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The Disclosure Effect of Sustainability Reporting and Financial Statements on Investment Efficiency: Evidence in Indonesia

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Abstract: This study aims to provide empirical evidence regarding the effect of the quality of financial statements and the intensity of reporting on a company's sustainability efforts on investment efficiency. The research was conducted on all companies listed on the Indonesia Stock Exchange (IDX) sectors in 2018–2019. This study implemented a purposive sampling technique. The population derives from 52 companies with a combined sample of 104 data, uses multiple linear regression, and performs a classical assumption test. Hypothesis testing in this study used a simultaneous significance test and partial regression test appropriately. This study found that the quality of financial reports directly affects investment efficiency. The intensity of the sustainability report does not affect the company's investment efficiency; therefore, the sustainability report does not become a reference point for making investment decisions for greater efficiency. The author concluded that non-financial information does not affect investment decisions. This research proves that public companies in Indonesia can use financial reports to affect investment efficiency, whereas sustainability reports cannot be used for this purpose.

Keywords: corporate social responsibility, financial statement, investment efficiency, sustainability report.

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INTRODUCTION

Business sustainability is driven by likely consumers' increasing demand for sustainable products. Therefore, companies require more efficient performance to increase social responsibility, resource scarcity, and environmental problems increase. It engages the public, and regulators encourage companies to seek sustainable strategies. Business sustainability remains moving from a company's short-term focus, named profitability, to a business model based on something that produces sustainable economic performance while also achieving social, governmental, ethical, and environmental performance (Epstein & Buhovac, 2014). Companies can produce sustainable performance only if the company continues generating profits (profit) and can create value for shareholders. Sustainability strategies can assist in developing business sustainability by increasing operational efficiency, reducing costs, minimizing risks, and identifying future revenue opportunities (Brockett & Rezaee, 2012).

Sony Japan management said that the company could make investments in short or long periods, like passive investments, or control other companies. Management believes in increasing the company's growth through investment in existing company shares. In addition to investing, companies can purchase other securities such as debt securities issued by other companies or the government (Weygandt et al., 2015). When we take a project with a positive net present value (NPV), it can define as investment efficiency by assuming that there are no market frictions. Underinvestment occurs when the company passes the economic opportunity to conduct a project that has a positive NPV value. At the same time, over-investment is defined as an investment in a project with a negative NPV.

Financial statements are the primary means companies use to communicate financial information to people outside (Kieso et al., 2018). Financial statements provide a crucial role in improving a company's investment decisions by facilitating better capital allocation. The quality of financial reports is critical material related to investment efficiency. The higher the quality of a financial report, the more information about the company is well-reflected in the financial statements, making it easier for managers and investors to make investment decisions more efficiently.

The quality of financial statements as an accurate disclosure of financial conditions in the delivery of information regarding the company's operational activities, especially in the expected cash flows, to properly inform equity investors. Through high-quality company financial reports that reflect its operational activities, it can reduce information asymmetry between managers or companies and external information users. Financial statements are additionally a means for investors to monitor investment decisions from the management.

Agency theory states that financial statements published by companies can reflect operational activities carried out by management so that high-quality financial statements can reduce the problem of information asymmetry between managers or companies and users of external information. Financial statements are also a means for investors to monitor investment decisions from management. Conforming to Putra & Damayanthi (2019), high-quality annual financial reports in a company can reduce information asymmetry. Company information is conveyed in financial statements, affecting investment decisions; therefore, decisions become more efficient. The aftereffects of the study showed that the quality of financial statements negatively impacts investment efficiency conditions.

In addition to the financial information that the company has disclosed, there is various non-financial information that is also very important to be well-thought-out before making investment decisions. According to research by Meutia et al. (2020), Indonesia has committed to implementing sustainable finance principles in the international arena by providing a source of funding for climate change mitigation and adaptation.

Indonesia is a region with abundant natural resources recognized by the world; thus stakeholders should maintain the sustainability of these resources. However, the fact is that there are still many cases, such as exploitation of natural resources and reducing environmental quality, and this can trigger an economic decline so that Indonesia itself requires innovations that slow down climate change, reduce environmental pollution and protect existing ecosystems, this must also be supported from various parties. Groups such as academia, government, and the business world (Rosadi, 2022).

After Indonesia and 171 countries in the world signed the Paris Agreement on climate change at the United Nations Headquarters, New York, the United States, in 2016, (Sukmana, 2021), Otoritas Jasa Keuangan (OJK) issued regulation Number 51/POJK 03/2017 regarding Sustainable Finance for Lembaga Jasa Keuangan (LJK), Issuers, and Public Companies to issue sustainability reports. It is further explained in Article 2 (1) that LJK, Issuers, and Public Companies are required to implement sustainable finance in their business activities, then in Article 2 (2), the purpose of implementing sustainability finance is to use the principle of responsible investment (Otoritas Jasa Keuangan, 2017).

Trends regarding sustainability in Indonesia are starting to creep up along with the level of awareness about the importance of sustainability affecting business in the future. According to the Collaborative Partner for Sustainability Strategy, Reporting and Assurance from the National Center for Sustainability Reporting (NCSR) Indonesia, sustainability have become a global commitment to ensure continuity and quality of life in the future, including operational activities and business decision-making processes (Sukmana, 2021).

Therefore, the significance of environmental damage because of the organization's functional exercises makes organizations mindful of the significance of executing Corporate Social Responsibility (CSR) programs. The implementation of this program is stated in a Sustainability Report. The Sustainability Report represents a factor that must be considered to improve the company's image because it contains information about the company's economic, social, and environmental performance that can encourage external and internal stakeholders to deliver decisions regarding the company and assist in carrying out more effective decisions. Assigning to research results Cook et al. (2018), companies with outstanding levels of CSR reporting will invest more efficiently and innovatively.

Global Reporting Initiatives (GRI) define the sustainability reports as a representative of the performance of calculations, revelations, and responsibilities to internal and external stakeholders for the company's performance towards sustainable development goals.

Several academic studies claim the inclusion of non-financial indicators in the company's performance calculation system contributes to organizational strategic alignment and seriously impacts company effectiveness. In addition, non-financial indicators are involved in understanding past and potential future performance and in making well-informed investment decisions, as stakeholders explain in critical aspects of the business that cannot be published by financial measures, like human capital, relative capital, and organization capital (Bini & Bellucci, 2020).

By disclosing a sustainability report, it means the company has released information about the company's condition and commitment to the development of the company's business sustainability to stakeholders, with an intense level of reporting intensity, it is expected that it can affect the investment decisions of a company made by financial managers to make it more efficient. Investors believe the company remains a company an efficient place to invest.

The number of the employees affected the investor decision, as stated in the study of Semuel et al. (2019). The results of this study state that investors value companies that have less than two thousand employees because they are more productive than companies that have more than ten thousand employees, but these companies can manage assets better (Semuel et al., 2019). Company management, as the party with relevant information about the company, must report how the company's social and environmental performance, so that this disclosure signals to stakeholders that the company's condition is good or bad, not good. The high intensity of disclosure will form a positive market reaction, thus influencing the decisions made by stakeholders. It is related to the signaling theory (Nusantara & Mertha, 2019).

Mulpiani's research (2019) analyzing the effect of sustainability report disclosure on the performance of public companies in Indonesia states that the disclosure of economic and environmental dimensions has a significant effect on financial performance but not on market performance, while the social dimension does not affect both performances (Mulpiani, 2019).

The author hopes that this research will provide information to companies to improve the quality of financial reports and disclose sustainability reports. Therefore, they can be implemented as a reference for making investment decisions more efficiently. The researcher realizes that the form of disclosure from the financial side, reflected in the financial statements and non-financial, reflected in the sustainability report, is essential for the company's Sustainability. The existence of quality financial reports and intense sustainability report disclosures is expected to influence the company's investment decisions to increase the company's Sustainability. This study aims to collect empirical evidence regarding the effect of the quality of financial statements and the intensity of sustainability reporting on the investment decisions of efficient companies. Based on the background of the research that already explained, a conceptual framework is shown in Figure 1.

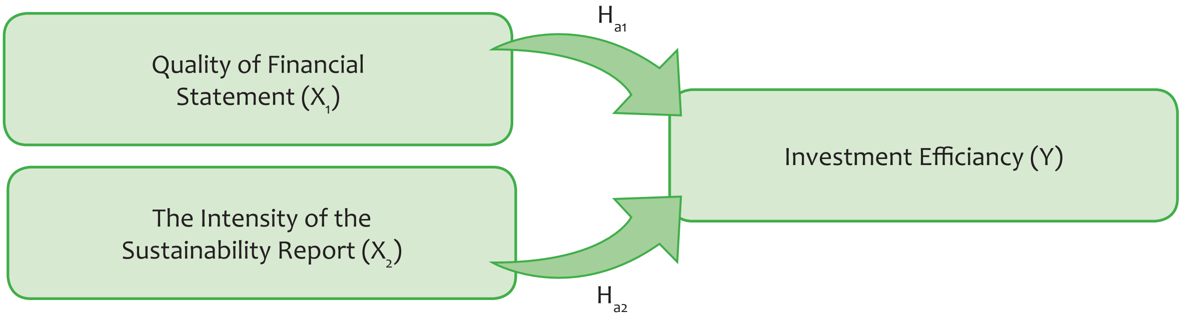

Figure 1 Conceptual Framework

METHODS

This research was conducted on listed companies on the Indonesia Stock Exchange (IDX) website from 2018 to 2019. This study practices a sampling technique with consideration of specific criteria, called the purposive sampling method. These criteria are 1) All companies listed on the Indonesia Stock Exchange (IDX) in 2018-2019; 2) the company issued financial statements in 2018-2019; 3) the company publishes a Sustainability Report using the Global Reporting Initiative (GRI) Standard exposure guidelines for the 2018-2019 period.

In this study, we conducted descriptive analysis tests, classical assumption tests, and data validity tests. This research conducted classical assumption tests. The regression model must meet the Best Linear Unbiased Estimation (BLUE); therefore, the classical assumption test is carried out. The company's financial data will be retrieved through the S&P Capital IQ website, and the Sustainability Report accessed through the official website of each company. This study handles data from 52 companies, with a total of 104 data. The empirical model used in this study is as follows:

$$EINV = \lambda + \beta1.\ QFS\_MEAN + \beta2.\ ISR + \beta3.\ SIZE\_F + \beta4.\ AGE\_F + \varepsilon$$

Notes

EINV	: Investment Efficiency.
QFS_MEAN	: Quality of Financial Statements
ISR	: Sustainability Report Intensity.
SIZE_F	: Company Size
AGE_F	: Company Age

Dependent Variable

The dependent variable or EINV used in research is investment efficiency. To measure the efficiency of a company's investment, it is used an investment model is described as a growth opportunity. The model is shown as below:

$$\text{Investment}_{i,t+1} = \beta_0 + \beta_1 * \text{Sales Growth}_{i,t} + \varepsilon_{i,t+1}$$

For the equation above, $\text{Investment}_{i,t+1}$, reflect the size of the total investment made by the company. The $\text{Sales Growth}_{i,t}$ shown percentage of sales change from last year to year of study. The residual value of the regression model describes the deviation from the size of the investment expected by the company. Total investment is obtained from the total new investment in machinery, equipment, vehicles, land, and buildings. It is added by research and development costs minus the total sales of fixed assets divided by total assets in year t. Sales growth obtained from the current year's sales minus last year's sales and divided by last year's sales.

The residual value is manipulated as a proxy of investment inefficiencies. A direct residual value would illustrate that the company is overinvested because the company is making higher investments than the company expected in line with sales growth. While the negative residual value indicates that the company is underinvestment because the company makes an investment lower than the investment expected by the company following sales growth. The dependent variable in this study will obtain the absolute value of the residual multiplied by -1 so that the most significant value indicates high efficiency.

Independent Variable

The Independent variables in this study are QFS_MEAN and ISR. For the first independent variable, or QFS_MEAN, this research used two proxies: discretionary accrual and discretionary income. Hereafter, the second independent variable, or ISR, was used Sustainability Report Disclosures Index (SRDI).

The first proxy used for QFS_MEAN is to provide a performance matching effectiveness comparison by including performance assessments in accrual regression. The difference with the previous model is the addition of Return on Asset (ROA). The discretionary accrual model is as follows:

$$TA_{i,t} = \alpha_0 + \alpha_1 . [1/\text{Asset}_{i,t-1}] + \alpha_2 . \Delta\text{Sales}_{i,t} + \alpha_3 . PPE_{i,t} + \alpha_4 . ROA_{i,t} + e_{i,t}$$

For calculating the company's total accruals can be done by subtracting non-cash current assets with current liabilities and depreciation & amortization and then dividing by lagged total assets. Lagged total asset is total asset from previous year. Then, to measure changes in total sales, the company can divide year n sales by sales in n-1 years and then divide by total assets in n-1 years. Next, to get the net value of the total fixed assets owned by the company by dividing net PPE by the total assets of the previous year.

To get the Performance Measurement derived from the return on assets, it can divide the net income by the total assets of the related year. The model as shown above $TA_{i,t}$ reflects the size regarding the total accrual of a company i in year t, $\Delta\text{Sales}_{i,t}$ change in the size of the company's sales, $ROA_{i,t}$ define the performance measurements derived from asset returns.

The $PPE_{i,t}$ is a net value of total fixed assets held by the company, $\text{Asset}_{,t-1}$ shows the total value of the company's assets in the prior period. The calculation utilizing the prior model will obtain the remaining value used to measure how qualified the financial statements are. The remaining value will be absorbed and multiplied by -1; then, the highest value means the quality of financial reporting is equally high.

The second proxy from QFS_MEAN is discretionary income. To compute discretionary income, this study followed the study Chen et al. (2011) as follows:

$$\Delta AR = \propto_0 + \propto_1 . \Delta Rev_{(i,t)} + \varepsilon_{(i,t)}$$

The discretionary model, as shown above, contain ΔAR as the annual change of the receivable account is divided by lagged Assets. $\Delta Rev_{i,t}$ is the annual changes in revenue are divided by lagged total assets. The residual value resulting from the above equation is discretionary income. Discretionary income is a change in receivables not explained by sales growth. The residual values that can be from the above model will be abstracted and multiplied by -1. So that the highest value indicates the quality of financial statements is high.

According to research Chen et al. (2011), to mitigate errors in each component of QFS, both proxies will be aggregated into one value.. First, the normalization of the two proxies, normalization means added the discretionary income and discretionary accrual in each year, then calculates the average value of both calculations into one overall statistical value of QFS (QFS_MEAN).

The Intensity of reporting in the Sustainability Report is measured using the Sustainability Report Disclosures Index (SRDI). SRDI is a measurement of the number of GRI Standards 2016 items revealed by the company compared to the number of items expected or by GRI Standards. The number of items disclosed by the company will be given a value of 1 if disclosed and 0 if not disclosed. The highest score is 1 with the number of indicators as many as 243, so the highest number of expected number of items is 243. The expected number of items is obtained from the calculation of each segment item in accordance with GRI Standards 2016. Variable independent was using the SRDI developed by Wijayanti (2016), as follows:

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

Notes
SRDI : Sustainability Report Disclosure Index.
n : Number of items disclosed by the company.
k : Expected number of items.

In addition to using dependent and independent variables, this study uses two control variables, company size and company's age. The control variable's purpose is to control the influence of the independent variable on the dependent variable so that it is not influenced by external factors that are not examined. Furthermore, to measure company size using the natural logarithm of each company's total assets and to measures the company's age by subtracting the year of observation from the year the company was founded.

RESULTS AND DISCUSSION

The results of the list of companies that fit the criteria as many as 52 out of 720 companies under observation in all sectors. The study utilizes classical assumption tests to meet OLS-based multiple linear regression analysis (ordinary least square). This regression model must be qualified to be said Best Linear Unbiased Estimation (BLUE); therefore, classical assumption testing is carried out. The goal is to make the data used free from deviations of classical assumptions (Duli, 2019).

The first data test we did was descriptive statistics. Table 1 shows descriptive statistics result, it indicates that.

Table 1 Coefficient of Determination Test (R^2)

	N	Min	Max	Mean	Std. Deviation
EINV	104	-1,79028	-0,00061	-0,11077	0,2302
QFS_MEAN	104	-46,6972	-0,04020	-2,83771	7,5633
ISR	104	0,193415	0,68312	0,380935	0,1048
SIZE_F	104	23,48	34,89	31,0257	1,97316
AGE_F	104	6	124	50,56	22,511

Descriptive statistical test results for EINV have the minimum and maximum values owned by BFI Finance Indonesia (BFIN) and PT Bumi Resources Tbk (BUMI) respectively, with an average value of -0,11. Furthermore, QFS_MEAN has the minimum and maximum values of which are owned by Bank Central Asia Tbk (BBCA) and PP London Sumatra Indonesia Tbk (LSIP), respectively. Next for variable ISR, the minimum and maximum values are owned by PT Adhi Karya (ADHI), with a full ISR disclosure of 19.3% or 47 items and PT Perusahaan Gas Negara Tbk (PGAS) with a total ISR disclosure of 68.3% or 165 items. For the variable control the firm size or SIZE_F, the minimum and maximum values are owned by Merdeka Copper Gold Tbk (MDKA) and Bank Rakyat Indonesia (Persero) (BBRI) respectively. Meanwhile, the minimum and maximum values for AGE_F, are owned by Merdeka Copper Gold Tbk (MDKA) which was established for 6 years and Bank BRI (BBRI) for 124 years, with an average of 50,56 years.

The next series of tests is the classical assumption test. The results of the classical assumption test show that the data from this study successfully passed the multicollinearity test and autocorrelation test but did not pass the normality test and heteroscedasticity test. In studies that utilize data above 30, observations are assumed to distribute usually because the data used varies. This study used 104 observations. According to Ghozali (2018), research that uses cross-section data mainly contains heteroskedasticity because this data collects data that represents various sizes ranging from small, medium, and large. The study used cross-section data.

Table 2 Coefficient of Determination Test (R^2)

R	R Square	Adjusted R Square	Std. Error of the Estimate
,494[a]	,244	,213	,20422181

Based on the direct results of SPSS output is presented in Table 2, the value of R^2 is 21,3%, which means that the independent variable Quality of Financial Reports QFS_MEAN, ISR, SIZE_F, and AGE_F simultaneously affect the dependent variable, EINV, by 21.3% while the value the remaining 78.7% is explained by other independent variables that were unselected in this study. According to Ghozali (2018) the value of the coefficient of determination in research using cross-section data is relatively low; this is required to the significant variation in each observation.

Table 3 Simultaneous Significant Test (F Test)

Model	Sum Of Squares	df	Mean Square	F	Sig.
1 Regression	1,330	4	0,333	7,974	0,000[b]
Residual	4.129	99	0,042		
Total	5,459	103			

Based on table 3, the calculated F value and the significance reported mean that it is significant at an alpha of 1%. This indicates that the independent variables in this study affect the dependent variable simultaneously; therefore, the regression model equation obtained from this study is reliable.

A partial regression test or t-test was used to observe the independent variable's effect on the dependent variable. If the significance value is below 1%, 5%, and 10%, it demonstrates that the independent variable significantly influences the dependent variable. Since the research uses a two-tailed direction, while the results listed in this table are one-tailed, the results must be divided by two to make it two-tail.

The table below shows that QFS_MEAN has a significance level of 0.000, which means this variable is significant at alpha 0.001 (1%); therefore, the QFS_MEAN variable causes a significant positive effect on EINV. While the ISR variable has a significant level of 0.318 because this research is two-tail, it will be divided by two to 0.159, which indicates this variable is not significant because it has merely crossed the 0.10 alpha limit; therefore, it can be concluded that the Sustainability Reporting Intensity does not affect Investment Efficiency.

Table 4 Regression Partial Test (*t*-Test)

Model		Unstandardized B	Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	0,199	0,333		0,597	0,552
	QFS_MEAN	0,015	0,003	0,478	5,261	0,000
	ISR	-0,0194	0,194	-0,089	-1,003	0,318
	SIZE_F	-0,006	0,011	-0,049	-0,542	0,589
	AGE_F	-0,000	0,001	-0,031	-0,335	0,738

The first hypothesis proposes that financial statements positively affect investment efficiency. In the t-test table, the QFS_Mean variable has positive t and b values, and then the significance value is < 1%, so it can be said that the first hypothesis of this study is accepted. Interpretation of these results if there is an increase in the quality of financial reports, there will be an increase in investment efficiency.

The higher the quality of a company's financial statements, the more efficient information about the company's performance is reflected in the financial statements; this can affect investment decision-making by financial management to be more efficient, therefore that the company's image in the eyes of stakeholders will be better. The financial statements remain the reference for making the company's investment decisions. The significant quality of financial reports will reduce the information gap between the agent and the principal. It can be said that this study explains agency theory, a high level of investment efficiency because of investment decisions made by financial managers to manage finances and maintain cash flow properly. Increase profits and maintain company sustainability.

The results of this study are supported by Siregar & Nuryanah's (2019) research, which researched the relationship between financial statement quality and investment efficiency and audit quality as a moderating variable. This study indicate that the quality of financial reports has a positive and significant relationship to investment efficiency. Moreover, the study also found similar findings in the subsample of overinvestment.

The second hypothesis proposes that the intensity of sustainability report disclosure positively affects investment efficiency. The results of this study reject the second hypothesis. It can be seen from the t-test, the ISR variable, that the results of t and b are negative, and the significance level exceeds > 10%. Moreover, it can be said that the ISR variable does not affect investment efficiency, so the more intense the disclosure of each item does not affect making decisions for efficient investments.

This result supported by a study by Vitriani & Budiasih (2019), which uses the research object of all non-financial companies listed on the IDX in 2015-2017, stated that the higher the quality of a company's financial reporting, the higher the level of investment efficiency of the company.

The results of this study are inversely proportional to the results of research from Zeng et al. (2019); this study took a panel of data from companies registered in China in 2011-2016. The results showed that corporate environmental responsibility could significantly positively affect investment efficiency. However, this influence is not for the short term, taking time to participate. Then, in areas with an excellent institutional environment, corporate environmental responsibility has a significantly higher impact in improving investment efficiency.

The result of the study from Mulpiani (2019), researching about the Effect of Sustainability Report Disclosure on The Performance of Public Companies in Indonesia, explained that the Analysis conducted mentioned that the disclosure of economic and environmental dimensions has a significant effect on financial performance; however not on market performance, while the social dimension does not affect both performances.

The results of research on A-Listed Firms in China by Wang et al. (2020) mention that publishing an annual report on the environment has a positive and significant impact in areas that produce heavy pollution compared to companies that produce less pollution.

The object of this research in the study from Lestari & Suardana (2019) is countries in ASEAN, Malaysia, Indonesia, Philippines, Singapore, and Thailand. The analysis results showed that the quality of financial statements negatively affected underinvestment but did not significantly affect overinvestment. Furthermore, that analyst following does not moderate the association between the quality of financial statements and the efficiency of investments.

All research conducted outside of Indonesia, Southeast Asia and China, written that the sustainability report possesses a significant influence on investment efficiency, which means that the sustainability report is used as a consideration for making investment decisions to be more efficient.

This study cannot prove that the intensity of sustainability reporting influences investment efficiency; sustainability reports remain not a reference for making corporate investment decisions. Regulations regarding the obligation to issue sustainability reports in Indonesia are under the supervision of the Financial Services Authority (OJK). They have been regulated in Financial Services Authority Regulation No. 51/POJK.03/2017 paragraph (1) and (2) concerning the Implementation of Sustainable Finance. Paragraph (1) explain LJK, Issuers. Public Companies are required to implement Sustainable Finance in activities LJK businesses, Issuers, and Public Companies, also the second paragraph explain about The Implementation of Sustainable Finance as referred to in paragraph (1) is carried out by using: the principle of responsible investment; principles of sustainable business strategies and practices; social and environmental risk management principles Live; governance principles; the principle of informative communication; inclusive principles; the principle of developing priority leading sectors; and principles of coordination and collaboration. (Otoritas Jasa Keuangan, 2017).

According to Bini & Bellucci (2020), the implementation of CSR programs has a drawback: companies must incur high costs to implement CSR programs; therefore, it is still one of the reasons why companies do not disclose the components of sustainability reports to the fullest. This study indicates that users have not understood the benefits and objectives of reporting sustainability reports to remain the basis for decision-making to produce efficient decisions. Unproven non-financial indicators are involved in understanding past and potential future performance and in making well-informed investment decisions (Lestari & Suardana, 2019).

In addition, CSR disclosure is an important type of non-financial information disclosure. CSR information disclosure includes information about corporate activities of stakeholders, including corporate charitable donations, resources paid for a better environment and employee welfare, etc. This information is not reflected in financial information reports, but it can better explain the whereabouts of some company resources and help investors and other information users to have a comprehensive understanding of the company's financial information (Zeng et al., 2019).

This study observed 104 samples of companies listed on the Indonesia Stock Exchange in 2018-2019. The first hypothesis has discussed the relation between the quality of financial statements and investment efficiency; the quality of Financial Statements provides a positive and significant impact on Investment Efficiency. It can be mentioned that the higher the quality of the company's financial statements, the investment efficiency of a company will increase; therefore, the disclosure of financial information becomes the basis for making investment decisions to increase investment efficiency. Moreover, the second hypothesis has discussed the relation between the intensity reporting sustainability report and investment efficiency; the intensity of the Sustainability Report does not affect Investment Efficiency. It can be stated that non-financial disclosures reflected in the Sustainability Report of companies in Indonesia are unconsidered for making investment decisions that can improve investment efficiency.

CONCLUSION

In conclusion, financial statements have become the basis for making investment decisions because they describe the company's condition in the economy, so it will be easier to predict the future from an economic perspective, the information contained in the financial statements already describes the company's condition, the higher the quality of the financial statements, the higher the quality of the financial statements. The more efficient the investment decisions made. Meanwhile, sustainability reports are new in Indonesia; at the beginning of the search for sustainability reports for listed companies, there were difficulties because many had not published these reports regularly in 2018-2019; this proves that many still do not know the benefits of sustainability reports. Alternatively, non-financial information for the company's future and decision-making is more efficient, so the intensity of reporting this sustainability report does not affect efficient investment decisions. The expected implications of this research, readers are expected to know the importance of publishing non-financial reports such as sustainability reports, especially for the Indonesia Stock Exchange companies. Then, the company knows the obligation to issue a sustainability report and increase the influence to publish the report. In addition, researchers find it challenging to collect sustainability reports for each listed company; therefore, it may be a suggestion that it be made or collected on an Indonesia Stock Exchange website; the aim is to make it easier for users of the report and increase the use of non-financial information contained in the Sustainability Report. There are some limitations of this study; first, the determination of the Sustainability Report disclosure index using a dummy variable; is subjectivity. Second, this research includes the banking sector, where there are differences in regulations regarding investment between banking and non-banking companies. Third, this research cannot pass the normality test and heteroscedasticity test. The following suggestions are offered by the author to be used in further research and used other variables that have been unselected for research in this study, such as risk management and Internal Control, as well as other variable components, and further research is expected to increase the period of the research sample.

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