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The Effect of Sustainability Report on the Financial Performance of Consumer Goods Companies

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Abstract

This research aims at how the influence that will arise from the disclosure of economic performance, environmental performance and social performance on the companies financial performance. This research uses a type of quantitative research. The population used in this research is Consumer Goods companies that have been listed on the Indonesia Stock Exchange in the period 2021 – 2022. Samples that can be generated in this research a number of 10 data. The method used in this research is purposive sampling method and using SPSS 22 Analysis tool. The results of this research indicate that the disclosure of economic performance is not a positive and insignificant influence on financial performance, disclosure of environmental performance is not a positive influence on financial performance and disclosure of social performance is a negative influence on financial performance. The implication of this research is that it can be useful to be able to determine the effect of what will happen between the sustainable report and how the company generates profits that are interrelated with the financial performance of Consumer Goods companies.

Keywords: Disclosure of economic performance, social performance, environmental performance, financial performance.

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Introduction

A. Background

The company's main goal is financial performance, but nowadays financial performance is no longer relevant. Which at present investors are more interested in additional information reported by company management. Financial performance is a measuring tool for work achievements for the company's financial statements through the capital structure . The company's position also influences the benchmarks in financial performance. In assessing the company's financial performance, it is necessary to have the output and input of the company. The company's output is the result of employee performance, and the input is the result of a skill that can be the result of that performance. (Manisa & Defung, 2018).

By implementing the Implementation of Corporate Sustainability in the implementation of Corporate Social Responsibility (CSR) is a form of the companies efforts to improve financial performance. Where there is social involvement in the company in the Corporate Social Responsibility section. In Corporate Social Responsibility the company implements it aiming at the company's economic sustainability, not only a sense of social responsibility but also related to accountability for the benefits of implementing Corporate Social Responsibility which is able to help increase the welfare and quality of life of residents and the surrounding environment. Also, by doing it consistently, it will improve and strengthen the relationship between the company and its stakeholders. In the capital market, the company has started to invest its shares in the Indonesia Stock Exchange.

According to Shinta Melzatia's opinion, the Indonesia Stock Exchange (IDX) has a very important role in becoming a means for the public to invest, which is an alternative form of investment. The financial statements that have been presented on the Indonesia Stock Exchange are an indicator of economic success without any disclosure of environmental and social impacts arising from economic activity. There is a separate report on this disclosure, which is known as a sustainability report with the help of calculating financial ratios which reflects the level of responsibility, accountability and transparency of the company with investors and stakeholders.

In sustainability reports it does not and dos not always provide infromation on financial performance reports, but non-financial information is information on social and environmental activities for sustained enterprise growth or called sustained performance. Sustainability is a balance of people – planet - profit, known as the Triple Bottom Line (TBL).

There are 3 aspects of sustainability namely, people-social; planet-environment; as well as profit-economic. Elkington believes that companies are expected to be able to take responsibility for the positive or negative impacts of emerging economic, social and environmental aspects. Now the sustainability report mechanism has various functions. One of them is that for companies the sustainability report is useful as a benchmark for achieving targets in working on TBL issues. Furthermore, for investors, the sustainability report has a measuring function in achieving company performance and also becomes a media for investors' considerations for allocating their financial resources, including in the scope of sustainable and responsible investment (SRI). And for other stakeholders such as government, media, academics, consumers, and others, the sustainability report will be a measuring tool in assessing the seriousness of the company's commitment to sustainable development.

Bukhori & Sopian's opinion revealed that disclosure of economic performance has a significant positive effect on financial performance . This is from disclosing economic performance in a sustainability report to increase stakeholder and investor confidence in order to increase the company's image or profile and the company's financial performance.

Indriyanti & Yuliandhari argue, sustainability reports have a very varied effect depending on the type of profitability ratios that have been used which in the social aspect have an influence on the companies financial performance. The better disclosure of the company's social performance that has been reported in the sustainability report, the higher the companies financial performance will also be. So it is necessary to support Stakeholder theory which has been proven that the social dimension can be the responsibility of the company to produce good value and improve company performance.

according to Elkington (1997), the Sustainability Report is not only information on financial performance but also information other than finance from all environmental and social activities towards sustainable company growth (sustainable performance). Sustainability report reporting can also function in increasing reputation and trust in order to increase reputation and consumer confidence. The increase in corporate reputation has brought about a change in this approach. So the direction and goals of the company are not limited to how to collect company wealth but also achieve sustainable development which is reported in the sustainability report.

B. Formulation of The Problem

Based on the background above then the problem is composure:

1. Is there any influence of the Sustainability Report on Economic, Social and Environmental Disclosures on the Financial Performance of Consumer Goods Companies?

C. Research Purposes

Based on the formulation of the problem above, it is known that the purpose of this research is to determine the effect of sustainability reports on the financial performance of Consumer Goods Companies.

Literatur Review

Legitimacy theory is the disclosure of an incentive for managers or companies to issue a sustainability report (Manisa and Defung, 2018). The reason a company has a sustainability report is to get legality from the community so that it is well received by the community. In legitimacy theory it is used as a motivation in obtaining approval or validation from the community (Manisa and Defung, 2018). With the theory of legitimacy, it makes a company to keep trying in carrying out activities by adjusting the community norms that have been set by the community itself. So that the company's activities are considered by the community to be legal things that can be well received. So every time they carry out activities, the company gets attention or a very good response from the community. This is what makes legitimacy an operational resource that plays an important role in the company.

The Sustainability Report becomes a sustainability report that is reported or published by the company which contains economic, environmental and social issues which are taken from the activities that the company has carried out every day (GRI, 2016). In the opinion of Sopian and Bukhori, the disclosure of a companies performance in a sustainability report focuses more on 3 aspects or the Triple Bottom Line. With content on the economy, environment and social. This sustainability report contains information on the company's social and community operating activities which will have a good impact on the company so that it grows and produces sustainable performance.

Research Methods

A. Types of research

This search method is quantitative and the type of data used is secondary. The object of the research used is the Consumer Goods company.

B. Place & Time of Research

The location used in this research was Consumer Goods Companies that were registered on the IDX (Indonesian Stock Exchange) during the research in April 2023, the purpose of this research is to analyze how the consumer goods finance report will affect that.

C. Data source

This research applies a type of secondary data which is a corporate sustainability report (sustainability report). The data that has been obtained is data from the official website.

The data collection technique that has been used in this research is the documentation technique. The documentation research method that has been used in this research is the 2021-2022 sustainability report that has been reported or published.

D. Population and Sample

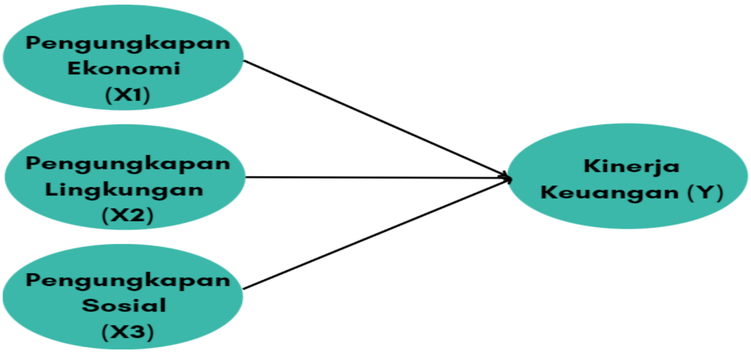
The population used in this research is Consumer Goods Companies that have been registered with the IDX which have published sustainability reports for the 2021-2022 period, while purposive sampling is the best consumer company to publish sustainability reports for the 2021-2022 period on the IDX.

Table 1
IDX Consumer Goods Companies

Number	Company name	Company Code
1.	PT UNILEVER Tbk	UNVR
2.	PT. NIPPON INDOSARI CORPINDO Tbk	BREAD
3.	PT. ULTRAJAYA MILK INDUSTRI Tbk	ULTJ
4.	PT. MAYORA INDAH Tbk	MYOR
5.	PT. HERBAL AND PHARMACEUTICAL INDUSTRY SIDO MUNCUL Tbk	SIDO
6.	PT. INDOFOOD SUKSES MAKMUR Tbk	INDF
7.	PT. KINO INDONESIA Tbk	KINO
8.	PT. CAMPINA ICE CREAM INDUSTRI Tbk	CAMP
9.	PT. INDO PURECO PRATAMA Tbk	IPPE
10.	PT. WISMILAK INTI MAKMUR Tbk	WIIM

Source: IDX official Website

E. Conceptual Framework



Picture 1

Conceptual Framework

F. Data collection technique

Techniques for collecting research data used secondary data and literature obtained from journals and related articles to support this research. The secondary data used has been collected using the documentation method, where the method of collecting data is indirectly shown to the research subject, but through documents or searching for historical data. Data in this research were collected by recording or documenting data related to research on consumer goods companies that have been registered in company sustainability reports on the IDX for the period 2021 – 2022.

G. Data Processing Process

The technique that has been used is data analysis and interpretation. Which in the early stages of quantitative research analysis technique begins with data collection. In this research, it is known that the data that has been obtained is the sustainability report of consumer goods companies. Before starting to analyze the data, the researcher will start by selecting , searching and storing the data that shows information or other material in the document.

Discussion Result

Table 2
Consumer Goods Company Data 2021 -2022

Company	**Disclosure Indicator**						**Financial Performance Indicators**	
	Economy		**Environment**		**Social**		**ROA**	
	2021	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**
UNVR	9	7	23	25	40	45	30,20	29,48
BREAD	8	5	24	25	35	38	6,71	10.47
ULTJ	9	5	25	23	42	38	17,16	12,27
MYOR	9	6	22	20	39	43	5.25	8.74
SIDO	9	6	23	27	37	41	117.76	26.96
INDF	7	5	23	25	40	38	6.49	5.52
MOVIE THEATER	6	6	26	21	41	43	1.97	17.06
CAMP	7	5	24	20	42	40	7,14	9.69
IPPE	7	5	31	30	40	38	81.46	2.05
WIIM	8	8	22	20	41	42	9.35	11.49

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Table 3
Score Dummy Method by following the GRI Total Indicators:

Economic Disclosures	**Environmental Disclosure**	**Social Disclosure**	**Total GRI Indicators**
9	34	48	91

Source: SPSS 24 data processing

The variables in this research will be calculated using the SPSS 24 application to obtain the minimum, maximum and standard deviation results (Sujarweni, 2014).

The following is a table of descriptive analysis test results.

Table 4
Results of Descriptive Statistical Analysis

	N	Min.	Max.	M	S. Deviation
Economy	20	.56	1.00	.7635	.16461
Environment	20	.59	.91	.7065	.08683
Social	20	.73	.94	.8360	.05144
ROA	20	1.97	117.76	20.8610	28.78882
Valid N (listwise)	20				

Source: SPSS 24 data processing

Classic assumption test:

Table 5
Kolmogorov-Smirnov test

		Unstandardized Residuals
N		20
Normal Parameters [a,b]	Means	.0000000
	std. Deviation	25.19636776
Most Extreme Differences	absolute	.178
	Positive	.178
	Negative	-.122
Test Statistics		.178
asymp. Sig. (2-tailed)		095 [c]

Source: SPSS 24 data processing

In the table above the results of the normality test show that the sig. on the ROA variable = 0.095 > 0.05. Based on the results obtained, namely this regression model meets the assumption of normality.

Table 6
Multicollinearity Test

Model		Unstandardized Coefficients		Standardized Coefficients				
		B	std. Error	Betas	t	Sig.	tolerance	VIF
1	(Constant)	-59,323	133,465		-.444	.663		
	Economy	73,350	38,920	.419	1885	.078	.967	1,034
	Environment	96,740	75,640	.292	1,279	.219	.920	1,087
	Social	-52,830	125,668	-.094	-.420	.680	.949	1,053

Source: SPSS 24 data processing

In the table above it is known that the Tolerance value for Economic variables is 0.967 > 0.10. Environmental Variable 0.920 > 0.10. Social Variable 0.949 > 0.10. Then, the VIF value for the Economic variable is 1.034 < 10.00. Environmental Variable 1.087 < 10.00. Social Variable 1.053 < 10.00. it cloud be concluded that in the regression model no multicollinearity symptoms.

Table 7
Heteroscedasticity Test

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	std. Error	Betas	t	Sig.
1	(Constant)	1.732E-15	133,465		.000	1,000
	Economy	.000	38,920	.000	.000	1,000
	Environment	.000	75,640	.000	.000	1,000
	Social	.000	125,668	.000	.000	1,000

Source: SPSS 24 data processing

Sig's value on the chart above is known. for Economic, Environmental, and Social variables is 1.000 > 0.05. Because the value of Sig. the three variables are greater than 0.05, it be concluded that in the regression model no heteroscedasticity symptoms.

Table 8
Autocorrelation Test

Model	R	R Square	Adjusted R Square	std. Error of the Estimate	Durbin-Watson
1	.484 [a]	.234	.090	27.45711	2018

Source: SPSS 24 data processing

Table 9
Model B Multiple Regression Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Betas		
1	(Constant)	-59,323	133,465		-.444	.663
	Economy	73,350	38,920	.419	1885	.078
	Environment	96,740	75,640	.292	1,279	.219
	Social	-52,830	125,668	-.094	-.420	.680

Source: SPSS 24 data processing

From the results of the table above, the regression equation model in this research is:

ROA = -59,323 + 73,350 + 96,740 - 52,830 + e

Table 9
t test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Betas		
1	(Constant)	-59,323	133,465		-.444	.663
	Economy	73,350	38,920	.419	1885	.078
	Environment	96,740	75,640	.292	1,279	.219
	Social	-52,830	125,668	-.094	-.420	.680

Source: SPSS 24 data processing

The results of the analysis show that:

> The Economic Performance Variable shows that the value of Sig. 0.078 > 0.05. Comparison of the value of t count with t table, namely t count 1.885 <t table 2.120. That the variables of Economis Performance show no significant effect on companies financial performance.

> The Environmental Performance Variable shows that the value of Sig. 0.219 > 0.05. And the comparison of the value of t count with t table is t count 1.279 <t table 2.120. That the variables of Environmental Performance show no significant effect on companies financial performance.

> The Social Performance Variable shows that the value of Sig. 0.680 > 0.05. And the comparison of the value of t count with t table is t count - 0.420 <t table 2.120. That the variables of Social Performance show no significant effect on companies financial performance.

Sustainability reports for companies are not a benchmark in improving the company's financial performance. There is no influence on company profits and finances caused by the implementation of Corporate Social Responsibility which can be seen based on the reporting of the Sustainability Report. As well as for investors, Sustainability Report doesn’t make the basic of the financial performance of companies before they begin investing. In this case, it is the implementation of corporate social responsibility that will be made public based on sustainability reports that are merely a corporate liability.

Table 10
Determination Coefficient Test

Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	.484 [a]	.234	.090	27.45711

Source: SPSS 24 data processing

In the table above, it is known that R Square is 0.234, so it can be concluded that the influence of the Economic, Environmental and Social variables is 23.4%.

Discussion

The Effect of Disclosure of Economic Dimension Performance on Company Financial Performance

On the results of the test can be deduced that the variable performance of the economy does not have a positive and significant effect on the companies financial performance with significant value of 0.078 and a coefficient value of 0.419. And the comparison of the value of t count with t table is t count 1.885 <t table 2.120. This is not in line with the legitimacy theory which states that the company's existence towards the community gets a good response so that the community understands that in the company's operational activities there is a good impact on the economy of the surrounding community due to transparency in the company which will trigger company performance (Septiana et al, 2019).

The more economic performance disclosure items that are disclosed, the better a companies ability to generate profits can be measured, which in turn affects financial performance. The company strives to have a good impact on the surrounding economy, which also enhances the company's good image and encourages companies that can have a good future. In other words, disclosure of economic performance has an important role in the development of a company's financial performance which will then foster a sense of trust in investors in investing their funds. This will also have a good effect on the company in increasing operational activities. So, the number of disclosures of economic performance in a company has a good effect on increasing the company's financial performance. The results of this research indicate that the disclosure of economic performance in the sustainability report not have significant effect on the financial performance of Consumer Goods Companies.

The Effect of Disclosure of Environmental Dimension Performance on Company Financial Performance

On the results of the t test it was concluded that the environmental performance disclosure variable had no positive and significant effect on the companies financial performance with a significance value of 0.219 and a coefficient value of 0.419. And the comparison of the value of t count with t table is t count 1.279 <t table 2.120. The results that have been achieved from this research prove that in the theory of Legitimacy which says that the company is able to provide information about the impact it has on the environment around the community. By preparing efforts to process or handle waste from company production activities which will later make the company's image better for the performance of stakeholder companies and will indirectly have a good effect on company performance (Bukhori and Sopian, 2017).

In carrying out countermeasures the company requires more funds to implement it and will affect the reduction of assets related to Total assets are the company's right. However, preserving the environment is also the duty of every living being and of course companies must also be aware of such things and not lead to an increase in profits earned by the companies. So the number of disclosure items that are disclose because the companies activities show the success of a company to the results of a profit.

The Effect of Disclosure of Social Dimension Performance on Company Financial Performance

On the results of the t test it was concluded that the social performance disclosure variable had no positive and significant effect on the company's financial performance with a significance value of 0.680 and a coefficient value of -0.094. And the comparison of the value of t count with t table is t count - 0.420 <t table 2.120. The results of this research can prove the legitimacy theory which states that the company will get good assumptions in the form of trust from the surrounding community which makes the company more responsible for risks caused by products or services and provides guarantees in the form of facilities to its workers (Bukhori and Sopian, 2017).

The more disclosure of social items affects the financial performance of a company. And the company is making efforts to have a good social impact by carrying out activities such as social programs that are shown to be able to find out the hopes and needs of the surrounding community. The implementation of the program requires more funds so that it will affect the decrease in company capital. Despite the reduced capital, the company still has a good determination going forward in economic growth. Companies must also comply with existing norms and rules in order to create good relations with the surrounding environment, but not to there are levels in corporate financial performance. So that the number of disclosure items disclosed because the companies activities doesn’t show the success of a companies in generating a profit. Apart from that, maintaining internal relations within the company with a safe and comfortable work environment is a form of achieving effective and conducive working conditions. Because later there will be disclosure through a sustainability report so that it is known to the public such as providing additional facilities for employees in the form of benefits, this is also useful in retaining employees rather than having to recruit new employees which leads to spending more funds thus affecting the decline of the company's model.

Conclusion

Sustainability Report is not influence results finance company like Which intended For company. By Because That, Sustainability Report No can made gauge measuring For increase results finance company.

Implementation of Corporate Social Responsibility No influential to results And finance company, Which seen from reporting sustainability report.

Investors Also No can use Sustainability Report For evaluate performance finance company before invest. Because implementation of Corporate Social Responsibility Which seen from Sustainability Report is task single from Consumer Goods Company.

Suggestion

So based on the results of the study and the foregoing conclusions it can be concluded that there are suggestions to be conveyed:

It is expected that all information will be reported in a more complete manner and in accordance with GRI standards, as well as explaining the reasons for not reporting a sustainability report. So that the readers and users of the sustainability report are able to understand why the company does not add this information.

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