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Corporate Social Responsibility Disclosure, Corporate Governance Disclosures, and Firm Value in Indonesia Chemical, Plastic, and Packaging Sub-Sector Companies

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ABSTRACT

This study aims to examine environmental disclosure, social disclosure, economic disclosure, and corporate governance disclosures on the firm value in Indonesia. This study uses a quantitative method with multiple regression. This study employs data from chemical, plastic, and packaging sub-sector companies listed in the IDX. After purposive sampling was conducted, the final sample consists of eleven companies from 2016 up to 2019. The result suggests that environmental disclosure positively affects firm value. Meanwhile, economic and social disclosures do not affect firm value. Also, the disclosure of corporate governance does not affect firm value. The companies should consider that environmental activities as a strategy for the company, and these activities show that the company's success in the capital market is related to investors' positive response.

INTRODUCTION

The rapid developments of technology and increasingly rapid globalization have made the flow of information and trade borderless. The opportunities provided by technological advances and the development of globalization are enormous for market players. The opportunities obtained indirectly create competition among market participants to ensure that they can take full advantage of this opportunity. Companies significantly create innovations to maintain their existence in the future (WFE, 2016). The innovations created by a company will increase a company's ability to increase its corporate value. Maximizing firm value is significant for the company because it maximizes shareholders' prosperity, its primary goal (Lubis et al., 2017). Firm value can be maximized by making decisions that consider all stakeholders (Jensen & Sandström, 2011).

Firm value plays a vital role in the sustainability of a company in obtaining business capital. For public companies, obtaining many investors interested in investing in their company is crucial. One of the factors that attract investors to invest their funds is the firm value. It is an essential concept for investors, creditors, and stakeholders in determining investments to get capital gains and anticipate risks (Riny, 2018). It also reflects the company's prospects that can provide investors and creditors confidence to continue providing support in capital inflows and debt and let the company manage them in the hope of future profits from its operations financed by capital debt. The increase in firm value will be achieved if there is a cooperation between the company's management and other parties in making company policies.

The company is assumed to continue in the future without going bankrupt (PSAK 1, 2018). Therefore, managers in the company have a considerable influence on achieving optimal performance, operational performance, and market performance. From an investor's point of view, market performance indicates a company's success in the capital market (Novianti & Firmansyah, 2020; Firmansyah & Ardi, 2020). Investor's response to manager performance in market performance shows that the manager's performance aligns with shareholders' interests (Irawan & Turwanto, 2020). However, investors consider the manager's performance not in line with their interests, and investors will respond negatively (Firmansyah et al., 2020). Therefore, the market performance that reflects the firm value is still relevant to be reviewed, especially with the company's current issues.

Meanwhile, research examining the firm value conducted in Indonesia uses profitability (Ahmad et al., 2018; Dhani & Utama, 2017; Hertina et al., 2019;

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Indriyani, 2017; Kholis et al. , 2018; Lubis et al., 2017; Rahayu & Sari, 2018; Riny, 2018; Suroto, 2018; Utomo, 2016), Company Size (Ahmad et al., 2018; Indriyani, 2017; Lumoly et al., 2018; Rahayu & Sari, 2018; Riny, 2018; Suroto, 2018), Growth (Ahmad et al., 2018; Dhani & 2017, Suryandani, 2018), Leverage (Ahmad et al., 2018; Dhani & Utama, 2017; Haryono et al., 2017; Kholis et al. , 2018; Lubis et al., 2017; Rahayu & Sari, 2018; Riny, 2018; Suroto, 2018; Utomo, 2016), Dividends (Ahmad et al., 2018; Suroto, 2018), CSR Disclosures (Putri et al., 2020; Firmansyah & Ardi, 2020; Karina & Setiadi, 2020; Latifah & Luhur, 2017), Liquidity (Ahmad et al., 2018; Lubis et al., 2017; Riny, 2018), Earnings Quality (Oktavia, 2011; Rahayu & Sari, 2018), Institutional Ownership (Haryono et al., 2017), derivative instrument (Firmansyah & Purnama, 2020; Novianti & Firmansyah), related party transaction (Firmansyah & Ardi, 2020; Utama & Utama, 2013), tax risk (Novianti & Firmansyah, 2020), and tax avoidance (Irawan & Turwanto, 2020).

When associated with current conditions, corporate social responsibility and corporate governance are essential for the company. Issues concerning CSR and corporate governance disclosures are of great concern not only for Accounting researchers but also for practical parties in Indonesia. The community demands social responsibility from the company, making the company adopt the 3P concept developed by Elkington (1998), namely People, Planet, and Profit. It is also called the Triple Bottom Line, which means that its performance can be measured by its profits, its contribution to environmental sustainability, and the community's welfare. Also, it reflects a term known to various companies globally, namely Sustainability (Sejati & Prastiwi, 2015). Sustainability for a company is related to the company's ability to survive as long as possible. Companies employ many natural resources to survive and carry out their operational activities, which often destroy the natural ecosystem. Apart from the impact on nature, the company's operational activities also affect the social life of the people who live side by side with the company. This issue arises due to the many negative criticisms regarding environmental damage in various parts of the world, increasing every year and causing an economic crisis throughout the world (Gunawan & Mayangsari, 2015).

To provide information about economic, social, and environmental issues, companies in Indonesia make sustainability reports measuring, disclosing, and taking accountability for organizational performance in achieving sustainable development goals to internal and external stakeholders (GRI, 2013). It can be a medium for companies to inform all their performance stakeholders. The company's environmental performance can be seen from its operational activities and its impact on the environment, such as waste management, carbon emissions, greenhouse gas emissions, and climate change. The company's social performance can be seen from how the company manages good relationships with employees, suppliers, customers, and the community around its business operations. Meanwhile, economic performance is assessed based on the direct economic value generated (income), the economic value distributed, the market's existence, the indirect economic impact, and procurement practices. Guidry & Patten (2009) in Wibowo & Faradiza (2014) found that companies with high-quality sustainability report disclosure had a more favorable market reaction than low-quality disclosures. Latifah & Luhur (2017), Karina & Setiadi (2020), Putri et al. (2020), and Firmansyah & Ardi (2020) concluded that corporate social responsibility disclosure is positively associated with firm value. Gunawan & Mayangsari (2015) suggested that corporate social responsibility is not associated with firm value. There are still differences in the test results in the previous research so that CSR testing of firm value needs to be investigated further.

Apart from sustainability issues, the community also demands the company to provide transparent and accountable information by implementing acceptable corporate governance practices. Awareness of the importance of corporate governance is increasing globally (Grove et al., 2011), and the identification of corporate governance mechanisms is one of the crucial issues for stakeholders (Pinkse & Kolk, 2010). Good corporate governance is a system that regulates and controls how the company works, which is expected to provide and increase firm value to shareholders. Corporate governance performance can be seen from the company's leadership, internal control, and stakeholder rights. Companies with good corporate governance are most likely to fulfill their obligations to all stakeholders and contribute to sustainable growth through adequate monitoring mechanisms. An excellent supervisory mechanism makes the company's operations run efficiently, which can increase firm value. Companies need good corporate governance to ensure that stakeholders have complete information about the company by preventing asymmetric information between the company and investors. Governance disclosure serves as an analytical tool for investors to detect potential corporate governance problems as early as possible to effectively measure the investment value and business risk (Firmansyah & Triastie, 2020). Also, corporate governance disclosure will provide incentives for companies to create optimal corporate governance mechanisms, thereby increasing stakeholder trust in the company. From the previous study, Putu et al. (2014) and Utama & Utama found that good corporate governance positively affects firm value. However, Putri et al. (2020) and Fatchan & Trisnawati (2016) concluded that good corporate governance does not affect firm value. These studies' inconsistency indicates that the association between corporate governance and firm value to be reinvestigated.

This study aims to examine the effect of environmental disclosure, social disclosure, economic disclosure, and corporate governance disclosures on Indonesia's firm value. The difference between this study and previous research is that the use of corporate governance used by Utama & Utama (2013) is the corporate governance Index provided by the Indonesian Institute for Corporate Directorship (IICD), Haryono et al. (2017) employed institutional ownership. In contrast, in this study, an index is developed based on Indonesia Financial Services Authority (OJK) Circular Letter No. 32/SEOJK.04/2015, which explicitly regulates corporate governance implementation for companies listed on the Indonesia Stock Exchange as Putri et al. (2020), corporate governance in this study is relevant to corporate governance by companies in current conditions. In Putri et al. (2020), the use of CSR disclosure is developed from GRI 2018, Firmansyah & Ardi (2020) employed CSR disclosure using GRI 4. Meanwhile, Karina & Setiadi (2020) used CSR disclosure using the index before GRI4 took effect. The three studies use the CSR component in one unit, while this study uses CSR separated into each component consists of economic, social, and environmental. This study still uses GRI-4 to measure CSR disclosure's proxy to obtain a longer time horizon because GRI-4 is still relevant to GRI 2016 and GRI-2018. Therefore, this study is expected to contribute to the implementation of each CSR component related to firm value and can be used in developing literature related to CG and CSR and practical parties, especially Indonesia Financial Services Authority for policy improvement and investor for investment decisions-making in Indonesia Capital Market.

Information that can signal a company to the public is environmental activities. In Indonesia with Act no. 40 of 2007 concerning the Incorporated Company regulates the implementation of corporate social responsibility in Indonesia. This implementation is still closely related from an environmental point of view. This condition is in line with Act Number 32 of 2009 concerning Environmental Protection and Management. Information of the environment is related to company activity to exploit nature to obtain benefits from that nature. It will later be used for the company's operational activities. Not infrequently, the exploitation of nature by the company can destroy nature or the environment. All parties have started to feel the natural damage caused by human activities. The level of damage that was increasingly alarming would undoubtedly threaten the existence of the living things within it. It does not just stop there; the company will undoubtedly be affected by environmental damage if it is not careful in carrying out its operations. Therefore, as part of corporate responsibility, many of these companies have started to include environmental factors in their policies. The effort made by the company to disclose environmental aspects reflects the company's seriousness in paying attention to sustainability factors for the future.

Adhima & Hariadi (2013) stated that environmental responsibility is related to environmental performance. According to the investigation conducted by Putri et al. (2020) and Firmansyah & Ardi (2020), it showed that corporate social responsibility is closely related to firm value. Although this study does not divide corporate social responsibility into three components, these results indicate that companies' disclosure of environmental activities results in positive responses from investors. Information on the company's environmental activities carried out by chemical, plastic, and packaging subsector companies is vital for investors, considering that the company's main activities can impact environmental quality degradation. Besides, this activity's information is in line with the rules of corporate social responsibility in Indonesia, which mainly focus on environmental responsibility activities carried out by companies. Therefore, the first hypothesis in this study is:

H_1: Environmental disclosure is positively associated with the firm value

Information concerning company responsibility related to the community through increasing social performance is essential for stakeholders, especially investors. The company's social performance has four performance indicators: labor practices, human rights, society, and product responsibility. Social Disclosure performance describes the company's operations as essential for investors looking at the company treatment both in internal and external parties.

Karina & Setiadi (2020) suggested that corporate social responsibility activities positively affect firm value. One of the information from these activities is social disclosure. The main focus of the social performance is the company's treatment of human resources, both individually and in groups. If the company can provide social benefits, the company will have an inevitable future. The conveniences obtained by the company reduce the expenses incurred by the company so that it can produce higher profits. Companies that carry out their social obligations are considered to have more strategies in increasing their acceptance in society. This activity is closely related to the company's facilities because the company has established social relationships with both internal and external parties. The benefit that the company will receive in the future from this activity is a decrease in expenses that the company, in general, must bear. Information on social activities that the company has carried out is an important signal to investors, indicating that it will have more certain conditions in the future. Therefore, the second hypothesis in this study is:

H_2: Social disclosure is positively associated with the firm value

According to signaling theory, companies will send signals to the market to show their ability to generate profits in the present and the future. One-way companies send these signals is through the transparency of information related to the company's economy. Economic disclosure is undoubtedly a concern for stakeholders, especially investors. Transparent economic disclosure increases investor confidence and investor trust. Investors will not hesitate to invest funds in the company. Latifah & Luhur (2017) stated that corporate social responsibility has a positive effect on firm value. The finding indicated that the success of corporate social responsibility is supported by economic activities, which are the company's main activities. Besides, this finding supports the idea that investors focus on the company's economic aspects before deciding where to invest their funds. Information on economic activity is a significant concern for investors considering this information is an additional explanation of financial statements. The company's economic activities within the framework of corporate social responsibility result in the company using its resources responsibly and transparently. This information is a positive signal for investors to invest in companies that reveal more about their economic activities. Therefore, the third hypothesis in this study is:

H_3: Economic disclosure is positively associated with the firm value

Governance disclosure is a way for companies to reduce information asymmetry between management and the market. It is known that management, who runs the company, must have more information and control over the company's operational activities. Asymmetric information exists between management and the market, leads to minimizing the level of market confidence in management. A low level of market confidence will have implications for the low value of the company's shares. The value of the company's shares in the stock market reflects the firm value (Gitman, 2006). Therefore, if the value of the company's shares is low, the company's value will also follow suit. According to the signal theory, the company will signal the market by disclosing corporate governance to avoid this incident. Investors' corporate governance information is vital to reduce information asymmetry and ensure that the market's information is correct and relevant information.

Putu et al. (2014) and Utama & Utama (2013) suggested that good corporate governance positively affects firm value. The implementation of corporate governance results in showing that managers can align their interests with those of shareholders. Information from the implementation of governance is essential for investors in responding to company shares in the capital market. Investors consider that good corporate governance has an impact on increasing public trust. Corporate governance disclosure shows transparency and corporate responsibility in providing information, especially company management, which can be a positive signal for investors. Therefore, the fourth hypothesis in this study is:

H_4: Governance disclosure is positively associated with firm value

Table 1. Research Samples

Criteria	Observations
Research Sample Population	26
Companies registered after January 1, 2016	(8)
Companies that have complete financial and non-financial report data for the 2016-2019 period	(7)
Total Samples	11
Research period (2016-2019)	4
Number of research samples over four years	44

RESEARCH METHODS

In this study, the population consists of chemical, plastic, and packaging sub-sector companies listed on the Indonesia Stock Exchange from 2016 to 2019. Purposive sampling was adopted, using the following criteria: The object of this study is a chemical, plastic, and packaging sub-sector company that was listed on the Indonesia Stock Exchange before January 1, 2016. Chemical and plastic packaging sub-sector companies are part of manufacturing companies whose operations are converting raw goods into finished goods using machines, equipment, labor, and a process medium. These activities are closely related to economic, social, and environmental issues and corporate governance to internal and external stakeholders. This study employs the 2016-2019 periods because Indonesia Financial Services Authority (OJK) Circular Letter No. 32/SEOJK.04/2015 has been applied in 2016 for public companies which are listed on Indonesia Stock Exchange. The final sample is composed of 44 observations, as Table 1.

The firm value is the dependent variable in this study. This study employs the proxy for firm value as Tobin's Q (equation 1) as Ahmad et al. (2018), Firmansyah & Purnama (2020), Novianti & Firmansyah (2020). Tobin's Q is the ratio of a company's assets as measured by the market value of the number of outstanding shares and debt (enterprise value) to the replacement cost of company assets (Fiakas, 2005).

This study's three independent variables are economic disclosure, social disclosure, environment disclosure, and corporate governance. Economic disclosure, social disclosure, and environment disclosure are measured with the guidelines in the GRI G-4, which consists of 91 Indicators, follows Firmansyah & Ardi (2020)

$$TOBIN'SQ = \frac{EMV + D}{TA} \quad \text{...(1)}$$

Where:
EMV = Equity Market Value
D = Total Debt
TA = Total Asset

and Firmansyah & Triastie (2020). The disclosure value is the number of each part of disclosure (economic, social, and environment) divided by each part of the disclosure's total index. Meanwhile, corporate governance is measured by developing an index consisting of five main measurement dimensions based on corporate governance principles issued by the Indonesia Financial Services Authority (OJK) Circular Letter as Putri et al. (2020). These measurements will be compared with the items disclosed in the corporate governance report. If the item in the measurement is disclosed, it is given 1, and otherwise 0. The total score will then be divided by the total number of items as Indonesia Financial Services Authority (OJK) Circular Letter No. 32/SEOJK.04/2015.

This study also controls variables which are leverage and firm size. Leverage shows that the company's capital structure is more using financing that comes from debt. The use of more debt causes the company to have the potential for bankruptcy in the future. Therefore, this condition becomes insufficient information for investors. Meanwhile, companies that have a larger size show a more particular level of going concern. Big companies have better resources and corporate strategy in improving their operating performance and market performance. Therefore, investors have more confidence to invest in large companies. The proxy for leverage follows Dhani & Utama (2017), Kholis et al. (2018), Firmansyah & Ardi (2020), Firmansyah & Purnama (2020), and Rahayu & Sari (2018) is total debt divided by the total company's equity. While the proxy for firm size follows Ahmad et al. (2018), Rahayu & Sari (2018), Suroto (2018), Firmansyah & Ardi (2020), Firmansyah & Purnama (2020) is the natural logarithms of total assets.

Hypothesis testing in this study using multiple regression analysis for panel data. The primary research model in this study is shown by equation 2.

$$TOBIN'SQ_{it} = \alpha_{it} + \beta_1 EnDI_{it} + \beta_2 SoDI_{it} + \beta_3 EcDI_{it} + \beta_4 Cg_{it} + \beta_5 SIZE_{it} + \beta_6 DER_{it} + \varepsilon_{it} \quad ....(2)$$

Where,

$TOBIN'SQ_{it}$ = Firm Value
$EnDI_{it}$ = Environment Disclosure Index
$SoDI_{it}$ = Social Disclosure Index
$EcDI_{it}$ = Economic Disclosure Index
Cg_{it} = Governance Disclosure Index
$SIZE_{it}$ = Company Size
DER_{it} = Debt to Equity Ratio
ε_{it} = Error

RESULTS AND DISCUSSIONS

Table 2 suggests descriptive statistics for each variable in this study. The components are the mean, median, maximum value, minimum value, and standard deviation over the past four years.

The TobinsQ has an average value of 1.2505 with a minimum value of 0.2737 and a maximum value of 4.3497. The standard deviation value for the firm value variable is 0.9286. The standard deviation value that is smaller than the average value indicates that the data has a small distribution so that the overall average value can describe the company's value well. Environmental disclosure has an average value of 0.1450 with a minimum value of 0.0000 and a maximum value of 0.7647. The standard deviation value for the firm value variable is 0.1595. A standard deviation value more significant than the average value indicates that the data is heterogeneous and different. Social disclosure has an average value of 0.1931 with a minimum value of 0.0625 and a maximum of 0.3958. The standard deviation value for the firm value variable is 0.0867. The standard deviation value that is smaller than the average value indicates that the data has a small distribution so that the overall average value can describe the social disclosure variables well.

Economic disclosure has an average value of 0.4343 with a minimum value of 0.1111 and a maximum value of 0.8889. The standard deviation value for the firm value variable is 0.1899. The standard deviation value that is smaller than the average value indicates that the data has a small distribution so that the overall average value can describe the economic disclosure variables well. Social disclosure has an average value of 0.6718 with a minimum value of 0.3600 and a maximum value of 1.0000. The standard deviation value for the firm value variable is 0.2042. The standard deviation value that is smaller than the average value indicates that the data has a small distribution, so it can be concluded that the average value can be used to represent all data for corporate governance variables. The average DER value is 0.7374.

The lowest value of 0.1092 owned by PT Intanwijaya Internasional Tbk in 2016 and the highest value of 1.8010 was owned by PT Yanaprima Hastapersada Tbk. in 2018. The variation of the DER is described by the standard deviation value, which is 0.4386. The deviation value that is smaller than the average value indicates that the average value can represent the data as a whole well. The SIZE value has an average of 28.515. The variation of the SIZE variable is illustrated by the standard deviation value, which is at 1.7091. The deviation value, which is much smaller than the average value, indicates that the average value can represent the data as a whole well. The lowest value of the SIZE variable during the study period was 26.3192 basis points owned by PT Intan Wijaya Internasional Tbk. in 2016. In comparison, the highest score was at 32256 basis points owned by PT Barito Pasific Tbk. in 2018.

Furthermore, the panel data model selection test data results show that the random effect model is used in testing the hypothesis in this study. The classic assumption test for the random effect model uses the normality test and the multicollinearity test. This study used the Jarque-Bera (JB) test to detect normality problems. The normality test result in this study indicates a Probability value of 0.1141, so it can be concluded that the residuals are normally distributed. The regression model indicates multicollinearity problems if there is a high enough correlation between the independent variables (above 0.80). The multicollinearity test result can be seen in the table 3.

From the multicollinearity test results, there is no correlation value between independent variables that exceeds 0.80, so there is no multicollinearity problem in

Table 2. Descriptive Statistics

	TOBINSQ	EcDI	EnDI	SoDI	Cg	DER	SIZE
Mean	1.2505	0.4343	0.1450	0.1931	0.6718	0.7374	28.515
Med.	0.8557	0.4444	0.1176	0.1666	0.6400	0.7774	28.493
Max.	4.3497	0.8889	0.7647	0.3958	1.0000	1.8010	32.256
Min.	0.2737	0.1111	0.0000	0.0625	0.3600	0.1092	26.319
Std. Dev.	0.9286	0.1899	0.1595	0.0867	0.2042	0.4386	1.7091

Table 3. Multicollinearity Test Results

	EcDI	EnDI	SoDI	CGg	DER	SIZE
EcDI	1.0000	0.4358	0.2781	0.1230	0.0023	0.0044
EnDI	0.4358	1.0000	0.7684	0.1405	(0.0935)	0.3698
SoDI	0.2781	0.7684	1.0000	0.3003	(0.1304)	0.5068
Cg	0.1230	0.140567	0.3003	1.0000	0.2832	0.1148
DER	0.0023	(0.0935)	(0.1304)	0.2832	1.0000	0.2700
SIZE	0.0044	0.3698	0.5068	0.1148	0.2700	1.0000

Source: Processed

this regression model. The regression result using the random-effect model is shown in table 4

The Association between Environmental Disclosure and Firm Value

Hypothesis testing shows that environmental disclosure has a positive effect on firm value. This research is in line with Latifah & Luhur (2017), Karina & Setiadi (2020), Putri et al. (2020), and Firmansyah & Ardi (2020). Information on the disclosure of environmental activities is closely related to the company's responsibility for environmental impacts carried out by the company. The corporate sector used in this study is closely related to fulfilling obligations as regulated in Indonesia. Companies tend to carry out social responsibility activities under the rules established by law in Indonesia, compared to voluntary disclosure regulations.

Companies that carry out environmental disclosures well can be considered more transparent and accountable in using raw materials to waste management. Indirectly, environmental disclosure will force the company to use raw materials and improve the management of waste and other emissions to make the company's performance more efficient. This efficiency reflects the company's ability to manage resources optimally to benefit both the company and stakeholders, which will impact firm value. Although the average environmental disclosure made by chemical, plastic, and packaging sub-sector companies is only around 14.5% of the total environmental disclosure according to the GRI-4 standard, environmental disclosure according to the GRI-4 standard is quite extensive social and economic disclosure. In the GRI-4 guidelines regarding environmental disclosure, companies must disclose the energy and raw materials used and the waste released in detail. Considering how extensive the indicators are, it could be deemed a sufficient environmental disclosure from the investor's perspective.

Table 4. Hypothesis Test Results

Variable	Prediction	Coefficient	t-Statistic	Prob.
C		-0.9903	-0.2239	0.8240
EcDI	+	-0.5561	-0.6424	0.5246
EnDI	+	3.4133	3.6744	0.0008
SoDI	+	-1.4237	-0.7467	0.4599
Cg	+	-0.2544	-0.4414	0.6615
DER	-	0.2843	0.8903	0.3790
SIZE	+	0.0779	0.4988	0.6208
R^2			0.3547	
Adj. R^2			0.2501	
F-stat.			3.3898	
Prob (F stat)			0.0091	

Source: Processed

The test results in this study confirm that it is suspected that the results obtained in Latifah & Luhur (2017), Karina & Setiadi (2020), Putri et al. (2020), and Firmansyah & Ardi (2020) are most likely closely related to the environmental activities of each company data used in the study. Through environmental disclosure to investors, the company wishes to demonstrate that the company has been environmentally responsible both under the law and under prevailing disclosure standards. On the other hand, information on environmental concerns has been understood by investors as necessary information. Investors consider that information on environmental obligations that the company has carried out can guarantee the company to comply with applicable regulations in Indonesia. Thus, investors consider the disclosure of environmental obligations by companies to provide confidence in the sustainability of the company in a more certain future.

The Association between Social Disclosure and Firm Value

Hypothesis testing suggests that social disclosure is not associated with firm value. This study confirms the test results of Gunawan & Mayangsari (2015) and Sejati & Prastiwi (2015). Although there is the disclosure of corporate social activities voluntarily, this information is not a priority for investors. Companies have not used this information in making investment decisions in the capital market. Besides, the rules in Indonesia regarding corporate social responsibility in Indonesia are closely related to corporate environmental responsibility. Information from descriptive statistics shows that corporate social disclosure in this study tends to be low. Companies that have disclosed this information consider that the company cannot stand alone, as part of the community needs to engage both internally and externally (Wandemberg, 2015). The company considers that the social activities it carries out can support the company in the future.

However, the company's social responsibility activities are still not explicitly regulated in the regulations related to corporate social responsibility in Indonesia. Therefore, investors consider that the voluntary disclosure of information may only be a one-sided claim from the company so that the information is not responded to by investors in making investment decisions. Based on the test results in this study, in testing Latifah & Luhur (2017), Karina & Setiadi (2020), Putri et al. (2020), and Firmansyah & Ardi (2020), it is possible that the component of social disclosure is not dominant in influencing firm value.

The Association between Economic Disclosure and Firm Value

Hypothesis testing suggests that economic disclosure is not associated with firm value. This test result is in line with Sejati & Pratiwi (2015) and Gunawan & Mayangsari (2015). Of the other components of corporate social responsibility disclosure, the economic component has the highest average. However, the economic activities expressed in corporate social responsibility are closely related to the company's main activities. Therefore, this information is not considered necessary by investors. Besides, Indonesia's laws and regulations that regulate corporate social responsibility in Indonesia do not specifically regulate economic activities but instead regulate environmental activities.

The results of this test confirm that the results of tests conducted by Latifah & Luhur (2017), Karina & Setiadi (2020), Putri et al. (2020), and Firmansyah & Ardi (2020) may be more influenced by environmental activities than economic and social activities. There is still no law in Indonesia that regulates economic activity details in the context of corporate social responsibility, which means that this information is not considered necessary by investors in making investment decisions. Even though the company has provided voluntary disclosures related to stakeholders' economic activities, investors consider environmental information more critical because investors are starting to become aware of the importance of the environment for the company's future development (Firmansyah, 2018). Therefore, no matter how big the information on economic activity that the company provides to the public is not a positive signal used by investors in decision making. Investors consider information on economic activities as information related to its regular strategy for the company's future sustainability.

The Association between Corporate Governance and Firm value

The result of hypothesis testing indicates that corporate governance is not associated with firm value. This test result is in line with Putri et al. (2020) and Fatchan & Trisnawati (2016). The average corporate disclosure shows that the company has met the Indonesian FSA guidelines, but investors do not respond to this information in making investment decisions. Even though the company has claimed that it has complied with the implementation of corporate governance, investors think that the claim is only done unilaterally and does not reduce the presence of asymmetric information. Investors consider that corporate governance disclosure as per the current Indonesian FSA guidelines is only voluntary, and there will be no sanctions if the company does not implement it.

The Indonesia Financial Service Authority Guideline uses the "comply" or "explain" approach to assess corporate governance guidelines. This approach creates space for the company to interpret the results of their respective understanding. This difference in interpretation makes the disclosure of good governance not fully functional because each company can define the definition according to their personal views. As a result, corporate governance disclosure has only fulfilled administrative requirements but has not been reflected in its performance or activities (Sakessia & Firmansyah, 2020). Thus, investors do not consider corporate governance disclosure in their decision to invest Fatchan & Trisnawati (2016) and Putri et al. (2020). One of the factors is a lack of standardization for the recommendations in the guidelines made by the Indonesia FSA.

CONCLUSIONS

Information related to the environmental impact of the company's operational activities is a value-added for investors. The investors would most likely think that the companies that disclose their environmental performance will indirectly increase the efficiency of using company resources, positively affecting performance finances. Social and economic performance disclosure is not necessary information for investors in investment decision-making. The weak regulation of the social and economic components in the context of corporate social responsibility in Indonesia means that claims for these activities by companies are only based on voluntary regulations so that investors consider the level of the subjectivity of these activities to be high. Furthermore, Indonesia companies' corporate governance implementation is subject to Indonesia Financial Service Authority based has high subjectivity by investor perspective. As a result, corporate governance disclosure has only been limited to meet administrative requirements but has not been reflected in company performance.

This study also has limitations like another research. First, this study's population is only limited to the chemical, plastic, and packaging sub-sector companies listed on the IDX using the 2016-2019 period, so that it cannot be generally concluded about the company population in Indonesia. Second, the different understanding of different indicator concepts can cause subjectivity in assessing environmental, social, economic, and corporate governance disclosure. Future research is recommended to test companies with different sectors and with a broader scope, including cross-country data to compare and assess whether a country's criteria affect the disclosure of sustainability reports and corporate governance. Future research can also use the latest GRI guidelines or other guidelines to conduct research on sustainability report disclosures and use other guidelines for assessing corporate governance disclosures, such as the OECD's standard, which is more comprehensive.

This study indicates that the Indonesian Financial Service Authority should enhance the policy, primarily corporate social responsibility and corporate governance. It is expected that these policy improvements can be used by companies in improvements related to sustainability, transparency, company accountability, and protection of investors in Indonesia. Also, investors and potential investors can choose companies that care about the environment in making decisions in the capital market. Investors can obtain this information to disclose environmental activities in their annual report and sustainability report.

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