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The 4th ICOBBI

The Strategy of Digital in Business for Gaining Competitive Advantages after Pandemic

Keynote Speakers :

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Proceeding Book of The 4th International Conference on Business and Banking Innovations (ICOBBI) 2022 "The Strategy of Digitalization in Business for Gaining Competitive Advantages after Pandemic"

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FOREWORD

Alhamdulillah, praise be to Allah Subhanahu Wa Ta'ala for granting us the opportunity to organize and publish the proceedings of the 4th International Conference on Business and Banking Innovations (ICOBBI) with the topic “The Strategy of Digitalization in Business for Gaining Competitive Advantages after Pandemic”. This proceeding contains several researches articles from many fields in Business & Marketing, Banking & Sharia Banking, Accounting & Financial Management, Human Resources Management, Operations Management, Investasi, Insurance & Capital Market, Strategic Management, Technology Management, and Information System.

The 4th International Conference on Business and Banking Innovations was held on 29th January 2022 by virtual (online) zoom meeting and organized by the Master Management Study Program of Universitas Hayam Wuruk Perbanas in Collaboration with five Higher Education Institutions in Indonesia and three Universities from Asia countries. Keynote speakers in this conference were: Chonlatis Darawong, P.hD (Sripatum University, Thailand), Associate Prof. Dr. Ellisha Nasrudin (University of Science, Malaysia), Dr. Sanju Kumar Singh (Postdoctoral Fellowship in Universitas Airlangga, Tribhuvan University Nepal) and Prof. Dr. Abdul Mongid, MA., P.hD (Universitas Hayam Wuruk Perbanas, Indonesia).

I would like to give high appreciation to the Rector of Universitas Hayam Wuruk Perbanas for his support at this event. Acknowledgments and thank you to all the steering and organizing committees of the ICOBBI for the extra ordinary effort during the conference until this proceeding published. Thank you very much to all presenter and delegates from various Universities. Beside it, I would like to express our gratitude to the three universities, namely Universitas 17 Agustus Surabaya, STIE YKPN Yogyakarta, Universitas Negeri Gorontalo, Universitas Surabaya and Universitas Muhammadiyah Surakarta which has been the co-host of this event.

Hopefully, the proceeding will become a reference for academics and practitioners, especially the business and banking industry to get benefit from the various results of the research field of Business and Banking associated with Information Technology. Proceedings also can be accessed online on the website http://eprints.perbanas.ac.id/

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The Relationship of Sustainability Reporting Disclosure and Firm Performance, Risk, Value: Study on Banking Sub-Sector Companies Listed Into Indonesia Stock Exchange (IDX) 2016-2020

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ABSTRACT

There are several cases related to environmental and social issues as a result of the firm's activities in various countries including Indonesia. It's the firm's responsibility for the impact. Sustainability reporting disclosure is the fimr's effort to maintain commitment and public trust by providing information about the firm's activities from an economic, social and environmental perspective. The purpose of this research is to analyze therelationship of sustainability reporting disclosure and performance, risk, firm value in banking sub-sector companies listed into Indonesia Stock Exchange (IDX) in 2016-2020. This research is a quantitative research using the Pearson bivariate correlation test which was processed using SPSS version 25. The population of this research is the banking sub-sector companies listed into Indonesia Stock Exchange (IDX) in 2016-2020 & the sample selection uses purposive sampling so that 55 samples are obtained. This sustainability reporting disclosure follows the latest guidelines from GRI, G4. The results of this research show that relationship of the sustainability reporting disclosure and firm risk. Then, there is no relationship of the sustainability reporting disclosure and firm performance and firm value.

***Keywords**: Sustainability Reporting, Firm Performance, Firm Risk, Firm Value.*

1. INTRODUCTION

Basically, the firm has the main goal in establishing a business, namely to get the maximum possible and sustainable profit. However, the firm's activities without thinkingabout the lasting impact have resulted in the firm stumbling into legal cases related to environmental and social issues. The environmental damage and pollution raisesconcerns and protests from the community so that it has an impact on the firm's image.

Several legal cases related to environmental and social issues have occurred in several countries. In 1953, the population of Minamata Bay, Japan, was infected with an outbreak of Minamata disease caused by contaminated water consumed with mercury (Hg) from chemical factory waste, resulting in poisoning and fatalities. In addition, companies in Indonesia have experienced similar cases, such as the Teluk Buyat case in North Sulawesi and the Lapindomudflow case in Sidoarjo, East Java. According toHasanah, et al (2014) companies that want to survive long in the business world and progress from year to year, the firm must also think about environmental and social responsibilities, not only focusing on profit maximization [7].

The firm concept that is in line with stakeholder demands and community expectations is a concept developed by John Elington (1997), namely the 3P (People, Planet, and Profit) concept or known as the Triple Bottom Line which is applied to sustainability reports or commonly known as sustainability reporting [2]. Sustainability reporting disclosure is one of the efforts and forms of corporate responsibility in maintaining commitment and trust to stakeholders and the general public so that the firm is accepted (legitimized). This concept can be used as a guideline in measuring firm performance, minimizing and overcoming risks and as a tool for corporate responsibility by presenting information on firm activities from an economic, social and environmental perspective.

The guidelines used by companies in preparing sustainability reporting are an index related to the firm's contribution (Sustainability Reporting Disclosure Index) compiled by the Global Reporting Initiative (GRI) and in 2013 GRI carried out an update by adding a reporting standard called the GRI 4 Guidlines (Global Reporting Initiative, 2017) [4].

Sustainability reporting disclosure inIndonesia is still voluntary, but there is a newregulation issued by the Financial Services Authority Number 51/POJK.03/2017 that companies in the financial services sector, issuers, and public companies are required to disclose sustainable finance by taking into account the interests of the economy, the environmental, and social [12]. With this regulation, it is hoped that economic actors will be able to support environmental conservation and economic development in Indonesia. Companies will feel a positive impact in terms of firm performance when disclosing sustainability reporting (Ogundare et al., 2013, Cortez et al., 2010) [11]. Meanwhile, according to Weber, et al (2008) the value of the firm will increase when the firm discloses sustainability reporting because of the trust of the community and stakeholders. Now sustainability reporting has become an interesting topic to research.

In recent years there have been various studieson sustainability reporting with varying results. According to Sejati and Prastiwi (2015),Muallifin (2016) that the sustainability report disclosure has no significant effect on firm performance. However, there are differences in the results of research conducted by Puspitandari and Septiani (2017), namely sustainability reportsdisclosure significantly affects firm performance [16].

In addition, there are studies conducted by Sejati and Prastiwi (2015), Sawitri and Setiawan (2017), and Wahidahwati (2021) who conducted research on the effect of sustainability report disclosure on firm value with the results of sustainability report disclosure not having a significant effect on firm value. This research gives different results compared to the results of research conducted by Pitaloka (2018), sustainability reports disclosure has a significant effect on firm value [13].

The results of research related to corporate risk variables conducted by Pratiwi and Sumaryati (2014) wrote that the sustainability reports disclosure had a significant negative effect on firm risk [14]. This is contrary to his statement that positive information regarding economic, environmental, and social issues will be obtained when companies disclose sustainability reporting. Which by knowing these problems the firm can minimize the risks that occur in the firm.

Based on previous studies with differentresults, the authors are interested in examining therelationship of sustainability reporting disclosure on firm performance, firm risk, and firm value.

2. LITERATUR REVIEW

2.1 Stakeholder Theory

Stakeholder are all parties who have a relationship with the firm that is influencing or being influenced directly or indirectly. Stakeholders have the right to know information about the firm's activities as parties who have an interest. According to Apriliyanti (in Wahidahwati, 2021) apart from focusing onpersonal interests, companies must also pay attention to stakeholder interests in order to improve the firm's positive image which will havean effect on increasing firm value [19]. The support provided by stakeholders to the firm will have an impact on the existence of a firm (Ghozali & Chariri, 2007) [5].

2.2 Legitimacy Theory

According to Suchman (in Kurniawan, 2018) the purpose of the existence of legitimacy is to unite the community's assumption that the firm seeks to carry out activities in accordance with expectations and in line with existing rules in social life. According to Damayanthi (in Wahidahwati, 2021) so that the firm's activities and performance can be accepted by the community, the firm must implement socialdisclosure practices [19] .

2.3 Sustainability Reporting

*Sustainability reporting*is a report issued by the firm in order to inform the activities carried out by the firm. According to the GRI-G4 Guidelines, in disclosing sustainability reporting there are provisions covering economic aspects, environmental aspects, and social aspects [4]. The purpose of issuing sustainability reporting is the firm's efforts to disclose reports in a transparent manner in order to maintain commitment and trust to stakeholders and meet the expectations of the general public so that the firm can be acceptedand sustainable.

2.4 Firm Performance

Firm performance is a picture of the

achievement of the firm's activities that can be measured through the management of resource utilization and financial condition. In addition, the existence of financial performance information will also provide an overview to stakeholders regarding the firm's performance and its development in each period.

According to Soelistyoningrum (2011, in Mulpiani, 2019) the measurement of this firm's performance can be measured using financial ratio analysis. In addition, the existence offinancial performance information will also provide an overview to stakeholders regarding the firm's performance and its development in each period.

2.5 *Firm Risk*

Corporate risk is a condition associated with the possibility that the firm will not be able to finance the firm's operations due to losses that have an impact on the survival of the firm. Changes in firm risk will also change the assessment of stakeholders and investors, therefore firm risk is one of the important things to pay attention to. According to stakeholder theory, companies that have a high level of risk tend to disclose information related to riskbecause it is deemed capable of meeting the expectations of shareholders and other stakeholders who want to monitor the firm's risk management (Khalil, 2017) [8].

2.6 *Firm Value*

According to Fama (in Sawitri and Setiawan, 2017) the value of the firm can be described from the share price of the firm [17]. One of the goals of the establishment of the firm is to increase the value of the firm in order to attract investors to invest in the firm. The value of the firm can be said to be attractive, when the share price is high so that the shareholder wealth value will be high. According to Margaretha (2014) the Q ratio is superior and focuses more on several firm values. Measuring the Tobin's Q ratio is more logical because there are elements of obligations that are included as the basis for the calculation (Ayem and Nugroho, 2016) [1].

2.7 *Relationship Sustainability Reporting Disclosure and Firm Performance.*

Based on stakeholder theory, companies have a responsibility to maintain commitment to stakeholders (stakeholders). One of the efforts that companies can make in realizing this is by disclosing sustainability reporting. Sustainability reporting disclosure is felt to be able to increase the trust of stakeholders (stakeholders) because in sustainability reporting it provides variousinformation about the firm's activities from an economic, environmental and social perspective. In this research, firm performance is defined asthe firm's financial performance because financialperformance is able to show the firm's condition.

According to research conducted by Puspitandari and Septiani (2017) that the sustainability reporting disclosure significantly affects the firm's performance by using Return OnAssets (ROA) as the calculation formula [16]. This research is in accordance with research conducted by Pratiwi and Sumaryati (2014) [14]. From the description above, the following hypothesis can be formulated.

H1: Have a relationship of Sustainability Reporting and Firm Performance.

2.8 *Sustainability Reporting Disclosure Relationship and Firm Risk.*

Corporate risk can be interpreted as the impactthat arises due to the firm's operations and can result in unexpected losses and unable to fulfill obligations that have matured. To minimize the risks that occur, as a business actor, they must prepare strategies in their risk management such as coordinating in compiling risks that have and may occur, evaluating, and making implementation reports. According to stakeholder theory, companies that have a high level of risk tend to disclose information related to riskbecause it is deemed capable of meeting the expectations of shareholders and other stakeholders who want to monitor the firm's risk management (Khalil, 2017) [8]. The level of firm risk can decrease when companies disclose sustainability reporting (Cortez, in Pratiwi and Sumaryati, 2014) [14]. Based on the description above, this research takes the following hypothesis.

H2: Have a relationship of Sustainability Reporting and Firm Risk.

2.9 *Relationship of Sustainability Reporting Disclosure and Firm Value*

One of the goals of the establishment of the firm is to increase the value of the firm in order to attract investors. The level of prosperity of the shareholders can be seen from the value of the firm. According to Haruman (in Sejati andPrastiwi, 2015) says that when the firm value is high, the firm can prosper its shareholders so that investors are interested in investing in the firm [18]. With sustainability reporting disclosure in a transparent manner, it can improve the good nameof the firm and make stakeholders and investors more confident in the firm's operations.

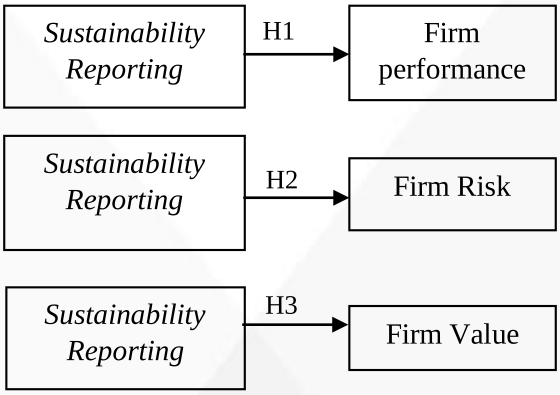
According to Pitaloka (2018), his research shows the results that the sustainability reporting disclosure has a significant effect on firm value [13]. Based on this description, the following hypothesis can be formulated.

H3: Have a relationship of SustainabilityReporting and Firm Value.

2.10 Framework

The framework in this research is about the relationship of sustainability reporting disclosure and the performance, risk, value of companies in the banking sub-sector listed on the Indonesia Stock Exchange (IDX) in 2016-2020.

Variable Independent Dependent Variable



3. RESEARCH METHODS

This research is a quantitative research using secondary data that has been published in the form of firm reports. The method used in data collection is the method of documentation. The documentation method is carried out by collectingfirm documents needed for research, namely in the form of sustainability reporting which is accessed through the web of each firm, annual report which is accessed from the web https://www.idx.co.id, and accessing Yahoo Finance to obtain stock prices for 2016-2020 as well as literature or literature studies in the form of internet sites, articles, journals, and other data.

The population used in this research is thebanking sub-sector companies listed on the Indonesia Stock Exchange (IDX) in 2016-2020. In this research, to determine the selection of samples using purposive sampling method. The criteria for selecting the sample used are as follows.

1. Banking sub-sector companies listed on the Indonesia Stock Exchange (IDX) that have published sustainability reports successively during the 2016-2020 period,
2. Banking sub-sector companies listed on the Indonesia Stock Exchange (IDX) that have published a complete and consistent annual report for the 2016-2020 period.

3.1 Definition of Operational Variables and Measurement

3.1.1 Sustainability Reporting

The sustainability reporting variable in this research uses the latest guidelines issued by GRI, namely G4. The measurement uses the Sustainability Report Disclosure Index (SRDI) G4as many as 91 indexes by giving a score for each item, then the scores are added up to obtain the total score to be disclosed for each firm. The scoreis obtained from the sustainability reporting ofeach firm with the following formula.

Formula:

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

Description:

SRDI : Sustainability Report Disclosure Indexn

: Number of items to reveal

k :Number of items expected to be disclosed

3.1.2 Firm performance

Measurement of firm performance in this research uses a profitability proxy to measure the firm's ability to generate profits. Profitability to measure this research is the ratio of Return On Assets (ROA). The ROA ratio is able to show an assessment of how much profit is obtained from the use of assets owned. The nominal used tocalculate the Return On Asset (ROA) is obtained from the annual report of each firm with the following formula.

Formula:

$$ROA = \frac{Net\ Income\ After\ Tax}{Total\ Assets}$$

3.1.3 Firm Risk

Corporate risk is a condition associated with the possibility that the firm will not be able to finance the firm's operations or suffer losses that will disrupt the firm's survival. This researcher uses the Debt to Equity Ratio (DER) to reflect thefirm's risk because DER is able to describe the comparison of equity with loans. The nominalused to calculate the Debt to Equity Ratio (DER) is obtained from the annual report of each firm with the following formula.

Formula:

$$DER = \frac{Debt}{Equity}$$

3.1.4 *Firm Value*

Firm value in this research is defined as market value. Market value is the stock price formed as a result of supply and demand in the stock market. The welfare of shareholders is directly proportional to the share price. When stock prices are high, the welfare of shareholders increases. In this research, the Tobin's Q formula is used. The Tobin's Q formula is expected to reflect the development of stock prices and measure the extent to which the stock market values the firm so that the welfare of theshareholders can still be realized. The nominalcalculation of Tobin's Q is obtained from 2 sources, namely the first source comes from Yahoo Finance to find out the stock price of each firm and the second source from the annual reportto get the total number of outstanding shares, totaldebt, and total assets of each firm. .

Formula:

$$\text{Tobin's Q} = \frac{(MVE+DEBT)}{TA}$$

Description:

MVE = Closing Price of Shares x Number ofShares Outstanding

DEBT = Total Debt TA

= Total Assets

3.2 *Data analysis technique*

The data analysis technique used in this research will be explained in the following points.

3.2.1 *Descriptive Statistical Analysis*

Descriptive statistical analysis can describe data that can be calculated using mode, median, mean and make it easier for readers to understand the results presented in tabular form. According to Ghozali (2018), descriptive statistics are able todescribe firm data in the form of information that is quite clear so that it is easier for readers to understand [6].

3.2.2 *Classical Assumption Analysis*

3.2.2.1 *Normality test*

Normality test is a test carried out to determine whether the distribution of data that has been collected in a research is normal or not. The normality test used in this research is the Kolmogorove-Smirnov test with a probability level of 5% or 0.05. When the results of the normality test with Kolmogorov-Smirnov in the Asymptotic Significan (2-tailed) column yield a significant value > 0.05, it can be said that thedata is normally distributed. When the results of the normality test with Kolmogorov-Smirnov in the Asymptotic Significan (2-tailed) column yield a significant value < 0.05, it can be said that the data is not normally distributed. If the results of the normality test show results < 0.05 or the data is not normally distributed, the hypothesis testing in this research uses Pearson Bivariate Correlation analysis to determine the relationship of the variables studied.

3.2.2.2 *Autocorrelation Test*

The autocorrelation test in this research was conducted with the aim of testing whether the linear regression model experienced a correlation of the confounding error in period t and the confounding error in the previous one year period.The autocorrelation test in this research used the Run Test method. When the Asymptotic Significan (2-tailed) Run Test value is > 0.05, it can be interpreted that there is no (free) autocorrelation symptom in the regression model. Regression that is free from autocorrelation symptoms is a regression model that is feasible and good enough to be used.

3.2.2.3 *Heteroscedasticity Test.*

Heteroscedasticity test is to test whether the regression model has a difference in variance from the residuals of one observation to another observation. However, when the regression model experiences an equation of variance from one residual with observations to other observations, it experiences homoscedasticity. In this research using the Glejser test. If the significance probability is above the 5% confidence level or > 0.05, then the regression model does not experience symptoms of heteroscedasticity.

3.2.3 *Hypothesis testing*

3.2.3.1 *Coefficient of Determination Test (R^2).*

The coefficient of determination is a statistical measure that examines how differences in onevariable can be explained by differences in a second variable when predicting the outcome ofan event. According to Ghozali (2018: 97), the purpose of this determination coefficient test is to measure how much the independent variable's ability to explain the dependent variable used in a research [6].

3.2.3.2 *F Test*

The F test was conducted to assess the

significant effect of each independent variable on the dependent variable (Widjarjono, 2010) [20]. The F test analysis was carried out by comparing the p-value with the predetermined alphasignificance level which can be seen in the Anovacolumn. If the p-value < apha, it means that the independent variables simultaneously have a significant effect on the dependent variable. The model will be robust.

3.2.3.3 t Test

The t-test was conducted to find out whether the independent variables had a significant or insignificant effect on the dependent variable by looking at the Coefficients table. The criteria determined to assess the t-test, among others: 1) significance value with a level = 5% or 0.05. 2) If the significance value > lpha, it means that the hypothesis is rejected and the independent variable partially has no effect on the dependent variable. 3) If the significance value is < lpha, it means that the hypothesis is accepted and the independent variable partially has a significant effect on the dependent variable.

3.2.4 *Simple Linear Regression Analysis*

Simple linear regression analysis is an analysisused to analyze whether there is a relationship of one dependent variable and one independent variable. The equation of the simple linearregression model in this research is as follows.

1. ISR = α + ROA + *e*
2. ISR = α + DER + *e*
3. ISR = α + TQ+ *e*

Description:

α = Constant

ROA = Return On Assets

DER = Debt to Equity Ratio

TQ = Tobin's Q

SR = *Sustainability Reporting*

e = Error

3.2.5 *Pearson Bivariate Correlation Analysis*

This Pearson Bivariate Correlation analysis was carried out if the classical assumption of the data was not normally distributed. The purpose ofthe Pearson Bivariate Correlation analysis is to see how much strength and direction the relationship is of one variable and another. The type of relationship of variable X and variable Y can be negative or positive. In carrying out this test, interval or ratio scale data is needed. From the explanation above, there are several similarities regarding the understanding of the Pearson bivariate correlation test with simple linear regression analysis, but the Pearson bivariate correlation test is carried out if the datais not normally distributed so that hypothesis testing no longer uses classical assumption tests and simple linear regression tests.

The basis for decision making in conducting the Pearson bivariate correlation test is 1) if the significance value is < 5% or 0.05, it can be said that there is a correlation (correlation). 2) If the significance value is > 5% or 0.05, it can be said that there is no correlation (correlation). 3) The correlation value (r) in the Pearson Bivariate Correlation test ranges from -1, 0 to 1, which means that if the correlation value is close to 1, it can be said that the relationship of two variablesis getting stronger or perfect, but if the correlationvalue shows results negative, such as -1, then there is a strong or perfect negative correlation. Vice versa, if the correlation value is close to 0 then it can be said that the relationship of variables is getting weaker or lower. In determining the results of the correlation coefficient must refer to the guidelines that have been determined. These guidelines include:

- 0.00 - 0.199 : Very Weak
- 0.20 – 0.399 : Weak
- 0.40 – 0.599 : Medium
- 0.60 – 0.799 : Strong
- 0.80 – 1,000 : Very Strong

4. RESULTS AND DISCUSSION

4.1 Description of Research Object

The population of this research was 46 banking companies with a total sample of 55 samples that matched the criteria during the research period, namely 2016-2020. The total sample can be seen in table 1.

Table 1 Sample Selection Results

	Description	Firm
Population:		
1.	Banking Sub-Sector Companies Listed on the Indonesia Stock Exchange(IDX) in 2016-2020	230
Criteria:		
2.	Banking sub-sector companies listed on the Indonesia Stock Exchange (IDX)	(170)

	that did not publish sustainability reports consecutively during the 2016-2020 period.	
3.	Banking sub-sector companies listed on the Indonesia Stock Exchange (IDX) that do not publish a complete and consistent annual report during the 2016-2020 period.	(5)
	Total Sample	**55**

Source: Processed Secondary Data, 2022.

4.2 Descriptive Statistical Analysis

The results of descriptive statistical tests inthis research are shown in table 2.

Table 2. Results of descriptive statistical tests

	N	Minimum	Maximum	Mean	Std. Deviation
SR	55	0.12088	0.62637	0.25594	0.103122
ROA	55	-0.04076	0.03134	0.01255	0.013219
DER	55	4.24976	16.07858	7,17900	2,66621
TQ	55	0.85946	1.25094	1.01483	0.08724
Valid N	55				

Source: Processed Secondary Data, 2022.

Based on the results of the descriptive statistical analysis in the table above, it can be concluded that the Sustainability Reporting (SR) variable shows a minimum value of 0.12088; maximum value of 0.62637; and the mean value is 0.25594 with a standard deviation of 0.103122.

Furthermore, the variable Firm Performance (ROA) shows a minimum value of -0.04076; the maximum value is 0.03134; and the mean value is 0.01255 with a standard deviation of 0.013219.

The Firm Risk (DER) variable shows a minimum value of 4.24976; the maximum value is 16.07858; and the mean value is 7.17900 with a standard deviation of 2.66621.

And the Firm Value (TQ) variable shows a minimum value of 0.85946; maximum value of 1.25094; and the mean value is 1.01483 with a standard deviation of 0.08724.

4.3 Classic assumption test

4.3.1 Normality test

The test used is the One Sample Kolmogorov-Smirnov test with the aim of knowing whether the distribution of the data used in this research is normal or not. When the significance value is above 0.05, the data is normally distributed. However, when the significance value is below 0.05, the data is not normally distributed. The following are theresults of the normality test in this research.

Table 3. Normality Test Results

	KS value	Value of Sig.	Description
Regression Model 1	0.157	0.002	Not Normal Distributed
Regression Model 2	0.140	0.009	Not Normal Distributed
3 Regression Model	0.184	0.000	Not Normal Distributed

Source: Processed Secondary Data, 2022.

Based on table 4.3 above, it can be explained that:

1) The value of One Sample Kolmogorov-Smirnov in Regression Model 1 is 0.157 with a significance value of 0.002. This means that the result of a significance value of 0.002 <0.05 indicates that the data is not normally distributed.

2) The value of One Sample Kolmogorov-Smirnov in Regression Model 2 is 0.140 with a significance value of 0.009. This means that the result of a significance value of 0.009 <0.05 indicates that the data is not normally distributed.

3) The value of One Sample Kolmogorov-Smirnov in Regression Model 3 is 0.184 with a significance value of 0.000. This means that the result of a significance value of 0.000 <0.05 indicates that the data is not normally distributed.

From the results of the normality test, it is known that the distribution of the data used in this research is not normally distributed because the results of the sig. <0.05 so the researcherchose to use Pearson's Bivariate Correlation analysis in testing the hypothesis to determine the relationship of the variables studied.

4.4 Hypothesis testing

The hypothesis testing used in this research isthe Pearson Bivariate Correlation with the aim ofseeing how strong the relationship and direction of the relationship is of one variable and another. Data processing to test this hypothesis uses the SPSS Version 25 application. The level of significance used is 0.05 or 5% by looking at the correlation value to determine the level of the correlation coefficient relationship. The resultsof this research hypothesis testing can be seen in the following tables and their explanations.

4.4.1 Hypothesis Testing Regression Model 1

Table 4. One Regression Model Test Results

		ROA		Note.
SR	**Pearson Correlation**	1	-0.81	H1 Rejected
	Sig. (2-tailed)		0.555	
	N	55	55	

Source: Processed Secondary Data, 2022.

Based on table 4, it can be concluded that the first hypothesis in this research uses the Pearson Bivariate Correlation with a significance valueof 0.555, then H0 is accepted and H1 is rejected. This means that there is no relationship of sustainability reporting (SR) disclosure and firm performance in the banking sub-sector companies for the 2016-2020 period.

4.4.2 Hypothesis Testing Regression Model 2

Table 5. Two Regression Model Test Results

		DER		Note.
SR	**Pearson Correlation**	1	0.418	H2 Accepted
	Sig. (2-tailed)		0.002	
	N	55	55	

Source: Processed Secondary Data, 2022.

Based on table 5, it can be concluded that the second hypothesis in this research uses the Pearson Bivariate Correlation with a significance value of 0.002, so H0 is rejected and H2 is accepted. This can be interpreted that there is a relationship of sustainability reporting (SR) disclosure and firm risk in the banking sub- sector companies in 2016-2020. The correlation coefficient value generated is 0.418 in a positive direction which is in the range of 0.40-0.5999, it can be concluded that the relationship of sustainability reporting disclosure and firm risk is "medium" towards "positive".

4.4.3 Hypothesis Testing Regression Model 3

Table 6. Three Regression Model Test Results

		DER		Note.
SR	**Pearson Correlation**	1	0.012	H3 Rejected
	Sig. (2-tailed)		0.930	
	N	55	55	

Source: Processed Secondary Data, 2022.

Based on table 6, it can be concluded that the third hypothesis in this research uses the PearsonBivariate Correlation with a significance value of 0.930, so H0 is accepted and H3 is rejected.

This can be interpreted that there is no relationship of sustainability reporting (SR) disclosure and firm value in the banking sub- sector companies for the 2016-2020 period.

4.5 Discussion

4.5.1 Sustainability Reporting and Firm Performance

Based on hypothesis testing using Pearson bivariate correlation, it is known that sustainability reporting shows a significance valueof 0.555, so H1 is rejected. It can be concluded from these results that there is no relationship of sustainability reporting disclosure and firmperformance.

This is in accordance with the theory in the research conducted by Sejati and Prastiwi (2015) and Muallifin (2016), that the sustainability reporting disclosure does not affect the financial performance of companies that are proxied using ROA because the high or low ROA is not influenced by the increase or decrease in profit after tax originating from of firm revenue. This is also supported by research conducted by Purnomo and Tarigan (2014) that one of the factors that causes sustainability reporting does not have a significant effect is the lack of awareness of the importance of disclosing sustainability reporting from companies and customers, so that when the firm discloses or does not disclose it then it is not related to the firm's financial performance [15].

4.5.2 Sustainability Reporting and Firm Risk

Based on hypothesis testing using Pearson bivariate correlation, it is known that sustainability reporting shows a significance value of 0.002 with a correlation coefficient value of 0.418 in a positive direction, then H2 is accepted and the correlation level is moderate. It can be concluded from these results that there isa positive relationship of sustainability reporting disclosure and corporate risk with a moderate level.

These results are in accordance with research conducted by Gray and Robert (1989, in Pratiwi, 2014) which states that one of the benefits of voluntary disclosure in companies is being ableto present an overview of risk predictions that occur for corrections and renewals of a firm made by investors [14]. Risk itself is a condition where the firm cannot finance the firm's operations due to losses. Firm risk is one of the important things that must be considered. With the sustainability reporting disclosure, the firm's expectations in minimizing the risks that willoccur can be achieved and are consideredcapable of meeting the expectations of shareholders and other stakeholders who want to monitor the firm's risk management.

4.5.3 Sustainability Reporting and Firm Value

Based on hypothesis testing using Pearson bivariate correlation, it is known that sustainability reporting shows a significance valueof 0.930, so H3 is rejected. It can be concluded from these results that there is no relationship of sustainability reporting disclosure and firm value.

These results are in line with research conducted by Sejati and Pratiwi (2015), Sawitri and Setiawan (2017), Ningrum, Kirana, and Miftah (2021), and Wahidahwati (2021). In some of these studies, it is stated that companies that disclose sustainability reporting have no effect on firm value. This research contradicts the theory used. Legitimacy theory states that wherever a firm is located, it must operate in accordance with applicable regulations by taking into account the needs of the community or the surroundingenvironment so that the firm's activities can be accepted and legitimized by outsiders which will have an impact on achieving firm value. Meanwhile, the stakeholder theory states that by paying attention to the interests of stakeholders, stakeholders will get support in order to increase the existence of a positive image of a firm which will have an impact on firm value. However, thesetwo theories were not proven in this research. The sample depicted from stock prices in this research also does not prove that companies that disclose sustainability reporting have firm value (Tobin's Q) which tends to be better than companies that do not disclose sustainability reporting.

5. CLOSING

5.1 Conclusion

In accordance with the data that has beencollected and the tests that have been carried out in processing the data, the following conclusions can be drawn.

- The results of testing the regression model 1 with a significance value of 0.555, so H1 is rejected. This shows that there is no relationship of sustainability reportingdisclosure and firm performance
- The results of hypothesis testing regression model 2 with a significance value of 0.002 with a correlation coefficient value of 0.418 towards a positive, so H2 is accepted. This shows that there is a relationship of sustainability reporting disclosure and corporate risk with a moderate to positive level as measured using the Debt to Equity Ratio (DER).
- The results of hypothesis testing regression model 3 with a significance value of 0.930, so H3 is rejected. These results indicate that there is no relationship of sustainability reporting disclosure and firm value as measured using Tobin's Q.

One of the three independent variables has a positive relationship on the Sustainability Reporting variable. This shows that the sustainability reporting disclosure is able tocontribute to the firm with the aim of building thesustainability of the firm's life to investors and other stakeholders.

5.2 Limitations

In this research, there are limitations, namely the limited sample used as the object of research due to the lack of companies in Indonesia that disclose sustainability reporting.

5.3 Suggestion

Based on the above limitations, the researcher provides suggestions for:

a. future researchers can use a different sample whose firm activities are more likely to be related to economic, environmental, and social.

b. government, it would be better if there were more stringent regulations in order to increase firm awareness on the importance of disclosing sustainability reporting.

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