Sustainable Finance Disclosure on Banking Sector in Indonesia: The Relationship ESG with Company Performance and Institutional Ownership

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Research Paper

Sustainable Finance Disclosure on Banking Sector in Indonesia: The Relationship ESG with Company Performance and Institutional Ownership

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"ABSTRACT"
"The purpose of this research" was "to find out" on how sustainable finance disclosure on banking sector in Indonesia, specifically to examine the relationship between ESG with company performance and institutional ownership on BUKU 3, BUKU 4 and Foreign Bank. This analysis drew on data from each company's Sustainability Report and Annual Report issued between 2016 and 2019. The purposive sampling strategy was utilized in this investigation. with the total samples in this study were 148 of 37 companies. This study conducted in 2 research model. First model, the independent variables are ESG performance on the company's performance (ROA) and institutional ownership (foreign, private, local government/regional-owned enterprise, and government/state-owned enterprise) as moderating variable. The second model, the independent variable is ownership on ESG performance as dependant variable. Multiple regression analysis and moderated regression analysis were performed in this study using the SPSS software. The results showed on the first model showed that, governance performance does not influence company performance, environmental performance positively influence company performance, social performance does not influence company performance, private ownership does not strengthen the influence between SR Disclosure and company performance, foreign ownership does not strengthen the relation between SR Disclosure and company performance, local government ownership does not strengthen the relation between SR disclosure and company performance, and government ownership strengthen the relation between SR Disclosure and company performance. Meanwhile the second model showed that private ownership does not influence SR Disclosure, foreign ownership has influence SR disclosure, local government ownership does not influence SR disclosure, and government ownership has influence SR Disclosure.
KEYWORDS: *Sustainable disclosure, banking, company performance, institutional ownership*

I. INTRODUCTION

Nowadays, many businesses freely embrace and apply sustainable measures in order to fulfil stakeholder demand and expectations. Global pressure is also motivating banks in the financial sector, such as banking, to be more engaged in company sustainability, such as economic, environmental, and social factors. In response to the sustainability issue, the bank would choose a different approach, which would be influenced by economic, social, or environmental considerations (Handajani et al., 2021). Furthermore, for decades, business problems relating to corporate social responsibility have affected Indonesian company activity (Gunawan, 2015). A variety of factors impact the demand for sustainability reporting. Environmental health and safety, pollution, poverty, social and political unpredictability, and a significant demand for direct foreign investment are all factors to consider (Jargalsaikhan et al., 2019). Indonesia has long been known as one of the countries that have horrible deforestation rate in the world ("Ministry of Environment and Forestry, 2015"). Furthermore, poverty is a problem in Indonesia, where 28 million people, or 10.86 percent of the population, live in poverty (BPS, 2019).

These findings highlight the importance of sustainability reporting in motivating Indonesian businesses to demonstrate their commitment to addressing these social and environmental concerns. As a consequence, in order to survive, banks are beginning to place a greater emphasis ''on environmental and social value in addition to financial value (Buallay, 2019)''. To put it another way, the issue of sustainability has become increasingly important to society (Dienes, Sassen and Fischer, 2016). As a result, one of the most significant advances for global organizations appears to be corporate sustainability (Stanny and Ely, 2008). It is included into management choices, accounting practice and reporting practice. (Guidry and Patten, 2010). Sustainability reporting will allow businesses and organizations to demonstrate their commitment to long-term growth (Boiral et al., 2019; Dilling, 2010).

Long-term profitability, longevity, and organizational growth all rely on a company's ability to effectively communicate social and environmental initiatives, which culminates in a sustainability report ("Torre et al., 2010"). Moreover, a sustainability report is a type of approach that a public or private organization may employ to engage citizens or stakeholders in a discourse about sustainable development education. Accordingly, the creation of a "sustainability report" is increasingly regarded as just as vigorous as the expose of information in financial reports (Oncioiu et al., 2020).

A well-written and presented Sustainability Report will undoubtedly increase the company's transparency and accountability. As a result, while writing a Sustainability Report, the organization should be cautious and adhere to the regulations and standards that apply to report preparation (Herawaty, Lambintara and Daeli, 2021).

Previously, a sustainability report was generated based on each company's policies, as required by Law No. 32 of 2009 on environmental protection and management, and then by “Statement of Financial Accounting Standards” (PSAK) No.1. Nevertheless, since the Financial Services Authority issued OJK Regulation Number 51/POJK.03/2017 on the Implementation of Sustainable Finance for Financial Service Institutions, Issuers, and Public Companies, reporting on sustainability practices through the use of “sustainability reports has become compulsory by law, particularly for Indonesian-based financial service institutions. This rule is applicable to issuers, public businesses, and financial service providers”.

The POJK on Sustainable Finance was published as a rule specifically relating to sustainability reporting that must be followed by all financial services industry participants. A bank is one of the financial entities that must adopt sustainable finance. According to the Financial Services Authority's (OJK) Sustainable Finance Roadmap, sustainable finance is defined as the financial services industry's total support for long-term growth arising from the alignment of “economic, social, and environmental” objectives.

In Indonesia, the “sustainable development” implementation has begun in order to establish a suitable living balance in the nation's and state's lives. Similarly, the banking sector, which is a financial institution that relies on public confidence and is subject to several hazards. The banking industry is obligated to handle trust and risk properly, as well as to be honest when generating financial reports, on the basis of this trust and risk. Banking, as a financial organization that collects cash from clients for economic growth, is expected to prioritize sustainability in its business operations (Leander, 2017).

Profitability is one measurement of company’s success. Profitability is one of the vital variables that contribute to a business's worth. It is a work achievement that the firm has attained over a period of time and is reported in the company's financial accounts. The profitability ratio will reveal a mix of the impacts of liquidity, asset management, and debt on operational results, which can give important hints in measuring the success of a company's operations (Khafa and Laksito, 2015; Novado and Hartomo, 2017).

Financial reforms have brought about major changes in the ownership structure of the banking industry. Before the reform took place, in carrying out their functions, the government’s commercial banks received direction from the government. Their main role is as a state-owned company. However, since the occurrence of financial globalization, slowly many state banks have been privatized by the private sector, so that in the end they become private banks. When compared to private banks, state banks have advantages because of the support from the government. But it also means that there will be government interference in policy making in state banks.

According to Kumara and Yasushi (2011), when compared to commercial banks, there is a hypothesis that state-owned banks would perform poorly. This is due to political interests interfering with decision-making. This of course makes private banks have advantages when compared to state banks in terms of policy making. Such differences will certainly have an impact on differences in the level of banking performance results (Novado and Hartomo, 2017).

Therefore hypothesis conducted in this paper is divided into two models. The hypothesis of first model are governance performance has influence company performance, “environmental performance” has influence company performance, social performance has influence company performance, private ownership strengthen the influence between SR Disclosure and company performance, foreign ownership strengthen the relation between SR Disclosure and company performance, local government ownership strengthen the relation between SR disclosure and company performance, and government ownership strengthen the relation between SR Disclosure and company performance. Meanwhile the second model showed that private ownership has influence SR Disclosure, foreign ownership has influence SR disclosure, local government ownership has influence SR disclosure, and government ownership has influence SR Disclosure.

What makes this research different from previous research is that there is no research that discusses the relationship between ESG and company performance at Bank Books 3, 4 and Foreign Banks. This is interesting to study because Bank Books 3, 4 and foreign banks were the first targets in POJK 51 for the implementation of sustainable finance, especially sustainable reporting. So that an evaluation of the relationship between ESG and company performance is important to do to see how far the role of sustainable finance in the company's performance itself, so that it can be a reflection for other industries in terms of implementing sustainable finance.

II. METHOD

“Bank BUKU 3, Bank BUKU 4”, and Foreign Bank in Indonesia make up the study's population and sample. Purposive sampling is used, “which is a sampling” approach that meets t”he criteria that have been adapted to the research”, with the goal of obtaining “a sample that” represents the “criteria that have been decided to support this research”. There were 37 firms in this study's population. Financial statements, annual reports, and a sustainability report are among the data to be processed. Multiple regression analysis was employed as the analytical approach in this study. The goal of this strategy is to analyse and test data that has already been collected.

Descriptive statistics and hypothesis testing were utilized to evaluate the data in this study. Descriptive statistics is a tabulated form of research data that gives a summary, arrangement, or compilation of data in tabular form with the goal of providing an overview "of the data based" on "the average" and "standard deviation" of the processed data. Quantitative or qualitative data might be used.

First, the classical assumptions will be tested. The objective of this classic assumption "test is to" evaluate and "assess the viability of the regression model" utilized in this research. Normality, no multicollinearity amongst independent variables, no heteroscedasticity, and autocorrelation were all assessed as part of this study. This test aims to provide a legitimate research model that can be utilized to estimate and meet the nature of regression estimation, BLUES (Best Liner Unbiased Estimators).

This study includes variables private ownership, local ownership, foreign ownership and government ownership. Ownership variable is measured by dummy variable. For example, a company with private ownership will be assigned a value of 1 and a company that is not a private owner will be assigned a value of 0. Likewise with the other ownership variables. Another variable is SR disclosure (governance, environmental and social performance). Sustainability reports, according to Hasanah et al. (2015), are a sort of the corporate "report that" highlights "the company's contribution to the community in three dimensions" which follows "economic, social, and environmental". The Company's Sustainability Report Disclosure Index (SRDI) is a disclosure of information "to stakeholders" about the economy, environment, and society". Its clear "from the Sustainability" Reports issued by "each bank". The "POJK index Number 51 / POJK.03 / 2017" measures this indicator. The SRDI evaluation employs content analysis using dummy measurement. This study is "based on 66" criteria in "POJK No.51/POJK.03/2017". A value of 1 will be given "if the company" discloses certain components and "a value of 0" will be given if the company does not disclose certain values. Last but not least, other variable in this study is company performance as measured by ROA.

Multiple regression analysis with moderated regression analysis (MRA) was utilized to examine hypotheses in this study since there were various independent variables. This study is done in the presence of a moderating variable to identify the "influence of the independent variable on the dependent variable". The coefficient of determination test," the F statistical test or simultaneous test", and the t statistical test with a significance level of (0.05) were all used in this study. The formula conducted in this study are:

Model 1:

$$PERF = \beta0 + \beta1GOV + \beta2SOC + \beta3ENV + \beta4Ownership + \beta5Ownership*GOV + \beta6Ownership*SOC + \beta7Ownership*ENV + \varepsilon$$

Model 2:

$$SRD = \beta0 + \beta1OWNERSHIP + \varepsilon$$

Notes:

PERF : Performance
Ownership : Private, Foreign, Local, Government
SRD : Governance, Environmental, Social

III. RESULTS AND DISCUSSION

The banking firms in "BUKU 3, BUKU 4, and Foreign Bank" in Indonesia are the focus of this study. The criteria for this study will be provided in detail in the Table 1.

Table 1. "Data Samples" Model 1

No.	**Criteria**	**Total of Samples**
1	"BUKU 3, BUKU 4, and Foreign Bank" in Indonesia	37
2	"The Bank that never published Annual Report and Sustainability Report from 2016 – 2019."	(0)
3	The number of samples that agree with criteria	148

According to the table above, BUKU 3, BUKU 4, and foreign bank have a total of 37 firms with a total sample of 148 samples for model 1 (Table 1). Meanwhile the second model has the final sample for 124 (Table 2).

Table 2. Data Samples Model 2

No.	Criteria	Total of Samples
1	"BUKU 3, BUKU 4, and Foreign Bank in Indonesia"	37
2	"The Bank that never published Annual Report and Sustainability Report from 2016 – 2019."	(0)
3	The number of samples that agree with criteria	148
4	"Outlier data"	(24)
5	The number of samples after outliers	124

The findings of descriptive statistical analysis data compute for each variable in this study are shown in Table 3. Each variable has a maximum value, a minimum value, a mean, and a standard deviation. The independent variable has a maximum and lowest value of 0.2 and 7.1 for company performance as measured by return on asset (ROA). For company performance, "the mean and standard deviation" are 2.7198 and 1.72453, "respectively". Governance, social, and environmental elements are the three dependent variables in this study. The minimum and highest values for governance are 0.02 and 0.05, "respectively, with a mean and standard deviation" of 0.0317 and 0.00814. Social has a maximum value of 1.27 and a minimum value of 0.27 "with standard deviation of" 0.7478 and a mean value of 0.19485. "The minimum value" for the environment is 0 and the highest value for the environment is 0.76. Meanwhile, the mean and standard deviation for 0.2178 and 0.22860.

Table 3. Descriptive Statistical "Analysis Model 1" Regression 1

"Descriptive Statistics"					
	N	Minimum	Maximum	Mean	Std. Deviation
Company Performance	148	-103.00	33.00	3.5807	9.86694
Zscore: Governance	148	-2.66059	1.77623	.0000000	1.00000000
Zscore: Social	148	-2.77168	2.13009	.0000000	1.00000000
Zscore: Environmental	148	-1.14990	3.21035	.0000000	1.00000000
Zscore: Private Ownership	148	-.86992	1.14177	.0000000	1.00000000
Moderation_Private	148	.01	4.74	1.3707	.94983
Zscore: Foreign Ownership	148	-.69048	1.43849	.0000000	1.00000000
Moderation_Foreign	148	.01	4.26	1.0053	.86960
Zscore: Local Ownership	148	-.34698	2.86256	.0000000	1.00000000
Moderation_Local	148	.04	5.31	1.3657	1.11023
Zscore: Government Ownership	148	-.39395	2.52126	.0000000	1.00000000
Moderation_Government	148	.09	4.51	1.4836	1.14180
Valid N (listwise)	148				

"Company Performance" "has minimum value and maximum value for" -103 and 33. "The mean and standard deviation" of company performance are 3.5807 and 9.86694. Meanwhile governance has minimum and maximum value for -2.66059 and 1.77623, mean for 0 and standard deviation for 1. Social has minimum value for -2.77168 and maximum value for 2.13009, mean for 0 and standard deviation for 1. Environmental has minimum and maximum value for -1.14990 and 3.21035, meanwhile for the mean and standard deviation for 0 and 1. Private ownership has "minimum" "value for 0.01 and maximum value for" 4.26, "meanwhile for the mean and standard deviation for" 1.0053 and 0.86960. The foreign ownership has minimum and maximum value for 0 and 1. The mean and standard deviation for 0.31 and 0.466. On the other hand, foreign ownership has minimum, maximum, mean and standard deviation value for 8, 50, 29.24 and 9.997. Local government ownership has minimum value for -0.34698 and maximum value for 2.86256, and for the mean and standard deviation for 1.3657 and 1.11023. Then, government ownership has "minimum value for -0.39395 and maximum value for" 2.52126, "meanwhile for the mean and standard deviation for" 0 and 1. Private ownership has "minimum value for" -0.86992 and "maximum value" for 1.14177, "meanwhile for the mean and standard deviation for" 0 and 1.

Table 4. Descriptive Statistical Analysis Model 2

"Descriptive Statistics"					
	N	Minimum	Maximum	Mean	Std. Deviation
Private Ownership	124	0	1	0.60	0.491
Local Ownership	124	0	1	0.02	0.130
Foreign Ownership	124	0	1	0.31	0.466
Government Ownership	124	0	1	0.06	0.247
SRDI	124	8	50	29.24	9.997
Valid N (listwise)	124				

Table 4 displays the "results of descriptive statistical analysis" data processing for each variable in this study's second model. "Each variable has a maximum and minimum value", "as well as a mean and standard deviation". In terms of the independent variable, "SRDI" has maximum and minimum value for 8 and 50. The mean values and standard deviation for SRDI is 29.24 and 9.997. There are 4 dependent variables in the second model which are private, local, foreign and government as bank ownership. The private ownership has minimum "value and maximum value for 0 and 1". "The mean and standard deviation" of private for 0.60 and 0.491. The local ownership has minimum, maximum, mean and standard deviation value for 0, 1, 0.02 and 0.130. The foreign has minimum and maximum value for 0 and 1. The mean and standard deviation for 0.31 and 0.466. On the other hand, government has minimum, maximum, mean and standard deviation value for 8, 50, 29.24 and 9.997 (Table 4).

Classic assumption test

This test is carried out to ensure that the model in the study gives the "Best Linear Unbiased Estimator (BLUE) result". The "classical assumption" test that has been carried out consists of 4 types, namely as follows: Normality Test, Autocorrelation Test, Multicollinearity Test and Heteroscedasticity. All classical assumption tests can be met.

Hypothesis test results

Statistical t test or partial test was conducted to describe the extent of the "influence of each independent variable individually in explaining the dependent variable". Based on the results, it can be stated that the interpretation results are as follows:

Table 4. Hypothesis Test Model 1

Hyphotesis	Prediction	B	Sig.	Conclusion
Governance Performance positively influence company performance	+	-2.834	0.010	H1 rejected
Environmental Performance positively influence company performance	+	2.417	0.029	H2 accepted
Social Performance positively influence company performance	+	-0.500	0.661	H3 rejected
Private Ownership strengthen the influence between SR Disclosure and company performance	+	-2.110	0.053	H4 rejected
Foreign Ownership strengthen the influence between SR Disclosure and company performance	+	-1.133	0.270	H5 rejected
Local Government Ownership strengthen the influence between SR Disclosure and company performance	+	-2.110	0.047	H6 rejected
Government Ownership strengthen the influence between SR Disclosure and company performance	+	-3.056	0.019	H7 accepted
R^2	0.067			
F test, Coefficient = 2.047 Sig = 0.076				

Table 5. Interpretation Result Model 2

Hyphotesis	Prediction	B	Sig.	Conclusion
Private Ownership positively influence SR	+	-0.623	0.610	H8 rejected

Disclosure				
Foreign Ownership positively influence SR Disclosure	+	5.836	0.000	H9 accepted
Local Government Ownership positively influence SR Disclosure	+	-9.434	0.000	H10 rejected
Government Ownership positively influence SR Disclosure	+	12.461	0.000	H11 accepted
R^2	0.995			
F test, Coefficient = 5918.444 Sig = 0.0000				

H1: Governance Performance does not positively influence company performance

This is possible because prudential banking principles are used. The prudential principle asserts that banks must adopt the precautionary principle when carrying out their tasks and commercial activities in order to preserve public monies entrusted to them. Because the banking sector is a conservative company, oversight is quite limited. This led to a constant performance among banking industry since governance is a must and seen as a bare minimum, therefore it is not lead to an increasing of company performance. On the other side, banking industry which does many important things to be done only for formality and to carry out the regulations that have been "set by both Bank Indonesia and the OJK". As a result, having an independent board of commissioners does not strengthen the supervisory role, and hence does not improve a bank's financial performance.

H2: Environmental Performance positively influence company performance

"The environmental information disclosure affects firm financial performance in many ways. According to information disclosure theory, firms with more information disclosure have better stock liquidity, which further reduces transaction and capital costs and increases financial performance (Bidhari et al., 2013). Investors would prefer to purchase the stocks with more credible information disclosure to reduce the potential risks. Therefore, the necessary rate of return on investment required by investors is decreased, and the cost of capital is reduced, which subsequently leads to the increase in financial performance. Based on the same logic, as the content and degree of environmental information disclosure increase which subsequently improves financial performance" (Shanyong et al., 2019).

H3: Social Performance does not positively influence company performance

"The results of this research is in line with research conducted by" (Kassler and Science, 2009; Hirigoyen and Poulain-Rehm, 2015) that stated social "performance negatively" influence company performance. Managers appear to prioritize their own interests over those of other stakeholders, including shareholders and employees. Managers may be motivated to minimize social expenditure in the face of excellent financial success in order to maximize their own rewards. Instead of incurring additional societal expenditures, maximizing their short-term utility function may lead to indexing their pay on profit. Managers are more prone to compensate for bad financial performance with eye-catching social projects when financial performance deteriorates.
]

H4: Private Ownership does not strengthen the influence between SR Disclosure and company performance

The findings are corroborated by prior study by Sejati (2014) and Priyadi (2015). (2017). The publication of a sustainability report ""has a detrimental impact on a company's" performance. Because investors often use the annual report to determine a company's worth, and the sustainability report is not included in the annual report, investors pay less attention to the sustainability report.

H5: Foreign Ownership does not strengthen the influence between SR Disclosure and company performance

These findings show that in this case, foreign owners do not exercise strict management supervision in running the company, or, to put it another way, foreign owners have not been able to implement good corporate governance in the same way that foreign companies in general have, which "has a negative impact on company performance". The insignificant possibility that occurs between foreign ownership, SR disclosure and firm value may occur because of the assumption that foreign ownership of companies that disclose SR performance do not have a better value than companies that do not disclose environmental performance. Stakeholders prefer companies that take real action without having to issue non-financial accountability, both environmental and social aspects to the community. Another reason for this research is the low percentage of foreign ownership in local enterprises, which means foreign shareholders have less authority in terms of decision-making and oversight.

H6: Local Government Ownership does not strengthen the influence between SR Disclosure and company performance

The business patterns implemented by the government have proven incapable of facing the increasingly complex competition in the business world. The conventional SOE business pattern in the form of monopolies, subsidies both taxes and tariffs, and industrial protection as has so far been set by the local government can no longer be maintained (Indrasari, 2012). The reality shows that the government is not able to perform the function of managing the company, so that almost all companies under its control are unable to provide adequate financial benefits, are unable to carry out adequate market development, and are unable to become an accelerator of economic growth (Indrasari 2012). Moreover, in the aspect of disclosure of the sustainability report as a non-financial aspect, because the core of a company to reach its profit has not been achieved. Bonin, Hasan, and Wachtel (2005a) state that government ownership of banks is less efficient in providing services.

H7: Government Ownership strengthen the influence between SR Disclosure and company performance

Where the government is the owner of a company, concerns regarding the sustainability reporting of that company arise. There are several reasons why the government is interested in SR disclosure. Firstly, sustainability reporting is concerned with distributing company resources to the public, which reflects the objectives of government bodies. Secondly, government, as the most trusted body in a country, has "to meet the needs and expectations of the stakeholders" (Muttakin & Subramanian, 2015) which will lead to a better company performance that proxied through higher profitability.

H8: Private Ownership does not positively influence SR Disclosure

Private ownership that owns a company in Indonesia is a separate force so that it is not able to exert strong enough pressure on the company in terms of disclosure of SR information. Therefore, the stakeholders do not have a significant ability to influence decision making related to SR reporting activities. This might arise as a result of private ownership that is unconcerned about sustainability concerns, which are seen as a new burden for management. This largely happened to BUKU 3, which were thought to be middle-class banks that were more profit-oriented and considered there was no major demand from stakeholders to disclose SR.

H9: Foreign Ownership positively influences SR Disclosure

The results support the research conducted Retno and Priantinah (2012) states that major foreign investors to Indonesia comes from "developed countries" such as Singapore, Japan, the United States and the Netherlands turned out to consider sustainability as a priority issue, thus indirectly experienced companies in Indonesia pressure to obey the rules of sustainability reporting and disclose information relating to the matter.

H10: Local Government Ownership (Regional-Owned Enterprise/BUMD) does not positively influence SR Disclosure

We also show that government ownership, regardless of the degree of government ownership concentration, causes enterprises to engage in fewer responsible actions as a result of the government's domination, resulting in poorer sustainability disclosure. Some earlier research have found a favourable association between government influence and non-financial disclosure in China and Malaysia, which we find to be rather inconsistent (Deegan, 2009). Companies may not necessarily participate in voluntary sustainability reporting in such settings, when the government is the most powerful stakeholder but less forceful on sustainability.

H11: Government Ownership (State-Owned Enterprise/BUMN) positively influence SR Disclosure

Since SR and CSR are still linked together as well, Esa and Anum (2012) performed research that supports the necessity for laws, finding that GLC (Government Linked Corporations) in Malaysia raised their CSR disclosure after the Silver Book was adopted (Guidelines for the Government Linked Corporations to act socially). According to Huynh, the government may compel businesses to adopt a corporate governance structure, which, if implemented, will encourage businesses to give more community services (2020). Tang et al. (2020) discovered that a concentrated ownership structure, heavy government action, and media pressure are all key factors in corporate governance patterns' efficacy.

IV. CONCLUSION

As sustainability issues become more serious recently, more stakeholders are worried about the impact of business operations on the sustainability and the extent to which corporations are fulfilling their sustainability responsibilities. This paper examines between the relationship "environmental, social and governance (ESG)" with company performance and institutional ownership. The results showed on the first model showed that, governance performance does not influence company performance, environmental performance does not influence company performance, social performance does not influence company performance, private ownership does not strengthen the influence between SR Disclosure and company performance, foreign ownership does not strengthen the relation between SR Disclosure and company performance, local government ownership does not strengthen the relation between SR disclosure and company performance, and government ownership does not strengthen the relation between SR Disclosure and company performance.

Meanwhile the second model showed that private ownership does not influence SR Disclosure, foreign ownership has influence SR disclosure, local government ownership does not influence SR disclosure, and government ownership has influence SR Disclosure.

There are still some limitations in conducting this research. Because of subjectivity in this research, author define the sustainable finance for independent variables. In selecting and assessing these components, there are disparities in perspectives and knowledge of research.

The current study makes several recommendations for further investigation. Further research is expected to include other variables not included in this study such as company size, leverage and intellectual capital that may have an impact on the dependent variables, as well as the expansion of population samples, as enlarging population samples can improve research results.

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