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THE IMPACT OF SUSTAINABILITY REPORTING ON COMPANY FINANCIAL PERFORMANCE

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Abstract: *This study aims to analyze the effect of sustainability reporting on the financial performance of non-financial companies listed on the Indonesia Stock Exchange (BEI) in the period 2016 – 2018. Sustainability report is measured using the Global Reporting Initiative (GRI) G4 standard with three measurement indicators which are economic, environmental, and social aspects. Meanwhile, the companies' financial performance is measured using the Return on Asset (ROA) ratio. This study uses 16 non-financial companies as research samples. The multiple linear regression method is used as an analytical tool to test this research model. The results show that two of the three aspects of sustainability report measurement, which are economic and social aspects, are proven to have an influence on the companies' financial performance.*

Keywords: Sustainability Report, Financial Performance, Global Reporting Initiative.

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1. Introduction

In Indonesia, the haze caused by forest and land fires covered many regions in Sumatera and Kalimantan in 2019. Nursalikah (2019) revealed that Ecoregion Development Control Center in Sumatera noted in the Pollutant Standard Index (PSI) data that the air quality in Pekanbaru, Riau has been categorized as dangerous which can cause serious public health problems. Besides causing health problems, forest and land fires also cause losses in economic activities in the community, ranging from trade activities, tourism, to transportation that is experiencing delays. Forest and land fires in Sumatera and Kalimantan are allegedly caused by the practice of "land clearing" (a process before mining activities begin) by foreign companies which made this option the easiest and cheapest way to expedite their business activities. Five foreign companies have been incriminated as the cause of the forest and land fires (Rahayu, 2019).

Forest and land fires are an example of a cause of problems that has a negative impact not only on the environment, but also on society, both in social and economic aspects. In order to gain benefits for the management and the capital owners, the company irresponsibly uses its power and causes harm to the environment and society. Therefore, companies are required to provide information related to the business activities that they do (Ernst & Young 2013). The information must be reported by the company transparently, completely, and accurately so that the public believes and at the same time attracts investors. Nowadays, financial performance is considered to be irrelevant and less convincing for investors in assessing the overall performance of a company (Manisa & Defung, 2017). According to Burhan & Rahmati (2012), the information of the non-financial performance of a company is an important matter that must be known by the stakeholders. This makes the company becomes more motivated to provide additional non-financial information, especially regarding its activities, both those that have a direct and indirect impact on the environment and surrounding communities. One way is through disclosure of sustainability reports.

Sustainability the report is defined as a report issued by companies or organizations about the economic, environmental, and social impacts caused by their daily activities (GRI, 2016). Sustainability reporting proves that the company has overall responsibility for its economic, environmental, and social performance (Kasbun et al., 2017). Based on a survey report from Ernst & Young (2013), more than fifty percent of respondents who publish sustainability reports have been helped in improving the company's reputation. Sustainability report disclosure has experienced development and proven to have a positive impact so that it becomes one of the important things for an organization or a company.

Sustainability reporting in Indonesia is still limited to voluntary. Although it is increasing from time to time, in fact, the number of companies with sustainability reporting in Indonesia is still far behind compared to developed countries. Based on the data from the official website of Otoritas Jasa Keuangan (OJK), in 2017, only nine percent of companies listed on the Indonesia Stock Exchange (IDX) have published their annual sustainability report. However, this number can still increase or decrease every year because sustainability reporting in Indonesia is not mandatory. Meanwhile, Kasbun et al. (2016) stated that there is a positive relationship between sustainability report disclosure in terms of economic, environmental, and social with the company's financial performance which is also supported by the result of research by Nugroho & Arjowo (2014), Dewi & Sudana (2015), Bukhori & Sopian (2017), and Buallay (2018). However, it contradicts the result from the research of Sejati & Prastiwi (2015) and Asuquo et al. (2018) which stated that sustainability reporting has no effect on the company's financial performance.

Based on the description above, this study aims to examine the effect of sustainability report disclosure on the company's financial performance which is measured by the company's Return on Assets (ROA). This research is a replication of the previous research entitled “Sustainability Reporting and Financial Performance of Malaysian Public Listed Companies” by Kasbun et al. (2016).

2. Literature Review

2.1 Signalling Theory

Signalling Theory is a method used by companies to provide signals in the form of information to investors listed in the company's external financial statements. Wijaya (2012) explains that the existence of this theory will help the company (agent), the owner (principal), and outsiders to reduce the information discrepancy that can occur because the company knows more information and its future performance by generating quality or integrity of the company’s financial statement. Nuswandari (2009) explains that major companies most likely would prefer capital from external sources.

Investors or external parties who do not know about the company's information will give a low assessment because of their perception of the company’s value. To increase the value of the company, information discrepancy between companies and external parties needs to be reduced. Signalling theory that underlies the sustainability report tells about how a company should signal financial statement users (Nuswandari, 2009). The signal given by the company includes information about the company’s performance that has been carried out by management in realizing the wishes of the company owners.

2.2 Stakeholders Theory

Stakeholders theory is the manager's response to the existing business environment. Maintaining good relations with stakeholders is needed in order to accommodate their needs and wants, especially to those who have the power to control over the source of the company’s capital (Chariri & Ghozali, 2007). Stakeholders are all parties involved in the company's business who can influence or be affected by the company in the business process, both directly and indirectly.

The view of business as a vehicle to boost the interests of stakeholders are necessary and unavoidable related to moral considerations. How related parties want to be treated in the business processes, and what results they will get based on how they influence or are influenced by the business, is a major problem related to stakeholder’s theory (Lange, 2018). Companies can carry out a strategy that is by disclosing sustainability report which includes economic, environmental, and social aspects to maintain good relations with stakeholders. Tarigan & Semuel (2014) explains that to create a harmonious relationship between the company and its stakeholders, it is necessary to disclose sustainability report to meet stakeholders’ expectations.

2.3 Legitimacy Theory

Legitimacy theory explains that an organization tries to sustainably carry out its operations in accordance with the rules and limitations that apply in the community or environment in which the organization was built. The aim is that the activities of the organization are recognized and accepted by external parties in a legitimate manner (Deegan, 2004). Because it is done on an ongoing basis, this also becomes an effort so that the relationship between the company and the surrounding environment runs well. Buallay (2019) states that legitimacy theory can explain the social and environmental aspects that are part of a company's business strategy.

The theory of legitimacy is known to have a relationship with stakeholders' theory. Both theories focus on explaining the aspects that drive a company to report sustainability reports to the public. Laan (2009) explains in more detail that motivation in the theory of legitimacy comes from the company's efforts to obtain recognition from the environment, whereas in stakeholders' theory, the initiative comes from the company's accountability to the stakeholders.

2.4 Sustainability Report

Sustainability reports can be understood as a way for companies to respond to stakeholders' requests for information on company performance and risk management (Ballou et al., 2006). Stakeholders are not only concerned with the company's past performance, but they also pay great attention to the company's prospects in the future. Therefore, the sustainability report can provide a broader view of how companies create value in the short and long term (Needles et al., 2016). Kasbun et al. (2016) revealed that with the voluntary disclosure of sustainability reports, this shows that the company is responsible for its operational activities that have an impact on certain aspects. The aspects of the sustainability report are economic, environmental, and social. Each aspect of a sustainability report has indicators to measure the performance of each aspect (Aras et al., 2017).

In the preparation of a sustainability report, the Global Reporting Initiative (GRI) has become one of the references commonly used by companies throughout the world. The Global Reporting Initiative (GRI) establishes reporting principles and provides a standard guidance report for sustainability report. Initially, sustainability reporting in Indonesia was first initiated by the National Center for Sustainability Report (NCSR) as a developing an independent institution and periodically provides an assessment of sustainability report submitted by companies in Indonesia. Sustainability report disclosures in Indonesia are still limited to voluntary and there are no regulations that specifically require companies established in Indonesia to disclose sustainability report.

2.5 Financial Performance

Financial performance is an image of the economic results obtained through the activities of the company in a certain period to generate profits. Financial performance can be measured using analysis of data obtained through financial statements where the main data as input in the analysis of financial statements is from the company's balance sheet and income statement. Performance assessment of a company is a periodic determination of its operational effectiveness based on established targets, standards, and criteria (Tampubolon, 2005).

One of the financial ratios associated with an analysis of a company's financial performance is Return on Assets (ROA) ratio. Ross (2013) states that ROA is a measure of profit on company assets over a certain period. ROA can be formulated as a company's net income after taxes, and then divided by the total assets of the company.

3. Problem Statement

Based on the description of the background of the above problem, a research problem can be formulated as follows:

1. Disclosure of sustainability reports has increased development and proven to be one of the important things for the organization or company. However, disclosure of sustainability reports in Indonesia is currently still limited to voluntary because the company has not been required to disclose it.
2. Disclosure of sustainability reports can improve the company's image because it transparently explains the economic, environmental, and social impacts arising from company activities. This can attract the attention of investors to invest in the company, so the company can increase the level of net income. However, according to the OJK, 9% of companies listed on the Indonesia Stock Exchange (IDX) have issued financial reports in 2017 and still can be improved.

3.1 Relationship of Sustainability Report Disclosure of Economic Dimensions to the Company's Financial Performance

Disclosure of sustainability reports from the economic dimension become an important signal for investors because it is expected to be able to provide an overview of the company's contribution to the country's economy. A company that is able to make a meaningful contribution to the economy means that it has good and significant performance in economic growth. Such companies are able to attract investors.

Research published by Kasbun et al. (2016) explained that the disclosure of the economic dimension to the sustainability report has a positive effect on the company's financial performance as measured by ROA. These results are in line with the results of research by Wijayanti (2016) which also stated that there is a positive influence on the disclosure of the economic dimension in the sustainability report. Other research also reveals that profitability and public view of the company will increase if the company makes a sustainability report disclosure, especially on its economic performance in line with the increasing stakeholder and investor confidence in the company.

H1: Disclosure of the economic dimension to the sustainability report has an effect on the company's financial performance.

3.2 Relationship of Sustainability Report Disclosure on Environmental Dimension to Company's Financial Performance

Stakeholders' reputation and trust will increase along with the disclosure of environmental activities that are carried out by the company (Ernst & Young, 2013). In addition, one way for organizations to contribute to sustainable development is to carry out activities related to company sustainability.

This has become very important for companies to show the existence and participation of the company in handling environmental problems that exist. Disclosure of the environmental dimension is the company's way to convince stakeholders that the company is also responsible for handling environmental problems that occur in the environment in which the company operates. The aim of the company to do that is so that the company can convince stakeholders that the company is operating in accordance with the norms, rules, and regulations that apply (Novianto & Agustina, 2014).

In their research, Dewi and Sudana (2015) stated that the disclosure of sustainability reports which contained economic, environmental and social dimensions affects company performance. This is in line with research conducted by Adhima (2011) which stated that the disclosure of environmental dimensions in sustainability reports have a significant positive effect on the company's financial performance.

H2: Disclosure of the environmental dimension to sustainability the report has an effect on the company's financial performance.

3.3 Relationship of Social Dimension Sustainability Report Disclosure to Corporate Financial Performance

The social dimension in the sustainability report explains the impact is caused by the company's activities on the surrounding community where the company operates and illustrates the risks arising from the company's relationship with the social institutions that are managed by the company. Community performance is divided into five aspects, which are: community, corruption, public policy, uncompetitive behaviour, and compliance. Information disclosed consists of management approaches, objectives, training responsibility policies, organizational and awareness, monitoring and follow-up, as well as additional contextual information. Everything will be reported based on the aspect of community relations (GRI, 2016).

To carry out social activities, investments in the existing assets are needed. These social activities are carried out not only for external parties but also for internal stakeholders (Tarigan and Semuel, 2014). Therefore, disclosure of social activities in the sustainability report will be felt by all stakeholders (KPMG, 2008). The stakeholders can increase the average share price and also the loyalty of employees for implementing and reporting on social responsibility that has been carried out by the company. Companies can also reduce employee turnover so that it will increase company productivity (Ernst and Young, 2013). Therefore, disclosure of sustainability reports in social aspects is important and affects the financial performance of the organization.

H3: Disclosure of the social dimension on sustainability reports has an effect on the company's financial performance.

4. Method

From the existing problem statement, this study aims to find out whether sustainability reports support to improve company finances. This study uses Return on Assets as the dependent variable that estimates the company's financial performance. Furthermore, the independent variable used in this study is the Sustainability Report which consists of three aspects, which are: Economic Aspects, Environmental Aspects, and Social Aspects.

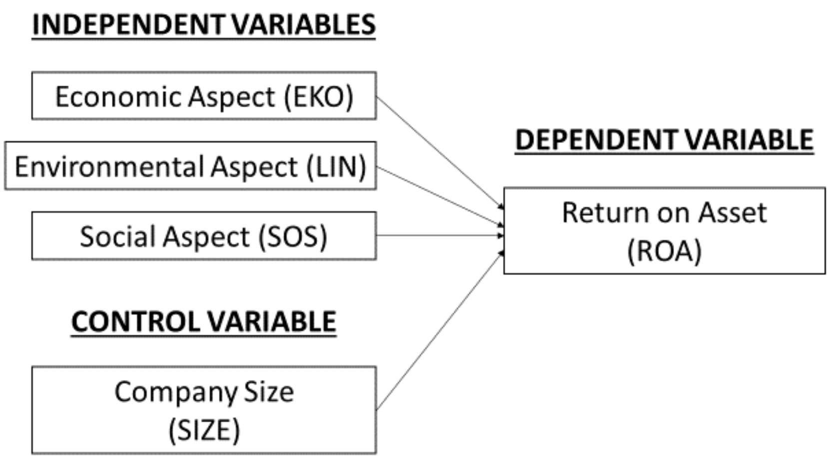

Figure 1: Research Framework

4.1 Operational Variables

4.1.1 Return on Asset (ROA)

Return on Asset (ROA) as the dependent variable of this study is a ratio used to measure the ability of capital invested in the total asset to generate net profits.

$$\mathrm{ROA} = \frac{\text{Net Income}}{\text{Total Asset}}$$

4.1.2 Sustainability Report

Sustainability report reveals three aspects that become the independent variables in this study. First, the economic aspect (EKO) in which there is a company's contribution to the economic system in the country where the company operates. Second, the environmental aspect (LIN) where this aspect pays attention to the impacts arising from the organization's operational activities on nature, which includes land, air, water, and ecosystems. Third, the social aspect (SOS) which addresses the impact of the organization on the social system in which the organization operates.

The calculation of independent variables namely economic aspect (EKO), environmental aspect (LIN), and social aspect (SOS) is measured by Sustainability Reporting Disclosure Index (SRDI) according to the GRI G4 reference as follows:

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

where
n : total items disclosed by the company
k : total items that the company needs to disclose according to GRI G4

4.1.3 Company Size

Company size (SIZE) is used as a control variable and has two (ambiguous) effects on company performance. The calculation of company size is done using the following formula:

$$\mathrm{SIZE} = \mathrm{Ln(Total\ Asset)}$$

4.2 Data Collection

The population used in this study is non-financial companies listed on the Indonesia Stock Exchange for the period of 2016 – 2018. The type of data in this study is secondary data sourced from the company's 2016 – 2018 sustainability report is taken from the company's official website. Samples were obtained by using purposive sampling method with the following criteria:

Table 1: Criteria of Research Samples

No.	Criteria	Total
1.	Companies listed on the Indonesia Stock Exchange that disclose sustainability report for the period 2016 – 2018	20
2.	Non-financial companies	16
	Total research samples for the period 2016 – 2018	16

This study uses five variables in which the dependent variable is financial performance which is proxied using Return on Assets (ROA). Furthermore, the independent variables of this study is the sustainability report which is divided into three aspects, namely economic aspect (EKO), environmental aspect (LIN), and social aspect (SOS), and one control variable, namely company size (SIZE). The research model uses the analysis of multiple linear regression method to test the direct relationship between the dependent variable and the independent variables using Eviews 9.

Thus, the equation model used in this study is as follows:

$$\mathbf{ROAi = ai + b_1EKOi + b_2LINi + b_3SOSi + b_4SIZEi + eit}$$

Before carrying out multiple linear regression, it is necessary to test the data requirements by conducting a panel data method which is divided into two stages, namely the Chow Test and the Hausman Test. Then proceed to the normality test. This test has the understanding that the variables in the regression model are uncorrelated, normally distributed, and independent in the sense that the distribution of variables does not affect each other (Gujarati, 2010). Then, the classic assumption test is performed with a multicollinearity test, heteroscedasticity test, and autocorrelation test. After that, the coefficient of determination (R^2) test is performed to explain the relationship between the dependent and independent variables seen from the value of R^2 which is always between 0 and 1. Furthermore, testing the hypothesis where there are two stages in testing the hypothesis namely first, simultaneous test (F-test) to determine the effect of the independent variables simultaneously on the dependent variable and second, the partial test (T-test) to see the level of significance of independent variables influence individually on the dependent variable by assuming that the other independent variables are constant (Ghozali, 2011).

5. Results and Discussion

This study uses multiple linear regression analysis method. The sample consisted of 16 non-financial companies listed on the Indonesia Stock Exchange (IDX) during the period 2016 – 2018. Obtained a total of 48 data observations and conducted outliers so that the final number became 37 observational data. The research samples are as follows:

Table 2: The Research Samples

No.	Type of Industry	Company Name
1.	Infrastructure, Utility, & Transportation	Garuda Indonesia (Persero) Limited
2.	Infrastructure, Utility, & Transportation	Perusahaan Gas Negara (Persero) Limited
3.	Infrastructure, Utility, & Transportation	Jasa Marga (Persero) Limited
4.	Infrastructure, Utility, & Transportation	Mitrabahtera Segara Sejati Limited
5.	Mining	Aneka Tambang (Persero) Limited
6.	Mining	Vale Indonesia Limited
7.	Mining	Indo Tambangraya Megah Limited

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No.	Type of Industry	Company Name
8.	Mining	Tambang Batubara Bukit Asam (Persero) Limited
9.	Mining	Petrosea Limited
10.	Basic Industry & Chemicals	Semen Indonesia (Persero) Limited
11.	Basic Industry & Chemicals	Indocement Tunggal Prakarsa Limited
12.	Property, Real Estate, & Building Construction	Wijaya Karya (Persero) Limited
13.	Property, Real Estate, & Building Construction	Total Bangun Persada Limited
14.	Agriculture	Austindo Nusantara Jaya Limited
15.	Trade, Service, & Investment	AKR Corporindo Limited
16.	Miscellaneous Industry	Astra International Limited

5.1 Descriptive Statistics

Table 3: Descriptive Statistic

	ROA	EKO	LIN	SOS	SIZE
Mean	0.041752	0.382883	0.323294	0.280176	29.29719
Maximum	0.134000	1.000000	0.758930	0.767540	33.86578
Minimum	-0.056700	0.097220	0.000000	0.043860	10.23240
Std. Dev.	0.040461	0.241487	0.182591	0.153411	5.871624
Observations	37	37	37	37	37

The dependent variable in this study is Return on Assets (ROA). The mean value of this variable in the period 2016 – 2018 is 0.041752 with a maximum value of 0.134000 found in the Indocement Tunggal Prakarsa in 2016. Then, for the minimum value is Garuda Indonesia 2017 with a value of -0.056700. The standard deviation is 0.040461 which means that all values in the data are almost the same.

The first independent variable in this study is the Economic Aspect (EKO). The mean value of this variable for the period 2016 – 2018 is 0.382883 with a maximum value of 1.0000 owned by AKR Corporindo in 2016. The minimum value is found in Vale Indonesia in 2016 and 2017, amounting to 0.097220. Then, for the standard deviation of 0.241487 which means that all values in the data are almost the same.

The second independent variable is Environmental Aspect (LIN). The mean value on this variable is 0.323294. In addition, the maximum value of this variable is 0.758930 which is found in the Indo Tambangraya Megah in 2016. The minimum value of this variable is 0.00000 found in the Tambang Batubara Bukit Asam in 2017. Then, the standard deviation value is 0.182591 which means all values the data is almost the same.

The third independent variable is the Social Aspect (SOS). The mean value on this variable is 0.280176. In addition, the maximum value of this variable is 0.767540 which is found in the AKR Corporindo in 2016. The minimum value on this variable is 0.043860 which is found in the MBSS in 2017. Then for the standard deviation value of 0.153411 which means that all values in the data are almost the same.

The control variable in this study is Company Size (SIZE) which is proxied by a mathematical formula that is Natural Log (LN) on the size of the company as seen from the company's total asset. This variable has a mean value of 29.29719. The maximum value of this variable is 33.86578 which is found in Garuda Indonesia in 2017. The minimum value for this variable is found in the Indocement Tunggal Prakarsa in 2018 which is 10.23240. As for the standard deviation of 5.871624 which means that the data has a lot of values that are getting further from the average value.

Previously, researchers had conducted a panel data test and a classic assumption test. The results are this research used the random effect method and has passed the classical assumption test requirements.

Table 4: Research Result

Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**	**Conclusion**
EKO	0.079667	0.027598	2.886677	0.0069	Significant
LIN	0.032426	0.033450	0.969384	0.3396	Insignificant
SOS	-0.087975	0.043690	-2.013614	0.0525	Significant
SIZE	-0.001990	0.001462	-1.360765	0.1831	Insignificant
C	0.081939	0.045345	1.807033	0.0802	-
R-Squared			0.254308		
Adjusted R-squared			0.161097		
F-statistic			2.728292		
Probability (F-statistic)			0.046330		
Durbin-Watson stat.			1.911270		

Then, the result of the multiple linear regression equation is obtained as follows:

ROAi = 0.081939 + 0.079667(EKO)i + 0.032426(LIN)i - 0.087975(SOS)i - 0.001990(SIZE)i

Based on the results of the regression equation from the table above, in the coefficient of determination test, the adjusted R-Square value is equal to 0.161097. This can be interpreted that in this study ROA as the dependent variable can be explained by the independent variable by 16.11%. Where the rest, that is 83.89% is explained by other factors outside the studied variables. So, it can be concluded that the regression model used in this study is not good in explaining the dependent variable because it is in a position below 50%.

After that, the model testing (F-Test) will continue. The probability value on the F-statistic based on the above research model is smaller than a (10%), which is 0.046330 which can be interpreted that simultaneously, the regression results from the disclosure of the three aspects of sustainability report namely economic, environmental, and social aspects have an influence on the company's financial performance (ROA). Then, followed by a partial test (T-Test) the results of which can be concluded as follows:

5.2 The Disclosure of Economic Aspect in Sustainability Report Has an Influence on The Company's Financial Performance

The results of the regression analysis showed that the regression coefficient from the economic aspect (EKO) was 0.079667. This value indicates that ROA will increase by 7.97% for each increase in the economic aspect. Assuming the other variables are constant. In addition, the probability of the independent variable EKO of 0.0069 or lower than a (0.1) which means the economic aspect of the sustainability report has a significant effect on ROA as a measure of corporate financial performance. With a coefficient value of 0.079667, which means that EKO is significant for the company's financial performance (ROA). From the results obtained, it can be concluded that the first hypothesis is accepted.

Thus, this study is in line with research conducted by Kasbun et al. (2016) which says that the disclosure of economic aspects in the sustainability report has a positive effect on the company's financial performance as measured by ROA. This indicates that the disclosure of the economic aspects of the sustainability report by the company presents positive information about all activities related to economic problems faced by the company. In addition, a sustainability report is a promotional media for the public so that companies will be increasingly received with positive values by the public. This has triggered companies to improve their performance and ability to make a profit (Soelistyoningrum & Prastiwi, 2011).

The results of this study are in line with stakeholder's theory where the theory describes the relationship of all parties involved in the company's business, internal and external, which can affect or be influenced by the company both directly and indirectly in the company's business processes. To maintain good relations with stakeholders, the company needs to disclose all information related to the company's activities clearly and transparently.

5.3 The Disclosure of Environmental Aspect in Sustainability Report Has an Influence on The Company's Financial Performance

On the environmental aspect, the regression coefficient from the environmental aspect (LIN) is 0.032426. This value indicates that ROA will increase by 3.24% for each increase the environmental aspect. Assuming the other variables are constant. The regression analysis results show that the probability of the independent variable Environmental Aspect (LIN) of 0.3396 or greater than a (0.1), which means LIN does not have a significant effect on company financial performance (ROA). From the results obtained, it can be concluded that the second hypothesis is rejected.

This is not in line with research conducted by Adhima (2011) which states that disclosure of environmental aspect in sustainability report has a significant positive effect on corporate financial performance, but in line with research conducted by Sejati & Prastiwi (2015). They say that the disclosure of environmental aspect has no impact on the companies that disclose it.

Thus, the results of this study is not in accordance with the signalling theory which states that the disclosure of sustainability reports can improve the future performance of a company by producing quality or integrity (Wijaya, 2012). Aggarwal (2013) states that disclosure of the environmental aspect in sustainability report is considered a company burden that has the potential to reduce thecompany performance.

5.4 The Disclosure of Social Aspect in Sustainability Report Has an Influence on The Company's Financial Performance

The regression coefficient from the social aspect (SOS) is equal to -0.087975. This value indicates that ROA will decrease by 8.80% for each increase in the social aspect. Assuming the other variables are constant. Then, the results of the regression analysis showed that the probability of the independent variable on the social aspect (SOS) was 0.0525 or lower than a (0.1). This means that SOS has a significant influence on the company's financial performance (ROA). From the results obtained, it can be concluded that the third hypothesis is accepted. The disclosure of the social aspect of the sustainability report significantly has a negative effect on financial performance.

The results of this study are not in accordance with research conducted by Burhan & Rahmanti (2012) which shows that disclosure of social aspect on sustainability report has a significant effect on financial performance. However, the results of this study are in line with research conducted by Adhima (2011). According to Adhima (2011), to carry out social activities requires a very large cost of expenditure, then reduce the opportunity to increase maximum profit.

The results of this study are not in line with the theory of legitimacy explaining the social aspect. According to this theory, the social aspect is part of a company's business strategy (Buallay, 2019). The theory has the aim to gain recognition and acceptance by all parties (internal and external of the company) legitimately so as to increase company performance (Deegan, 2004). But in reality, the company does get a good image in its social environment because it directly contributes to carrying out social activities such as charity activities, but to carry out business strategies in social aspects, the company incurs enormous costs and in financial performance, it is recognized as a burden which can reduce the company's profit rate.

6. Conclusion

This research was conducted with the aim of finding out whether there are effects of each aspect (economic, environmental, and social) disclosed in the sustainability report on the company's performance which is proxied by Return on Assets (ROA). The results of this study are:
(i) The disclosure of economic aspect in a sustainability report has a significant positive effect on corporate financial performance, (ii) The disclosure of environmental aspect in sustainability report does not have a significant effect on corporate financial performance, and
(iii) The disclosure of social aspect in sustainability report has a significant negative influence on the company's financial performance.

Another conclusion is the high percentage of economic aspect as in the results of this study can be a reference for companies to raise the level of the financial performance of the company. This will result in companies that transparently disclose economic aspect in the sustainability report which can then be taken into consideration by the stakeholders and become an attraction for investors to invest in the company.

Furthermore, the results of this study also found that the social aspect negatively affect the company's financial performance. In this case, as much as companies spend their funds for social activities, it will affect the company's performance to be decreased. This proves that disclosure of social aspects on sustainability report will only add to the company's burden.

The limitation of this study is that this study only uses non-financial companies listed in Indonesia Stock Exchange (IDX) for the period of 2016 – 2018. Further research is expected to be able to increase the research sample, namely with financial companies and increase the year of research. In addition, this study only uses one measure of financial performance, namely Return on Assets (ROA) ratio. Future studies are expected to be able to add other variables in financial performance such as Return on Equity (ROE) ratio, Return on Investment (ROI) ratio, and Tobin's Q ratio as well as add research time, so the research results will be relevant for the present.

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