The main goal of a company is to create value for its shareholders (Brigham & Houston, 2019, p. 9). In this era of post-pandemic economic recovery, companies need to maintain and even increase the value of their companies in order to survive and compete. Firm value is a manifestation of investor confidence in perceiving the company's success so that the firm value will reflect in the stock price. It shows how much investors will spend to buy the company's shares. The firm value will increase if the information asymmetry between management and investors can be suppressed (Wolk et al., 2017, p. 84). Information asymmetry occurs when investors, who are external parties and require a great deal of information for decision-making, need access to the same information as company management, precisely sufficient information about the company's actual state.

Signaling theory can be used to explain behavior when two parties have different access to certain information, where the sender must choose whether and how to communicate the information, and the receiver must choose how to interpret the signal (Connelly et al., 2011). A signal from management to investors can reduce the information asymmetry between the two. In valuing a company, investors use the information in the financial statements to signal the company's actual condition.
However, a study conducted by Ocean Tomo (2020) shows exciting results about firm value. In 1975, 83% of the company’s market value was determined by tangible assets (financial performance), and the remaining 17% was determined by intangible assets (non-financial performance). However, 2020 showed the opposite trend where the COVID-19 pandemic impacted the role of the company's non-financial performance, which now determines 90% of the company’s market value and only 10% is contributed by financial performance.

The Sustainability Report is the company's public report regarding its economic, environmental, and social performance based on Sustainable Development Goals (SDG). SDG Target 12.6 encourages companies to adopt sustainable practices and incorporate information on their sustainable practices into their reporting cycle. With this sustainability reporting process, organizations or companies identify their significant impacts on the economy, environment, and society and disclose them by globally accepted standards, namely the GRI standards. From the signaling theory perspective, intense competition in the capital market encourages companies to be more extensive in making voluntary disclosures (Wolk et al., 2017, p. 83). Therefore, companies publish Sustainability Reports to give added value to investors. A sustainability Report can provide non-financial information about the company that has not been included in the Annual Report or Financial Report so that it can reduce information asymmetry between the company and investors. Thus, Sustainability Report disclosure has a significant effect on firm value.

Despite the company's non-financial performance starting to get more attention from investors, financial performance remains relevant in the decision-making process of investors in the capital market. Profitability is one of the financial ratios that is often used to measure a company’s financial performance. According to Brigham & Houston (2019: 118), the profitability ratio reflects the results of all funding policies and company operational decisions. Profitability shows a company's ability to generate profit. Profitability is also an indicator of the effectiveness of management performance in running the company's operations (Hery, 2018, p. 194) and managing the company's assets (Dhani & Utama, 2017). Based on signaling theory, high profits will become a positive signal for investors. Thus, profitability is a depiction of the company's prospects for investors so that it will affect the firm value.

Based on previous research conducted by Mendra et al. (2021), Pujiningsih (2020), Siregar & Safitri (2019), and Loh et al. (2017), Sustainability Report has a positive effect on firm value, in which disclosure of sustainability reports is a positive signal from companies that show their responsibility to the interests of stakeholders. If the company pays attention to the disclosure of the Sustainability Report, which includes economic, environmental and social dimensions, then the company's value will be guaranteed for sustainable growth. It can increase investor confidence in companies that carry out sustainable principles. However, Nguyen (2020) and Kusuma & Priantinah (2018) stated that Sustainability Report does not affect firm value.

Previous research conducted by Ramdhonah et al. (2019), Nopianti & Suparno (2021), Ferdiansyah & Faisal (2020), and Pasaribu et al. (2019) stated that profitability has a positive effect on firm value. This condition occurs because high profitability is a positive signal for investors. The higher the company's profits, the higher the dividends will be distributed to shareholders. In addition, the company's ability to manage capital to generate high profits increases investor confidence because it reflects that the investment invested by investors is profitable. Thus, the company's high profit makes investors interested in investing so that the demand for shares increases and prices increases. Increased stock prices lead to increased company value. On the contrary, Kolamban et al. (2020), Harsiatun & Hidayat (2019), Lesmana et al. (2020), and Ukhriyawati & Malia (2018) stated that profitability does not affect firm value.
The previous studies showed inconsistent results, so researchers will conduct research titled “The Effect of Sustainability Report Disclosure and Profitability on Firm Value of Listed Companies on Indonesia Stock Exchange for the 2018-2021 Period”.

METHODS

This quantitative research uses secondary data collected through the Indonesia Stock Exchange (IDX) website, www.idx.co.id and each company’s website. The population of this research is all of the listed companies on the IDX, with four years of observation (2018-2021). Thirty sample companies are obtained using purposive sampling, so the total sample in this research is 120 data. This research’s dependent variable (Y) is the firm value measured by the Price to Book Value (PBV) ratio. The independent variables (X) are Sustainability Report disclosure and profitability. Sustainability Report disclosure (X1) is measured by Sustainability Report Disclosure Index (SRDI), and Return measures profitability (X2) on Equity (ROE) ratio. The data analysis method used in this research is the multiple linear regression analysis methods using the SPSS 22 program. Before running the F test, t-test, and R square test, the data was tested by classic assumption tests, namely the normality test, multicollinearity test, autocorrelation test, and heteroscedasticity test.

Table 1. Samples Criteria

<table>
<thead>
<tr>
<th>No.</th>
<th>Samples Criteria</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Companies listed on the IDX for 2018-2021 consecutively</td>
<td>556</td>
</tr>
<tr>
<td>2.</td>
<td>The company did not consecutively publish a Sustainability Report for 2017-2020 along with the GRI index table.</td>
<td>(511)</td>
</tr>
<tr>
<td>3.</td>
<td>The company recorded a loss on its financial statements</td>
<td>(14)</td>
</tr>
<tr>
<td>4.</td>
<td>The company had an extreme PBV value above the industry average</td>
<td>(1)</td>
</tr>
<tr>
<td></td>
<td>Number of samples</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Number of samples in 4 years / during 2018-2021</td>
<td>30 x 4 = 120</td>
</tr>
</tbody>
</table>

RESULT AND DISCUSSION

Descriptive Statistical Analysis. Descriptive statistical analysis was carried out to obtain an overview of the data from each variable used in the study. Statistical values analyzed are the minimum value, maximum value, mean value, and standard deviation. Table 2 displays the results of descriptive statistical analysis on Sustainability Report disclosure (SRDI) as variable X1, profitability (ROE) as variable X2, and firm value (PBV) as variable Y.

Table 2. Descriptive Statistics Analysis Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>SRDI</td>
<td>120</td>
<td>0.045</td>
<td>0.742</td>
<td>0.26320</td>
<td>0.131385</td>
</tr>
<tr>
<td>ROE</td>
<td>120</td>
<td>0.000</td>
<td>0.396</td>
<td>0.10560</td>
<td>0.066697</td>
</tr>
<tr>
<td>PBV</td>
<td>120</td>
<td>0.533</td>
<td>4.732</td>
<td>1.51497</td>
<td>0.956469</td>
</tr>
</tbody>
</table>

R squared = 0.272466
Prob (F-statistic) = 0.000236

Source: Data Processed 2022

Based on the analysis result in Table 2, the minimum, maximum, mean, and standard deviation values are as follows:

1. Firm value (PBV) has a minimum value of 0.533, a maximum value of 4.372, and a mean value of 1.515 with a 0.955 standard deviation.
2. Sustainability Report disclosure (SRDI) has a minimum value of 0.045, a maximum value of 0.742, and a mean value of 0.263 with a 0.131 standard deviation.
3. Profitability (ROE) has a minimum value of 0.000, a maximum value of 0.396, and a mean value of 0.106 with a 0.067 standard deviation.

**Multiple Linear Regression Analysis.** Multiple linear regression aims to estimate the relationship between the independent and dependent variables. Multiple linear regression was performed using the SPSS 22 program and produced the following multiple linear regression equations.

\[
PBV = -0.253 - 0.084 \text{SRDI} + 0.838 \text{ROE}
\]

Based on the multiple linear regression equation above, it can be concluded as follows:

1. The constant value is -0.253. This value indicates that if all the independent variables are 0, the firm value (PBV) will be -0.253.
2. The value of the variable Sustainability Report disclosure (SRDI) is -0.084. This value indicates that every time there is an increase in the SRDI value, the PBV value decreases by 0.084, assuming that every other independent variable is constant.
3. The value of the variable profitability (ROE) is 0.838. This value indicates that every time there is an increase in the ROE value, the PBV value increases by 0.838, assuming that every other independent variable is constant.

**F Test.** The F test is carried out to test whether the regression model that has been obtained can be used for prediction. The F test simultaneously shows the independent variables' influence on the dependent variable. Table 3 details the results of the F test.

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>0.230</td>
<td>2</td>
<td>0.115</td>
<td>8.495</td>
<td>0.000</td>
</tr>
<tr>
<td>Residual</td>
<td>1.598</td>
<td>117</td>
<td>0.014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1.818</td>
<td>119</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Data Processed 2022

The results of the F test in Table 3 show that the F-statistic is 8.495, and the p-value is 0.000. The F-statistic of 8.495 is greater than the F-table of 3.074 (8.495 > 3.074), and the p-value of 0.000 is less than the 0.005 significance level (0.000 > 0.05). Thus, the independent variables, namely the Sustainability Report disclosure (SRDI) and profitability (ROE) affect firm value (PBV) simultaneously. The regression model obtained can be used as a predictive tool.

**R Square Test.** The coefficient of determination test (R^2) was conducted to measure the ability of the regression model to describe the dependent variable. Table 4 displays the results of the coefficient of determination test that has been carried out.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.356</td>
<td>0.127</td>
<td>0.742</td>
<td>0.26320</td>
</tr>
</tbody>
</table>

Source: Data Processed 2022

The R Square test result in Table 4 shows that the value of R square is 0.127. Thus, the independent variables used in this research model can predict the dependent variable at 12.7%. That is, the variable Sustainability Report disclosure (SRDI) and profitability (ROE) can explain the variation in firm value (PBV) of 12.7% and 87.3% is explained by other variables which are not included in this research model.
**T Test.** The t-test was conducted to partially test the relationship between the independent and dependent variables. The t-test is used to see the significance of the effect of each independent variable on the dependent variable. Table 5 displays the results of the t-test that has been carried out.

**Table 5. T Test Results**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(Constant)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>t</td>
</tr>
<tr>
<td>SRDI</td>
<td>-0.084</td>
<td>0.135</td>
<td>-0.054</td>
<td>-0.621</td>
</tr>
<tr>
<td>ROE</td>
<td>0.838</td>
<td>0.206</td>
<td>0.352</td>
<td>4.069</td>
</tr>
</tbody>
</table>

Source: Data Processed 2022

Based on the t-test results in Table 5 above, conclusions that can be drawn for each variable are as follows:

1. The t-statistic of the Sustainability Report disclosure (SRDI) variable is -0.621, and the p-value is 0.536. The t-statistic is greater than the t-table value with a negative value of -1.980 (-0.621 > -1.980). Meanwhile, the p-value is more significant than the significance level of 0.05 (0.536 > 0.05). Thus, the Sustainability Report disclosure (SRDI) variable has no significant effect on the firm value (PBV) with a negative relation.

2. The t-statistic of the profitability (ROE) variable is 4.069, and the p-value is 0.000. The t-statistic is greater than the t-table value with a positive value of 1.980 (4.069 > 1.980). Meanwhile, the p-value is smaller than the significance level of 0.05 (0.000 < 0.05). Thus, the profitability (ROE) variable significantly affects the firm value (PBV) variable with a positive relation.

**The Effect of Sustainability Report Disclosure on Firm Value.** The result of this study indicates that the disclosure of the Sustainability Report has an insignificant negative effect on firm value. This study did not successfully prove the signaling theory where voluntary disclosures such as Sustainability Reports are a positive signal from management to shareholders. In this study, the disclosure of the Sustainability Report (SRDI) does not have a significant effect on firm value (PBV) because the topics covered in the Sustainability Report, namely issues of economic, environmental, social and corporate governance impacts, still receive little attention from companies and investors. It is indicated by the low SRDI value of companies in Indonesia in 2017-2020, where out of the 30 companies sampled in this study, only five companies had an SRDI value above 0.5 (50%), while the remaining 25 companies had an SRDI value below 0.5. The average SRDI value of all companies is only 0.26. The low SRDI score for most of these companies is because a Sustainability Report for public companies in Indonesia is only required since 2020 (Article 10 of OJK Regulation No. 51/POJK.03/2017), so before 2020 there was no tight competition in terms of Sustainability Report disclosure between companies in Indonesia because it is still voluntary.

The result of this study is the research conducted by Ningrum, Kirana, & Miftah (2021), which states that company value is not affected by Sustainability Report disclosures. The disclosure of the Sustainability Report, which includes economic, environmental and social dimensions, reflects the company's commitment to building a sustainable business. It will also affect the company's value sustainably so that the impact cannot be seen in a short period. It is also supported by investors who focus on short-term investments, while the impact of the Sustainability Report will only be seen in the long term. Meanwhile, agency theory states that the negative direction of
influence between the disclosure of the Sustainability Report and firm value is because sustainable reporting harms the company by imposing costs on shareholders. At the same time, the management benefits from increasing its reputation.

The Effect of Profitability on Firm Value. The result of this study indicates that profitability has a significant positive effect on firm value. This study proved the signaling theory where high profits are a positive signal from the company to shareholders because the higher the profit, the greater the dividends the company will distribute to shareholders. In addition, high profitability means that the company’s management can manage capital into profits, thereby increasing investor confidence that their investments are profitable. It is interesting to investors, thereby increasing the demand for shares, resulting in rising share prices and increasing firm value. The results of this study are in line with the results of research conducted by Ramdhonah, Solikin, & Sari (2019), Nopianti & Suparno (2021), Ferdiansyah & Faisal (2020), and Pasaribu, Nuryartono, & Andati (2019) which state that profitability affects firm value.

CONCLUSION

Conclusions that can be drawn from the results of data analysis and the discussions above are as follows:

1. Sustainability Report disclosure (SRDI) has an insignificant negative effect on the firm value (PBV) of listed companies on IDX during the 2018-2021 period.
2. Profitability significantly affects the firm value of listed companies on IDX during 2018-2021.

In this period of study, the number of companies publishing a Sustainability Report is still minimal, so future researchers are expected to do research over a more extended time to obtain a diverse sample of companies. Besides, future researchers can use other ratios in measuring profitability to obtain a broader and more diverse perspective because investors value a company’s profitability using Return on Asset, Net Profit Margin, and Earning Per Share ratios. Moreover, future researchers can also use Price to Earning, Tobin’s Q ratios in measuring firm value aside from Price to Book Value ratio, wherein Price to earning ratio can show potential profit increase in the future and Tobin’s Q ratio can be used as a matrix of the present value of a firm not only for investors but also beneficial for creditors.

REFERENCES


