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Sustainability Report and Company Value in Mining Sector Companies in Indonesia.

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INFO ARTIKEL

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Abstract

The mining sector is one of the important economic sectors in the extractive industry. The main activities in this sector are exploration, extraction and processing of natural resources such as metals, minerals, coal, petroleum, natural gas and other natural resources. These activities can impact sustainability from social, economic and environmental aspects. Sustainability reports function as a means of explaining the company's environmental, economic and social impact reporting so that investors can capture the company's concern for the sustainability of life in the future. With the research sampling approach using a purposive sampling strategy, there are 11 samples. This research method uses multiple linear regression analysis using the SPSS 25. The results of this study show that partial disclosure of sustainability reports, return on assets, and institutional ownership significantly affects price to book value. the effects of the disclosure of sustainability reports, return on assets, and institutional ownership simultaneously influence price to book value.

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Introduction

Almost all companies in every country compete to run their business as best as possible to make a profit. Companies must prioritize the interests of management and investors, employees, consumers, and society. Companies must provide transparent, responsible information and good corporate governance. They are indirectly forcing companies to provide more information about their social activities (Bukhori & Sopian, 2017).

In the Industry 4.0 era, competition between mining companies is increasingly competitive. Companies must pay attention to factors that can increase their value. Not to mention the effects of the COVID-19 pandemic, this is a factor that companies need to pay attention to. According to Jawas & Sulfitri, (2022) Sustainability Reports can contribute to increasing company value. With the Global Reporting Initiative (GRI), they were used as a disclosure reference. GRI defines a sustainability report as a measurement model in which a company's business activities are expressed as a form of responsibility to all stakeholders. This affects organizational performance so that companies can realize sustainable development (Puspita & Jasman, 2022).

Sustainability reports function as a means of explaining environmental, economic, and social impact reporting. The development of the Sustainability Report shows good progress for the Company. The exciting thing about the Sustainability Report is that it contains elements and information that must be found in financial reports. It means that Indonesian companies are increasingly aware of the importance of sustainability reports and paying attention to financial reports.

A company's profitability is an element that can influence the consistency of a company (Kartikasary et al., 2021). Profitability in good condition positively influences investors' decisions to allocate capital and influences creditors' decisions regarding company financing from debt. Business actors compete to increase profits by using natural resources excessively so that business actors ignore the consequences that arise. When buying company shares, investors must also consider the company's social, economic, and environmental responsibilities (Jawas & Sulfitri, 2022).

The mining sector is one of the important economic sectors in the extractive industry. The main activities in this sector are the exploration, extraction, and processing of natural resources such as metals, minerals, coal, petroleum, natural gas, and other natural resources. Mining contributes to the economies of many countries by providing the resources needed in various industries. It is also the business line that most frequently encounters an environment that has the potential to disrupt survival. It is said that this is because the mining sector exploits natural resources directly so that society and the environment can significantly feel the impacts and risks. (Sari, 2020)

It is felt that the company's concern for the environment and society is still shallow, especially in mining object areas; this is proven by the Mongabay.co.id news report (2018) with an article entitled This is the fate of the Dongi community, now reporting that there is a human rights imbalance regarding PT's production activities. Vale Indonesia towards the residents of Dongi Village who feel their social awareness is deficient. On the environmental side, according to the same source, with an article entitled The Fate of Lake Maliki, endemic fish are now almost gone, reporting that the fate of endemic fish in Lake Malili is now in danger of almost disappearing due to nickel mining since 1979 carried out by PT. Vale Indonesia (formerly known as PT. INCO). This further strengthens the company's lack of concern for the environmental ecosystem affected by its activities.

When measuring company value using the PBV ratio, PT. In 2018, Vale Indonesia recorded a PBV of 0.32, down from the previous year in 2017, which recorded a PBV of 0.40. This indicates that environmental concern influences PBV (Kharisma & Zulfiati, 2020). Research Kharisma & Zulfiati (2020) shows that sustainability reporting has a positive, positive impact share (PBV), meaning that if SR increases, PBV will also increase. However, it is different from PT. Bayan Resources, which in the same year experienced an increase in PBV from 5.08 to

6.78, indicates a discrepancy between theory and actual due to other factors such as high Return On Assets (ROA) and Institutional Ownership (OI).

According to Kasmir (2019) , ROA is a measure that indicates how effective a company's assets are in generating net profit. The higher the ROA value, the more significant the contribution of assets in creating net profit. An increase in ROA value is also consistent with an increase in company value.

In measuring a company, apart from looking at Return on Assets (ROA), you also need to pay attention to corporate governance. According to Zulkarnain (2017), corporate governance or good corporate governance (GCG) are the rules, elements, and legal systems that control company activities. Good corporate governance aims to control and direct company activities following stakeholder expectations and providing added value to interested parties.

Based on the description and empirical data above, there is a problem with Price to Book Value. The mining sector is also experiencing this phenomenon, with a Gap of 6,46 in 2018, which PT recorded. Bayan Resources (6,78) and PT. Vale Indonesia (0,32). This was influenced by the company's concern for the social environment, which was later reported, and the lack of good corporate governance so that the company had poor value in the eyes of investors and the general public. So, researchers plan to conduct research entitled "THE INFLUENCE OF SUSTAINABILITY REPORT DISCLOSURE, RETURN ON ASSET AND INSTITUTIONAL OWNERSHIP ON PRICE TO BOOK VALUE" (Case Study of Mining Sector Companies Listed on the Indonesia Stock Exchange (IDX) 2017-2021).

RESEARCH METHODS

This research uses an associative quantitative approach. The population in this study used mining sector companies listed on the Indonesia Stock Exchange in 2017-2021, namely 58 companies. According to the meaning, this research uses a purposive sampling technique to determine the sample with a specific purpose. The sample in this research was 11 mining sector companies. With the following sample criteria. First, Mining Sector Companies are listed on the Indonesia Stock Exchange (BEI) in 2017 – 2021. Second, Mining sector companies consistently publish sustainability reports during the 2017 - 2021 period, which can be accessed from each company's official website. Third, Companies with financial reports that meet data requirements according to the variables required by researchers. This research uses multiple linear regression tests . The data analysis method used in this research was used with the help of the SPSS version 25 data processing program.

RESULT

Classical Assumption Test

Normality test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		55
Normal Parameters[a,b]	Mean	,3284848
	Std. Deviation	,11090132
Most Extreme Differences	Absolute	,079
	Positive	,079
	Negative	-,071
Test Statistic		,079
Asymp. Sig. (2-tailed)		,200[c,d]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

Picture 1. Result of Normality Test

Source: Data processed by researchers (2023)

It is known that the total value of N is 55, and the amp. A Sig (2-tailed) significance value of 0.200 is more significant than 0.05. Therefore, based on the decision-making principles of the Kolmogorov-Smirnov normality test above, it can be concluded that the data distribution is normal. This implies that the normality assumptions or requirements in the regression model framework have been met.

Multicollinearity Test

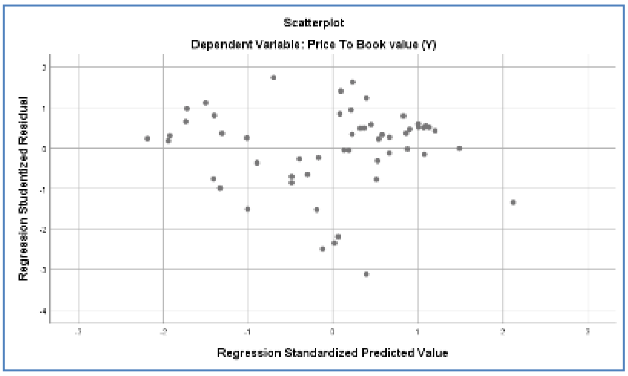
Table 1. Results of multicollinearity tests

variable	Collinearity Statistics		Conclusion
	Tolerance	VIF	
SR	0,979	1,021	Multicollinearity does not occur
ROA	0,987	1,013	Multicollinearity does not occur
KI	0,987	1,014	Multicollinearity does not occur

Source: Data processed by researchers (2023)

It is known that the tolerance values for the three variables are more significant than 0.10. Moreover, the VIF value is less than 10.00. Therefore, based on the decision-making principle of the multicollinearity test, it can be stated that there is no indication of multicollinearity occurring in the regression model.

Heteroscedasticity Tests



Picture 2. Scatterplot Graphics

Source: Data processed by researchers (2023)

Therefore, heteroscedasticity is absent, so a good and expected regression model can be realized.

Autocorrelation Test

Table 2. Results of Autocorrelation Test

dU	Durbin watson	4-dU	Information
1,6815	1,716	2,284	Autocorrelation does not occur

Source: Data processed by researchers (2023)

It is known that the Durbin-Watson (d) value of 1.716 is greater than the upper limit of Du, namely 1.6815, and less than (4-Du) 4-1.716 = 2.284. So, as the Durbin-Watson test above shows, there are no symptoms of autocorrelation. Thus, multiple regression analysis to test the research hypothesis can be carried out or continued.

Multiple Linear Regression Analysis

Table 3. Results of Linear Regression Analysis

Coefficients						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	,410	,087		4,690	,000
	Sustainability Report disclosure Index (X1)	,395	,195	,178	2,021	,049
	Return On asset (X2)	1,301	,154	,742	8,450	,000
	Institusional Ownership (X3)	,192	,064	,265	3,015	,004
a. Dependent Variable: Price To Book value (Y)						

Source: Data processed by researchers (2023)

Multiple regression analysis obtained the following regression equation:

PBV = 0,410 + 0,395 SRDI + 1,301 ROA + 0,192 IO

1. The price-to-book value constant value has a positive value of 0.410, meaning that the SRDI, ROA, and IO variables are constant. Then, the price-to-book variable is 0.410 units.
2. The SRDI regression coefficient from the equation is 0.395. This means that if an SRDI effect increases by 1%, PBV will increase by 0.395 units, where the other variables are constant.
3. The ROA regression coefficient from the equation is 1.301. which means that if there is an influence on ROA increasing by 1%, PBV will increase by 1,301 units, where the other variables are constant.
4. The IO regression coefficient from the equation is obtained at 0.192. which means that if there is an increase in the influence of KI by 1%, PBV will increase by 0.192 units, where the other variables are constant

t tests

Based on Table 3. The t-test results are as follows:

Hypothesis Testing 1: There is a significant influence of Sustainability Report disclosure on Price to book value

Based on Table 3 above, it is known that the calculated t value of the Sustainability Report disclosure variable is 2.021. Because the calculated t value is 2.021 > t table 1.675. then it can be concluded that H1 or the first hypothesis is accepted. This means that there is an influence of Sustainability Report Disclosure on Price to book value. Moreover, the significance value (Sig.) of the Sustainability Report Disclosure variable (X1) is known to be 0.049. Because of the Sig value. 0.049 < probability 0.05, it can be concluded that H1 or the first hypothesis is accepted. This means there is a significant influence between Sustainability Report Disclosure (X1) and Price to book value (Y).

Hypothesis Testing 2: There is a significant influence of return on assets on price-to-book value

Based on Table 4.4 above, it is known that the calculated t value of the return on assets variable is 8,250. Because the calculated t value is 8.250 > t table 1.675. then it can be concluded that H2 or the second hypothesis is accepted. This means that there is an influence of return on asset disclosure on price to book value. Moreover, it is known that the significance value (Sig.) of the return on asset (X2) variable is 0.000. Because of the Sig value. 0.000 < probability 0.05, it can be concluded that H2 or the second hypothesis is accepted. This means a significant influence exists between return on assets (X2) and price to book value (Y).

Hypothesis Testing 3: There is a significant influence of institutional ownership on Price-to-book value

Based on Table 4.4 above, it is known that the calculated t-value of the institutional ownership variable is 3.015. Because the calculated t value is 3.015 > t table 1.675. then it can be concluded that H3 or the third hypothesis is accepted. This means that there is an influence of institutional ownership disclosure on Price to book value. Moreover, the significance value (Sig.) of the institutional ownership variable (X3) is known to be 0.004. Because of the Sig value. 0.004 < probability 0.05, then it can be concluded that H3 or the third hypothesis is accepted. This means there is a significant influence between institutional ownership (X3) and Price to book value (Y).

F tests

Table 5. Results of F tests

ANOVAa						
	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.433	3	1.144	26.801	.000
	Residual	2.178	51	.043		
	Total	5.611	54			
a. Dependent Variable: Price To Book value (Y)						

Source: Data processed by researchers (2023)

The sig value is known. 0.000 < 0.05, then according to the basis of decision making in the F test, it can be concluded that the hypothesis is accepted or in other words, SRDI (X1), ROA (X2), and KI (X3) simultaneously influence price to book value (Y). Suppose the calculated F value is 26.801 > 2.79 Ftable. In that case, the hypothesis is accepted, meaning there is a significant influence between sustainability report disclosure, return on assets, and institutional ownership on price to book value simultaneously.

Multiple Determinant Coefficient Test

Table 6. Results of Multiple Determinant Coefficient Test

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.782a	.612	.589	.20663701
a. Predictors: (Constant), Kepemilikan Institusional (X3), Return On asset (X2), Sustainability Report disclosure Index (X1)				
b. Dependent Variable: Price To Book value (Y)				

Source: Data processed by researchers (2023)

The results show an R2 of 0.612, indicating that the correlation between the independent and dependent variables is vital because the R2 value is more than 0.5. It strongly correlates with calculating the coefficient of multiple determination with the help of SPSS. The correlation coefficient test (R2) between variable (X) and variable (Y) was found to be 0.612. In contrast, the independent variable could explain the dependent variable by 61.2%, while 38.8% was explained by other variables not included in this model (no research).

DISCUSSION

Disclosure of the Sustainability Report A sustainability report is defined as a report that describes the social, economic, and economic performance environment. With the sustainability report, the company is making efforts to realize the company's goals and efforts to realize it as a company that is accountable to its stakeholders (Bukhori & Sopian, 2017). If it is related to legitimacy theory, it reflects a company's commitment to responsible and sustainable business practices. Thus, a positive perception of the company's sustainability can be achieved to increase the level of stakeholder trust in the company, which can influence the company's PBV positively.

Based on the results of data analysis and expert opinions, it can be described that Sustainability Report Disclosure has a significant effect on Price to book value, which means the greater the value of the Disclosure of Sustainability Report in a company, the better the awareness of social, and economic and environmental aspects of the company, with This concern will of course be followed by an increase in Price to book value followed by an increase in company value so that it can attract investors (Jawas & Sulfitri, 2022).

Based on the results of hypothesis testing, which mentions Disclosure Sustainability Report has a significant effect on Price to book value, where these results are in line with previous research from (Devi Pramita Sari & Nabila Sholihah ‘Atiqoh, 2020; Jawas & Sulfitri, 2022; Kharisma & Zulfiati, 2020; Puspita & Jasman, 2022) which stated that Disclosure Sustainability Report has a significant effect on Price to book value, that the high Price to book value is influenced by the high Disclosure of Sustainability Report due to Sustainability Disclosure The report can convince investors which increases Price to book value.

Based on the results of hypothesis testing, it is clear that Return On Asset on Price to book value is proven to have a significant effect. Thus, the proposed hypothesis also finds support that the direction of the influence is positive in this research. Return On Assets is a profitability ratio that measures the overall ability of a company to produce a profit with the total amount of assets available in the company. The higher the Return On Assets, the better a company is, and vice versa (Gorondutse et al., 2017). Suppose linked to signaling theory, each investor and manager have the right to the same information about the prospective company. The company signals to investors that it is increasing the Return on assets, which will influence the increase in price to book value.

Based on the results of data analysis and expert opinions, it can be described that Return On Assets has a significant effect on Price to book value p. This means that the greater the Return On Asset value of a company, the better the company's financial performance in managing its assets to generate profits so that it can attract investors to invest will also have an impact on increasing the value of shares (Jawas & Sulfitri, 2022). Based on the results of hypothesis testing, which states that Return On Assets has a significant effect on Price-to-book value, the result. This is in line with previous research from (Annisa & Chabachib, 2017; Nurwulandari et al., 2021; Serpa & Krishnan, 2018), which states that Return On Assets has an influence Significant to Price to book value. The high Return on assets influences the high Price to book value because the Return on assets can provide good prospects for investors, resulting in an increasing price to book value.

Based on the hypothesis testing results, it explains that Institutional ownership of price to book value has proven influential and significant. In this way, the proposed hypothesis also obtains support with a positive direction of influence in this research. Institutional Ownership is Institutional is share ownership held by institutional investors. Investors include banks, pension funds, insurance companies, corporations limited, and other financial institutions (Jumawan et al., 2021).

Suppose it is related to Agency Theory, which reflects the actions carried out by parties involved in the company and management. Therefore, High institutional ownership will influence the Price to book value increase. Based on data analysis and expert opinions, Institutional Ownership significantly affects Price to book value. This means the greater the value of Institutional Ownership in an item in the company, the better it will be to monitor performance and manage the company in achieving company goals and performance, with increased supervision. The company's management will undoubtedly be followed by an increase in company value to attract investors to invest. Based on the results of hypothesis testing, which state Ownership Institutionalism has a significant effect on Price to book value, these results are in line with previous research from (Atmojo et al., 2020; Jawas & Sulfitri, 2022) which stated that Institutional Ownership has a significant effect on Price to book value. Ownership Institutional influences the high Price-to-book value because high institutional ownership can reduce agency conflicts and increase investor confidence, which can increase the company's PBV.

CONCLUSION

Partial test results show that the Sustainability report disclosure variable significantly affects the Price-to-book value of mining companies listed on the Indonesia Stock Exchange in 2017-2021. This is accepted by the hypothesis that Sustainability report disclosure significantly affects Price to book value; H1 can be accepted. Partial test results show that the Return on asset variable significantly affects the Price-to-book value in mining companies listed on the Indonesia Stock Exchange in 2017-2021. This is by the hypothesis, which states that Return on assets significantly affects Price to book value, H2 can be accepted. Partial test results show that the Institutional Ownership variable significantly affects the Price-to-book value in mining companies listed on the Indonesia Stock Exchange in 2017-2021. This is by the hypothesis, which states that Institutional Ownership significantly affects Price to book value, H3 can be accepted. Simultaneous test results show that disclosure of Sustainability reports, Return on Assets, and Institutional ownership significantly affects Price-to-book value in mining companies listed on the Indonesia Stock Exchange in 2017-2021. This is by the hypothesis, which states that disclosure of Sustainability reports, Return on Assets, and Institutional ownership significantly affects Price to book value, H4 can be accepted.

The researcher advises future researchers to reconsider the disclosure variables Sustainability report, Return on Assets, and Institutional ownership because it does not rule out the possibility that other variables will influence Price to book value more. Such as debt-to-equity variables, dividend payout ratio, HR, company management, etc. As well as expanding and extending the research period and also increasing the research sample.

When considering investing, you should also choose a company that discloses a Sustainability report that has not only good profits but also has a deep concern for social, environmental, and economic aspects and pays attention to good Return on assets and Institutional Ownership which in this research has significant influence on Price to book value.

Mining companies should increase awareness of social, environmental, and economic aspects as well as several other factors, such as Sustainability report disclosure by research results, which show that disclosure of sustainability reports on Price to book value means companies are less than optimal in environmental management.

Contains a conclusion with a broad summary of the discussion of research results written briefly and clearly, showing the clarity of the contribution of the findings, the emergence of new theories and the possibility of developing research that can be carried out in the future. Theoretical and practical implications, limitations and research suggestions are also written in flowing paragraphs.

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