The Effect of Sustainability Report Disclosure on Company Performance and Value (Case Study on Manufacturing Companies Listed on the IDX 2019-2023)

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ABSTRACT

The development of the SDGs has made companies more responsible for sustainability goals. One form of this responsibility must be reported in the form of a sustainability report. The purpose of this study is to analyze the effect of the disclosure of economic performance, environmental performance, and social performance in sustainability reports on company performance (ROA), and on company value (PBV) in manufacturing companies listed on the IDX. The type of data used in this research is quantitative data from secondary sources. The data analysis methods used were descriptive statistical analysis and panel data regression analysis. This research shows that the disclosure of the sustainability report, both partially and simultaneously, does not affect the company's performance. Meanwhile, in terms of firm value, the partial disclosure of the sustainability report has no effect, but the simultaneous disclosure has an effect. Manufacturing companies can continuously improve their sustainability report disclosures to gain higher positive response and appreciation from stakeholders.

Keywords: Company performance, company value, sustainability report disclosure, manufacturing companies, SDGs

1. INTRODUCTION

The global discourse in the current era is centered around the Sustainable Development Goals (SDGs). The growing understanding of the SDGs has led companies to embrace a triple bottom line responsibility, which represents a synergistic approach that balances social, environmental, and economic aspects. Another commonly used term is the 3Ps (Profit, People, Planet). Information regarding a company's responsibility towards the triple bottom line is reported separately from the company's financial statements, in the form of a Sustainability Report. According to the Global Reporting Initiative (GRI), sustainability reporting is a practice by organizations or companies in creating transparent reports on the environmental, social, and economic impacts of their operations, as well as their contribution to the goals of sustainable development. The publication of sustainability reports by companies serves as a specific indicator within the SDGs, particularly in Goal 12, as

Indicator 12.6.1*, which refers to the number of companies publishing sustainability reports (Bappenas 2023). The disclosure of SDG support through sustainability reports has become a company's social and environmental responsibility to the surrounding communities (Elalfy et al. 2021). Globally, there has been a significant upward trend in sustainability reporting. A 2022 KPMG International survey of N100 and G250 companies over the period 1993-2022 supports this assertion, as illustrated in the following graph.

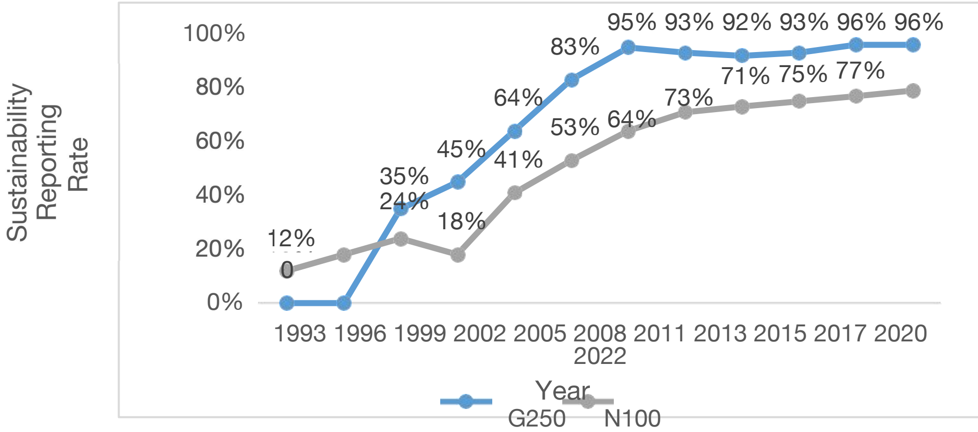

Figure 1: Global Growth of Sustainability Report Publication (1993-2022)
Source: KPMG International (2022), Data processed (2024).

This increase indicates that global companies perceive sustainability reporting as a crucial aspect of their operations. This trend is expected to continue in the coming years, driven by the growing awareness of the importance of sustainability reporting, especially among companies that have yet to adopt this practice (KPMG International 2022). In Indonesia, the demand for sustainability reporting is evident in government regulations, such as Law No. 40 of 2007 on Limited Liability Companies, which mandates the disclosure of social and environmental responsibilities in annual reports, and Financial Services Authority Regulation (POJK)No. 51/POJK.03/2017, which requires the implementation of sustainable finance to support a sustainable economy by balancing economic, social, and environmental interests. This regulation is further supported by the Ministry of Environment and Forestry (KLHK) through Ministerial Regulation No. P.75/MENLHK/SETJEN/KUM.1/10/2019 on the Roadmap for Waste Reduction by Producers, which requires manufacturers, food and beverage services, and retail sectors to implement waste reduction roadmaps. In addition to the government's commitment and support for corporate sustainability reporting, public trust in the transparency of corporate sustainability performance reporting in Indonesia has also significantly increased. A 2020 survey conducted by Globescan and the Global Reporting Initiative (GRI) revealed that Indonesia ranked highest among 27 countries worldwide, with 81% of the public expressing trust in the transparency of corporate sustainability performance. This aligns with the growing public expectation for more comprehensive and better-quality sustainability performance reporting. (Globescan.com 2020). This increased public trust is further supported by various stakeholders promoting sustainability in Indonesia, such as Kehati Foundation, which, in collaboration with the Indonesia Stock Exchange (IDX), developed the SRI-Kehati Index to encourage the adoption of ESG (Environmental, Social, and Governance) performance by all Indonesian issuers. Moreover, the Indonesia Investment Authority (INA), a state-owned investment management institution, evaluates a company's impact and prioritizes investments in nature-focused companies and projects

(Kontan.co.id 2024).

Corporate sustainability reporting provides stakeholders, particularly investors, with valuable insights into a company's performance. When making investment decisions, investors assess a company's overall business performance. Superior performance enhances a company's attractiveness to investors. Many researchers and practitioners rely on financial metrics to evaluate corporate performance (Johari and Komathi 2019). By examining a company's performance information, stakeholders can assess the effectiveness and efficiency of its operations (Mulpiani 2019). In addition to performance, investors also place great importance on a company's valuation. Company valuation reflects investor perceptions of a company's success (Pujiningsih 2020). It is often linked to the company's market capitalization or share price. A high share price indicates a high company valuation and can boost market confidence in the company's current and future performance. According to Pujiningsih (2020), a company's valuation can fluctuate based on the information disclosed in its sustainability report. Therefore, the more comprehensive the information provided by a company, the greater its impact on the company's share price.

Sustainability reporting has become increasingly important, particularly for manufacturing companies. This is because manufacturing companies are directly linked to and have a significant impact on the social and environmental aspects of their surrounding communities. In Indonesia, the manufacturing sector continues to grow. The latest data from the Bank Indonesia Manufacturing Purchasing Managers' Index (PMI-BI) indicates that the manufacturing sector is performing strongly and remains in the expansion phase (index > 50%), as shown in the following graph of PMI-BI (quarter-on-quarter) development.

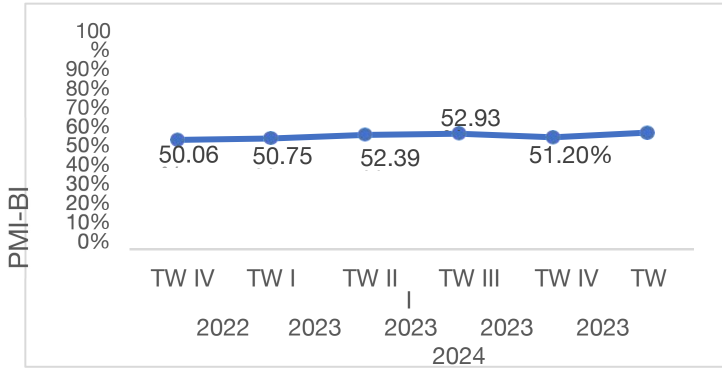

Figure 2: PMI-BI Quarterly Development Source: Bank Indonesia (2023), Data processed (2024)

The improvement in the manufacturing sector's performance is aligned with the increasing production of manufactured goods. According to safeguardglobal.com, Indonesia is the sole ASEAN country among the top ten global manufacturing contributors, accounting for 1.4% of the total. The Minister of Industry has declared Indonesia to be the largest manufacturing powerhouse in ASEAN. This growth has had a ripple effect on various sectors, including transportation, agriculture, plantations, energy, and maritime, which serve as input factors for the manufacturing industry (Kominfo 2023). Furthermore, Indonesia's enhanced global position is supported by the increased industrial output from 2020 to September 2023, as illustrated in the following graph.

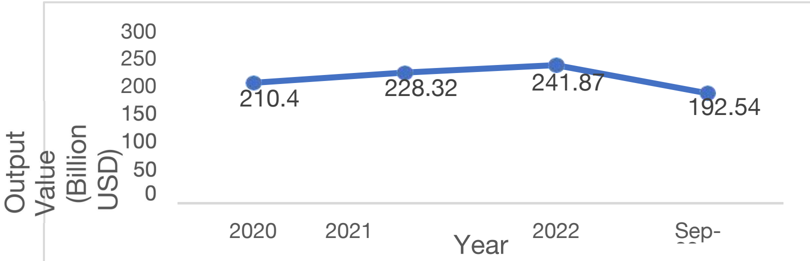

Figure 3: Increase in Indonesia's Manufacturing Output Value
Source: Ministry of Communications and Informatics (2023), Data processed (2024)

This increase is also realized through continued growth in manufacturing sector investments. Both domestic direct investment (DDI) and foreign direct investment (FDI) have shown increases from 2020 to September 2023 as follows.

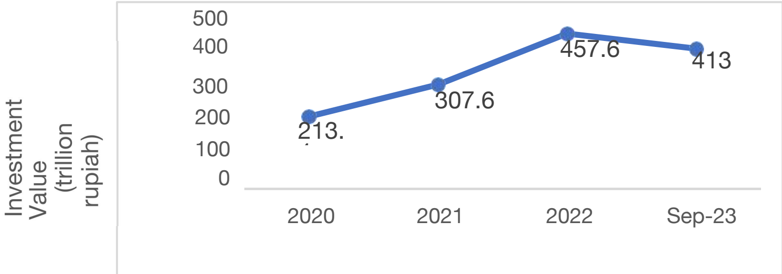

Figure 4: Increase in Indonesia's Manufacturing Investment Value
Source: Ministry of Communications and Informatics (2023), Data processed (2024)

The high level of investment in the manufacturing industry indicates a strong investor confidence in the sector. Given the importance of transparency regarding company operations and business processes, the disclosure of sustainability reports becomes crucial for manufacturing companies. This is because manufacturing companies are directly linked to external social and environmental factors. According to data from the Ministry of Environment and Forestry (KLHK), throughout 2022, the manufacturing sector was one of the main contributors to 81.87 million tons of hazardous and toxic waste (B3), with around 74% having undergone a management process, and approximately 11.28 million tons of non-hazardous waste, including fly ash and bottom ash from coal-fired power plants, with around 53% self- managed by producers and the rest managed by third parties. Therefore, sustainability reporting is essential for manufacturing companies.

Given the importance of transparency to external stakeholders and the significant influence of manufacturing companies, this research will investigate the impact of sustainability report disclosure on company performance and value (Case Study on Manufacturing Companies Listed on the Indonesia Stock Exchange 2019-2023).

2. METHODOLOGY

The data used in this research is quantitative secondary data. The data sources include annual reports and sustainability reports obtained from company websites and the Indonesia Stock Exchange (IDX) website, accredited journals, books, scientific papers, government regulations, and other relevant literature.

The sampling technique employed in this research is purposive sampling. The inclusion criteria for the sample are companies listed on the Indonesia Stock Exchange (IDX), manufacturing companies listed on the IDX from 2019 to 2023, companies that published annual reports from 2019 to 2023, and companies that published sustainability reports, either integrated within the annual report or published separately in accordance with GRI standards. Based on these criteria, a total of 22 manufacturing companies were selected as the sample for this study.

The data analysis methods used in this study are descriptive analysis and panel data regression analysis. Descriptive statistical analysis is an analysis used to obtain a brief overview of the variables that will be used in the study (Febriyanti, 2021). Descriptive statistical analysis in this study is aimed at analyzing the variables of sustainability report disclosure, company performance, and company value in the research sample using Microsoft Excel (2016). Panel data is a collection of a number of individuals that are collected and observed over a specific period of time chronologically. Panel data regression analysis is a combination of cross-sectional data and time series data. Panel data analysis in this study is used to analyze the influence of independent variables of sustainability reports in terms of economic performance, environmental performance, and social performance on the dependent variables, namely company performance proxied by ROA and company value proxied by PBV. Panel data analysis was conducted using Eviews version 12. In conducting panel data regression analysis, the steps taken include the selection of panel data regression models, classical assumption tests, and hypothesis testing.

3. RESULTS AND DISCUSSION

3.1 Descriptive Statistics

The sample in this study consists of 22 manufacturing companies listed on the Indonesia Stock Exchange (IDX) that have consistently reported both Annual Reports and Sustainability Reports for the period 2019-2023. Thus, the sample size is 110 manufacturing companies. The following are the results of the descriptive statistics conducted.

Table 1 Descriptive Statistics

Variable	N	Minimum	Mean	Maximum
SR	110	0.11	0.40	0.87
EcDI	110	0.00	0.46	1.00
EnDI	110	0.09	0.46	0.91
SoDI	110	0.06	0.35	0.83
ROA (%)	110	-45.09	7.61	42.00
PBV	110	-8.26	4.86	60.67

Source: Data processed (2024)

Based on the descriptive statistical analysis, it is found that on average, the manufacturing companies listed on the IDX, which are the sample in this study, have shown good performance and fundamentals during 2019-2023. The average disclosure of sustainability reports in 110 sample manufacturing companies is 40%, with PT. Barito Pacific Tbk in 2021 and PT. Gunung Raja Paksi Tbk in 2019 and 2020 having the lowest value of 11%, while PT. Chandra Asri Petrochemical Tbk in 2022 and 2023 has the highest value of 87%. Furthermore, the company performance proxied by the ROA value has a positive average and indicates that each use of assets by manufacturing companies is able to generate an average profit of 7.61%. In addition, the company value proxied by the PBV value in manufacturing companies has a positive average above 1. The average PBV of 4.86 indicates that manufacturing company shares are traded above their book value.

3.2 Panel Data Regression Model Approach

In panel data regression, there are three model approaches: Common Effects Model (CEM), Fixed Effects Model (FEM), and Random Effects Model (REM). CEM is the simplest panel data model, assuming that the behavior of company data across different time periods is considered the same. FEM assumes that differences between individuals can be accommodated through variations in the intercepts of each individual. And REM assumes the possibility of correlated error terms both across time and across individuals (Priyatno, 2022).

- Chow Test

Table 2 Chow Test Results

Regression Model	Probability	Results
SR against ROA	0.1347	CEM
SR against PBV	0.0045	FEM

Source: Data processed (2024)

Based on the Chow test results in the table above, it is found that (1) The probability value of SR against ROA is 0.1347, which is greater than the 0.05 significance level. Therefore, the Common Effects Model (CEM) is selected, and the Fixed Effects Model (FEM) is rejected. As a result, the next step is to conduct a Lagrange Multiplier test. (2) The probability value of SR against PBV is 0.0045, which is less than the 0.05 significance level. Therefore, the FEM is selected, and the CEM is rejected. Consequently, a Hausman test should be conducted next.

- Hausman Test

Table 3 Hausman Test

Regression Model	Probability	Results
SR against PBV	0.0029	FEM

Source: Data processed (2024)

Based on the Hausman test results above, the probability value is 0.0029, which is less than the 0.05 significance level. Therefore, the Fixed Effects Model (FEM) is the best model and the Random Effects Model (REM) is rejected. Consequently, considering the results of both the Chow test and the Hausman test on the regression model of SR against PBV, the FEM is consistently selected as the best model. Hence, there is no need to conduct a Lagrange Multiplier test, and the FEM will be used for further interpretation.

- Lagrange Multiplier Test

Table 4 Lagrange Multiplier Test

Regression Model	Probability	Results
SR against ROA	0.1983	CEM

Source: Data processed (2024)

Based on the Lagrange Multiplier test results above, it is found that the probability value of SR against ROA is 0.1983, which is greater than the 0.05 significance level. Therefore, the Common Effects Model (CEM) is selected, and the Random Effects Model (REM) is rejected. Consequently, for subsequent testing processes, the regression model of SR against ROA will use the CEM for further data interpretation.

3.3 Classical Assumptions Test

- Heteroscedasticity Test

Table 5 Heteroscedasticity Test

SR against ROA		SR against PBV	
Variable	Prob.	Variable	Prob.
X1	0.0520	X1	0.2379
X2	0.3921	X2	0.6173
X3	0.8566	X3	0.7156

Source: Data processed (2024)

Based on the results above, the regression models of SR against ROA and SR against PBV, for each independent variable of SR including economic performance indicators (X1), environmental performance (X2), and social performance (X3), passed the heteroscedasticity test since the probability value is greater than 0.05 significance level. Therefore, the regression models have a constant residual variance or homoscedasticity.

- Multicollinearity Test

Table 6 Multicollinearity Test

	Variable	Coefficient Variance	Uncentered VIF	Centered VIF
	C	9.069414	8.074981	NA
	X1	39.67430	8.879685	1.478775
	X2	44.62644	10.12581	1.761393
	X3	86.09575	11.39778	1.875301

Source: Data processed (2024)

Based on the results above, the VIF values for X1, X2, and X3 are 1.478775, 1.761393, and 1.875301, respectively, all of which are less than 10. Therefore, it can be concluded that the regression model is free from multicollinearity.

4. HYPOTHESIS TEST

4.1 Partial test

4.1.1 Table 7 T-Test

SR against PBV			SR against PBV		
Variable	t-Statistic	Prob.	Variable	t-Statistic	Prob.
X1	-0.312755	0.7576	X1	0.436979	0.6676
X2	1.835415	0.0806	X2	-1.120866	0.2779
X3	-0.975236	0.3405	X3	0.676993	0.5075

Source: Data processed (2024)

- The Impact of Sustainability Report Disclosure on Manufacturing Firm Performance
  Based on the t-test results above, several conclusions can be drawn regarding the model of SR on ROA: (a) The calculated t-value for X1 is -0.312755, which is greater than the critical t-value of -1.982173, and the probability value for X1 is 0.7576, which is greater than the significance level of 0.05. This means that sustainability reporting based on economic performance does not have a significant impact on firm performance. (b) The calculated t-value for X2 is 1.835415, which is less than the critical t-value of 1.982173, and the probability value for X2 is 0.0806, which is greater than the significance level of 0.05. This means that sustainability reporting based on environmental performance does not have a significant impact on firm performance. (c) The calculated t-value for X3 is - 0.975236, which is greater than the critical t-value of -1.982173, and the probability value for X3 is 0.3405, which is greater than the significance level of 0.05. This means that sustainability reporting based on social performance does not have a significant impact on firm performance.
  The Impact of Sustainability Report Disclosure on Manufacturing Firm Value
  Based on the t-test results above, several conclusions can be drawn regarding the model of SR on PBV: (a) The calculated t-value for X1 is 0.436979, which is less than the critical t-value of 1.982173, and the probability value for X1 is 0.6676, which is greater than the significance level of 0.05. This means that sustainability reporting based on economic performance does not have a significant impact on firm value. (b) The calculated t-value for X2 is -1.120866, which is greater than the critical t-value of -1.982173, and the probability value for X2 is 0.2779, which is greater than the significance level of 0.05. This means that sustainability reporting based on environmental performance does not have a significant impact on firm value. (c) The calculated t-value for X3 is 0.676993, which is less than the critical t-value of 1.982173, and the probability value for X3 is 0.5075, which is greater than the significance level of 0.05. This means that sustainability reporting based on social performance does not have a significant impact on firm value.

4.2 Simultaneous test

Table 8 F-Test and Determination Analysis

Criteria	Model	
	ROA	PBV
F-statistic	1,130519	3,400903
Prob (F-statistic)	0.359437	0.018512
R^2	0.139046	0.583398
Adjusted-R^2	0.016053	0.411856

Source: Data processed (2024)

- The Impact of Sustainability Report Disclosure on Manufacturing Firm Performance

Based on the results above, the F-statistic for the SR model in relation to ROA is 1.130519, which is less than the F-table value of 2.690303. Additionally, the probability value of the F-statistic is 0.359437, which exceeds the significance threshold of 0.05. Therefore, it can be concluded that economic performance, environmental performance, and social performance in the sustainability report do not simultaneously have a significant impact on firm performance in manufacturing companies. This model has an adjusted R-squared value of 0.016053, indicating that the independent variables of SR contribute 1.6% to the variation in ROA of manufacturing firms, with the remaining variation explained by other variables outside the scope of this study.

- The Impact of Sustainability Report Disclosure on Manufacturing Firm Value

  The F-statistic for the SR model in relation to PBV is 3.400903, which is greater than the F-table value of 2.690303. Additionally, the probability value of the F- statistic is 0.018512, which is less than the significance level of 0.05. Therefore, it can be concluded that economic performance, environmental performance, and social performance reported in the sustainability report have a simultaneous impact on the firm value of manufacturing companies. The model exhibits an adjusted-R^2 value of 0.411856, suggesting that the independent SR variables account for 41.2% of the variance in PBV among manufacturing firms, while the remaining variance is attributed to other factors not examined in this study.

5. RESULTS

- The Impact of Economic Performance in Sustainability Reports on the Performance of Manufacturing Companies Listed on the Indonesia Stock Exchange (IDX)

  The results of the hypothesis testing indicate that the disclosure of economic performance in sustainability reports does not significantly impact the performance of manufacturing companies as measured by the Return on Assets (ROA). This finding is corroborated by the study conducted by Sari and Andreas (2019), which suggests that economic performance reported in sustainability documents does not influence the financial performance of firms. This lack of impact may be attributed to the relatively short duration of the study and the incomplete disclosure of specific economic performance items. As highlighted in the research by Sari and Andreas (2019), the absence of an effect from the disclosure of economic performance can be traced back to the limited timeframe of the research.
- The Impact of Environmental Performance in Sustainability Reports on the Performance of Manufacturing Companies Listed on the Indonesia Stock Exchange (IDX)

  The results of the hypothesis testing indicate that the disclosure of environmental performance in sustainability reports does not significantly affect the performance of manufacturing companies as measured by Return on Assets (ROA). This finding is supported by the research of Sari and Andreas (2019), which states that environmental performance reported in sustainability documents does not influence the financial performance of firms. According to Nofianto and Agustina (2014), environmental performance is likely to impact a company’s financial performance over the long term. Therefore, in the short term, the influence of environmental performance on the financial performance of companies may not be readily observable.

- The Impact of Social Performance in Sustainability Reports on the Performance of Manufacturing Companies Listed on the Indonesia Stock Exchange (IDX)
The results of the hypothesis testing indicate that the disclosure of social performance in sustainability reports does not significantly impact the performance of manufacturing companies as measured by Return on Assets (ROA). This finding is corroborated by the studies conducted by Sari and Andreas (2019), Mulpiani (2019), and Anna and Tyastuti (2019), which reveal that the social dimension does not exert an influence on the financial performance of firms. The disclosure of social performance is expected to first affect market responses before ultimately impacting the financial performance of the company. Therefore, in the short term, social performance is unlikely to have a significant effect on the financial performance of companies (Nofianto and Agustina, 2014).
- The Simultaneous Impact of Economic Performance, Environmental Performance, and Social Performance in Sustainability Reports on the Performance of Manufacturing Companies Listed on the Indonesia Stock Exchange (IDX)
The results of the hypothesis testing indicate that the disclosure of economic performance, environmental performance, and social performance in sustainability reports does not simultaneously affect the performance of manufacturing companies, as proxied by the Return on Assets (ROA). This finding contradicts research conducted by Johari and Komathy (2019) and Sari and Andreas (2019), which asserts that sustainability reporting has a significant positive impact on corporate financial performance. Consequently, it can be inferred that the disclosure of sustainability reports has not sufficiently enhanced the profitability of manufacturing companies in Indonesia. This situation may arise because achieving sustainable performance takes time before it elicits a positive response from the market. A positive market valuation is often a precursor to improved financial performance. Therefore, in practice, the disclosure of sustainability reports has yet to significantly influence the financial performance of companies within a short time frame.
- The Influence of Economic Performance in Sustainability Reports on the Value of Manufacturing Companies Listed on the Indonesia Stock Exchange (IDX)
The results of the hypothesis test indicate that the disclosure of economic performance in sustainability reports does not significantly impact the value of manufacturing companies, as measured by the Price-to-Book Value (PBV) ratio. This finding contradicts the research conducted by Pujiningsih (2020) and Anna and Tyastuti (2019), which asserts that economic performance has a significant effect on company value. This suggests that disclosures related to economic performance by manufacturing firms have yet to enhance market value relative to the company's book value. Consequently, this indicates that investors perceive companies that report economic performance as lacking additional value compared to those that do not disclose their economic performance.
- The Influence of Environmental Performance in Sustainability Reports on the Value of Manufacturing Companies Listed on the Indonesia Stock Exchange (IDX)
The results of the hypothesis test reveal that the disclosure of environmental performance in sustainability reports does not significantly affect the value of manufacturing companies, as measured by the Price-to-Book Value (PBV) ratio.

This finding is supported by the studies conducted by Mulpiani (2019) and Pujiningsih (2020), which indicate that the environmental dimension in sustainability reports does not impact company value. According to Mulpiani (2019), this may be attributed to investors perceiving disclosures related to environmental responsibilities as an additional cost that could diminish a company's potential to achieve maximum profitability. Consequently, in practice, market assessments of manufacturing company value are not significantly influenced by the disclosure of the environmental dimension in the companies' sustainability reports.

- The Influence of Social Performance in Sustainability Reports on the Value of Manufacturing Companies Listed on the Indonesia Stock Exchange (IDX)

  The results of the hypothesis test indicate that the disclosure of social performance in sustainability reports does not significantly impact the value of manufacturing companies, as proxied by the Price-to-Book Value (PBV) ratio. This finding is corroborated by research conducted by Mulpiani (2019) and Pujiningsih (2020), which assert that the social dimension in sustainability reports does not influence company value. According to Mulpiani (2019), this may occur because stakeholders perceive the disclosure of the social dimension merely as informational and do not believe it affects the company's market performance. In other words, it is possible that stakeholders have not yet fully grasped the positive impact of disclosing the social dimension on the long-term sustainability performance of manufacturing companies.
- The Simultaneous Influence of Economic Performance, Environmental Performance, and Social Performance in Sustainability Reports on the Value of Manufacturing Companies Listed on the Indonesia Stock Exchange (IDX)
  The results of the hypothesis test demonstrate that the simultaneous disclosure of economic, environmental, and social performance in sustainability reports significantly influences the value of manufacturing companies, as proxied by the Price- to-Book Value (PBV) ratio. This finding is supported by the research of Anna and Tyastuti (2019) and Pujiningsih (2020), which indicate that sustainability reporting based on the three dimensions of economic, environmental, and social performance positively influences firm value. According to Pujiningsih (2020), the significant impact of sustainability reporting on company value suggests that investors are interested in the company's long-term sustainability vision, which further aids in demonstrating the enhancement of company value, particularly concerning social and environmental dimensions. Therefore, it can be concluded that more comprehensive disclosures in sustainability reports, covering economic, environmental, and social performance, can enhance the value of manufacturing companies, especially in the eyes of investors.

6. CONCLUSION

Based on the research findings regarding the disclosure of sustainability reports and their impact on the performance and value of manufacturing companies listed on the Indonesia Stock Exchange (IDX), the following conclusions can be drawn:

- The influence of disclosing economic, environmental, and social performance in sustainability reports of manufacturing companies, both partially and simultaneously, does not significantly affect the company's performance as measured by the Return on Assets (ROA). This suggests that the disclosure of sustainability reports has yet to effectively impact the short-term profitability of these companies. This may be attributed to the fact that sustainability impacts are more closely associated with the long-term value of the company rather than short-term asset performance within manufacturing firms.

- The influence of disclosing economic, environmental, and social performance in sustainability reports of manufacturing companies, when considered individually, does not significantly affect the company's value as measured by the Price-to-Book Value (PBV). However, when evaluated simultaneously, these disclosures have a significant impact on the company's value (PBV). This indicates that investors are attracted to the company's long-term sustainability vision and that such disclosures contribute to demonstrating an increase in company value, particularly concerning the social and environmental dimensions. Thus, it can be stated that a more comprehensive disclosure in sustainability reports, encompassing economic, environmental, and social performance by manufacturing firms, is likely to enhance the company's value, especially in the eyes of investors.

RECOMMENDATION

Based on the findings of the conducted research, the following recommendations can be made:

- There is still a need to enhance awareness regarding the importance of transparency in sustainability performance reporting through sustainability reports. Companies must recognize that disclosing information related to their sustainability performance can bolster market confidence in their overall performance, thereby enhancing their corporate value. Consequently, firms should aim to optimize the clarity and comprehensiveness of their sustainability report disclosures by actively engaging with stakeholders. This approach would facilitate improvements in corporate performance. Furthermore, it is essential for the government to adopt a more assertive stance in enforcing regulations pertaining to corporate sustainability reporting and to enhance oversight of the implementation of reporting across companies. Other stakeholders, such as the community and investors, should also become more aware of the significance of sustainability performance reporting as a manifestation of corporate responsibility towards their business operations in relation to environmental and social impacts.
- This study utilized a sample of manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023. Therefore, future research could benefit from expanding the research sample by selecting a broader range of industrial sectors and extending the research period. This approach would enhance the accuracy and reliability of the research findings.

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