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Sustainability Reporting, Foreign Ownership, Firm Value as a Function of Investment Opportunity Set

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Abstract

Research purposes: This study aims to investigate the Investment Opportunity Set in moderating the effect of sustainability reporting and foreign ownership on firm value.

Methods: This study uses a quantitative approach with independent variables on sustainability reporting and foreign ownership, the dependent variable on firm value, and the moderating variable. Investment Opportunity Set. This research is classified as non-experimental with cross-sectional data classification and documentation method. The research sample was 46 companies listed on the Indonesia Stock Exchange for 2013-2018. This study uses regression and Moderated Regression Analysis.

Findings: The results showed that the Investment Opportunity Set does not moderate the effect of sustainability reporting on firm value. But Investment Opportunity Set moderate the effect of foreign ownership on firm value.

Novelty: This study develops from previous research by proving that foreign ownership based on foreign investors is able to increase firm value. The study was conducted in all companies listed on the IDX that publish annual reports and sustainability reporting for the 2013-2018 period, this period is determined based on the first year of the change from the GRI G3 version to GRI G4 on May 22, 2013 which was launched in Amsterdam at the global sustainability reporting conference.

Keywords: *Investment Opportunity Set, Sustainability Reporting, Foreign Ownership, Firm Value*

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INTRODUCTION

Sustainability reporting is a crucial issue, as well as a challenge for the company. Integration of sustainability reporting can address global challenges from poverty, education, climate change, and biodiversity. However, in reality, there is still an imbalance in the allocation of sustainability reporting costs on economic, social, and environmental aspects, where the most considerable portion of costs is still focused on the economic aspect (Gunawan & Mayangsari, 2015; Strähle & Köksal, 2015).

One of Indonesia's cases is a case of environmental pollution by a mining company in Jambi, which has polluted 95 tributaries, causing diarrhea, skin allergies, and Minamata, causing public anxiety. This case needs to be watched out for because Indonesia, as the lungs of the world,

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has obliged companies that have gone public to carry out sustainability reporting, but in reality, there are still some irregularities. One of the implementations of sustainability reporting is its responsibility for various activities related to the environment and social issues. The existence of corporate responsibility for activities related to social and environment will impact improving economic aspects. With sustainability reporting, relevant company vision information can be known by the public, namely investors, creditors, activist groups, media, customers, and society (Gray, 2006). The extent of company information known to the public requires companies to carry out sustainability reporting routinely.

Implementing responsible sustainability reporting for social, environmental, and economic aspects will increase public confidence. High public trust can form company legitimacy to strengthen the company's integrity relationship with the public. According to Higgins, Milne, & Grambeng (2011); Reddy & Gordon (2010); Schadewitz (2010) and Loh, Thomas, & Wang (2017) state that a company's sustainability reporting can affect firm value. However, this opinion contradicts the opinion Habibi & Andraeny (2013) and Hidayat (2010) which state that the implementation of sustainability reporting does not affect firm value. Another factor that is relevant to current conditions in increasing firm value is foreign ownership. The higher proportion of foreign ownership encourages companies to improve the quality of financial reports and transparency of information to investors. Foreign ownership can also help company managers to carry out a good supervisory process so that they are able to manage company assets more efficiently. Thus foreign ownership has an impact on firm value (Tangke et al., 2021).

Indonesia's economic sector's improvement currently offers excellent investment opportunities for foreign investors. The President of the Republic of Indonesia, Joko Widodo, has offered to improve tax incentives, ease operating processing permits, and offer clean and clear projects to attract foreign investors. The offer can appeal to 157 countries. According to Kole (1994) the attitude of demanding transparency and efficiency foreign investors can realize company goals. Realizing relevant company goals is strengthened through investment. Companies that invest will have a high Investment Opportunity Set (IOS) so that they can increase the company's growth prospects as an effort to realize the company's goals. Investment opportunity set will be able to affect the value of the company in the future (Apriliana et al., 2021).

According to Schadewitz (2010) the opportunity for firm value is reflected in Investment Opportunity Set. Control of companies through investment is now the main thing (Fajriana & Priantinah, 2016; Hidayah, 2015; Makhdalena, 2016). Further research on Investment Opportunity Set as the effect of sustainability reporting and foreign ownership on firm value needs to be done because: 1) sustainability reporting is a contemporary demand that influences company legitimacy, 2) foreign ownership demands transparency and efficiency in company performance, 3) optimal foreign ownership governance skills, 4) implementation The Investment Opportunity Set can obtain returns that are attractive to investors and can be used as an injection of funds for sustainability reporting.

Sustainability reporting supports the realization of the Sustainable Development Goals (SDGs) which are expected to answer the lagging development of countries around the world, both in developed and developing countries. Most of the previous studies highlight more sustainability reporting in developed countries, even though the issue of sustainability reporting is a driver of firm value for developing countries such as Indonesia. This study is different from previous research because this study uses Indonesia as a unique setting by adding sustainability reporting as a crucial issue in increasing legitimacy and foreign investors' role as supervisors in corporate governance. Companies that disclose sustainability reports are increasing in Indonesia because they are able to provide comprehensive company performance information that includes economic, social, and environmental aspects. For foreign investors, the sustainability report serves as a control tool over the company's performance achievement as well as a medium for investors' consideration in allocating their financial resources.

Investment Opportunity Set functions in strengthening the relationship between sustainability reporting and foreign ownership of firm value because the implementation of investment can increase company assets. So this research is a complex study that can answer the gap in the previous literature. This paper will also hope that this paper will strengthen the legitimacy that is being pioneered by the company and contribute in a relevant way to stakeholder decision making.

Good agency relationships can encourage the achievement of increased company performance. The existence of the agent and principal functions in the decision-making and monitoring process (Jensen & Meckling, 1976; Khanna & Palepu, 2000). One of the aspects that will impact improving performance is sustainability reporting (Higgins et al., 2011). Sustainability reporting can strengthen legitimacy to the public because it is believed to increase transparency and accountability in performance. By including financial information as well as environmental and social information, sustainability reporting allows the company to be able to convince stakeholders that the company's activities and performance are in accordance with the rules that apply in the community.This program is the government's demand for companies to manifest their responsibility in the environmental, social, and economic fields (GRI, 2013).

The sustainability reporting program has support through the concept developed by Elkington, (1998). Sustainability reporting is also supported by legitimacy theory because there is a binding relationship with the law, authoritative characteristics, and makes transparency in performance. Schadewitz (2010) and Morck, Shleifer, & Vishny (1988) argue that the implementation of sustainability reporting encourages increased managers in realizing company goals. This opinion is supported by those who state that sustainability reporting can affect firm value. With investment support, it will also strengthen the realization of company goals (Gunawan & Mayangsari, 2015; Hidayat, 2010).

Investment support can strengthen the relationship between sustainability reporting and firm value because investment can provide reasonable returns for the realization of corporate responsibility programs, this is according to the research results of Fajriana & Priantinah (2016); Gunawan & Mayangsari (2015); Habibi & Andraeny (2013); Shintawati (2011); Siboni & Pourali (2015); Febrianty & Mertha (2021) which state the investment opportunity set as a determining factor for firm value. The implementation of investment is a relevant expectation for the company in realizing its goals. According to Kole (1994), high investment makes asset value increase. The higher the scope of the company's assets in developing its business, the wider it will be. Conversely, when the investment is not profitable, the manager will leave the investment project more quickly because it causes losses. An unprofitable investment will attract the attention of the board and investors so that it can reduce the value of the company (Roychowdhury et al., 2019).

The following research provides different empirical results; sustainability reporting is seen as a program that creates internal conflicts. According to Buhr, Gray, & Milne (2010), sustainability reporting tends to focus on entities that can go through significant changes in the preparation of other business strategies. The results of the study by Buhr et al. (2010) which state that sustainability reporting does not result in changes in firm value. According to Bebbington et al. (2009), companies carry out sustainability reporting based on pressure through regulations and competitors.

The results of research by Itturiaga & Crisostomo (2010), found that there is no investment relationship to firm value growth. The Investment Opportunity Set is seen as a diversion factor for responsibility program funds, so that this will hinder the achievement of company goals (Ferreira & Matos, 2008). Uncontrolled future investment options through wrong decisions will reduce the value of the company. Several people state that high investment has a high business risk (Hidayat, 2010). Based on the differences in empirical results, the researcher formulated the following hypothesis:

H_1: Investment Opportunity Set strengthen the effect of sustainability reporting on firm value.

In their policies, principals are supported by stakeholder theory Morck et al. (1988) and Yu

& Choi (2016). The controlling shareholder has the rights and obligations in making decisions. Ownership of company shares can provide managers with incentives to maximize firm value (Demsetz, 1983; Jensen & Meckling, 1976). Foreign investors are careful in making decisions and monitoring performance.

The results of Kang & Stulz (1996) empirical study on Japanese manufacturing companies found that foreign investors are investors who have optimal skills in corporate governance. Kole (1994) using company data in the United States, state that foreign ownership has a higher potential in increasing firm value. Foreign investors demand company performance transparently and efficiently; this knowledge and demands can drive the achievement of company goals (Ferreira & Matos, 2008; Makhdalena, 2016). Produced an empirical study of foreign ownership have optimal control in improving managerial quality in realizing company goals. Ferreira & Matos (2007) and Nasab & Shafii (2015) stated that foreign investors are careful supervisors of corporate governance and can force managers to act to maximize firm value.

The following research provides different results, and foreign ownership does not affect firm value. Morck et al. (1988) found no evidence of a relationship between firm value and share ownership in Japan's study. The empirical results of Hidayah (2015); Makhdalena (2012); and Morck et al. (1988) show that foreign investors are not useful in monitoring management performance so that they do not affect firm value. Foreign investors always expect a return on investment. Investment has a strengthening character in the relationship between foreign ownership and firm value. Based on the differences in empirical results above, the following hypothesis is obtained:

H_2: Investment Opportunity Set strengthen the effect of foreign ownership on firm value.

METHODS

This study uses a quantitative approach using financial data with independent variables on sustainability reporting and foreign ownership, the dependent variable on firm value, and the moderating variable is Investment Opportunity Set. This research is classified as non-experimental with cross-sectional data classification and documentation method.

The research sample was 46 companies listed on the Indonesia Stock Exchange for 2013-2018. This period was based on the period of using GRI G4 as a guideline for sustainability reporting. The data source is obtained through the official website of the Indonesia Stock Exchangewww.idx.co.id, sustainability reporting data obtained through the company's website.

This study uses regression and Moderated Regression Analysis. This study uses three types of variables with four measurement tools. The following table describes the variables and their measurements.

Firm value is the growth and development of the company as seen from the growth of assets and share market prices. Firm value is measured by Tobin's Q which includes all elements of assets, liabilities and equity in the company.

Sustainability reporting is responsibility for social, economic, and environmental impacts

Table 1: Variable Measurement

Variable	Definition	Measurement	Source
Firm Value	Identify the price of shares and company assets to assess the achievement of company goals.	Tobin's Q	Chung & Pruitt (1994)
Sustainability reporting	Responsibility for social, economic, and environmental impacts on the company's work operations.	SRDI	GRI (2013)
Foreign Ownership	Ownership of company shares by private or institutional foreign investors.	% foreign ownership	Berle & Means (1932)
IOS	Future investment opportunities that have a role in the company's growth	MVE / BVE	Kallapur & Trombley (2001)

on the company's work operations. Sustainability repotting is measured by SRDI (Sustainability Report Disclosure Index), which gives a score of 1 if the item is disclosed in the report and 0 if the item is not disclosed. The scoring is based on specific and general standard indicators listed in GRI G4 with a total of 149 items. After scoring for all items is done then the total items disclosed by the company are divided by the total items to obtain the total score for each company.

Foreign ownership is shares owned by foreign individuals or companies in a national company. The foreign ownership variable is measured by comparing the number of company shares owned by foreign parties to the company's total shares in one reporting period.

IOS is the Future investment opportunities that have a role in the company's growth. IOS is measured by MVE (Market Value Equity) and BVE (Book Value Equity) which has the formula that is shares outstanding multiplied by closing price divided by total equity.

The analysis in this study uses regression with partial test and Moderate Regression Analysis test. The model to be developed through this study follows the formulated hypothesis. The first hypothesis in this study investment Opportunity Setmoderate the effect of sustainability reporting on firm value. Therefore, the model developed is:

$$FV = \alpha 3 + \beta 3\ SR + \beta 4\ IOS + \beta 5\ SR*IOS + e3 \quad \ldots\ldots (1)$$

The second hypothesis in this study is Investment Opportunity Setmoderate the effect of foreign ownership on firm value. Therefore, the model developed is:

$$FV = \alpha 4 + \beta 6\ FO + \beta 7\ IOS + \beta 8\ FO*IOS + E4 \quad \ldots\ldots (2)$$

Information;

FV = Firm Value

α = Constant

β = Regression coefficient

IOS = Investement Opportunity Set

SR = Sustainability Reporting

FO = Foreign Ownership

e = Error terms

RESULTS AND DISCUSSION

The descriptive statistics of this research are listed in table 2. The descriptive sustainability reporting test results show that PT Austindo Nusantara Jaya Tbk (ANJT) has a minimum of 0.03. The maximum value is owned by PT Astra Agro Lestari Tbk (AALI) and PT Bank Pembangunan Jawa Timur Tbk (BJTM). The mean 0.5878, the mean value more significant than the standard deviation in the sample identification, has been optimal to represent the overall observation data.

The descriptive foreign ownership test results show that PT Kabelindo Murni Tbk (IKBI) has a minimum of 1.11. Maximum value 95.50 PT Solusi Bangung Indonesia Tbk (SMCB) Mean value32,4118, The mean value more significant than the standard deviation in the sample identification has been optimal to represent the overall observation data.

The descriptive firm value test results show that PT Bank Republik Indonesia Tbk (BBRI)

Table 2: Descriptive Test Results

	N	Minimum	Maximum	Mean	Std. Deviation
Sustainability Reporting	141	0.30	1.00	0.5878	0.1639
Foreign Ownership	141	1.11	95.50	32.4118	27.2045
Firm Value	141	0.5093	2.4198	1.1880	0.4233
Investment Opportunity Set	141	0.07514	4.5655	1.5606	1.0222
Valid N (listwise)	141				

Source: The Processed Primary Data (2021)

Table 3: Partial Test Results

Model		Unstandardized Coefficients		Standardized Coefficient		
B		B	Std. Error	Beta	T	Sig.
1	(Constant)	1.267	0.132		9,575	0.000
	Sustainability Reporting	-0.307	0.219	-0.119	-1.405	0.162
	Foreign Ownership	0.003	0.001	0.202	2.387	0.018

Source: The Processed Primary Data (2021)

has a minimum of 0.5093. Maximum value of 2.4198 PT Astra Agro Lestari Tbk (AALI) value. Mean 1,1880, The mean value more significant than the standard deviation in the sample identification has been optimal to represent the overall observation data.

Descriptive test results Investment Opportunity Set shows that PT Bank Mandiri Tbk (BMRI) has a minimum of 0.07514. The maximum value of PT Multi Bintang Indonesia Tbk is 4.5655. Mean 1,5606. The mean value more significant than the standard deviation in the sample identification has been optimal to represent the overall observation data.

Table 3 partial test results (t-test) identify that the sustainability reporting variable's significance value is 0.162. This is identified that the sustainability reporting variable does not affect firm value. The results of this study support the research Buhr et al. (2010) and Ferreira & Matos (2007) ; The results of this study do not support the research findings Schadewitz (2010) and Higgins et al. (2011).

Table 3 results of the partial test (t-test) identify that the foreign ownership variable's significance value is 0.018. This is to identify that the foreign ownership variable affects firm value. This study accordance with the results of the study Demsetz (2006); Ferreira & Matos (2007); Kang & Stulz (1996); Khanna & Palepu, (1999); Kole (1994); Makhdalena (2012). However, the results of this study do not support the results of the study by Hidayah (2015); Makhdalena (2012); and Morck et al. (1988).

Table 4 shows the empirical results of the first moderation equation that IOS's role does not moderate the effect of sustainability reporting on firm value. The classification of moderation characteristics is shown through IOS with a value of -0.245, a value of -0.245 <0.05 indicates significant and through SR * IOS with a value of 0.124, indicating 0.124> 0.05 indicates non-significant, so it is a homologous characteristic of moderation. Characteristics homogenizer moderation is a characteristic of the moderating variable in influencing the strength of the relationship between the predictor variable and the dependent variable. This research interaction is shown through the significance value Moderation X1. Coefficient value Moderation X1 namely

Table 4: MRA statistical test results

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std.Error	Beta	T	Sig.
1	(Constant)	0.817	0.168		4,855	0.000
	Sustainability Reporting	-0.245	0.273	-0.095	-0.898	0.371
	Investment Opportunity Set	0.258	0.089	0.623	2.900	0.004
	Moderation X1	0.124	0.147	0.192	0.844	0.400
Dependent Variable: Firm Value						

Source: The Processed Primary Data (2021)

The first moderation equation FV = $\alpha 3 + \beta 3$ SR + $\beta 4$ IOS + $\beta 5$ SR * IOS + e3

The first moderation equation FV = 0.817 - 0.245 + 0.258 + 0.124 + e3

Table 5: MRA statistical test results

	Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std.Error	Beta		
1	(Constant)	, 705	, 061		11,512	, 000
	Foreign Ownership	-, 001	, 001	-, 040	-, 444	, 657
	Investment Opportunity Set	, 259	, 035	, 626	7,443	, 000
	Moderation X2	, 002	, 001	, 283	2,458	, 015
Dependent Variable: Firm Value						

Source: The Processed Primary Data (2021)
The second equation: FV = α4 + β6 FO + β7 IOS + β8 FO * IOS + e4
Second equation: FV = 0.705 - 0.001 + 0.259 + 0.002 + e4

0.124, and a significance value of 0.400. This significance value of 0.400> 0.05 showing Investment Opportunity Set does not moderate the effect of sustainability reporting on firm value.

Table 5 shows the second moderation equation in that the role of the Investment Opportunity Set moderates the effect of foreign ownership on firm value. The moderating variable's characteristics are shown through IOS with a value of -0.001, a value of –0.001 <0.05, which indicates significant, and FO * IOS with a value of 0.002 <0.05, which indicates significant so that it is pure moderation. Pure moderation characteristic is a variable that moderates the relationship between the predictor variable and the dependent variable purely without being a predictor variable. This research interaction is shown through the significance value Moderation X2. Coefficient value Moderation X2 namely 0.002 and a significance value of 0.015. Significance value 0.015 <0.05 showing Investment Opportunity Set moderate the effect of foreign ownership on firm value.

Investment Opportunity Set does not Strengthen the Effect of Sustainability Reporting on Firm Value.

The results of this study indicate that IOS does not strengthen the influence of Sustainability Reporting on Firm Value. This finding is inconsistent with legitimacy theory which assumes that IOS is able to support companies in providing investment alternatives in the future by disclosing broader information in sustainability reporting in order to gain legitimacy from the public. The results of this study identify that agency theory which contains principal and agent decisions has no relationship in achieving company goals through the achievement of the sustainability reporting program or in this connection the theory of legitimacy, due to internal conflicts between future investment decisions to obtain high returns for the principal and improving the quality of management work in implementing the sustainability reporting program for agents.

The Investment Opportunity Set component can affect firm value, but in reality, the Investment Opportunity Set value will hamper work programs' implementation in realizing company goals. For investors, improving the company's image is not always effect by the presence of high-value IOS. However, the company's image is able to effect in increasing the value of the company. IOS is not the best choice to add value to the company, because some investors are less interested in the value of IOS. Thus IOS cannot increase the Company's Value (Wahyudi, 2020).

Interest in implementing the Investment Opportunity Set will minimize costs in implementing sustainability reporting so that sustainability reporting does not occur. Not implementing the program sustainability reporting will reduce the company's performance. The statement above is in line with the case of a mining company that polluted 95 tributaries in Jambi and several other cases of environmental pollution. Several companies had a high Investment Opportunity Set, but the implementation of sustainability reporting was not carried out routinely, resulting in low company performance.

The size of the IOS is not able to support the disclosure of sustainability reports because it is assumed that the disclosure of sustainability reports is now mandatory in every country. Disclosure of sustainability reports is carried out by each company on the basis of awareness to demonstrate corporate social and environmental responsibility in accordance with applicable regulations. Companies that have low asset growth will continue to strive to increase disclosure of sustainability reports even though they are in high and low profile industries so that later they can gain sympathy from investors to increase company value (Baroroh et al., 2022).

Any information disclosed by the company will effect or shape public opinion of the company. Agency theory predicts that companies with higher leverage ratios will disclose more information. The lower the level of a company's leverage ratio, it is believed that the higher the disclosure of corporate social responsibility that will be carried out by the company and will have an effect on increasing the value of the company. Leverage is a moderating variable that can moderate the relationship between sustainability reporting and firm value (Febriyanti, 2021). Companies that have high leverage will increasingly disclose sustainability reporting to attract investors so that the value of the company is also higher.

Investors in making investment decisions should not only look at financial information, but also look at non-financial aspects such as the implementation of Corporate Social Responsibility. If the implementation of Corporate Social Responsibility in a company is good, it will increase the value of the company (Dewi & Suputra, 2019; Rahmantari, 2021)

The results of the study are in line with Afsari, Artinah, & Mujennah (2021); Iberahim & Artinah (2020); and Fitriyah & Asyik (2019), but different results were shown by Habibi & Andraeny (2013); Shintawati (2011); Siboni & Pourali (2015); Gunawan & Mayangsari (2015); and Purwanti, Maslichah, & Mawardi (2019) whic state Investment Opportunity Set does moderate the effect of sustainability reporting on firm value

Investment Opportunity Set Moderate The Effect of Foreign Ownership On Firm Value

The results of the study identify that agency theory which contains principal and agent decisions is able to strengthen the influence of stakeholder theory in obtaining the rights and obligations of a stakeholder in taking a role in making company performance decisions. Principal and agent are obliged to be responsible for the company's performance, one of which must be considered is the IOS value.

The value of the Investment Opportunity Set shows that the right conditions can be achieved through optimal governance. This is in line with the role of foreign ownership, which is considered to have more skills in accounting, demanding transparency and efficiency in company performance.

Foreign ownership has a positive effect on firm value (Fitri et al., 2019; Mishra, 2014; Tangke et al., 2021). The value of the company will increase due to the allocation of more investment from foreign investors. Companies that receive investment by foreign investors are considered to have a conducive ownership structure and have good protection against outsiders. The role of foreign ownership in a company includes conducting good supervision in the company. Foreign owners who have a good understanding of choosing methods, accounting policies, and processing quality financial reports will provide accurate information. Thus, the trust of stakeholders will increase and indirectly increase the firm value (Tangke et al., 2021).

Companies that invest a lot tend to have assets that increase over time or increase the company's wealth. Companies that are growing in size, the investment value is also increasing so as to create positive arguments from investors towards the company which will have an impact on firm value (Tabe et al., 2022). A high IOS value will make investors attractive, this is because a high IOS will have a high return in the future. The increase in IOS will increase the value of the company because the higher the opportunity to invest, the company also hopes to get more profits. IOS shows the company's growth potential, so it becomes an attraction for investors because it will benefit investors in the future (Sudiani & Wiksuana, 2018).

The existence of IOS will moderate the effect of foreign ownership on firm value because IOS is able to increase firm value so that with this IOS will moderate the effect of foreign ownership in increasing firm value. The higher foreign ownership will make a significant growth in firm value, this assumption is in accordance with the results of this study. The value of IOS can also be used as an investment decision tool. Prospective investors will have a positive view of companies whose assets are mostly owned by foreigners strengthened by IOS for investment choices in the future.

The IOS value identifies that good conditions can be realized through optimal management mapping in improving company performance which is marked by firm value, this is also in line with the role of foreign ownership which is considered to have more skills in accounting so that it will support improvement in company management aimed at increasing the firm values.

The results of this study are consistent with the researching Makhdalena (2012); Itturiaga & Crisostomo (2010); Khanna, G, Palepu, & Sinha (1999). But different results were shown by Sianipar & Mulyani (2017) whic state Investment Opportunity Set can increase firm value but cannot be a moderating one.

CONCLUSION

This study aims to investigate the Investment Opportunity Set in moderating the effect of sustainability reporting and foreign ownership on firm value. The results showed that that investment Opportunity Set does not moderate the effect of sustainability reporting on firm value, because investment will minimize funds for implementing sustainability reporting. These results prove that there is no relationship between agency theory and legitimacy theory; good governance has not achieved company goals through the establishment of legitimacy. The results of this study indicate that investment Opportunity Set moderate effect foreign ownership against firm value. The results of this study are consistent with agency theory and stakeholder theory. Good governance relationships are supported through demands for transparency and efficiency of stakeholders to achieve company goals through optimal supervision and skills.

The results of this study indicate the importance of corporate responsibility and corporate investment activities in achieving the company is going concern, so that the implications of this study are as follows: 1) the government needs to emphasize the implementation of mandatory sustainability reporting, 2) Companies need to consider legitimacy through implementation of sustainability reporting consistently 3) stakeholders consider decision making in companies with good legitimacy.

Limitations in this study in measuring firm value using only Tobin's Q proxy and to measure IOS only using MVE/BE so that IOS has not been able to be proven to strengthen the effect of sustainability reporting on firm value. Suggestions for further research can add proxies to measure firm value, namely PBV (Price Book Value), and PER (Price Earning Ratio) while for IOS with a MVA/BVA (Market to Book Value of Book of Assets) proxy, EPS (Earning Per Share)), and ROE (Return On Equity) so that the results are more empirical.

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