

**THE EFFECT OF SUSTAINABILITY REPORT DISCLOSURE ON
ABNORMAL RETURN IN INDONESIA**

THESIS

**Presented as Partial Fulfilment of the Requirement for the
Degree of Sarjana (S1) in International Financial Accounting Program**

Faculty of Business and Economics

Universitas Atma Jaya Yogyakarta



Compiled by:

Ivan Hertanto

Student ID: 14 15 21400

**FACULTY OF BUSINESS AND ECONOMICS
UNIVERSITAS ATMA JAYA YOGYAKARTA**

2019



THESIS

The Effect of Sustainability Report Disclosure on Abnormal Return in Indonesia

That prepared and compiled by:

Ivan Hertanto

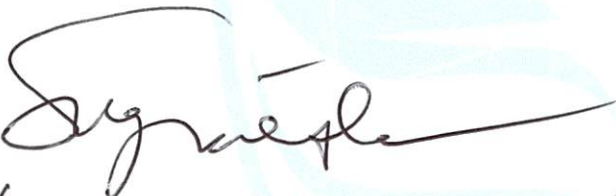
NPM : 14 15 21400

**Already defended in front of Thesis Defence Committee
on April, 5th 2019 towards fulfilment of the requirements for the degree of
Sarjana (S1) in International Financial Accounting Program
Faculty of Business and Economics, Atma Jaya Yogyakarta University**


THESIS DEFENCE COMMITTEE

Chairman of Thesis Defence Committee

Member of Thesis Defence Committee



P. I. Putu Sugiarta Sanjaya, M.Si., Ak., CA.



Anggreni Dian K., SE., M.Sc., Ak., CA., CSA.



M.G. Fitria Harjanti, SE., M.Sc.

Yogyakarta, April 11th 2019

**Dean of Faculty Business and Economic
Universitas Atma Jaya Yogyakarta**



Drs. Budi Suprpto, M.B.A., Ph.D.

THESIS

**THE EFFECT OF SUSTAINABILTY REPORT DISCLOSURE ON
ABNORMAL RETURN IN INDONESIA**

Compiled by:

Ivan Hertanto

Student ID Number: 14 15 21400

Has been read and approved by:

Advisor



M.G. Fitria Harjanti, SE., M.Sc.

14th March 2019

AUTHENTICITY ACKNOWLEDGEMENT

I hereby declare that the thesis with the title:

THE EFFECT OF SUSTAINABILITY REPORT DISCLOSURE ON ABNORMAL RETURN IN INDONESIA

Is really my own thinking and writing. I fully knowledge that my writing does not contain other or part of other writing, except for those that have been cited and mentioned in the references.

Yogyakarta, March 11th 2018



Ivan Hertanto

ACKNOWLEDGEMENTS

All thanks to the Lord for all His blessing that the researcher could done every process and complete the thesis with the title “The Effect of Sustainability Report Disclosure on Abnormal Return in Indonesia”.

This thesis is compiled as the partial fulfilment of the Requirements for the Degree of Sarjana (S1) in International Financial Accounting Program Faculty of Business and Economics Universitas Atma Jaya Yogyakarta. The process of creating this thesis is supported both direct and indirect by many parties. Therefore, researcher would like to express gratitude to :

1. First of all, I would like to give my thanks and praise to the Lord for His grace, that I able to finish this thesis process, all the best way has been given by Him.
2. For Ma'am Fitria, huge thanks and gratitude for advising me through this whole process. I appreciate every critical comment, opinion, guidance, support and every logical and reasonable judgement that make me able to finish thesis. Every moment which we laugh together and do serious task made me have the spirit to finish this thesis. Thank you for everything that you've done to me and may God always be with you Ma'am.
3. Next, I would like to say my thanks for the support provided by Dad, Mom and my sister that accompany me from the beginning of my college time until this moment. I would never ask for much better

family than this. Knowing that I probably couldn't give everything back to you all, but at least I can be independent and not be a burden anymore for you. Love you Fam.

4. At last, to my classmates on IFAP 14, we do our struggle together till the end. Thanks for accompanying me since the beginning, 10 out of 10 would be mates until the end of our journey. Hope you guys could grasp your dream and fulfil each of your goals, see you next time guys!

Yogyakarta, March 11th 2018

Signed,

A handwritten signature in black ink, appearing to read 'Ivan Hertanto', with a long horizontal stroke extending to the right.

Ivan Hertanto

TABLE OF CONTENTS

TITLE PAGE.....	I
APPROVAL.....	II
AUTHENTICITY ACKNOWLEDGEMENT.....	IV
ACKNOWLEDGEMENT.....	V
TABLE OF CONTENT.....	VII
LIST OF TABLES.....	X
LIST OF APPENDICES.....	XI
ABSTRACT.....	XII
CHAPTER 1	
INTRODUCTION.....	1
1.1 Research Background.....	1
1.2 Research Problem.....	4
1.3 Research Objective.....	5
1.4 Research Contribution.....	5
1.5 Writing Structure.....	6
CHAPTER II	
LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT.....	8

2.1 Stakeholder Theory.....	8
2.2 Legitimacy Theory.....	9
2.3 Sustainability Report.....	10
2.4 Abnormal Return.....	12
2.5 Basic Theories and Previous Study.....	15
2.6 Research Hypothesis.....	16
 CHAPTER III	
RESEARCH METHOD.....	18
3.1 Population and Sample.....	18
3.2 Sources, Type and Data Collection.....	19
3.3 Operational Definition and Measurement of Research Variables.....	20
3.3.1 Sustainability Report Disclosure.....	20
3.3.2 Abnormal Return.....	20
3.3.3 Control Variable.....	22
3.4 Data Analysis.....	23
3.4.1 Classic Assumption Testing.....	23
3.5 Hypothesis Testing.....	26
 CHAPTER IV	
DATA ANALYSIS AND DISCUSSION.....	28
4.1 Sample Selection Process.....	28
4.2 Descriptive Statistics.....	29

4.3 Classic Assumption Test.....	30
4.3.1 Normality Test.....	30
4.3.2 Multicollinearity Test.....	32
4.3.3 Heteroscedasticity Test.....	33
4.3.4 Autocorrelation Test.....	33
4.4 Hypothesis Testing.....	34
4.5 Discussion.....	36
CHAPTER V	
CONCLUSION.....	39
5.1 Conclusion.....	39
5.2 Limitation and Suggestion.....	40
REFERENCES.....	41
APPENDICES.....	45

LIST OF TABLES

Table 4.1	: Sample Selection
Table 4.2	: Descriptive Statistics
Table 4.3	: Normality Test Before Trimming
Table 4.4	: Normality Test After Trimming
Table 4.5	: Multicollinearity Test
Table 4.6	: Heteroscedasticity Test
Table 4.7	: Autocorrelation Test
Table 4.8	: Model Summary
Table 4.9	: F-test
Table 4.10	: Multiple Regression Result

LIST OF APPENDICES

APPENDIX A: List of Samples

APPENDIX B: List of Sustainability Report Disclosure

APPENDIX C: List of P/B Ratio

APPENDIX D: CAPM and Abnormal Return Calculation

APPENDIX E: Classic Assumption Test Result

APPENDIX F: Hypothesis Testing Result

**THE EFFECT OF SUSTAINABILITY REPORT DISCLOSURE ON
ABNORMAL RETURN IN INDONESIA**

Ivan Hertanto

International Financial Accounting Program

Faculty of Business and Economics

Universitas Atma Jaya Yogyakarta

Supervised by:

M.G. Fitria Harjanti, SE., M.Sc.

Abstract

This research tries to find the effect of sustainability report disclosure on abnormal return in Indonesian listed firms. Population selected in this research is all type of companies which publish their sustainability report for a 3 consecutive years from 2015-2017. Purposive sampling technique used to take the samples which results in 84 samples from total 28 companies that fulfil the criteria of samples in this research.

Result concluded from this research will shows that sustainability report has negative non-significant impact to abnormal return. However, P/B ratio shows that it has a positive and significant impact to abnormal return. This research find that investor still not yet included sustainability report as one of their main focuses to make decision on investing that can be seen from the abnormal return.

Keywords: Sustainability disclosure, Price to Book Ratio, Abnormal Return