AN EMPIRICAL EVIDENCE OF HOW SUSTAINABILITY DISCLOSURE AFFECTS FIRM VALUE THROUGH SYSTEMATIC RISK

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ABSTRACT

The purpose of this study is to investigate the effect of sustainability report disclosure on firm value which is tested both directly and through the role of systematic risk. The research model is built on the arguments of stakeholder theory and agency theory to explain the relationship between research variables. The population used in this study are non-financial companies listed on the Indonesia Stock Exchange (IDX) with a research period of 2017-2019. This research uses purposive sampling method. The number of samples obtained as many as 28 companies. Path analysis was used to analyze the data and the mediation hypothesis was tested using the Sobel test. The results of this study indicate that the sustainability report has a negative and significant effect on systematic risk, systematic risk has a negative and significant effect on firm value, and the sustainability report has a positive and insignificant effect on firm value. The results of the Sobel test show that systematic risk mediates the effect of sustainability reporting on firm value.

Keywords: Agency Theory, Firm Value, Stakeholder Theory, Sustainability Report, Systematic Risk

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1. INTRODUCTION

The value of the company is the perception and reaction of investors to the company and is measured by the share price (Daromes & Jao, 2020). The company value is the company's achievement which is a form of public trust because the company has gone through a long process of activity, from the beginning of the company's establishment until now (Siregar & Safitri, 2019). In making investment decisions, companies can use information about stock prices. According to Holland (2001) in assessing a company it is not enough just to use financial information as a guide. Currently, investment decision considerations are also guided by the disclosure of non-financial information (Anisa, 2012).

Sustainability report is a form of responsibility for the economic, social, and environmental aspects of the company. Based on the Global Reporting Initiative 2016, the sustainability report was created to increase the comparability of the global and the quality of information about the consequences for the company, thereby enabling greater transparency and organizational accountability to achieve the goals of sustainable development. The purpose of the sustainability report is to attract the interest of shareholders by increasing the value of the company related to social and environmental aspects (Suryono & Prastiwi, 2011).

Systematic risk is risk related to conditions that occur in the market in general, such as government policies and political risk (Darwanis et al., 2013). Belkaoui and Karpik (1989) showed a relationship between social and environmental disclosure and systematic risk. Companies that face high political costs will incur more and more costs to disclose social and environmental information. If the company does not disclose the sustainability report, it will affect investors' desire to own shares of the company and therefore there is a risk of lowering the share price as well as the value of the company.

A number of shares of issuers of crude palm oil plantations shifted to the red zone in 2019. The issue from Europe is that the European Commission has taken a decision to eliminate the use of palm oil for transportation fuel because palm oil has resulted in excessive deforestation. Following are some of the stock performances of plantation issuers, TBLA experienced a decline of 1.78% at 830, ANJT experienced a decrease of 1.98% and its price became 990, BWPT experienced a decrease of 1.2% at a price of 164, LSIP also experienced a decrease of 0.8% and the price is 1,240, and the last is SMAR which also experienced a decrease of 0.24% with a price of 4,110. This phenomenon gives a picture of companies that do not care about environmental impacts and impacts on society caused by company performance.

According to Jensen and Meckling (1976), agency theory is a contract between managers (agents) and owners (principals). The owner will give authority to the manager for decision making so that this connection can run smoothly. In the agency relationship, separating the ownership and control functions often creates agency problems that arise because of differences in interests between principle and the agent. This conflict is known as information asymmetry. Sustainability reports provide company information more transparently, with this information the company can minimize information asymmetry and risks that can be detrimental so as to increase the value of the company.

Stakeholder theory emphasizes the importance of organizational accountability far more than financial or economic performance. This theory states that companies voluntarily not only fulfill their mandatory demands but provide

information on environmental, social, and intellectual performance in order to meet stakeholder expectations (Deegan, 2004). Social and environmental disclosure which is currently developing rapidly is the publication of a sustainability report. With a sustainability report, the company will provide more transparent and complete information regarding activities related to and affecting the social conditions of the community and the environment (Hasanah & Handayani, 2014). With this, the sustainability report can meet stakeholder expectations and will reduce risk and increase company value not only in the eyes of investors but also stakeholders.

Several previous studies such as Shaukat and Trojanowski (2018) show that higher and more objective environmental disclosure results help improve a company's operating performance while reducing its operating risk and corporate environmental performance to increase the company's market value while reducing its market risk. However, it is different in the research of Haryono et al., (2016) that social and environmental performance have no significant effect on company risk and in indirect testing of the relationship between social and environmental performance, company risk and company value have no significant effect.

In research, Prasetia et al. (2014) show that the company's risk has an insignificant positive influence on the value of the company. However, research by Listihayana and Astuti (2020) shows that systematic risk results have no effect on firm value. The research of Siregar and Safitri (2019) shows that the results of the disclosure of sustainability reports have a significant effect on company value. However, the research conducted by Fitriyah and Asyik (2019) shows that the sustainability report does not have a positive effect on the value of the company.

Based on the explanation and background description, the influence of sustainability report disclosure and the role of systematic risk on company value shows inconsistent and partial results. The research of Haryono *et all.*, (2016) examines the indirect relationship of social and environmental performance, company risk, and company value although it is not included in the hypotheses. Therefore, it motivates researchers to examine the relationship between firm risk, especially systematic risk as a mediating variable. This research focuses on systematic risk variables because these risks are difficult to avoid and cannot be diversified. The relationship between environmental and social disclosure, corporate risk, and company performance in the long term is also important in determining the existence and value of the company.

2. THEORITICAL REVIEW

Stakeholder Theory

Stakeholder theory says that the company's ability to balance the interests of its stakeholders affects the success of a company. Companies that are able to balance the interests of their stakeholders will receive continuous support and enjoy growth in market share, sales, and profits. Stakeholder theory explains how companies regulate their management in order to meet and manage stakeholder expectations (Fatchan & Trisnawati, 2016).

Agency Theory

Agency theory explains that information asymmetry arises as a result of the relationship of several parties who have interests in the company. This information asymmetry arises because of the different goals of the parties who have interests in the company (Aziz, 2014). The relationship between interested parties refers to an imbalance in information because one party has more control over the information than the other.

Firm Value

Firm value is the investor's perception of the company, which is usually associated with stock prices. The company is said to have good value if the company's performance is also good. The company's performance can be reflected in its share price, if the value of the shares is high, it can be said that the value of the company is also good (Siregar & Safitri, 2019).

The success of the company is shown in the value of the company which is reflected in the high share price. The value of the company formed through the stock market value indicator is strongly influenced by investment opportunities. These investment opportunities can provide a positive signal regarding the company's growth in the future so that the value of the company will increase and basically the ultimate goal of company management is to maximize the value of the company (Simarmata & Subowo, 2016).

Systematic Risk

Systematic risk is a risk related to conditions that occur in the market in general, such as government policies and political risk (Darwanis et al., 2013). Systematic risk or market risk is the risk that arises due to macroeconomic fundamental factors: inflation, interest rates, exchange rates, and economic growth (Jogiyanto, 2003). Systematic risk is a risk that cannot be diversified or in other words a risk that affects the whole (Prasetia et al., 2014).

Sustainability Report Disclosure

Sustainability report is a report on the economic, social, and environmental aspects of the impact caused by the performance of the company and its products in the context of sustainable development (triple bottom line reporting) (Sihotang, 2007). Reports on go public companies are a concern for various interested parties (stakeholders), namely not only financial reports, but also non-financial information, such as information on social and environmental activities that the company hopes can grow sustainably (Farizhabib, 2016). According to Ekington (1997) explaining the triple bottom line concept is the view that companies that want to grow sustainably must pay attention to the "3Ps", namely in addition to expecting profits (profits), companies must also be involved in fulfilling community welfare (people), and participate in contributing to maintaining sustainability of environment (planet).

Theoretical Framework

Sustainability report is a report that reveals the economic, social, and environmental performance of the company. This report provides transparency of information to interested parties. According to Hussain et al. (2016) agency theory explains the conflicting relationship between managers and stakeholders, due to information asymmetry and opportunistic behavior of agents.

In an effort to reduce information asymmetry, the company disseminates relevant information to various interested external groups (Wicaksono & Septiani, 2020). This means that companies that disclose sustainability reports will reduce information asymmetry in accordance with agency theory with transparency of information in it. The reduced information asymmetry in the company will also minimize the company's risk and increase the value of the company.

Companies that disclose sustainability reports provide information transparency to stakeholders. Stakeholder theory explains how companies regulate their management in order to meet and manage stakeholder expectations (Fatchan & Trisnawati, 2016). Stakeholder theory emphasizes the importance of organizational accountability far more than financial or economic performance.

Stakeholder theory states that companies will disclose information on their social and environmental performance voluntarily, exceeding their obligations to meet stakeholder expectations (Deegan, 2004). Through the company's sustainability report, it will provide more and more complete information about the company's activities and their impact on society and the environment (Hasanah & Handayani, 2014). This means that companies that disclose sustainability reports can meet stakeholder expectations and create good relationships according to stakeholder theory. Good relations between the company and its stakeholders will maximize the company's performance, minimize the risk of occurrence and increase the value of the company. Based on the theoretical review description which explains the relationship between the variables, the theoretical framework of the research can be made as follows.

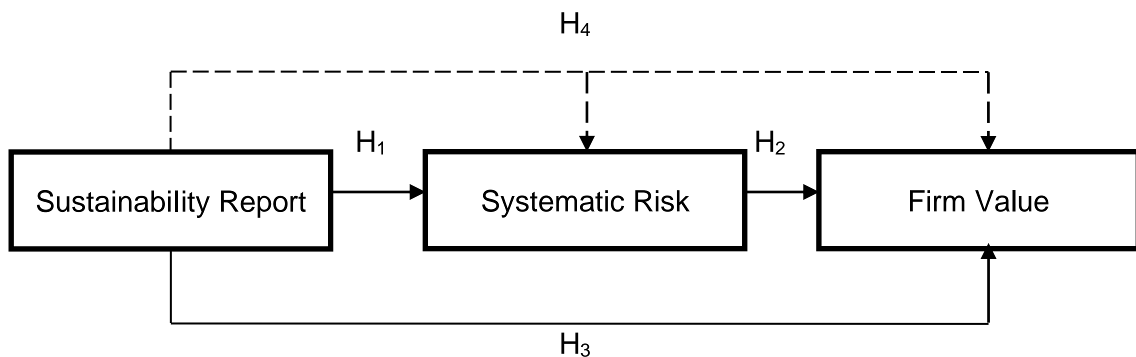


Figure 1.
Theoretical Framework

Based on the theoretical framework and description, the hypotheses of this research are:

H1: Disclosure of sustainability reports has a significant effect on systematic risk.
H2: Systematic risk has a significant effect on firm value.
H3: Disclosure of Sustainability Report has a significant effect on firm value.
H4: Systematic Risk mediates the significant relationship between Sustainability Report Disclosure and Firm Value.

3. RESEARCH METHOD

Types of research

This research is an explanatory research. Exploratory research is research that aims to examine the relationship between two or more variables and test the hypotheses that have been formulated.

Population and Sample

The population in this research are non-financial companies listed on the Indonesia Stock Exchange (IDX) in 2017-2019. The sampling technique in this research was carried out using the purposive sampling method, namely the sample selection method based on certain criteria. The specified criteria are as follows:

1. Non-financial companies listed on the Indonesia Stock Exchange for the period 2017-2019.
2. Companies that publish sustainability reports in the 2017-2019 period, respectively
3. Companies that have financial data in Rupiah in the 2017-2019 period, respectively.

Operational Definition and Measurement of Variables
Sustainability Report Disclosure

In accordance with the guidelines from the Global Reporting Initiative (GRI) G4 Guidelines, the Sustainability Report in this research was measured by the Sustainability Report Disclosure Index (SRDI). The number of indicators required by the Global Reporting Initiative (GRI) G4 is 91 items (Putri, 2017). The SRDI calculation is done by giving a score of 1 for the disclosed information item, and giving a score of 0 for the undisclosed information item. Then, the score of each item will be summed to get the total score of each company. The formula used to calculate SRDI (Fatchan & Trisnawati, 2016; Monica et al., 2021), is:

$$\text{SRDI} = \frac{\text{The number of items disclosed by the company}}{\text{Expected number of items}}$$

Firm Value

Firm value is defined as market value in this research, because if the company's share price increases, it can provide prosperity for shareholders. Market value is the share price formed by the demand and supply of shares by market participants in certain stock exchange markets (Daromes et al., 2020). Company value is proxied by Tobin's Q:

$$Tobin'sQ = \frac{Market\ value\ of\ equity + Total\ Debt}{Total\ assets}$$

Systematic Risk

Systematic risk is a risk that cannot be diversified or in other words a risk that affects the whole. Systematic risk is also known as market risk or general risk. Fahmi et al., (2009) stated that the amount of risk of a stock is determined by beta (β). Beta shows the relationship (movement) between the stock and its market (the stock as a whole). According to Elton, Gruber, Brown, & Goetzmann, (2009); Darwanis et al., (2013), the beta formula is as follows:

$$\beta = \frac{Cov\ (R_{i,}R_m)}{\sigma^2 m}$$

Analysis Method

Analysis method used in this research is the path analysis method. Path analysis was used to examine the effect of the mediating variables. There are two structural equations, which are as follows:

$$y_1 = \rho x + \varepsilon_1$$
$$y_2 = \rho y_2 x + \rho y_2 y_1 + \varepsilon_2$$

Description:

x = Sustainability Report Disclosure
y_1 = Systematic Risk
y_2 = Firm Value
ε = *Unexplained Variance*

4. RESULTS AND DISCUSSION

Model Fit Test

The model fit test (F) was used to see whether the independent variable had an effect on the dependent variable simultaneously. The following are the results of the F test from this research:

Table 1. Model Fit Test

Independent Variable	Dependent Variable	F	Sig.
Substructure 1 *Sustainability Report*	Systematic Risk	6.780	0.014
Substructure 2 *Sustainability Report* Systematic Risk	Firm Value	6.956	0.003

Source: SPSS 20 Data Processing Results (2021)

Based on the results of the F test contained in table 1, it shows that in the substructure equation 1 there is an F value of 6.780 and a significance value of 0.014. The significance value of 0.014 has a value smaller than 0.05, which means that the sustainability report simultaneously has a significant effect on systematic risk. Meanwhile, in substructure equation 2 there is an F value of 6.956 and a significance value of 0.003. The significance value of 0.003 has a smaller value than 0.003 which means that sustainability reports and systematic risk simultaneously have a significant effect on company value.

Coefficient of Determination (R^2)

The coefficient of determination is used to explain how much influence the independent variable has on the dependent variable or in other words to be able to observe the best accuracy of a variable. The following is the result of the coefficient of determination (R^2) from this research:

Table 2. Coefficient of Determination (R^2)

Model Structure	R Square (R^2)
Substructure 1	0.170
Substructure 1	0.303

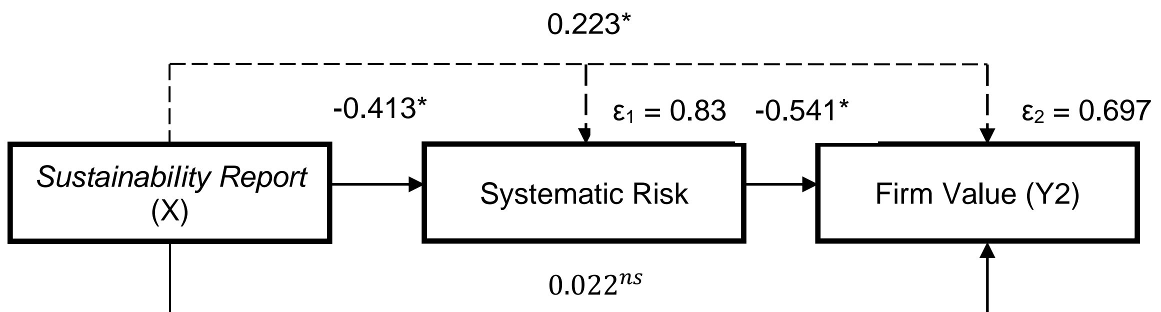
Source: SPSS 20 Data Processing Results (2021)

Based on the results of the coefficient of determination (R^2) contained in table 2, it shows that in the substructure equation 1, namely the sustainability report on systematic risk, the R^2 value is 0.170. This means that the independent variable in this research is able to explain the dependent variable of 17.0% or in other words the systematic risk variable is able to explain the sustainability report variable of 17.0%. The other values, which are 83.0% (100%-17.0%) are explained by other variables outside of this research mode.

The result of the coefficient of determination (R^2) in the substructure equation 2, namely the sustainability report and the systematic risk on the value of the company, obtained the value of R^2 of 0.303. This means that the independent variable in this research is able to explain the dependent variable of 30.3% or in other words the variable of sustainability report and systematic risk is able to explain the variable of company value of 30.3%. The other values, which are 69.7% (100%-30.3%) are explained by other variables outside of this research model.

Path Analysis Results

Path analysis is needed in this study to find out whether there is an effect of mediating variables. The following is a path analysis mode in this research:



Source: SPSS 20 Data Processing Results (2021)

Figure 2.
Path Analysis Model

Description:

⟶ = Direct Effect

- - - - - - -► = Indirect Effect

$\varepsilon = \sqrt{1 - \text{R Square}}$

$\varepsilon_1 = \sqrt{1 - 0{,}170} = 0{,}83$

$\varepsilon_2 = \sqrt{1 - 0{,}303} = 0{,}697$

*= significant on *p value* < 0.05

ns= Not significant on *p value* > 0.05

Based on substructure equation 1, the results show that the disclosure of sustainability reports has a negative effect on systematic risk. This means that the higher the number of companies that can disclose sustainability reports and the lower the number of systematic risks from these companies. In substructure equation 2, the results show that the sustainability report has a positive influence on the value of the company. This means that the higher the sustainability report

number of the company obtained from the financial report, the higher the company value will be. Systematic risk has a negative effect on firm value. This means that the higher the number of systematic risks of the company obtained from the financial statements, the lower the value of the company.

Partial Test Results (t Test)

The t test is used to determine whether the independent variable has an effect on the dependent variable or in other words it is used to measure how much influence the independent variable has in explaining the dependent variable. The following are the results of the t-test of this research:

Table 3. T test results

Model Structure	***Standardized Coefficients Beta***	Sig.	Description
Sub Structure 1			
Sustainability Report	-0.413	0.014	Significant
Substructure 2			
Sustainability Report	0.022	0.893	Not significant
Systematic Risk	-0.541	0.002	Significant

Source: SPSS 20 Data Processing Results (2021)

The results of the t test can be explained as follows:

1. The effect of the sustainability report on systematic risk has standardized coefficients beta of -0.413 with a significance value of 0.014. This shows that the significance value obtained is smaller than 0.05, which means that the sustainability report has a significant and negative effect on systematic risk. So H_1 which states that the sustainability report disclosure has a significant effect on systematic risk, is accepted.
2. The effect of systematic risk on firm value has standardized coefficients beta of -0.541 with a significance value of 0.002. This shows that the significance value obtained is less than 0.05, which means that systematic risk has a significant and negative effect on firm value. So H_2 which states that systematic risk has a significant effect on firm value, is accepted.
3. The effect of the sustainability report on the value of the company has standardized coefficients beta of 0.022 with a significance value of 0.893. This shows that the significance value obtained is greater than 0.05, which means that the sustainability report has an insignificant and positive effect on the value of the company. So H_3 which states that the sustainability report has a significant effect on the value of the company, is rejected.

Results of Testing Direct Effects, Indirect Effects, and Total Effects

Direct effect is the effect that exists between one independent variable on the dependent variable without passing through the other dependent variables. Indirect influence is the influence that exists between one independent variable on the dependent variable that exists through the influence of another dependent variable. Furthermore, the total influence is obtained from the accumulation of these two influences. The following are the results of the direct influence, indirect effect, and total effect of this research:

Table 4. Direct Effects, Indirect Effects, and Total Effects

Effect of Variable	Direct Effects	Indirect Effects	Total Effects
xy_1	-0.413		-0.413
y_1y_2	-0.541		-0.541
xy_2	0.022		0.022
xy_2		-0.413 x (-0.541) = 0.223	0.223

Source: Data Processing Results (2021)

Based on table 4, the direct effect of the sustainability report variable on systematic risk is -0.413. The effect of the sustainability report variable on the value of the company is 0.022. Meanwhile, the direct effect of systematic risk on company value is -0.541. The direct effect of the sustainability report variable on the value of the company is 0.022. The indirect effect of sustainability report on company value through systematic risk is 0.223 (-0.413 x (-0.541)). Since the indirect effect is greater than the direct effect, this shows indirectly that the sustainability report through systematic risk has a significant effect on the value of the company. The magnitude of the direct influence of the sustainability report on the value of the company is 0.022. The magnitude of the influence of the sustainability report on the value of the company through systematic risk is 0.223, so that the total effect obtained is 0.245.

Sobel Test

The use of the Sobel test in this study was conducted to test whether the variable used as the mediating variable could affect the relationship between the independent variable and the dependent variable. The following are the results of the sobel test from this research:

Table 5. Sobel Test Results

Variable	**Estimated Value**	***Standard Error***	***Two-Tailed* P*robability* (p-*value*)**	**Description**
x_1 ke y_2 via y_1	a = -0,104; b = -0,165	s_a = 0,040; s_b = -0,050	0,041	Significant

Source: Data Processing Results (2021)

The results of the Sobel test based on table 5 are described as follows: The variables x to y_2 through y_1 have a two-tailed probability (p-value) value of 0.041. This result shows a two-tailed probability (p-value) value which is less than 0.05, which means that there is a systematic risk mediation effect on the sustainability report to company value. So H_4 which states that the sustainability report has a significant effect on company value mediated by systematic risk, is accepted.

Discussions

The Effect of Sustainability Report Disclosure on Systematic Risk

The results of this study indicate that the disclosure of sustainability reports has a negative and significant effect on systematic risk. Which means that the greater the disclosure of the sustainability report, the lower the systematic risk.

This is because the disclosure of the sustainability report will provide transparency of information about the company.

Sustainability report is a communication medium or a means to provide information on overall economic, environmental, and social performance. Disclosure of sustainability reports is carried out as a form of corporate responsibility for the impact of its business operations such as waste generated by the company. The sustainability report is a form of fulfilling stakeholder expectations that creates good relations between the company and its stakeholders.

In the concept of stakeholder theory, companies must maintain good relations with all stakeholders. With the disclosure of sustainability reports, company information will be more transparent. The existence of this information transparency will minimize the company's systematic risk and meet stakeholder expectations.

The sustainability report disclosure in this research is measured by the sustainability report disclosure index (SRDI). In accordance with the GRI G4 guidelines, the sustainability report is seen from three main components, namely economic, environmental, and social aspects. Meanwhile, systematic risk is measured by stock beta obtained from stock returns and market returns. In line with the research results of Rossi and Harjoto (2019) that non-financial disclosure of companies is negatively related to company risk.

The results of this study are in line with the results of research by Rossi and Harjoto (2019) that non-financial disclosure of companies is negatively related to company risk. Similar results were also found in a study conducted by Shaukat and Trojanowski (2018) regarding the relationship between corporate environmental performance, environmental disclosure, financial performance, and risk, the obtained results of corporate environmental performance and environmental disclosures affecting company risk significantly vary depending on the environment and the size of the risk being considered.

Effect of Systematic Risk on Company Value

This research shows the result that systematic risk has a negative and significant effect on firm value. This proves that the smaller the systematic risk, the higher the value of the company. The better the systematic risk management in the company, the better the company value will be.

Tandelilin (2010) defines systematic risk or market risk as the risk associated with changes that occur in the market as a whole. Systematic risk is unavoidable through diversification and affects the whole company. If the risk faced by the company is high, it can reduce the value of the company.

Based on stakeholder theory, companies must maintain relationships with all stakeholders. Company value can be created from the accumulation of stakeholder trust. Risk factors are considered by stakeholders, especially investors in investing. Companies that are able to control their risk will have a higher value.

The company's systematic risk is measured by calculating the company's stock return and market return. After obtaining this information, the beta shares of each company will be obtained. While the value of the company is measured by Tobin's Q.

The results of this research are in line with the research results of Dewi and Sujana (2019) that business risk has a negative effect on company value. This means that if the company faces a high systematic risk, it will reduce the value of

the company and vice versa. The results of this study are also in line with research (Wiagustini & Pertamawati, 2015) that business risk has a negative and significant effect on company value.

The Effect of Sustainability Report Disclosure on Company Value

The results of this study indicate that the disclosure of sustainability reports has a positive and insignificant effect on the value of the company. This indicates that the disclosure of the sustainability report is able to contribute to the value of the company. However, the disclosure of the sustainability report does not have a significant effect on the value of the company because of the low probability of the significance of the influence of the disclosure of the sustainability report on the value of the company.

Based on the concept of stakeholder theory, the disclosure of sustainability reports meets stakeholder expectations with the transparency of information provided by the company and can create good relationships with stakeholders. Companies with stakeholder support will maximize company performance and increase company value. In this research, the disclosure of the sustainability report has not shown maximum results. Oleh because it gives no significant effect on the value of the company.

The sustainability report disclosure in this research is measured by the sustainability report disclosure index (SRDI). In accordance with the GRI G4 guidelines, the sustainability report is seen from three main components, namely economic, environmental, and social aspects. While the value of the company is measured by Tobin's Q.

This research has the same results as the results of the research by Sejati and Prastiwi (2015) which revealed that the disclosure of sustainability reports had a positive and insignificant effect on company value. The reason for its insignificance is that the company does not follow the standards issued by GRI. And there is still a lack of company awareness to consistently disclose sustainability reports (Sejati & Prastiwi, 2015).

The results of this study are also similar to the research conducted by Kusuma and Priantinah (2018) the effect of disclosure of sustainability reports has a positive and insignificant effect on company value. This is because government regulations governing the obligation of sustainability reports have not been fully influential (Kusuma & Priantinah, 2018). Thus the level of disclosure of the sustainability report is low and has no significant effect on the value of the company.

The Effect of Sustainability Report Disclosure on Company Value Mediated by Systematic Risk

The results of the sobel test show that the disclosure of sustainability reports has a significant influence on company value which is mediated by systematic risk. Disclosure of sustainability reports minimizes the company's systematic risk. When the company's systematic risk is reduced, it will increase the company's performance as well as the value of the company.

Sustainability report is a communication medium or a means to provide information on overall economic, environmental, and social performance. With the disclosure of sustainability reports, the information asymmetry that occurs between managers and stakeholders can be reduced due to more disclosure of company information. This is in line with the concept of agency theory, with reduced

information asymmetry, it will reduce agency costs, reduce risk, and increase firm value.

The results of this study indicate that systematic risk is able to mediate the disclosure of sustainability reports on company value. The greater the disclosure of the sustainability report will minimize the company's systematic risk and increase the value of the company. With the disclosure of sustainability reports, the information asymmetry that occurs between managers and stakeholders can be reduced due to more disclosure of company information.

In line with the results of a study conducted by Shaukat and Trojanowski (2018) on the relationship between corporate environmental performance, environmental disclosure, financial performance, and the risk obtained, the results of corporate environmental performance and environmental disclosures that affect the company's risk significantly vary depending on the environment and the size of the risk considered.

Firm value is predicted by a managerial process. With the disclosure of the sustainability report, it may not directly increase the value of the company. So that another variable is needed that can mediate the effect of sustainability report disclosure on company value, namely systematic risk.

5. CONCLUSIONS

This research was conducted to analyze the effect of sustainability report disclosure on company value mediated by systematic risk. Based on the testing and data analysis that has been done, the conclusions of this research are as follows:

1. Disclosure of sustainability reports has a negative and significant effect on systematic risk. That is, the more companies that disclose sustainability reports, the lower the systematic risk of the company because the transparency of the information provided will prevent systematic risk.
2. Systematic risk has a negative and significant effect on firm value. That is, the more systematic risk a company has, the value of the company will decrease. Because the higher the company's systematic risk will hinder the company's performance and reduce the value of the company.
3. Disclosure of sustainability reports has a positive and insignificant effect on company value. That is, the higher the disclosure of the sustainability report owned by the company, the value of the company will increase. Due to the lack of awareness of the company to disclose sustainability reports consistently and government regulations have not fully taken effect. So that the disclosure of the sustainability report is low and has no significant effect on the value of the company.
4. Systematic risk acts as a mediating variable on the effect of sustainability report disclosure on company value. That is, systematic risk is able to mediate the disclosure of sustainability reports on company value. The greater the disclosure of the sustainability report will minimize the company's systematic risk and increase the value of the company.

The theoretical implication of this research is that it is able to strengthen the stakeholder theory where it is important to maintain good relations with stakeholders. Companies that disclose sustainability reports can provide information transparency to stakeholders. In addition, this research is able to

strengthen the agency theory that occurs because of the information asymmetry between the principal and the agent. Information asymmetry occurs when there is an imbalance of company information on the part of the principal and agent. Companies that disclose sustainability reports provide more transparency of information that can overcome agency conflicts related to information asymmetry.

The implication of this research is expected to increase the company's awareness of the importance of disclosing sustainability reports. Because this disclosure is a form of accountability not only in the economic aspect but also in the social and environmental aspects of the company. In addition, research can be considered in the regulation of sustainability reports, considering that there are still few companies that disclose sustainability reports.

This research has limitations in the form of not too many samples used or can be said to be few, due to the lack of companies in Indonesia that publish sustainability reports. And until this research is relatively short because it only covers 3 years, namely from 2017-2019.

Recommendations for future researchers are that they are expected to increase the amount of data by increasing the number of periods in sampling. And it is better that future researchers are expected to add other variables, such as profitability.

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