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The Effect of Sustainability Disclosure and Company Performance: Profit or Image?

Elfina Astrella Sambuaga*

Universitas Pelita Harapan, Jalan M.H. Thamrin Boulevard No.1100, Kelapa Dua, Tangerang Regency, Banten, Indonesia

*elfina_sambuaga@yahoo.co.id

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Abstract

This study examines the effect of company sustainability report disclosure on company performance, focusing on the environment, social, and governance (ESG) score and ESG Reporting score. The sample consists of non-financial companies listed on the Indonesia Stock Exchange during the 2015-2019 period, comprising 1,744 observations. The results reveal that sustainability report disclosure has a negative and significant effect on overall company performance. However, when examining profitability specifically, disclosing information on sustainability activities has a positive and partially significant effect. These findings support the theory of legitimacy, suggesting that companies engage in sustainability report disclosures to enhance their image. At the same time, the disclosures serve as a signal to investors and the market, aligning with stakeholder theory. This dual perspective underscores the complex role of sustainability reporting in corporate strategy and investor relations. By highlighting both the potential drawbacks and benefits of sustainability disclosures, this study provides valuable insights for companies, investors, and policymakers aiming to balance ethical practices with financial performance. Ultimately, the research contributes to the ongoing discourse on the impact of ESG factors on corporate success and the strategic importance of transparent sustainability reporting.

Keywords: ESG; sustainability; profitability

INTRODUCTION

The main objective of a business entity is to maximize profits for company owners. However, companies have become more careful disclosing their performance since the financial crisis experienced owing to the Enron case. Over time, companies disclose financial information and voluntary non-financial information regarding the environment, social, and governance (ESG). Although non-

financial reports are still voluntary, the disclosure of sustainability information containing financial and non-financial information has received much attention from investors, regulators and business entities in improving the reliability and integrity of corporate reporting. Some countries such as Australia, Austria, Canada, Malaysia, the Netherlands, Sweden, Hong Kong and the UK have even adopted sustainability reports disclosure as important financial and non-financial information and are considered to create value for stakeholders (Razaee, 2016).

Voluntary disclosure is considered as financial and non-financial information that must be disclosed by the management (Dhaliwal et al., 2011). Voluntary disclosure can provide strategy, management earnings forecasts, share prices, and non-financial information such as sustainability performance and corporate governance (Rezaee, 2016). In previous studies, disclosure of financial reporting in the dimension of ESG sustainability is seen as a proxy that can increase the company's ethical behaviour. Cohen et al. (2011, 2012) later found that investors grew interested in non-financial disclosures. Dehow et al. (2014) show that earnings announcements' information content reflecting earnings quality and non-financial indicators also influences stock prices.

The mixed results regarding the benefits of sustainability disclosure (ESG) make research related to sustainability disclosure interesting. Some prove that looking at ESG can increase firm value (Aboud and Diab 2018; Yip and Lee 2018). However, several studies have found ESG disclosure as part of image improvement and strategy (Lin et al. 2020; Miralles et al. 2018) and different interpretations of dimensions by investors. This study is eager to test whether the effect of sustainability disclosures and performance disclosed by the company influences the company's performance. The contribution of this research is to prove the motivation of companies to make voluntary disclosures on sustainability and disclosure of information on ESG-related activities in their companies. The test results are expected to contribute to theory, particularly stakeholder theory and legitimacy theory. This study uses samples from companies listed in the Indonesia Stock Exchange from 2015-to 2019, excluding the financial sector. This period is taken to focus on the period of a stable economy. As pandemic hit

the economic system in 2020, so with considerations, this period has not been included.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

The requests from investors and company regulators cause companies to release ESG sustainability reports voluntarily, but many companies want to integrate sustainability reports with financial reports (Rezaee 2016). The study of Robb et al. (2001) became the first research to examine companies' voluntary non-financial disclosure strategies and find that larger companies with global operations tend to disclose more non-financial information voluntarily. Meanwhile, Cohen et al. (2011, 2012) examined the voluntary disclosure of a range of financial-economic indicators and non-financial ESG sustainability performance. They concluded a lack of broad and strict voluntary disclosure practices and enhanced credibility of voluntary information due to the availability of assurance services. A 2016 survey by the MIT *Sloan Management Review* revealed that more than 60% of investors believe that sustainability performance reduces the risk and cost of capital for companies, so they do not invest in companies with poor sustainability performance (Unruh et al. 2016).

Institutional factors can also influence the company's sustainability disclosure strategy (Boddy et al., 2010). Based on stakeholder theory and legitimacy theory, companies with better corporate governance, the presence of environmental committees and *Chief Sustainability Officers* (Peters & Romi 2014), and more independent and larger boards (Jizi et al. 2014) tend to provide more sustainability disclosures to the public. Further, Ng and Rezaee (2015) find that disclosure of financial-economic sustainability performance is negatively related to the cost of equity and that ESG disclosure will enhance this relationship.

According to the voluntary disclosure theory, companies with better sustainability performance tend to provide more sustainability information to the public and better financial performance. Clarkson et al. (2008) reviewed the relationship between environmental performance and environmental disclosure and supported the voluntary disclosure theory. Lee (2017) finds a positive relationship between ESG/CSR sustainability information and the accuracy of management earnings forecasts, which aims to reduce unethical managerial earnings manipulation and opportunistic behaviour. For this reason, non-

financial disclosures, including ESG, are informative and relevant to the company's value, which is expected to benefit the company and its investors in the long term. Hummel and Schlick (2016) suggest that voluntary disclosure theory and legitimacy theory complement each other.

Sustainability Disclosure and Profitability

According to voluntary disclosure theory, companies signal their good news/performance by releasing sustainability reports to differentiate themselves from bad competitors. On the other hand, according to legitimacy theory, companies tend to release sustainability reports to reduce bad news/performance (Hummel and Schlick 2016). Previous research by Ng and Rezaee (2015) suggested that sustainability reporting, which reflects the quality and quantity of disclosure, provides information related to economic and non-financial ESG dimensions that can influence and be influenced by earnings quality. However, sustainability reporting also provides more flexibility for management to signal good sustainability performance according to signalling/voluntary disclosure theory (Hummel and Schlick 2016). Management has the incentive and discretion to choose the type (quality) and extent (quantity) of voluntary non-financial ESG disclosures by releasing good and profitable sustainability performance. It is consistent with the voluntary disclosure theory.

Sustainability is believed to make a significant contribution in the future. According to legitimacy theory, management can also consider business sustainability as a greenwashing scheme, *branding*, and publicity as an image. The research results by Lin et al. (2021) found that corporate sustainability has a negative effect on company value, where sustainability is considered a strategy, especially for low and medium value companies. This finding implies that both low and medium value companies in the growth phase will invest in sustainability strategies to increase company value and public perception of their efforts. On the other hand, companies with high values will not place a sustainability strategy as a top priority because this strategy does not increase public understanding of the company's efforts, especially ethical management.

Research of Abdi et al. (2020) examines the implementation of ESG disclosure on company value and airline company performance. Their

results found that improvements in the *Environment* and *Government* woul d increase market value and return on invested data, whereas the social pillar had a negative relationship with firm value. This study shows that airline social activities lower company value and performance. However, it is different from Jia and Li (2020), who found that companies with better company performance will have higher company values when facing uncertainty. Companies with higher profitability will perform better sustainability even when facing national uncertainty. Likewise, Ammer et al. (2020) conclude that environmental sustainability practices positively impact company value because they increase responsibility, transparency, and trust in stakeholders. With this transparency, the company's sustainability management will be more transparent to earnings information (Oh et al. 2020).

In Indonesia, the sustainability disclosure from external assurance has a positive and significant effect on firm value as measured by Tobins'Q. Compared to Malaysia, Harymawan et al. (2020) study show that Indonesia's companies have higher disclosures regarding external assurance for sustainability. On the other hand, Hardiyansah and Agustini (2020), who conducted their study in Indonesia, showed that the type of industry could increase the effect of disclosure, especially carbon emissions, on company value. The findings of Machmuddah et al. (2020) conducted on companies on the IDX also found a positive and significant influence between CSR disclosures on company value, where profitability acted as a moderator.

The existence of a polemic that still questions how investors will view the company's sustainability is still an interesting thing to discuss. By linking ESG and company value, the ESG index is expected to enable investors to take a leading role in encouraging companies to increase the transparency of their disclosures (Aboud and Diab 2018). However, more than that, this study wants first to see the effect of sustainability on company profitability. The extent to which the relationship between companies that disclose sustainability reports with performance is that the company's primary goal is to make a profit. For this reason, the hypothesis was built to see the relationship between the two by using several measurements of profitability and ESG disclosure.

H1: There is a significant effect between sustainability

disclosures on profitability (*ROA, ROE, MTOB)*

H2: There is a significant effect between the activities disclosed in the sustainability report on profitability (*ROA, ROE, MTOB)*.

METHOD

The study population is all companies listed on the Indonesia Stock Exchange (IDX), excluding the financial sector from the 2015-2019 period. The data used the Thomson Reuters Eikon database.

The dependent variable in this study is profitability which is proxied by Return on Assets (ROA), Return on Equity (ROE), and Market to Book (MTB). The independent variables used are ESG score and ESG reporting score, while the control variable uses the natural logarithm of total assets and the Debt-to-Equity Ratio (DER). All data used to measure the variables were downloaded from the Thomson Reuters Eikon database.

This study analyzes the data using multiple regression with panel data through STATA software to answer the hypothesis. In general, three-panel estimator approaches will be presented in this study, namely Pooled OLS, Fixed Effect, and Random Effects. The Hausman test examines the suitability of the estimate to choose Fixed Effect or Random Effect, while the Chow test chooses Fixed Effect or OLS. This estimation technique uses references from previous studies such as Lourenco et al. (2012) and Lopez (2007)

RESULTS AND DISCUSSION

The population of this study is all companies listed on the Indonesia Stock Exchange from the 2015-2019 period. The total data obtained for that period are 2,031 observations. The sample was then selected based on the criteria, namely the exclusion of the financial sector so that the number of observations obtained was 1,744 (or equivalent to 85.86% of the total data obtained), as shown in Table 2. Meanwhile, descriptive statistical data can be seen in Table 3.

Based on Table 3, the variable Return on Assets in the entire sample has an average value of 3.688 and a standard deviation of 5.5%. In this observation, the minimum ROA value is -10,475, where a negative value indicates the company is experiencing a loss, while the maximum value is 27,093. In the sample of companies with ESG scores and ESG reporting, the minimum value for ROA is -2.06, while the maximum value is 27.093.

Data indicates that a company with an ESG score and reporting score has the highest ROA value. At

Table 1. Purposive Sampling

Criteria	Sample 1	Sample 2
All year-firms 2015-2019	2031	2031
Excluding financial sector 2015-2019	(287)	(287)
Total year-firms 2015-2019 exclude financial	1744	1744
Incomplete ESG Score Data	(1634)	
Incomplete ESG Reporting Score		(1632)
Final year-firm observation data	110	112

Source*:* Processed secondary data (2021)

Table 2. Sample based on Industry

Sector_id	Freq.	Percent
1	546	31.31
2	190	10.89
3	60	3.44
4	324	18.58
5	264	15.14
6	195	11.18
7	165	9.46
Total	1744	100.00

Source*:* Processed secondary data (2021)

Table 3. Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
Panel A: All firms *(n=1744)*					
ROA	1744	3.688	5.549	-10.475	27.093
ROE	1744	5.51	23.229	-86.391	116.739
MTOB	1744	1.992	3.226	-2.035	23.06
ESG	1744	2.195	9.439	0	75.12
ESGR (%)	1744	.061	.237	0	1
SIZE	1744	28.768	1.645	21.504	33.495
DER	1744	1.323	2.051	-6.581	12.707
Panel B: Companies with ESG Score (n=110)					
ROA	110	8.763	6.972	-2.06	27.093
ROE	110	20.194	25.621	-16.495	116.739
MTOB	110	4.425	5.286	.245	23.06
ESG	110	34.82	16.705	9	75.12
SIZE	110	31.207	.821	29.15	33.495
DER	110	1.566	2.082	.153	12.707
Panel C: Companies with ESG Reporting Score (n=112)					
ROA	112	7.067	5.813	-2.06	27.093
ROE	112	17.394	23.705	-16.495	116.739
MTOB	112	3.406	4.532	-1.611	23.06
ESGR (%)	112	.958	.137	.12	1
SIZE	112	31.462	.794	30.248	33.495
DER	112	1.538	2.221	-6.581	12.707

Notes: ROA, Return on Asset; ROE, Return on Equity; MTOB, Market to Book; ESG, Enviroment, Social, Governance Score; ESGR, Enviroment, Social, Governance Reporting Score; SIZE, Ln Total Asset; MTOB, Market to Book; DER, Debt to Equity Ratio.
Source*:* Processed secondary data (2021

the same time, the sample of companies with an ESG score and an ESG reporting score has a higher average value than the companies in the observation. Thus, companies that

provide ESG scores and ESG *reporting scores* have high profitability

Based on the entire sample, the variable Return on Equity (ROE) has an average value of 5.51 and a standard deviation of 23%. The difference between the maximum and minimum values for ROE in Panel A is significant, namely -86,391 for a minimum and a maximum of 116. Meanwhile, the ROE value in the sample group of companies with an ESG score and the group of companies with an ESG reporting *score* has a value of -2.06 for the minimum and a maximum of 27,093. Similar to ROA, the sample group of companies with an ESG *score* and an ESG reporting score has a higher average value than the entire sample. Panel B and Panel C show the averages of 20,194 and 17,394, respectively. Panel A has a significant difference compared to the average value of ROE in Panel B and Panel C. This shows that companies with an ESG score and ESG reporting score score have higher profitability based on the value of equity than the sample group in general.

In Panel A, Market to Book (MTOB) has an average value of 1.992 and a standard deviation of 3%, with a minimum value of -2.035 and a maximum value of 23.06. The range of maximum and minimum values is not significant for this variable. The average value for Panel B and Panel C shows a higher number than Panel A, 4,425 and 3,406, respectively. Based on the minimum and maximum values, the MTOB values for Panel B are 0.245 and 23.06. Profitability assessed by the market indicates that companies with ESG scores have a positive MTOB compared to Panel A and Panel C. Overall, the samples in Panel B and Panel C have the same maximum value for MTOB. Thus, it can be concluded that companies that have an ESG score and an ESG reporting score have high profitability when compared to the entire sample group.

The ESG *Score* is the company's overall score based on self-reported information in the pillars of the company's environment, social, and governance. The average value of the ESG *score* obtained is 2.195, with a standard deviation of 9.439. The maximum value is 75.12 from 100, while the minimum value is 0 because the company has not disclosed. Panel B shows that only 110 out of 1744 observations reported ESG *scores*, or 6% of the total observations that provided information related to the environmental, social, and governance pillars. Most companies in Indonesia have not disclosed ESG information in their reporting. Panel B also shows

that the company's minimum ESG score is 9 and the average reported ESG score is 34.82. This figure shows that although companies in Indonesia already have an ESG score, the reported information related to ESG is still relatively minimal.

ESGR or ESG reporting score is the percentage of the company's activities covered by its environmental and social reporting, including the scope reported by the company and data on the percentage of company activities covered by its environmental and social reporting. If the additional financial reporting covers all company's global activities, the coverage is 100%. Meanwhile, suppose the scope is not available. In that case, it is necessary to prioritize the order related to (1) the percentage of employees covered, (2) the percentage of income covered, (3) the percentage of operations covered. When there are two different coverages related to social and environmental coverage, the lowest value needs to be considered. Like the ESG score, only about 6% of companies have an ESG reporting score. Based on Table 2 Panel C, only 112 informed the disclosure of this ESG reporting score. It should be appreciated that some companies have reported 100% of their environmental and social reporting activities, which can be seen from a maximum value of 1 (100%). Unfortunately, several companies are still not maximally reporting their activities as the minimum value is 12%.

In total, there are only 65 of 1744 observations or 3% of all observations samples that have both an ESG *score* and have an ESG reporting score. This data means that the ESG score and the ESG reporting score are not simultaneously owned or reported by the company that provides ESG information. Some companies have an ESG score but do not report an ESG reporting score, and vice versa.

SIZE is a control variable, where the mean value is 28.768, and the standard deviation is 1.645% in Panel A. This value is not much different from Panel B and Panel C, respectively 31,207 and 31,462. This data shows that companies with an ESG *score* and an ESG reporting *score* have a larger size.

Another control variable is DER, where the average is 1.323 while the standard deviation is 2.051%. The minimum DER value is -6.581 in Panel A and Panel C, while in Panel B, the minimum value is 0.153. These results indicate that companies with an ESG score and an ESG reporting score have the highest score for DER.

The maximum value for all groups is 12,707.

Profitability and Sustainability

Hausman Test (1978) was carried out to determine the right model between fixed effects and random effects. Tests were carried out using pooled OLS regression and multivariate panel data models, namely fixed effects and random effects, to analyze the effect of ESG on company profitability. Based on the test results, if there is no significant difference between fixed effect and random effect, the more appropriate model is fixed effect.

The first analysis looks at the effect of sustainability disclosure (ESG score) and company performance. Table 4 shows a negative and significant effect between company sustainability (ESG score) and profitability (ROA, ROE, MTOB). These results align with Lin et al. (2021), which states that this sustainability strategy is intensively carried out by companies with low company values or those in the growing phase. Meanwhile, for companies with a high value, the sustainability strategy worsens the value of the company, although the effect tends to be weak. The negative and significant influence between the disclosure of sustainability and profitability also partially supports the results of Tamayo et al. (2019), which found that the social dimension was negatively and significantly related to firm value.

On the other hand, this study is inconsistent with the findings of Abdi et al. (2020), Ammer et al. (2020), Herdiyansah and Agustini (2020), Machmuddah and Utomo (2020), Aboud and Diab (2018), Chong et al. (2018) who found that there is a positive influence between sustainability practices and company performance and value. This result may also be due to the lack of companies disclosing in Indonesia. It could be due to the absence of an obligation to disclose it so that companies that disclose sustainability reports use it as a strategy or a way to promote their company when its performance is inadequate to get the attention of investors. Thus, hypothesis 1 (H1) proves a negative and significant relationship between sustainability disclosure and company performance.

The second analysis is to answer the effect of the activities/activities disclosed by the company in the sustainability report on the company's performance. Based on Table 5, ESGR indicates a positive and significant effect on performance or profitability as measured by ROE and MTOB,

Table 5. Results of Testing the Effect of Sustainability Disclosure on Profitability

Variable	ROA			ROE			MTOB		
	OLS	FE	RE	OLS	FE	RE	OLS	FE	RE
ESG (H1)	.069*** (.025)	**-.033**** **(.01)**	.066*** (.025)	.282*** (.1)	**-.187***** **(.039)**	.282*** (.1)	.025* (.015)	**-.079**** **(.021)**	.025* (.015)
ESGR (H2)	-.231 (.83)	-.194 (.199)	-.209 (.828)	2.32 (3.796)	**9.675*** **(4.101)**	2.32 (3.796)	1.005** (.491)	**1.579*** **(.601)**	1.005** (.491)
SIZE	.586*** (.138)	-.027 (.016)	.495*** (.136)	2.035*** (.528)	4.063* (1.689)	2.035*** (.528)	-.358*** (.082)	-1.01* (.415)	-.358*** (.082)
DER	-.202*** (.047)	-.006* (.002)	-.202*** (.047)	-4.454*** (.26)	-5.126*** (.924)	-4.454*** (.26)	.54*** (.028)	.555*** (.049)	.54*** (.028)
_cons	-12.08*** (3.96)	3.837*** (.145)	-10.436*** (3.887)	-45.844*** (15.072)	-103.726 (48.791)	-45.844*** (15.072)	11.896*** (2.352)	30.344* (11.847)	11.896*** (2.352)
Observations = 1744									
Pseudo R^2	.z	.z	.z	.z	.z	.z	.z	.z	.z
Time Effect	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry Effect	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Hausman Test FE-RE:
- Fixed Effect is efficient over RE

Chow Test:
- Choose Fixed Effect than OLS

Standard errors are in parentheses
*** p<.01, ** p<.05, * p<.1

Source*:* Processed secondary data (2021)

while ROA is insignificant. The ROE and MTOB have similarities because they relate to shareholders and potential shareholders (investors). It indicates the market's response to the relationship between the activity/performance disclosed by the company with an increase in the value of shares and the interest of investors to invest. The high interest of the investor in the company will increase the capital owned by the company, thereby helping to improve the company's performance. Thus, these results partially support the findings of Ammer et al. (2020), who finds an increase in trust from stakeholders by reporting on sustainability practices, especially to the environment.

On the other hand, the unrelated relationship between ESG and profitability is consistent with Sani et al. (2020). However, it is reemphasized that it does not mean that there is no effect, only that ESG has a more positive and significant relationship for companies continuously listed on FTSE4G Malaysia. These results indicate that investors or the market respond well to this sustainability signal and provide a response. Meanwhile, this activity does not have a significant effect in terms of company operations. Thus, hypothesis 2 (H2) in this study is partially proven, where there is a significant effect between information on company sustainability activities

Table 6. Companies with ESG Score and ESG Reporting Score

			ESG Score		
Year	2015	2016	2017	2018	2019
Total Obs.	19	22	23	23	23
(%)	5.52	6.34	6.61	6,55	6.48
			ESG Reporting Score		
Year	2015	2016	2017	2018	2019
Total Obs.	20	20	22	25	25
(%)	5.81	5.76	6.32	7.12	7.12

Source*:* Processed secondary data (2021)

Table 7. Regression Results of the ESG Company Sample

	Pooled OLS			Fixed Effect		
	ROA	ROE	MTOB	ROA	ROE	MTOB
Panel A: Sampel Perusahaan dengan ESG Score						
ESG	.027	.163	-.029	-.007	.01	-.058**
	(.036)	(.147)	(.024)	(.043)	(.186)	(.027)
SIZE	-2.892**	-9.957**	-3.562***	-1.427	-7.612	-3.769***
	(1.19)	(4.505)	(.817)	(1.803)	(7.842)	(1.123)
DER	-.185	3.021***	1.179***	-.11	2.831**	1.248***
	(.257)	(1.075)	(.171)	(.28)	(1.218)	(.174)
_cons	98.391***	320.568**	114.744***	53.718	252.966	122.089***
	(36.79)	(139.37)	(25.26)	(55.602)	(241.803)	(34.63)
Observations	110	110	110	110	110	110
Pseudo R^2	.z	.z	.z	.z	.z	.z
Panel B: Perusahaan dengan ESG Reporting Score						
ESGR	-.828	-5.756	-.413	-1.639	-3.092	.133
	(2.591)	(10.529)	(1.021)	(2.788)	(11.41)	(1.035)
SIZE	-.474	-5.139	-2.644***	1.127	.584	-2.908***
	(1.016)	(3.915)	(.46)	(1.358)	(5.559)	(.504)
DER	-.125	1.365	1.276***	-.442	-.478	1.363***
	(.276)	(1.081)	(.12)	(.346)	(1.415)	(.128)
_cons	22.439	182.45	85.211***	-26.14	2.715	92.688***
	(32.125)	(123.967)	(14.52)	(42.683)	(174.665)	(15.848)
Observations	112	112	112	112	112	112
Pseudo R^2	.z	.z	.z	.z	.z	.z

Standard errors are in parentheses
*** p<.01, ** p<.05, * p<.1

Source*:* Processed secondary data (2021)

and company performance based on market or investor assessments.

Disclosure Environment, Social and Governance (ESG) in Indonesia

Disclosure of ESG in Indonesia is currently being discussed. Based on the observations in this study, the researchers found that the number of companies that made disclosures had increased quite slowly in the last five years.

This number does not even touch 10% of the total observations.

This finding shows that even companies that disclose do not have a consistent ESG score over the last five years. The role of corporate governance is expected to increase company awareness to make sustainability disclosures. Businesses seeking capital market appreciation may achieve this by aligning profitability and ESG, which is expected to help build a social reputation and corporate image.

Additional Testing

The additional test was conducted to see the effect of sustainability disclosure on profitability in a sample of companies that have an ESG score and a sample of companies that have an ESG Reporting score (ESGR). The results are very interesting to know that there is no effect between disclosure and profitability. There is a possibility that companies disclosing ESG are not solely for profit but the company's image or as a strategy.

Thus, this follows the theory of legitimacy, where companies make sustainability disclosures to cover negative news that may be generated. On the other hand, the value or score disclosed by companies in Indonesia is also still relatively low. As it is still voluntary, activities from sustainability performance, including ESG, may have not been well directed or are still correlated with similar activities within the company, so it still poses a dilemma when classifying their activities into reports and company plans.

CONCLUSION, IMPLICATION AND LIMITATION

This study aims to determine the motivation of companies disclosing ESG through testing the effect of ESG on company performance. Some have proven that focusing on ESG can increase the company value (Aboud and Diab 2018; Yip and Lee 2018), but several studies have found that ESG disclosure is part of image improvement and strategy (Lin et al. 2020; Miralles et al. 2018) as well as dimension interpretation by different investors. The test results show that the disclosure of sustainability is one of the company's efforts to improve its image and a company strategy to be considered by investors. On the other hand, the activities disclosed by the company positively influence the company's performance partially, especially those related to investors or the market. These results indicate that companies have hope that transparency and initiatives in making sustainability disclosures can increase stakeholder trust. Thus, it can increase the value of the

company. This study uses samples from companies listed on the Indonesia Stock Exchange from 2015- to 2019, excluding the financial sector. This period is taken to focus on the period of a stable economy. This study has not included the role of CG or share ownership in supporting ESG disclosure in companies so that further research can use this aspect to support ESG disclosure.

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