES

Agustina, R. C., & Santosa, A. (2019). Pengaruh DAR, DER Dan Tata Kelola Perusahaan Terhadap Kinerja Keuangan Perusahaan Farmasi. *Jurnal Ekonomi Dan Manajemen*, *3*(2598–9022).

Aprianingsih, A. (2016). Pengaruh Penerapan *Good Corporate Governance,* Struktur Kepemilikan dan Ukuran Perusahaan terhadap Kinerja Keuangan Perbankan yang Terdaftar di Bursa Efek Indonesia Periode 2011-2014. *Yogyakarta: Fakultas Ekonomi Universitas Negeri Yogyakarta.*

Astuti, A. D., & Juwenah, J. (2017). Pengaruh Pengungkapan *Sustainability Report* Terhadap Nilai Perusahaan Yang Tergabung Dalam LQ 45 Tahun 2012-2013. *Journal of Accounting and Finance*, *2*(01), 301–313. https://doi.org/10.35706/acc.v2i01.733

Asuquo, A. I., Esther Temitayo, D., & Udonna Raphael, O. (2018). *The Effect of Sustainability Reporting on Corporate Performance of Selected Quoted Brewery Firms in Nigeria*. *6*(3), 1–10. Retrieved from www.seahipaj.org

Bank dan Pencemaran Lingkungan. (n.d.). Retrieved from Koran Sindo website: https://nasional.sindonews.com/read/1444127/18/bankdanpencemaranlingkungan-1569802329

Bhatt, P. R., & Bhatt, R. R. (2017). *Corporate Governance and Firm Performance in Malaysia*. *Corporate Governance (Bingley)*, *17*(5), 896–912. https://doi.org/10.1108/CG-03-2016-0054

Buallay, A., Hamdan, A., & Zureigat, Q. (2017). *Corporate Governance And Firm Performance: Evidence From Saudi Arabia. Australasian Accounting, Business and Finance Journal*, *11*(1), 78–98. https://doi.org/10.14453/aabfj.v11i1.6

Budiana, Q. A., & Budiasih, I. G. A. N. (2020). Profitabilitas Sebagai Pemoderasi Pengaruh Pengungkapan *Sustainability Reporting* Pada Nilai Perusahaan Pemenang Indonesian *Sustainability Reporting Awards*. *E-Jurnal Akuntansi*, *30*(3), 662. https://doi.org/10.24843/eja.2020.v30.i03.p09

Bukhori, M. R. T., & Sopian, D. (2017). Pengaruh Pengungkapan *Sustainability Report* Terhadap Kinerja Keuangan. *Jurnal SIKAP (Sistem Informasi, Keuangan, Auditing Dan Perpajakan)*, *2*(1), 35. https://doi.org/10.32897/sikap.v2i1.62

Ekadjaja, A. (2018). *Tata Kelola Perusahaan , Risiko Keuangan , dan Kinerja Perbankan di Indonesia*. *XXV*(03), 391–412.

Ghozali, I. (2018). *Aplikasi Analisis Multivariate dengan Program IBM SPSS 25* (Edisi 9). Semarang: Badan Penerbit Universitas Diponegoro.

Hardi, E., & Chairina, C. (2019). *The Effect of Sustainability Reporting Disclosure and Its Impact on Companies Financial Performance. Journal of Wetlands Environmental Management*, *7*(1), 67. https://doi.org/10.20527/jwem.v7i1.188

Herawaty, V., Lambintara, N. and Daeli, F. (2021). Peran Profitabilitas Atas Pengaruh *Board Governance* Terhadap *Sustainability Report Quality*. *Media Riset Akuntansi, Auditing & Informasi, 21(1)*, 115. https://doi.org/10.25105/mraai.v21i1.9209

Kariyoto. (2017). *Analisis Laporan Keuangan.* Malang: Universitas Brawijaya Press.

Karyawati, N. N. A. G. A. Y. E. S. (2017). Pengaruh Tingkat Pengungkapan Laporan Keberlanjutan terhadap Kinerja Keuangan Perusahaan (Studi Empiris pada Perusahaan Non-Keuangan yang Terdaftar di Bursa Efek Indonesia Periode 2013-2015). *Jurnal Akuntansi Universitas Pendidikan Ganesha*, (7 (1)), 1–10.

Kusuma, R. A. (2018). *Pengertian Kinerja Keuangan Menurut Para Ahli Terlengkap*. Retrieved from https://dosenakuntansi.com/pengertian-kinerja keuangan

Laurensius Marshall Sautlan Sitanggan. (2019). Masih Jago Cari Untung, Return On Asset (ROA) Bank Besar Bertumbuh Di Tahun Lalu. Retrieved February 27, 2022, from Kontan.co.id website: https://keuangan.kontan.co.id/news/masih-jago-cari-untung-return-on-asset-roa-bank-besar-bertumbuh-di-tahun-lalu

Li, D., Cao, C., Zhang, L., Chen, X., Ren, S., & Zhao, Y. (2017). *Effects of Corporate Environmental Responsibility on Financial Performance: The Moderating Role of Government Regulation And Organizational Slack*. *Journal of Cleaner Production*, *166*, 1323–1334. https://doi.org/10.1016/j.jclepro.2017.08.129

Martha Suhardiyah, Khusnul Khotimah, S. (2018). *Pengaruh Pengungkapan Sustainability Report Terhadap Kinerja Keuangan Perusahaan Pertambangan Yang Terdaftar Di Bursa Efek Indonesia Tahun 2011-2015*. *XXIII*(1411–9501).

Mochamad Rizki Triansyah Bukhori, D. S. (2017). Pengaruh *Sustainability Report* Terhadap Kinerja Keuangan. *Sikap*, *2*(1), 20–34.

Mulpiani, W. (2019). Pengaruh Pengungkapan *Sustainability Report* Terhadap Kinerja Perusahaan Publik Di Indonesia. *Jurnal Studi Akuntansi Dan Keuangan*, *2*(2), 77–90.

Nabilah. (2016). Pengaruh Manajemen Risiko, *Good Corporate Governance* dan Permodalan terhadap Profitabilitas Bank Pembangunan Daerah Periode 2011-2015. *Indonesia Banking School*.

Nariman, A., and Ekadjaja, M. (2018). Implikasi *Corporate Governance, Investment Opportunity Set, Firm Size,* dan *Leverage* Terhadap *Earnings Quality*. *Jurnal Ekonomi*, *23*. https://doi.org/doi.org/10.24912/je.v23i1.332.

Puspitandari, J. (2017). *Pengaruh Sustainability Report Disclosure Terhadap Kinerja Perbankan*. *6*(1997), 1–12.

Rizki, O. M., & Patuh, M. P. (2016). Dampak Pengungkapan *Sustainability Report* Terhadap Kinerja Keuangan dan Kinerja Pasar. *Jurnal Ilmu Dan Riser Akuntansi*, *5*(5), 1–20.

Sabrina, & Lukman, H. (2019). Pengaruh *Sustainability Report* Terhadap Kinerja Keuangan Perusahaan Perbankan. *Journal Multiparadigma*, *I*(2), 477–486. Retrieved from www.idx.co.id.

Sakiyah, D. E., & Salim, M. A. (2018). Pengaruh Pengungkapan *Sustainability Report* Terhadap Kinerja Keuangan Pada Perusahaan Perbankan Yang Terdaftar di BEI 2016-2018. *E-Jurnal Riset Manajemen*, 68–85.

Sari, I. A. P., & Hans Hananto Andreas. (2019). *Pengaruh Pengungkapan Sustainability Keuangan Perusahaan di Indonesia Reporting Terhadap Keuangan Perusahaan di Indonesia*. *3*(3), 206–214.

Sejati, B., & Prastiwi, A. (2015). Pengaruh Pengungkapan *Sustainability Report* terhadap Kinerja dan Nilai Perusahaan. *Pengaruh Pengungkapan Sustainability Report Terhadap Kinerja Dan Nilai Perusahaan*.

Septiana, Moch. Hudi Setyobakti, S.E., M.M., Fetri Setyo

Liyundira, S.E., M. A. (2019). *Pengaruh Sustainability Report Terhadap Kinerja Keuangan Perusahaan Sektor Perbankan Yang Terdaftar Di Bursa Efek Indonesia (BEI) Tahun 2013-2016*. *2*(July), 9–24.

Simbolon, Junita dan Dr.H.Memed Sueb, S.E., Msi., A. (2016). *Pengaruh Pengungkapan Sustainability Report Terhadap Kinerja Keuangan Perusahaan (Studi Empiris Pada Perusahaan Tambang dan Infrastruktur Subsektor Energi yang Terdaftar di BEI Tahun 2010-2014)*. 1–30.

Sugiyono. (2017). *Metode Penelitian Kuantitatif, Kualitatif dan R&D*. Bandung: Alfabeta.

Susi Retna Cahyaningtyas, E. E. S. (2019). *Penerapan Manajemen Resiko Bank, Tata Kelola Perusahaan Dan Kinerja Perusahaan Perbankan Indonesia*. *3*, 170–206.

Tulus Prijanto, Yuni Pristiwati NW, D. S. (2019). Pengaruh *Sustainability Report* Terhadap Kinerja Keuangan Dan Tingkat Kepercayaan Nasabah Bank Di Indonesia. *Jurnal Education and Economics (JEE)*, *02*(04), 507–518.

Wanta, D., & Herawati, V. (2021). *Sustainable Finance Disclosure on Banking Sector in Indonesia : The Relationship ESG With Company Performance And Institutional Ownership*. *Journal of Research in Business and Management*, *9*(12), 6–12. Retrieved from http://questjournals.org/jrbm/v9-i12.html

Wanta, D., & Juniati Gunawan. (2021). *Sustainability Blue Disclosure: Index Development And Prelimenar Implementation. Jurnal Riset Akuntansi Kontemporer*, *13*, 97–105.

Wijayanti, R. (2016). *Pengaruh Pengungkapan Sustainability Report Terhadap Kinerja Keuangan Perusahaan*. 39–51.

Yane Devi Anna, D. R. D. R. . (2019). *Sustainability Rreporting*: Analisis Kinerja Keuangan Dan Nilai Perusahaan. *Jurnal Aset (Akuntansi Riset)*, *11*(2), 238–255.

Zanetta Rahmananda, T. T. G. (2019). Pengaruh *Sustainability Report* Terhadap Kinerja Keuangan Return On Asset (ROE) Pada Perusahaan Yang Terdaftar Di LQ45 Pada Periode 2013-2016. *Jurnal Mitra Manajemen (JMM Online)*, *3*(12), 1128–1140.