Does the Value Relevance of Accounting Information Mediate Sustainability Reporting Disclosures: Empirical Evidence of Indonesian Capital Market.

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Abstract: Sustainability Issues reporting developed due to the demands of the community due to environmental pollution around the company and also the existence of product packaging waste. The purpose of this study was to obtain empirical evidence of the Effect of Profitability and Accounting Prudence on Disclosure of Sustainability Reports with the Value Relevance of Accounting Information as an Intervening Variable in Manufacturing Companies Listed on the IDX in 2015-2019.This research is causal, which has a causal relationship in describing a phenomenon. The type of data is quantitative in the form of secondary data from the company's annual financial statements and the sustainability report of manufacturing companies on the Indonesia Stock Exchange in 2015 - 2019. The population in this study is all manufacturing companies. The sampling technique is purposive sampling. The results of this study indicate that simultaneously Profitability, Prudence, and value relevance of accounting information affect the disclosure of the Sustainability Report. Partially, Profitability does not affect the Value Relevance of Accounting Information, while Accounting Prudence affects the Value Relevance of Accounting Information, Value Relevance affects the disclosure of the Sustainability Report, Profitability affects the disclosure of the Sustainability Report, and Prudence affects the disclosure of the Sustainability Report. The research findings show that the value relevance of accounting information is not able to mediate profitability on the disclosure of the Sustainability Report, and value relevance also cannot mediate the accounting Prudence on the disclosure of the Sustainability Report.

Keywords: Profitability, Accounting Prudence, Value Relevance of Accounting Information, Sustainability Report.

1. INTRODUCTION

Sustainability The report began to develop because there was a lot of environmental pollution around the company. In addition, environmental pollution also occurs as a result of product packaging waste. This condition then led to protests and demands from the affected community so that the company took a role in handling environmental pollution problems. Management usually does not consider the possibility of environmental pollution as a result of the company's activities. Often companies only focus on increasing profits. This is evidenced by the phenomenon of environmental pollution that occurs in Indonesia, including the Malinau river pollution caused by PT. Kayan Putra Utama Coal quoted from JPNN (2021), environmental pollution due to cow dung waste from PT. Greenfields Indonesia in Blitar (Werdiono, 2021), and environmental pollution from waste paper PT. Pindo Deli Pulp and Paper Mills in Karawang(Awaluddin 2019) . The existence of these cases has become the basis for stakeholders to start considering companies that have disclosed sustainability reports in their annual reports (Wibowo & Faradiza 2014). Companies that have disclosed sustainability reports have added value compared to companies that have not disclosed sustainability reports. According to Ching et al. (2017), investors include sustainability reports as one aspect that will be considered before investing in certain companies.

According to Elkington (1998) companies must be responsible for the positive and negative impacts caused to the economy, society, and environment. So that the balance between people, planet, and profit, known as the Triple Bottom Line (TBL) concept will be realized. Therefore, the company should participate in preserving the environment by doing better waste management. In Indonesia, companies must make an annual report whose contents are included in a report on corporate social and environmental responsibility (Law of the Republic of Indonesia Number 40 of 2007 concerning Limited Liability Companies 2007). The company's obligation to disclose sustainability reports is also stated in POJK article 2 (2017) which states that in carrying out their company operations, LJK, Issuers, and public companies are required to implement sustainable finance.

According to Gunawa (2015), NCSR (National Center for Sustainability Reporting) states that sustainability reports in Indonesia have increased by 6 to 10 reports made by companies registered in Indonesia. In 2014 there were approximately 50 sustainability reports in Indonesia. Meanwhile, according to OJK (2017) in 2016, as many as 9% or 49 companies that have been listed on the Jakarta Stock Exchange (IDX) have published sustainability reports. This amount is an accumulation of various sectors, in addition, 12 financial service institutions have also disclosed sustainability reports. Kencana (2019) stated that 110 companies had disclosed sustainability reports from a total of 629 companies listed on the IDX on April 23, 2019.

Sustainability Reporting provides information about the company's plans to overcome environmental damage that occurs as a result of its operations and its social responsibility efforts. In addition, the report also contains information regarding the realization of corporate social and environmental responsibility. The information will be relevant if it can influence the decisions to be made by the interested parties. Therefore, the disclosure of sustainability reports is closely related to the Value Relevance of Accounting Information. Kuswanto, Rambe, and Ruwanti (2017) state that the relevance of the value of accounting information has information that must provide value for its users in making decisions.

The value relevance of accounting information is the ability of accounting information to explain firm value (Beaver, 1968). The quality of accounting information is said to be good if there is a close relationship between firm value as reflected by stock prices and accounting values in the form of the book value of equity and profit of a company (Kuswanto, et.al, 2017). One of the accounting data that is often accessed by interested parties is data on the company's profitability where this profitability is an indicator that can be used to determine the company's performance. To determine the level of profitability, one of the ratios that can be used is Return On Assets.

Return on Assets will provide information about the ability of the company's assets to generate profits. ROA can also be a reference in measuring the effectiveness of management in managing its investments. Companies that have a high ROA percentage can be concluded that the company's profitability is in good condition, and vice versa if the company's ROA is small, the company's profitability is in poor condition (Adhikaraet al., 2022; Mala et al., 2021). For that ROA can be used as a measure of company profitability. The Effect of Profitability on the Sustainability Report has been studied by Jannah and Kurnia (2016),Liana (2019), and Rifandi (2017) with positive results while Sinaga et al. (2017) and Marsuking (2020) show a negative effect.

Fundamental analysis is closely related to investment decision making where the results of this analysis will provide data about the company that can be used as a reference in making investment decisions, one of which is the relationship between accounting information and market values. Sometimes the relationship between accounting information and market value does not work well. This happens due to fraud from one party or there is a miscommunication so that the information submitted cannot be received properly. For this reason, the role of accounting prudence (prudence principles) is very necessary.

Prudence arises as a result of uncertain conditions so that, in making decisions or taking an attitude to deal with these conditions, companies need to be careful, especially when making financial statements. Companies should recognize revenues and expenses carefully so that the principal will have more confidence in the results of the financial information provided. The application of accounting prudence will eliminate negative prejudices regarding the possibility of manipulation of financial statements which seem to be of great value so that the principal is interested. The application of this prudence can then limit the conflict of interest between the agent and the principal where this principle will make the company (agent) more open to existing information.

Fundamental analysis needs to be done before deciding to invest so that the risk of loss that may be received can be minimized. However, nowadays it is not only the company's fundamentals that are the main focus in assessing the company's performance. Another factor that is of concern to investors and other interested parties is corporate social responsibility. Reports on corporate social responsibility are known as sustainability reports.

Research on the relationship between Profitability, Accounting Prudence, Sustainability Reports, and Value Relevance of Accounting Information needs to be done because the company's fundamentals have a common thread with sustainability reports. How the company allocates funds that will be used as costs in realizing its environmental and social responsibilities. Companies need to apply the precautionary principle in preparing financial statements so that the reports produced are more conservative so that external parties will trust the

company more. This trust will be further increased if the company also discloses a sustainability report.

2. THEORY AND HYPOTHESES DEVELOPMENT

2.1. Signaling Theory.

According to Spence (1973)signal balance undertook the development of Akerlof's (1970) theory. Spence argues that companies that have superior performance use financial information to send signals to the market. The results of the research conducted show that there is a difference in the cost of signal between bad news and good news, where the cost of signal for bad news is higher than for good news. Suwardjono (2005) states that signaling theory can be used as a basis for disclosure of sustainability reporting where management always tries to disclose private information that is of great interest to investors and shareholders, especially if the information is in the form of good news.

2.2. Triple Bottom Line Theory

Triple Bottom Line focuses on financial accounting where the approach taken is expected to better measure the impact and success of Elkington (1998). The Triple Bottom Line theory expands business success metrics to include contributions to environmental health, social welfare, and an equitable economy.

2.3. Profitability (ROA)

According to Sujarweni (2017), Profitability Ratios are used to measure the level of rewards or gains (profits) compared to sales or assets, measuring how much the company's ability to relate to sales, assets, and profits and own capital. Profitability measurement can use ROA proxy. Return On Assets or ROA is a ratio that can be used to measure the company's ability to earn a profit from the assets it uses. According to Thionita (2020), ROA is seeing the extent to which the investment that has been invested can provide a return of profit as expected and the investment is the same as the company's assets invested. If the company experiences an increase in the percentage value of ROA from time to time, it can be said that the company is in good financial condition.

2.4. Accounting Prudence

Accounting conservatism is a selection of accounting methods and estimates that keep the book value of net assets relatively low (Zhang, 2002). In the comparison of historical costs, if there is an impairment, it must be recorded as soon as possible even though it is still a possibility. Meanwhile, if there is an increase in value compared to historical costs, the increase does not need to be recorded until the increase is achieved (Măciucă, et.al, 2015). According to Pulungan (2019)Accounting conservatism is a general pessimism when choosing accounting techniques for financial reporting, namely the principle which implies that the lowest values of assets and income and the highest values of liabilities and expenses should be selected for reporting. Meanwhile, Savitri (2016) argues that conservatism is a concept that recognizes expenses and liabilities as soon as possible even though there is uncertainty about the results, but only recognizes income and assets when they are sure they are received. The formula that can be used in measuring conservatism is the Heckman (1979) bias formula (Heckman 1979)written in the study (Malau 2020).

2.5. Value Relevance of Accounting Information

The value relevance of accounting information is the ability of accounting information to explain firm value (Beaver, 1968). Value relevance reflects the main function of accounting, which is closely related to the provision of information. This information can then be used by investors to value securities and can also be used as a basis for making rational decisions (Dumontier and Labelle 1998). According to Ohlson in the theory of accounting relevance, there is a relationship between firm value and accounting data contained in financial statements (Ohlson, 1995). The formula that can be used in the 1995 Ohlson model is to use multiple linear tests based on the price model developed by Ohlson (1995) and the chow test (Trisninik et al. 2015). The value relevance test uses the price model developed by Ohlson (1995).

2.6. Sustainability Reporting

A sustainability report or sustainability report is a report made periodically by the company. According to the GRI sustainability report is a practice in measuring and disclosing company activities, as a responsibility to the wider community regarding organizational performance in realizing development goals (Handajani et al. 2020). With the existence of a sustainability report, investors can make better decisions (Nwobu 2015). Organizations that are transparent in their economic, environmental, and social activities can empower stakeholders, promote effective relationships with other markets, and make better investment decisions (Wang 2017). In the Global Reporting Initiative (GRI) G4 Guidelines, there are 91 disclosure indicators which are divided into 3 categories, namely economic, environmental, and social (Global Sustainability Standards Board 2013). In this study, the authors use the sustainability report disclosure index (SRDI). The first stage will be scoring each performance indicator contained in the sustainability report. A score of 0 is given if the performance indicator is not disclosed and a score of 1 if the performance indicator is disclosed.

2.7. Global Reporting Initiative (GRI)

Global Reporting Initiative or GRI is an organization that develops guidelines for making sustainability reports. The GRI is issued by the Global Sustainability Standards Board (GSSB). In GRI there are principles regarding reporting, standard disclosures, and implementation guidelines in the preparation of sustainability reports. The GRI development process is carried out by involving stakeholders globally from representatives of business, labor, civil society, and financial markets, as well as auditors and experts in various fields. In its development, GRI has been adapted to documents related to reporting that have been recognized internationally.

2.8. Global Reporting Initiative G4

The G4 update aims to help reporters prepare sustainability reports on important matters, which contain valuable information on the most critical organizational issues related to sustainability and make sustainability reporting the standard. In G4 there are also different formats regarding the disclosure of sustainability reports, both in independent sustainability reporting, integrated reports, annual reports, reports that discuss certain international rules, or online reporting.

2.9. Relationship between Profitability, Prudence, Value Relevance of Accounting Information with Disclosure of Sustainability Report

According to Anggina Dia (2015), profitability measurement is one of the factors that gives management freedom and flexibility in disclosing social responsibilities to stakeholders. Therefore, companies need to apply the principle of prudence in presenting financial statements so that the information provided can be more trusted. Prudence is defined as more timely recognition of losses while gains are recognized more slowly. For this reason, the application of prudence will help minimize stakeholder concerns about the downside risk (Oreshkova 2018).

The purpose of financial statements is to provide useful information about the financial position, performance, and changes in the financial position of a company (Kimouche and Rouabhi 2016). According to Beisland (2009), the usefulness of accounting information has been constantly expressed in the literature by the term "value relevance", which measures the utility of accounting numbers from an equity valuation perspective. Value relevance measures the ability of financial statements to capture and summarize information reflected in firm value (Francis & Schipper, 1999). To be value-relevant, accounting information must be related to the current value of the firm. Companies that reflect a positive value will attract more investors. This will then encourage the company to disclose more information about the condition of the company. One of the additional information is the disclosure of the sustainability report.

2.10. The Relationship Between Profitability and Value Relevance of Accounting Information

Companies with good and stable profitability will increase the relevance of the value of information (Alamsyah 2017). This statement is based on the results of research conducted by Collins, Maydew, and Weiss (1997). This research proves that profitability which has increased from time to time is relevant information to be used as a reference for investors' estimates in the future. Because relevant information has predictive value (Simbolon

2010). Research conducted by Harnovinsah and Alamsyah (2017) states that profitability does not affect the value relevance of accounting information.

2.11. The Relationship Between Accounting Prudence and the Value Relevance of Accounting Information

revenue recognition criteria but is still based on the precautionary principle in its recognition. Furthermore, after SAK adopted IFRS, the IASB stated that actually prudence is not the desired quality of accounting information so IFRS was created in the hope that financial statements can be relevant and reliable (Aristiani, et.al 2017). The precautionary principle needs to be applied in recording the company's fundamentals so that the information generated from the financial statements will be more relevant. When companies apply the principles of accounting prudence, the value relevance of accounting information will increase. Because the precautionary principle in accounting prudence can suppress the act of exaggerating profits (Gusti Rahmat, 2020). Research conducted by Aziz (2016), Gusti Rahmat (2020), and Kousenidis, et.L (2010) states that conservatism can have a positive impact on value relevance. However, research conducted by Wahyudin and Laila (2016) and Berliana, et.al, (2019) states that conservatism has a negative effect on value relevance.

2.12. Relationship Between Value Relevance of Accounting Information and Disclosure of Sustainability Report

Accounting information should be able to make a difference in a decision. If it does not affect the decision, it means that the information is not relevant to the decision taken. Relevant information will help users make predictions about the outcome of past, present, and future events that have predictive value (Simbolon 2010). In addition, relevant information also has a feedback value that can be used to correct past expectations. Relevant information regarding the company's financial condition can facilitate the preparation of sustainability reports where the use of value relevance accounting information will provide company financial data that has been used to realize the company's social and environmental responsibilities. From these data, the company can evaluate the extent to which financial efficiency has been used. Then the results of the evaluation can be used as a basis for preparing a budget that will be used to finance the company's activities in carrying out its responsibilities both to the social, environmental, and government.

2.13. The Relationship Between Company Profitability and Sustainability Report Disclosure

Profitability is a crucial thing in a company, good or bad profitability will affect financial performance and assessments from external parties. If the company has good profitability, external parties will give a positive assessment, especially those who have profits. For this reason, the higher the company's profitability will trigger the company's tendency to disclose more company internal information to the general public. Including information on corporate social responsibility that can be disclosed through a sustainability report. Disclosure of the sustainability report will provide an overview of the company's efforts in dealing with the environmental damage caused by the company's activities. According to Rifandi (2017) company profit affects the disclosure of sustainability reports. The higher profitability describes the company's ability to generate higher profits, so the company can increase its social responsibility (Sinaga et al. 2017). Rofiqkoh and Priyadi (2016) and Mautia and Titik (2019) stated that profitability affects the disclosure of sustainability reports.

2.14. The Relationship Between Accounting Prudence and Sustainability Report Disclosure.

Prudence is a convergence of accounting conservatism which has the principle of prudence in recording revenue or assets and expenses to minimize the profit generated so that the risk of uncertainty can be reduced. This action can give a positive signal to investors to reduce suspicion of the possibility of the company increasing profits to attract investors which in the end can harm the investor. Thus, the company will gain more trust from investors. To increase investor confidence, of course, the company will provide more information about the condition of the company and the company's prospects in the future. In this case, it is closely related to the sustainability report. Research on the effect of prudence on the disclosure of sustainability reports has been conducted by Handajani et al. (2020) with the results stating that conservatism has a significant negative effect on the disclosure of the sustainability report.

2.15. Relationship between Value Relevance of Accounting Information with Profitability and Sustainability Report

Information on profitability is often accessed by interested parties to analyse the ability of the company's assets to earn a profit. If the information can have an impact on decision-making, it can be said that the information presented is relevant. According to Kimouche and Rouabhi (2016) accounting information becomes relevant when they reflect information used by investors to value firm value. The higher the value relevance, the more reliable financial statements are to make investment decisions, and thus the greater the relationship between financial statement items and the market value of the company (Kevin CKLama 2013). This relevance will then provide feedback that can be used as a corrector for the company's past performance. The results of these corrections will then encourage companies to disclose sustainability reports.

2.16. Relationship between Value Relevance of Accounting Information with Prudence and Sustainability Report

Companies that apply the precautionary principle are likely to provide more relevant information because in the exercise of prudence it means that assets and revenues are not overstated and liabilities and expenses are not understated (Oreshkova 2018). So that the possibility of fraud regarding financial information can be minimized. Investors and interested parties will have more confidence in this information. This trust can be increased by disclosing this sustainability report because external parties (investors and stakeholders) can assess the company's good faith in overcoming and preventing environmental damage and being responsible for the welfare of the affected communities.

2.17. Hypothesis Development

H_a 1: Profitability and Accounting Prudence simultaneously have a positive effect on disclosure of the Sustainability Report with the Value Relevance of Accounting Information as intervention variable.

H_a 2: Profitability affects the value relevance of accounting information.

H_a 3: Accounting prudence affects the value relevance of accounting information.

H_a 4: The relevance of the value of accounting information affects the disclosure of the sustainability report.

H_a 5: Profitability has a positive effect on the disclosure of the Sustainability Report

H_a 6: Accounting prudence has a negative effect on the disclosure of sustainability reports.

H_a 7: Value Relevance Accounting information mediates profitability to disclosure sustainability reports.

H_a 8: Value relevance of accounting information mediates accounting prudence on disclosure sustainability reports.

3. RESEARCH METHODS

3.1. Research design

Based on the relationship that occurs between variables, this research is a type of causality research where between variables has a causal relationship and describes a phenomenon. Research units in manufacturing companies listed on the Indonesia Stock Exchange for the period 2915 – 2019.

3.2. Variable Operational Definition

The variable used in this study is profitability (X). Profitability is the company's ability to earn a profit about sales, total assets, and own capital. The measurement of profitability in this study uses a ROA proxy where ROA according to Thionita (2020) is to see the extent to which the investment that has been invested can provide a return of profit as expected and the investment is the same as the company's assets invested. The ROA formula according to Hery (2016) is net income divided by total assets.

Prudence accounting (X2) is an accounting concept where companies must act carefully in accounting records so that the recording of the amount of revenue is not exaggerated or understated costs. Measurement of Prudence in this study using the Malau formula (2020) the formula is calculated in two stages, namely: Stage one $ACi,t/TAi,t-1= b0(1/TAi,t-1)+b1(\Delta SALESi,t-\Delta ARi, t/TAi,t1)+b2(PPEi,t/TAi,t-1)+\varepsilon i,t$. Stage two P-Score Value=

(Depreciation Expense +OCI)/Total

Value relevance of accounting information (Z) as an intervening variable. The value relevance of accounting information is the ability of accounting information to explain firm value (Beaver, 1968). The value relevance test uses the price model developed by Ohlson (1995) with the equation Pit+1 = 0 + 1BVEPSit + 2NIPSit + 3TAit+β4PERit + 5LEVit + εit

Disclosure of sustainability report (Y) as the dependent variable. A sustainability report or sustainability report is a report made periodically by the company. This report contains information on corporate social, environmental, and economic responsibilities. In addition, this report also contains information on the company's plans to prevent and mitigate environmental damage due to its operational activities as well as reports on the extent to which the company's sustainability plans have been achieved. Measurement of the Sustainability Report using the Sustainability Report Disclosure Index (SRDI) where the number of items disclosed by the Company is divided by the number of items expected (91 items according to GRI G4 guidelines).

4. RESULTS AND DISCUSSION

4.1. Research result

4.1.1. Descriptive Statistics

Table 1. Descriptive statistical test

Descriptive Statistics					
	N	Minimum	Maximum	mean	Std. Deviation
PROFITABILITY	190	-.15	.25	.0502	.07907
PRUDENCE	190	-.59	2.29	.8620	.49845
VALUE RELEVANCE	190	.22	1.00	.8867	.12181
SR	190	10.00	86.00	43.3632	21.48655
Valid N (listwise)	190				

Source: statistical test tool

The table above shows that the number of samples (N) used in this study is 190. Profitability (X1) has a profit value of 5% from the company's main operational activities. Prudence shows that the company is still doing its accounting records by overstating revenues and understating liabilities. So that the accrual value obtained shows positive results. The value relevance of Accounting Information (Z) is found to have value relevance because the maximum value in the descriptive statistical test table shows a number more than 0. The Sustainability Report (Y) on the IDX has disclosed 43.36%, only that the score of each company is different.

4.1.2. Normality test

The results of the normality test using a statistical test tool based on Sig. Kolmogorov-Smirnov showed that the sample data used came from a normally distributed population with Sig. 0.200 or more than 0.05.

4.1.3. Autocorrelation Test

In this study, the autocorrelation test used was the Durbin-Watson (DW) testwith a correlation test result of 1.844, which means that the DW value is greater than the upper limit value in the DW table, which is 1.7838, which means that these two models are also research variables. does not correlate.

4.1.4. MulticollinearityTest

Multicollinearity test results based on the Collinearity Statistics column To lerance and Variance Inflation Factor (VIF) obtained them ulticollinearity test results have a value close to 1and Variance Inflation Factor (VIF) worth<

10 forallin dependent variables X. Thus, regression model analysis can be used in this study.

4.1.5. HeteroscedasticityTest

The results of calculations using statistical test tools based on the Scatterplot obtained that the heteroscedasticity test results above are 4.952, which is greater than the f table value with a value of 3.04.

4.1.6. Coefficient of DeterminationTest (R²)

The R2 determination test provides information about the percentage of the independent variable's contribution to the dependent variable. The result of the analysis of the coefficient of determination of R^2 in this study is the adjusted R square has a value of 0.050 or 5%, which means 95% is influenced by other variables not included in this study such as liquidity, solvency, and stock prices. In the path 2 model test, it produces an R Squarevalueof0.085 or8.5 0%. Therefore, theremainderis91 . 5 0% influencedbyothervariablesthat are not included in this study such as firm value.

4.1.7. Hypothesis Testing Results

Path analysis is an analysis that is used to explain the direct or indirect effects between variables by using the values of the regression results between these variables
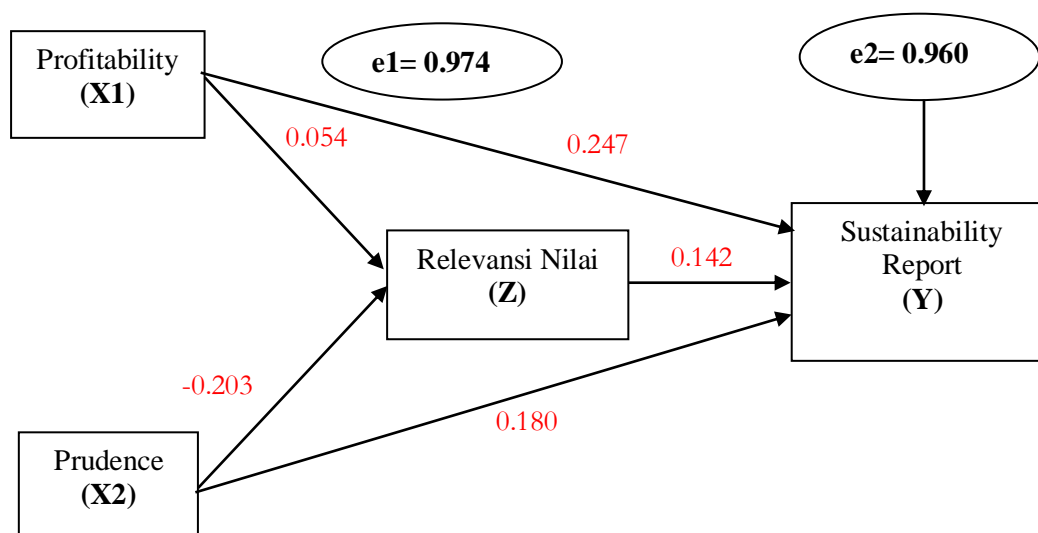
4.1.8. Intervening Test

Sobel test was conducted to determine the effect of the independent variable (X1 and X2) on the dependent variable (Y) indirectly through the intervening variable (Z). Below are the results of the Sobel test.

Table 5. 1Sobel Test Results

No	Variable	Thit	Ttab	Criteria
1	Profitability	0.005	1972	Not significant
2	Prudence	-0.011		Not significant

Source: Processed using statistical applications

The table above shows that Profitability has no indirect effect on the disclosure of the Sustainability Report through the relevance of the Value of Accounting Information, this is indicated by the results of the T hit

calculation which is smaller than the T $_{tab}$ value, namely 0.0006 <1.972. Likewise, the Prudence variable has no indirect effect on the disclosure of the Sustainability Report through the Value Relevance of Accounting Information with a comparison of T $_{hit}$ < T $_{tab}$, which is -0.952 < 1.972. The results of this Sobel test are the same as the results of the path test where the test states that the value relevance of accounting information is not able to mediate the profitability variable on the disclosure of sustainability reports and is also unable to mediate the accounting Prudence variable on the disclosure of sustainability reports.

4.2. Discussion

4.2.1. Profitability and Accounting Prudenceon Sustainability Report Disclosure with Value Relevance of Accounting Informationas an intervening variable.

Profitability and Accounting Prudence affect the disclosure of the Sustainability Report with the Value Relevance of Accounting Information as an Intervening variable with a significance of 0.001 < = 0.05. This means that a company with an increasing profitability every year indicates that the company can utilize its assets efficiently to obtain increasing profits. If the increase is accompanied by the application of Accounting Prudence, it will gain more value from external parties. Because the application of the principles of accounting prudence will reduce suspicion of the possibility of manipulation of financial data. So that companies can transfer good news to interested parties. This good news will be accepted by external parties maximally if the company provides relevant information. Thus it can be said that if the company's profitability has increased by applying the principle of conservatism (Prudence) and supported by relevant accounting records, good information (good news) will be conveyed optimally so that it will motivate companies to disclose more information about the company. Sustainability Report. This is following the theory put forward by Suwardjono (2005) which states that to attract investors and shareholders, management tends to disclose private information, especially information that is good news.

4.2.2. Profitability (X1) to the Value Relevance of Accounting Information (Z)

Information about the company's profitability is one of the important components to assess the condition of the company. Because by looking at profitability we can find out how the company manages its assets to generate profits. In this study the proxy used is ROA. According to Thionita (2020), ROA provides information on the extent to which the investment invested can return the expected profit.

The results of the partial hypothesis test show that Profitability does not affect the Value Relevance of Accounting Information. The significance result is 0.464 >0.05 with t $_{value}$0.733. It can be concluded that the size of the ROA generated by the company cannot be used as a measure of the level of relevance of the value of accounting information applied by the company. These results are the same as research conducted by Harnovinsah and Alamsyah (2017) Profitability does not affect the Value Relevance of Accounting Information.

4.2.3. Prudence (X2) on the Value Relevance of Accounting Information (Z)

The application of Prudence in the recording of financial statements will minimize the suspicion of external parties regarding the possibility of fraud by the company. This is because if the company's financial records are made based on the precautionary principle, the company will only record revenues and assets if they are received while liabilities and expenses are recorded as soon as possible even though they are still uncertain. This action can increase the relevance of the information generated by the company's fundamental reports. Gusti, (2020) and Aziz (2016) state that conservatism can have a positive impact on the value relevance of accounting earnings information. The results of the regression test show that Prudence has a negative effect on the Value Relevance of Accounting Information with a sigvalue. 0.0 07 < 0.05 andthe valueof t $_{count}$-2,224 . This means that prudence and value relevance have an inverse relationship. The results of this study are the following research conducted by Wahyudin and Laila (2016) and Berliana, et.al, (2019) which states that accounting conservatism has a negative effect on the relevance of accounting values.

Although the application of conservatism can reduce the suspicion of the possibility of fraud in the presentation of financial statements, however, the information generated cannot be said to be relevant information because financial statements recorded by applying the precautionary principle will apply an estimation system or estimate

in which the figures regarding expenses and liabilities and revenues are recorded based on historical costs so that the financial information will be biased. According to Budiasih (2011), the precautionary principle can result in biased financial statement information so that it cannot be used to evaluate the occurrence of the risk. According to Monahan (1999) stated that the reported book value will be more biased if the applied conservatism is higher.

4.2.4. Value Relevance of Accounting Information to Sustainability Report disclosure

The results of the research on the Value Relevance of Accounting Information obtained a Tcount coefficient of 1,980 with a significance of 0.049 <0.05, which indicates that the relevance of the value of accounting information affects the disclosure of the Sustainability Report. The more relevant the information provided, the higher the sustainability report disclosure score. This phenomenon occurs because relevant accounting information can be used as a basis for decision making. After all, accounting value relevance provides predictive value (Simbolon 2010).So that the company will find it easier to allocate costs that will later be used in the realization of its social responsibility. Thus, it is easier for companies to make decisions regarding the scope of sustainability that will be disclosed to the public.

4.2.5. Profitability (X1) Against Sustainability Report

Profitability affects the disclosure of the Sustainability Report with a valueofsig. 0.0 01 < 0.05 andthe regressioncoefficientvalueis67,199. This means that the higher the profitability of the company, the possibility of the company disclosing sustainability reports will be greater. This is because high profitability indicates that the company can incur more costs to fulfill its social responsibilities so that the disclosure of sustainability aspects is more detailed. This is in line with the opinion of Sinaga et al. (2017) which states that companies with high profitability will increase their social responsibility. However, research conducted by Marsuking (2020) shows different results where profitability does not affect the disclosure of sustainability reports. Rifandi (2017), Mautia and Titik (2019), and Rofiqkoh and Priyadi (2016) state that profitability affects the disclosure of sustainability reports.

4.2.6. Prudence (X2) Against Sustainability Report

The results of the study obtained thevalueofsig. 0.0 17<0.05 for the Prudence variable, which means that the variable affects the disclosure of the Sustainability Report. Companies that apply the precautionary principle will be more trusted by interested parties because they are considered not to manipulate financial data (exaggerating income and minimizing liabilities) so that information asymmetry can be minimized. Thus, the company can convey a positive signal to the principal. To increase transparency so that the principal believes more in good news from the agent (company), the company can make a sustainability report which in the report contains information about the company's internal and external conditions. The results of this study are not in line with the research conducted by Handajani et al. (2020) were the results of his research state that conservatism has a negative effect on the disclosure of sustainability reports.

4.2.7. Value Relevance of Accounting Information Mediating Profitability to Disclosure of Sustainability Report.

The results of the Sobel test in this study indicate that profitability has a T $_{hit\ value\ that}$ is smaller than the T $_{tab\ value}$, which is 0.0006 < 1.972 this means that the Value Relevance of Accounting Information is not able to mediate profitability on the disclosure of sustainability reports. This means that the company in making decisions regarding the extent to which sustainability aspects will be disclosed depends on the level of profitability obtained, although the information on profitability can be said to be less relevant.

4.2.8. Of Accounting Information A Mediating Prudence To theDisclosureof Sustainability Report.

Similar to the results of the Sobel test on the Profitability variable, the Value Relevance of Accounting Information is also unable to mediate accounting Prudence on the disclosure of the Sustainability Report. The comparison result of T $_{hit}$ < T $_{tab}$ is -0.952 < 1.972. This means that accounting Prudence does not affect the disclosure of sustainability reports through the Value Relevance of Accounting Information. This means that the existence of Value Relevance cannot change the results of the influence of the Prudence variable on the

Sustainability Report.

4.2.8. Research Findings

The results showed that the value relevance of accounting information was not able to mediate the independent variables of profitability and prudence on the dependent variable Sustainability report. So that the direct disclosure of sustainability reporting is dominated by the influence of profitability and accounting prudence.

4.3. Conclusion

Simultaneously Profitability, Accounting Prudence, and Value Relevance of Accounting Information have a positive effect on the disclosure of the Sustainability Report. The company has increased profitability by applying the principle of conservatism; it will produce relevant information so that the disclosure of sustainability reports will be more detailed.

Value Relevance Accounting information does not mediate profitability on disclosure sustainability reports. This means that the company will continue to disclose sustainability reports even though the recording of profitability is irrelevant. The Value Relevance of Accounting Information does not mediate accounting prudence against disclosuren the sustainability report. This means that with or without the value relevance of accounting information, companies will continue to disclose sustainability reports.

Recommendation

Some suggestions that the author can give from this research based on the results of the previous conclusions are: the company should maximize the management of its assets to earn a profit so that the net profit margin can be increased; Itisrecommendedthat in recording the company's sustainability report, it is better to increase the sustainability report items following GRI G4; For further research, it is better to increase the research sample (not only focusing on the three sub-sectors) so that the research results are more relevant; and the next researcher can add other independent variables such as company size, earnings management, etc.

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