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Value Relevance, Sustainability Reporting Award, and Board Structure: An Influence and Analysis of Value Relevance

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Abstract

Research on the relevance of the value of sustainability reporting as measured by the Sustainability Reporting Award (SRA) in Indonesia is still rarely studied. In Indonesia, many go-public companies have not realized the importance of reporting the environment and succeeded in getting the SRA due to the costs incurred in carrying out sustainability reporting activities in accordance with Global Reporting Initiative (GRI). The research examined whether there was value relevance in sustainability reporting information and a role for the board structure in supporting companies to obtain awards or not. The research was conducted with six-year data, with a sample of 29 companies that had received SRA at least once from 2014 to 2019. Then, Ohlson's model was used to measure the value relevance of accounting information and SR, which was seen through changes in R^2 . Board structure was proxied with board size, board independence, and board meeting. The test was conducted using SmartPLS. The research results indicate that information on obtaining the SRA does not have the added value relevance, as evidenced by the R^2 value. It does not increase and has an insignificant relationship with stock prices. Meanwhile, the board structure that can influence the company in obtaining the SRA is only the independence of the board. The research contributes to showing the value relevance of accounting information and sustainability reporting observed through SRA in Indonesia. Besides that, observing the roles of board structure encourages sustainability reporting of a company in acquiring an SRA.

Keywords: value relevance, Sustainability Reporting Award (SRA), board structure

INTRODUCTION

Companies must apply the Triple Bottom Line (TBL) concept. The companies are not only focusing on profit but also taking responsibility for society (people) and the environment (planet) (Narullia, Subekti, Azizah, & Purnamasari, 2019). Companies that care for the environment, society, and economy will be more trusted and have ethical behaviour when running their business for a long time (Sarumpaet, Nelwan, & Dewi, 2017). The TBL concept

can also be applied to Corporate Social Responsibility (CSR) activities, which can be reported through sustainability reporting.

Sustainability reporting is a report managed by National Center for Sustainability Reporting (NCSR). It also reports companies' annual reports written in Indonesian Generally Accepted Accounting Principles (GAAP) number 1 as an additional report simultaneously. Investors can use complete and relevant information to better measure a company's value. Thus, it influences investors' decisions following their goals. However, many companies refuse to present their sustainability reporting information which needs huge cost that is not balanced with benefits (Juniarti, Margalo, Santoso, & Florenzcia, 2019; Baboukardos, 2018). As a result, NCSR has issued award ceremonies for companies that manage to disclose their sustainability reporting.

The award ceremony has increased the number of companies in the Asian region with a good serving of sustainability reporting (NCSR, 2020). Sustainability Reporting Award (SRA) was the name of the award ceremony in 2013-2017 with the "Winner" method. Then, in 2018, the name was changed to Asian Sustainability Reporting Rating (ASRR), and the method became "Rating". Companies with SRA have proven to have better financial performance and higher predictive value in explaining the company's value than companies with no award (Sutopo, Kot, Adiati, & Ardila, 2018; Sarumpaet et al., 2017).

Information on SRA announced by NCSR is not enough to attract investment because investors put more attention on profits (Aksan & Gantyowati, 2020). Profits are often used as a foundation to measure management's performance, investment guide, and decision-making. It happens because profit information is considered to have more value relevance and evaluate a company's past, present, and future events (Ghozali & Chariri, 2014; Hassel, Nilsson, & Nyquist, 2005). However, many companies create sustainability reporting that is not following Global Reporting Initiative (GRI) components. Hence, the quality of sustainability reporting does not fill the requirements to receive the awards.

The SRA does not only measure performance results but also transparency and the company's obedience to sustainability reporting (NCSR, 2020). Sustainability reporting has become an actual implementation of a company's manager in realizing the Good Corporate Governance (GCG) (Lucia & Panggabean, 2018). Therefore, information on acquiring SRA can be controlled and influenced internally by board structure (Aksan & Gantyowati, 2020; Adeniyi & Fadipe, 2018; Hu & Loh, 2018; Wang, 2017). The board structure can be seen through board size, board independence, and board meeting.

The board of directors is considered to have an essential role in encouraging companies to be responsible for their business performance to follow the existing laws and regulations. Meanwhile, the board of commissioners has a role in controlling and supervising company operations, including sustainability reporting information and information needed by stakeholders in a transparent and accountable manner to acquire SRA.

Acquiring SRA has been proven to indirectly improve a company's reputation, stakeholders' trust, and company's financial performance (Solovida & Latan, 2017). Similarly, several previous studies have proven that sustainability reporting has positively influenced a company's future financial performance (Fuadah, Safitri, & Yuliani, 2019; Clarissa & Rasmini, 2018; Laskar, Chababarty, & Maji, 2017). Although many studies have tested that topic, no research observes the value relevance of sustainability reporting information with the award.

Value relevance is helpful for observing whether information can change investors' decisions. Relevant information can predict past, present, and future events (Ghozali & Chariri, 2014). A relevant report has a key criterion that information revealed by a company in the financial report can reflect its business activity. According to Hassel et al. (2005), accounting information has value relevance because that information can predict future profit and assess a company. It is also said that accounting information has value relevance if the report's

information can be a foundation to predict a company's market value (Loh, Thomas, & Wang, 2017). Until now, research on value relevance has focused more on financial information (Narullia & Subroto, 2018; Prihatni, Subroto, Saraswati, & Purnomosidi, 2018) than non-financial information (Juniarti et al., 2019; Baboukardos, 2018).

Moreover, research on the value relevance of SRA, which is influenced by a comprehensive board structure, is still rarely carried out because companies tend to only make sustainability reports without following the existing GRI standards. It is also due to the weakness of the company's board structure, causing many companies in Indonesia still not to participate in the SRA or ASRR ceremony held by the NCSR. Therefore, companies need to know whether SRA has value relevance and whether the board structure of directors can affect the acquisition of SRA awards.

The phenomenon observed in the research is based on three theories: stakeholder theory, legitimacy theory, and agency theory. The stakeholder and legitimacy theories describe the relationship between SRA and value relevance. Meanwhile, the agency theory shows the relationship between board structure and SRA.

The stakeholder theory describes how a company operates for its interests and which parties become its responsibilities, commonly known as stakeholders. The stakeholders' relationship is measured by the trust level given by companies (Pirson, Martin, & Parmar, 2017). Therefore, companies that do not only care for profit but also the environment will be more trusted and will have ethical behaviour in running their business for a long time (Sarumpaet et al., 2017).

Legitimacy theory focuses on the interaction between companies and the public. It is useful for seeing organizational reactions to the limitations, such as social norms and values in society. Therefore, legitimacy theory can be used to emphasize the importance of conforming to the existing norms in a society in carrying out business activities (Dowling & Pfeffer, 1975).

Next, agency theory shows the relationship between parties with their interests and who needs each other. It serves as a foundation that can motivate managers to fulfil their responsibilities to the stakeholders. It can give a more effective observation of boards in a company (Hu & Loh, 2018; Birindelli, Dell'Atti, Iannuzzi, & Savioli, 2018; Shamil, Shaikh, Ho, & Krishnan, 2014).

Value relevance can be measured with the price and return model approaches. The research uses the price model approach to measure the value relevance (Narullia et al., 2019; Juniarti et al., 2019; Sarumpaet et al., 2017) while adding the Earnings per Share (EPS) and Book Value per Share (BVPS) following the model by Ohlson (1995). The value relevance formula based on the price model is in Equation (1).

$$PRICE_{it} = \alpha_0 + \alpha_1 EPS_{it-1} + \alpha_2 BVPS_{it-1} + \varepsilon_{it-1} \quad (1)$$

Today, investors and stakeholders want accounting information and companies' sustainability reporting. Many studies have proven that social and environmental performances have value relevance (Juniarti et al., 2019; Narullia et al., 2019; Sarumpaet et al., 2017). Meanwhile, acquiring SRA has been proven to have value relevance (Narullia et al., 2019; Sutopo et al., 2018). Therefore, it needs to test whether acquiring the SRA has value relevance or an effect on the company's stock price. The formula used in the research is a model by Ohlson (1995) modified with SRA. The formula is written in Equation (2). The research also adds EPS and BVPS.

$$PRICE_{it} = \alpha_0 + \alpha_1 EPS_{it-1} + \alpha_2 BVPS_{it-1} + \alpha_3 SRA_{it-1} + \varepsilon_{it-1} \quad (2)$$

Companies in answering the investor's needs always focus on financial performance only. Financial information is considered more capable of observing a company's performance as a

whole (Loh et al., 2017). Investors believe that to increase the value relevance of financial information, they need to add non-financial information for consideration in decision-making (Saha & Bose, 2017). One of the pieces of information is sustainability reporting disclosure. Sustainability reporting is one of the reports containing economic, social, and environmental information.

Investors use economic, social, and environmental information to make investment decisions (Baboukardos, 2018; Sarumpaet et al., 2017), minimize risks, and optimize a company's long-term returns and sustainability (Narullia & Subroto, 2018). A company's sustainability reporting disclosure affects financial data and improves the company's reputation, stock price, market share, and report relevance better (Juniarti et al., 2019; Sutopo et al., 2018; Solovida & Latan, 2017; Sarumpaet et al., 2017).

Companies that present sustainability reports well will receive SRA (NCSR, 2020). Companies which have received SRA give good news for stakeholders and companies because it will be easier to communicate economic, social, and environmental information to the public. It can also be used as the investor's consideration in making investment decisions (Juniarti et al., 2019; Sutopo et al., 2018; Sarumpaet et al., 2017).

According to Baboukardos (2018), environmental performance does not have value relevance. The sustainability report does not have value relevance and is mostly only considered a "green talk" (Kaspereit & Lopatta, 2011). Stakeholders may think that acquiring an award needs huge efforts and costs to influence companies' future financial performance (Hassel et al., 2005). The research result shows that investors consider social and environmental activities are not balanced with benefits (Juniarti et al., 2019; Baboukardos, 2018).

Unlike Aksan and Gantjowati (2020), according to Sutopo et al. (2018), companies will be easier to explain their value and have better financial performance if they win SRA. The SRA is also proven to indirectly increase a company's reputation and stakeholders' trust (Sutopo et al., 2018; Solovida & Latan, 2017). The statement shows that investors consider social and environmental activities a long-term value, not a cost. This idea is also supported by several studies which have proven that voluntary environmental disclosure has value relevance, so there is a change in market price. Then, investors can use it as a consideration when investing in companies' performance (Juniarti et al., 2019; Sarumpaet et al., 2017).

It can be stated that investors can use information about acquiring SRA to change their decision. As explained before, the investment which investors make towards social and environmental responsibilities activities aims to have a positive influence on companies. Therefore, the research suggests the first hypothesis as follows.

H1: SRA has an additional value relevance.

A company's financial and non-financial information report can be controlled internally with the existence of boards (Adeniyi & Fadipe, 2018; Hu & Loh, 2018; Wang, 2017). Managers use sustainability reporting to broaden information disclosure aimed at stakeholders. More comprehensive information disclosure can encourage the success of a company's business strategies (Lucia & Panggabean, 2018). Moreover, the success of the company's business strategy signifies a good board structure in the organization. Currently, sustainability reporting disclosure becomes a real implementation of the company's manager in realizing GCG (Lucia & Panggabean, 2018). The board structure in the research is proxied by board size, independence, and meeting.

Companies with many boards can monitor the disclosure activities effectively, so their existence is more acceptable to the stakeholder and improve their performance (Hu & Loh, 2018; Birindelli et al., 2018; Shamil et al., 2014). Previous studies have proven that board size

can influence sustainability reporting significantly and positively (Hu & Loh, 2018; Wang, 2017). However, it is different from the research of Adeniyi and Fadipe (2018) that board size does not have a significant influence on sustainability reporting. Based on the explanation, the following hypothesis is suggested.

H2a: Board size influences SRA.

Moreover, greater board independence can be assumed to be more effective in observing managers in answering shareholders' needs and interests (Zaid, Wang, & Abuhijleh, 2019). The existence of board independence also helps companies to communicate with external parties about the interest in the organization's business performance (Pham & Tran, 2019). The higher board independence capacity enables the company to be involved in more boundary-spanning activities, leading to higher transparency and information disclosure (Kaymak & Bektas, 2017). The previous research has verified the possibility of a company to report a high-quality sustainability report if the company possesses a more independent board (Herda, Taylor, & Winterbotham, 2012).

According to Michael and Lukman (2019), board independence influences sustainability reporting information negatively. The more the board independence is involved in a company, the harder it will be for the company to win SRA. However, the larger board independence will cause the company to be more obedient in following the components in GRI guidelines.

Several previous studies also state that board independence has a positive and significant influence on sustainability reporting information in the form of reports or awards to the public in a transparent manner (Hu & Loh, 2018; Adeniyi & Fadipe, 2018; Wang, 2017; Herda et al., 2012). The greater the board independence is, the higher the company's probability is in acquiring SRA. However, it is also stated that the independent board does not have a relationship with company sustainability reporting information (Shamil et al., 2014). Therefore, the next hypothesis is as follows.

H2b: Board independence influences SRA.

Companies with boards that are more frequent in holding meetings tend to produce higher financial performances. Aside from that, boards that are too frequent in holding meetings will be more probable to answer the shareholders' interests and put more effort into observing the truth of the company's financial report. Companies that are often holding meetings with boards can increase their capacity to be more effective in giving advice, making a decision, and overseeing the management. Therefore, companies can improve their financial performance more effectively and organized. However, holding too many meetings also makes it less effective because boards do not discuss the company's performance. It is just for the sake of obeying rules and fearing the investors' litigation (Ahmad, Rashid, & Gow, 2017). Meanwhile, there are different opinions by Hu and Loh (2018) and Aliyu (2019). They have suggested that companies can increase their sustainability reporting disclosure by doing more meetings because they can be more communicative. Therefore, the next hypothesis is as follows.

H2c: Board meeting influences SRA.

Based on the earlier explanation, the research aims to observe the value relevance of sustainability reporting information. The research also examines the roles of board structure proxied by board size, board independence, and board meeting towards SRA acquisition. Many companies in Indonesia—almost covering all sectors listed on the Indonesian Stock Exchange

(IDX)–have received SRA. Thus, the research will focus on all sectors of companies that have received SRA or ASRR from 2014 to 2019.

The research also intends to examine and analyze three phenomena regarding board structure, sustainability reporting, and value relevance. The research is expected to provide additional empirical evidence related to non-accounting information with value relevance. Then, it can also provide information about the importance of GCG in realizing good and complete disclosure of reports.

METHODS

The research studies companies that are engaged in the finance, consumer goods, mining, infrastructure, basic and chemical industry, agriculture, property, and trade sectors. The selected companies have received SRA at least once from 2014 to 2019. Moreover, the companies are public companies listed on Indonesia Stock Exchange (IDX) from no later than 2013 to 2019.

The method used in this research is judgmental-purposive sampling, which means the sampling technique is used to determine the number of criteria that must be met. The criteria chosen in determining the sample include 1) companies with initial public offerings (IPO) on IDX before 2014; 2) a public company until 2019; and 3) having complete research data from 2014 to 2019.

Then, there are three data sources, namely financial data, sustainability report data, and SRA data. Sustainability report data is obtained from the official website of GRI standards and the official website of each company. The NCSR report published on the NCSR official website shows data on SRA. Then, sources of financial data and control variables are from Bloomberg and Yahoo Finance.

From 32 public companies, the samples that meet the criteria for judgmental-purposive sampling are 29 companies. Therefore, the samples used in the research are 174 years of observation from 2014 to 2019. The sample screen is shown in Table 1. Then, Table 2 sorts the samples based on their business sectors.

Table 1 Company Sample Screening

Sample Criteria	Number
Number of companies which followed the SRA or ASRR in 2014–2019	82
Numbers of companies that did not go public in 2013	(50)
Number of public companies which followed the SRA from 2014 to 2019	32
Number of public companies that do not have complete data	(3)
Total companies that fulfil the criteria	29
Total samples used during the research years	174

Table 2 Sample based on Business Sector

No.	Sector	Total	Percentage (%)
1	Finance	10	35%
2	Consumer Goods	1	4%
3	Mining	6	21%
4	Infrastructure	3	10%
5	Basic Industry & Chemicals	3	10%
6	Agriculture	2	7%
7	Property	1	3%
8	Trade	3	10%
Total		29	100%

The research applies the quantitative data analysis method, which measures several variables. The research uses Structural Equation Modelling (SEM) analysis technique, and the data processing utilizes SmartPLS 3.0 software. Before the hypothesis test, outer model and inner model tests need to be done.

The outer model is used for testing the validity and reliability of an indicator against its construct. A model passes the outer model test if: 1) convergent validity and discriminant validity are $\geq 0,7$; 2) Average Variance Extracted (AVE) is $> 0,5$; 3) composite reliability and Cronbach's alpha are $\geq 0,6$. Moreover, the inner model is useful for testing the significance relationship between latent variables, which will be seen through the R^2 and Q^2 values. There are several criteria: $R^2 > 0,75$ for a strong effect, $R^2 > 0,50$ for moderate effect, and $R^2 > 0,25$ for a weak effect. Meanwhile, if Q^2 is bigger than 0, the model has predictive relevance and vice versa (Hair, Jr et al., 2017).

The research uses secondary data that one variable will have one indicator. Therefore, the outer model test with the value of 1 can be declared valid and reliable. Meanwhile, the hypothesis test is carried out through the t-test and the R^2 test. The t-test is accepted if the t-value is smaller than 1,96. Meanwhile, the R^2 test is acceptable if the adjusted R^2 before is smaller after the addition of the SRA and there is an increase in the adjusted R^2 .

Next, the research uses the model by Ohlson (1995) to measure whether sustainability reporting information has value relevance or not. The model uses a price model that has been modified by adding sustainability reporting and all control variables (firm age (AGE), leverage (LEV), and market share (MSHR)). The first regression model used in the research is as follows.

$$PRICE_{it} = \alpha_0 + \alpha_1 EPS_{it-1} + \alpha_2 BVPS_{it-1} + \alpha_3 SRA_{it-1} + \alpha_4 AGE_{it-1} + \alpha_5 LEV_{it-1} + \alpha_6 MSHR_{it-1} + \varepsilon_{it-1} \quad (3)$$

It shows:

PRICE _{it}	= <i>i</i> Company's share price in year t-1
EPS _{it-1}	= <i>i</i> Company's EPS in year t-1
BVPS _{it-1}	= <i>i</i> Company's BVP in year t-1
SRA _{it-1}	= <i>i</i> Company's SRA in year t-1
AGE _{it-1}	= <i>i</i> Company's firm age in year t-1
LEV _{it-1}	= <i>i</i> Company's leverage in year t-1

MSHR it-1 = i Company's market share in year t-1

The second regression model examines the relationship between board structure and the SRA of a company. The research uses board structure data from board size, board independence, and board meetings taken from the company's annual report. The second regression model is as follows.

$$SRA_{it} = \alpha_7 + \alpha_8 BSIZE_{it-1} + \alpha_9 BI_{it-1} + \alpha_{10} MEET_{it-1} + \alpha_{11} AGE_{it-1} + \alpha_{12} LEV_{it-1} + \alpha_{13} MSHR_{it-1} + \varepsilon_{it-1} \quad (4)$$

It shows:

BSIZE it-1 = i Company's board size in year t-1
 BI it-1 = i Company's board independence in year t-1
 MEET it-1 = i Company's board meeting in year t-1

Next, the third regression model has some variables. Share price (Y) is the stock price five days before, five days after, and announcement day of the SRA, so a total of 11 days is the average. A dummy measures SRA (X1). It is due to the differences in policies in awarding from 2017 to 2018. In 2014–2017, the winner method was used, while in 2018–2019, the rating method was used. Value 1 is for companies which have received awards in year t, and value 0 is for companies that have not received awards in year t. EPS (X2) is calculated by dividing the net income prepared for common shareholders by an average number of common shares outstanding. Meanwhile, BVPS (X3) is calculated by dividing the book value of equity by the number of shares outstanding.

The fourth regression model has SRA (Y). Board size (BSIZE) (X1) is measured with a ratio scale that looks at the ratio of the number of director's board to the number of commissioners involved in the company. Board independence (BI) (X2) is seen from the number of independent board of commissioners compared with the number of all boards of commissioners in the company. Then, the board meeting (MEET) (X3) uses the meeting frequency of each board of commissioners in a fiscal year.

Moreover, the research uses the control variables. First, firm age is counted from the founding date or date being listed on IDX until the date when the company is no longer listed on IDX. Second, leverage is calculated with the Debt to Asset Ratio (DAR), where a company's total debt is divided by its total assets. Last, market share is seen by dividing total firm sales by total market sales.

RESULT AND DISCUSSIONS

Table 3 The Result of Descriptive Statistics

Variable	N	Mean	Median	S.D.	Min	Max
PRICE	174	4.051,00	1.698,00	5.901,00	50,00	35.970,00
BVPS	174	2.291,00	1.132,00	2.993,00	-2.178,42	16.382,80
EPS	174	216,10	65,21	534,30	-1.783,29	3.032,62
AGE	174	19,40	22,00	9,05	1,00	37,00
LEV	174	0,26	0,17	0,25	0,00	1,45
MSHR	174	0,07	0,03	0,10	0,00	0,37
BSIZE	174	1,14	1,12	0,30	0,40	2,20
BI	174	0,46	0,43	0,14	0,00	0,80

MEET	174	12,06	8,00	10,92	2,00	64,00
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Table 3 shows the descriptive statistical data. The mean value of PRICE is IDR 4.051. Most of the chosen companies are large companies because of their high stock price. The minimum PRICE value is IDR 50, while the maximum PRICE value is IDR 35.970. It also shows that the average value of BVPS is 2.291 per share sheet, and the average value of EPS is 216 per share sheet.

High accounting information shows that the companies with awards are good and tend to be around for a long time. It can be proven by the mean value of AGE of 19,40 or 19 years old. In addition, it is known that the mean value of LEV is 0,26. It indicates that the companies use 26% of their debt to finance company assets. Meanwhile, the mean value of MSHR is 0,07, showing that most of the selected samples have total sales of products and services of 7% of the total sales per sector.

BSIZE has a mean of 1,14. It means one board of directors is monitored by one board of commissioner. The maximum value of BSIZE is 2,20, showing that two boards of directors are monitored by one board of commissioner. The higher the BSIZE is, the worse the board structure of a company is because it shows a higher number of board of directors monitored by the board of commissioner. Next, BI has a mean value of 0,46. It shows that the average company's total board of commissioners consists of 46% of independent commissioners. Meanwhile, the mean value of MEET is 12,06. On average, the companies' board of commissioners have a meeting about 12 times a year.

Table 4 Descriptive Statistics in ASRR

Variable	N	ASRR	Mean	Median	Min	Max
PRICE	98	1	5.190,90	2.292,00	70,00	35.970,00
	76	0	2.582,08	796,00	50,00	11.859,00
BVPS	98	1	3.047,28	1.606,42	-474,06	16.382,80
	76	0	1.316,90	791,52	-2.178,42	8.078,80
EPS	98	1	287,29	91,02	-352,32	3.032,62
	76	0	124,29	36,51	-1.783,29	2.108,69
AGE	98	1	20,72	23,00	5,00	33,00
	76	0	17,68	21,00	1,00	37,00
LEV	98	1	0,21	0,16	0,00	0,77
	76	0	0,32	0,19	0,02	1,45
MSHR	98	1	0,09	0,06	0,00	0,35
	76	0	0,05	0,02	0,00	0,37

Note: 1 = Getting Award; 0 = Not Getting Award

Table 4 shows the grouping of companies that have and have not received an award in that year. It is known that the companies that have received the SRA during 2014–2019 amounted to 98 years of observation or 56,32%. Meanwhile, companies that have not obtained SRA during 2014–2019 are 43,68%. The PRICE, BVPS, and EPS values have relatively high mean values. The values indicate that companies that have received the SRA tend to have better and stronger financial information.

Moreover, the mean value of LEV also tends to be lower than the companies that have not received an award in that year. About 0,21 or 21% of the assets are financed with debt, which indicates that the company does not have high default risk. Followed by the mean value of AGE of 20,72, it shows that companies can obtain SRA if it has been around for 21 years. Then, the statistical value of MSHR has a mean value of 0,09, implying that companies can

control the sales of their products or services by 9% of total sales in industrial products or services.

Table 5 Results After Receiving SRA

	Original Sample	t	P-Value
BVPS	0,533	5,482	0,000
EPS	0,311	3,112	0,002
SRA	-0,036	1,033	0,302
AGE	0,157	3,984	0,000
LEV	-0,083	2,117	0,034
MSHR	0,044	1,775	0,076
Adjusted R²	0,734		

Table 6 Results Before Receiving SRA

z	Original Sample	t	P-Value
BVPS	0,516	5,293	0,000
EPS	0,322	3,205	0,001
AGE	0,155	3,913	0,000
LEV	-0,077	1,894	0,058
MSHR	0,036	1,605	0,109
Adjusted R²	0,734		

Table 7 Comparison of R² Before and After Using SRA

	R-Squared
Before	0,734
After	0,734

Next, the test examines hypothesis (H1) that sees the value relevance of the information of acquiring the SRA. The information of acquiring the SRA is stated as having value relevance if there is an increase of adjusted R² that compares the model by Ohlson (1995) before and after the addition of the SRA. Table 5 shows the t-test result after the addition of the SRA. It is

known that the BVPS and EPS have a significant and positive relationship with PRICE of 5,48 with the original sample of 0,53 for BVPS and 3,11 with the original sample of 0,31 for EPS.

Then, AGE has a significant and positive relationship with PRICE of 0,16. The LEV also has a significant and negative relationship with PRICE with the value of -0,08. It is different for the SRA and MSHR, which have a non-significant relationship with PRICE. Then, SRA is non-significant and negative towards PRICE, amounting to -0,04, while MSHR is non-significant and positive, amounting to 0,04.

Table 6 shows the t-test result before adding the SRA. The result shows a similar consistency level and is not too different from the result after adding the SRA. The BVPS value experiences an increase of 1,7% after adding the SRA. The MSHR and AGE also experienced an increase of 0,8% and 0,02% each. Meanwhile, the EPS and LEV experience a decrease of 1,1% and 0,6% each.

After comparing the t-test, the researchers compare adjusted R^2 , which is useful for answering the hypothesis (H1). Table 7 shows the adjusted R^2 test result that does not increase and tends to stay the same, which is 0,73. It proves that information about acquiring SRA does not have value relevance. Thus, hypothesis (H1) is rejected. Although the information about acquiring awards is stated as not having value relevance, it still has a good impact on the company's financial information, such as BVPS.

The SRA acquisition in the research has been proven to be unable to influence stock price fluctuation significantly because the information is considered not to have value relevance. However, companies keep making good sustainability reporting and receiving SRA because the SRA acquisition can partially influence stock price movements by itself. As proof, the researchers conduct a partial test between the SRA and PRICE, as can be seen in Figure 1 and Table 8.

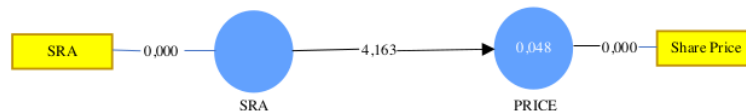


Figure 1 Path Model of SRA on PRICE

Table 8 Statistic Value of SRA on PRICE

	Original Sample	t	P-Value
SRA	0,220	4,163	0,000
R²	0,048		

Table 8 shows that the relationship that SRA has on PRICE is significant and positive, with an original sample value of 0,22. The result implies that SRA can be responded to by the investors because of its significant and positive influence on stock price, with a value of 0,22. However, a different result is shown when using the model by Ohlson (1995) that uses financial information, such as BVPS and EPS. The result of Ohlson (1995) is modified by adding the SRA, which can be seen in Figure 2 and Table 9.

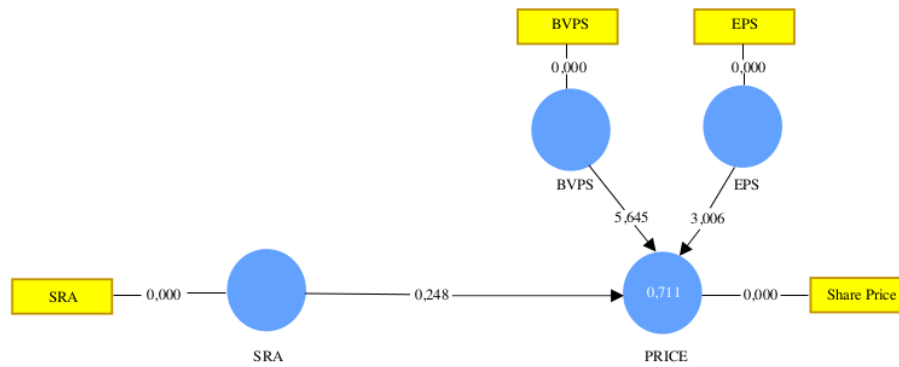


Figure 2 Path Model of SRA, BVPS, and EPS on PRICE

Table 9 Statistic Value of SRA on PRICE

	Original Sample	t	P- Value
SRA	0,009	0,248	0,804
BVPS	0,566	5,645	0,000
EPS	0,320	3,006	0,003
Adjusted R²	0,706		

In Table 9, SRA does not influence PRICE significantly. Meanwhile, financial information proxied by BVPS and EPS, according to the model by Ohlson (1995), has a positive and significant relationship with PRICE. These results indicate that acquiring SRA has low relevance for the investors if they are reported simultaneously with financial information, such as BVPS and EPS. Therefore, it can be stated that investors still tend to see information on the company's financial performance rather than the information about the SRA acquisition. Acquisition information of SRA has no value relevance, so it cannot influence the company's stock price. It supports H1 that SRA has no additional value relevance, and H1 is rejected.

The next test is useful to see the influence of the board structure that will be proxied by the board size, board independence, and board meeting on acquiring SRA. Table 10 shows that BSIZE has an insignificant negative relationship with SRA acquisition of -0,02. BSIZE does not influence SRA acquisition. Therefore, it can be concluded that H2a is rejected, and BSIZE does not influence SRA acquisition.

Table 10 Regression Model Result of Board Structure on SRA

	Original Sample	t	P- Value
BSIZE	-0,024	0,310	0,757

BI	-0,267	3,311	0,001
MEET	0,029	0,358	0,720
AGE	0,159	2,045	0,041
LEV	-0,258	3,719	0,000
MSHR	0,122	1,564	0,118
Adjusted R²	0,146		

The test result finds that BI has a significant and negative relationship with SRA acquisition of -0,27. These results indicate that the greater the BI is, the lower the probability is of acquiring SRA or not receiving an award. Therefore, it can be concluded that H2b is accepted. BI influences the SRA acquisition.

Next, MEET has a negative and non-significant relationship with SRA acquisition of 0,03. These results indicate that the frequency of board of commissioners' meetings does not influence the company's stock price. MEET does not influence SRA acquisition. Therefore, H2c is rejected.

Companies are now applying Triple Bottom Line (TBL) concepts that not only measure companies only from their financial information but also non-financial information such as social and environmental (Narullia et al., 2019; Hassel et al., 2005). The test in H1 examines the value relevance of acquiring SRA. It shows that SRA does not have value relevance to stock price. H1 is rejected. The R² value in the test does not experience an increase and tends to stay the same. Thus, it can be concluded that the SRA acquisition does not have a relevant added value for the investors.

The absence of change in R² shows that the investors cannot use the information report to influence and change their decisions. The research result finds that information on SRA acquisition does not have value relevance. The hypothesis test result is not supported by the research of Juniarti et al. (2019) and Sarumpaet et al. (2017). They have found that the information disclosure of social and environmental activities has value relevance. However, the research result is supported by Kaspereit and Lopatta (2011), suggesting that sustainability reporting does not have value relevance.

Companies are advised to keep doing their social and environmental responsibility activities solely to remain legitimate in the community. Social and environmental concerns will influence the organization's sustainability and gain stakeholders' trust, accompanied by a better company image (Solovida & Latan, 2017). Even though information on SRA has no value relevance and influence on stock prices, companies still make sustainability reports.

Sustainability reporting can influence a company's stock price even though it has a low relevance value together with its financial statements. Stakeholders still consider a company's accounting information as a more relevant report than information on social and environmental activities. It is because accounting information can be used more to observe the company's overall performance (Loh et al., 2017) and be helpful in making or changing investment decisions. Therefore, it can be concluded that investors prefer to see a company's accounting information to make rational decisions.

A good sustainability reporting disclosure proves that the company has realized GCG transparently and accountably (Lucia & Panggabean, 2018). Making a good sustainability reporting can be controlled and influenced internally by the board's existence (Aksan &

Gantiyowati, 2020; Adeniyi & Fadipe, 2018; Hu & Loh, 2018; Wang, 2017). One of the company's internal GCG mechanism components is board structure.

The test result of board structure, which is proxied by board size, board independence, and board meeting on SRA, proves that only board independence can significantly influence sustainability reporting award, so only H2b is accepted. Companies that can obtain SRA tend to have good board independence (Herda et al., 2012). This statement is supported by the results of previous studies that show board independence has a negative and significant influence on SRA gains (Michael & Lukman, 2019). Meanwhile, board size and board meeting cannot significantly influence the SRA acquisition, so H2a and H2c are rejected. Previous studies support the results of these tests that board size does not influence sustainability reporting and board meetings (Adeniyi & Fadipe, 2018; Ahmad et al., 2017).

The insignificant relationship between board size and frequency of board meetings with SRA or ASRR proves that high board size and good frequency of board meetings in a company cannot influence the company in making sustainability reporting and obtaining SRA. The frequency of board meetings in a company occurs because the board meets only to comply with regulations, fear investor litigation, and discuss the returns that investors will get (Ahmad et al., 2017).

The larger board size in a company indicates that the board of commissioners is weak in monitoring the performance of the board of directors in the company. There are too many things that need to be supervised by one board of commissioners. In addition, the performance of the board of commissioners is not only seen from the number but also the ability, integrity, and useful characteristics to make sustainability reporting in accordance with the standards (Adeniyi & Fadipe, 2018).

The research proves that the more board independence is involved in corporate decision-making, the more it will make the company more compliant in following each component in the GRI guidelines. This compliance will make it more difficult for the companies to implement the GRI standards in their sustainability reports (Michael & Lukman, 2019). Therefore, it reduces the motivation to disclose sustainability reporting and not to obtain SRA. Board independence is believed to monitor the management, be more objective in determining a decision, and encourage companies to effectively improve the quality and quantity of their voluntary reporting disclosures (Kaymak & Bektas, 2017; Shamil et al., 2014).

CONCLUSIONS

This research aims to see the value relevance of information on SRA. SRA winners are still rare for companies in Indonesia. So, the research also wants to see the influence of GCG information through board structure which can influence companies in acquiring the SRA. The sample used includes 29 publicly traded companies in all sectors listed on IDX. The length of the period observed is six years, from 2014 to 2019.

The research result proves that the information on SRA has no additional value relevance. Value relevance is the evidence that investors can use the information to change their decisions. It is known that investors prefer to look at accounting information through the companies' financial statements than information on whether the companies have received awards or not. It is because investors still consider accounting information to be more relevant.

SRA focuses more on social and environmental performance than financial performance. The economic aspect of sustainability reporting tends not to discuss every financial performance in a company, so it is unable to provide relevant financial reports to stakeholders. Moreover, it is known that the board structure proxied by board independence can influence SRA. Meanwhile, the board size and board meeting cannot influence the SRA acquisition.

Thus, it can be concluded that SRA has no relevance. Then, the added value that proxy board structure with the independence of the board may affect the acquisition of SRA.

The research contributes to showing the value relevance of accounting information and sustainability reporting that is observed through the SRA or ASRR award in Indonesia. Aside from that, observing the roles of board structure can encourage sustainability reporting of a company in acquiring SRA. The research also provides additional empirical evidence regarding sustainability reporting information that has no value relevance. In addition, the research shows empirical evidence regarding the importance of GCG as proxied by board independence in a company to make sustainability reporting and get SRA.

Although the information obtained from SRA does not have additional value relevance, the company should continue carrying out social and environmental responsibility activities. The SRA is proof that the company is transparent and is responsible to the public. Disclosing sustainability reporting can also help companies to remain legitimate because they are considered to have followed every norm or stakeholder's rules well.

However, the research has several limitations. First, the obtained research sample is too small because many public companies in Indonesia have not received awards from 2014 to 2019. Second, the measurement of the SRA variable with a dummy is limited in the expressed phenomenon, which only sees whether a company has received an award or not. Therefore, researchers suggest not using dummies to measure the SRA variables for further research. The phenomenon of acquiring SRA from 2018 to 2019 can use the scoring and rating system. Further research can also conduct interviews with companies that have received SRA so they can validate the truth about social and environmental responsibility activities.

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