

Effect of Disclosure of Economic Performance, Environmental Performance, and Social Performance on Stock Trade Volume

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Abstract:- This study aims to determine the effect of disclosure of economic performance, environmental performance, and social performance on the increase in stock trading volume. The research method used is quantitative research. The targets in this study are companies listed on the Indonesia Stock Exchange (IDX) in the mining sector and the infrastructure, utilities and transportation sectors in 2014-2018. The technique used in sampling in this study is to use purposive sampling technique so that found 30 research samples. The data analysis method used is multiple linear regression method. Hypothesis testing shows that the three variables of Economic Performance, Environmental Performance, and Social Performance do not have a significant effect on Stock Trading Volume either partially or simultaneously because they have a significance value above 0.05.

Keywords:- Economic Performance, Environmental Performance, Social Performance, Stock Trading Volume.

I. INTRODUCTION

The capital market has a strategic contribution to the economic development of a country. The capital market allows individuals or communities who have excess funds to transfer funds from those who need them (Hartono, 2013). The capital market is a source of funding for companies either through selling securities or investing in shares. Investors will respond to securities that are traded in the capital market by considering several aspects to make investment decisions.

Often, with the rapid development of investment in the capital market, investors in making investment decisions will be greatly influenced by their knowledge of the investment and the amount of information provided by the company. According to Christanti (2011) investment decisions can be seen from two sides, namely, (1) Economic Factors, namely how these decisions can provide maximum wealth, and (2) Behavioral motivation, namely making investment decisions based on aspects of investor psychology, how investor confidence is formed based on the information provided by the company.

Accounting information disclosure strategy is one of the things that need to be considered by company

management because it will affect the amount of market response to the company. Generally, there are two forms of accounting information, namely the single benchmark disclosure strategy and multiple benchmarks (Haliah, 2020). Investors will seek as much information as possible, such as company financial information, company performance, inflation, interest rates, environmental information, social information, and so on. According to Sudana (2011) the most frequently requested information by companies today is information about corporate social responsibility. Information regarding corporate social responsibility is considered as the availability of financial information and non-financial information related to the company's concern for the environment and surrounding communities.

Sustainability reports exist as an organization or company reporting method to provide a commitment to sustainable development to both internal and external stakeholders. Sustainability reports contain information about the company's performance in the economic dimension, environmental dimension, and social dimension. Sustainability reports are published by companies to provide more complete information to potential investors, so it is hoped that the publication of sustainability reports will be able to trigger investor reactions resulting in movements in stock trading volume.

II. LITERATURE REVIEW

➤ *Influence Disclosure Performance Economy to Trading Volume Share*

Research conducted by Burhan and Rahmanti (2012) shows that disclosure of economic performance has a positive effect on investor confidence, this is because the information disclosed in economic performance can provide confidence regarding potential capital resources. Economic performance is a report to stakeholders on the company's influence on the economic conditions of the area where the company is established, that the company has really contributed to the economy locally, nationally and globally and is running according to applicable norms. Prospective investors should be more interested in investing their wealth in companies that are accepted by the public.

- *H1: Disclosure of economic performance has a positive effect on stock trading volume*

➤ *Influence Disclosure Performance Environment to Trading Volume Share*

Disclosure of environmental performance in the Sustainability Report contains information on the contribution of the company in maintaining and preserving the environment in which the company operates. Environmental performance also contains the impact that the company produces on the environment in the form of materials used, energy and consumption, ecosystems, soil, air and water (John; 2013). Disclosure of environmental performance is a way for companies to communicate environmental activities to gain the trust of stakeholders.

- *H2: Disclosure of environmental performance has a significant positive effect on stock trading volume*

➤ *Influence Disclosure Performance Social to Trading Volume Share*

Disclosure of social performance in the Sustainability Report contains the company's contribution to local issues that exist in society, especially where the company operates. Social performance also contains information about the risks associated with bribery, corruption, monopolistic practices, and collusion (John; 2013). Social performance is expected to be able to provide concrete evidence that the production process carried out by the company is not only profit-oriented, but also pays attention to social issues that occur in society. The company's compliance and its contribution to social and environmental conditions is an added point for the company in the eyes of potential investors, where companies will entrust their capital to companies that are accepted by the community.

- *H3: Disclosure of social performance has a significant positive effect on stock trading volume*

Based on the description above, the authors will conduct research on the effect of disclosing economic performance, environmental performance, and social performance on stock trading volume, with the following framework:

➤ *Description:*

- *Influential in a manner Simultaneous*
- *Influential in a manner Partial*

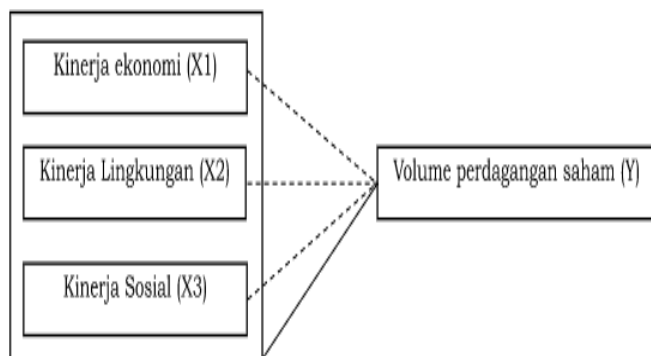


Fig 1 Matrix Framework Thinking

III. RESEARCH METHODS

The population in this study are companies listed on the Indonesia Stock Exchange (IDX) in the Mining sector and Infrastructure, utilities and transportation sectors in 2014-2018. The number of companies listed on the Indonesia Stock Exchange in the Mining sector (44 Companies) and the Infrastructure, utilities and transportation sector (79 Companies) in 2014-2018, so the total population in this study is 123 Companies (idx.co.id). Determination of the sample using purposive sampling method so that found 30 research samples.

This study uses stock trading volume as the dependent variable (Y) and uses economic performance (X1), environmental performance (X2), and social performance (X3) as independent variables.

Stock trading volume means the number of shares traded at a certain time. According to Sulisty (2016) Trading volume is used by investors to see the assessment of individual information, in the sense that this information makes a trading decision or not.

Disclosure of economic performance in a Sustainability Report is able to show the company's contribution to improving the economic conditions of stakeholders as well as to the economic system locally, nationally and globally.

Disclosure of environmental performance in the Sustainability Report contains information on the contribution of the company in maintaining and preserving the environment in which the company operates. Environmental performance also contains the impact that the company produces on the environment in the form of materials used, energy and consumption, ecosystems, soil, air and water (John; 2013).

Disclosure of social performance in the Sustainability Report contains the company's contribution to local issues that exist in society, especially where the company operates. Social performance also contains information about the risks associated with bribery, corruption, monopolistic practices, and collusion (John; 2013).

The data analysis technique in this study is descriptive analysis to describe the data that has been collected and multiple linear regression to measure how much influence the independent variable (X) has on the dependent variable (Y). The multiple regression analysis model is as follows:

➤ $TVA = \alpha + \beta X_1 + \beta_2 X_2 + \beta_3 X_3 + e$

- TVA = Trading volume share
- A = Constant
- B = Coefficient Regression
- X1 = Economic performance
- X2 = Environmental performance
- X3 = social performance
- E =Error

IV. RESULT AND DISCUSSION

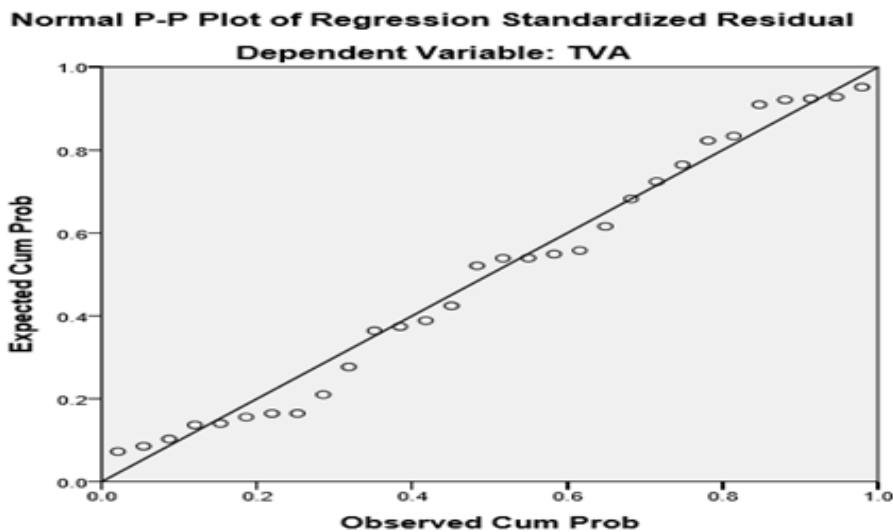


Fig 2 Normality Test Results (P-Plot)
Source: Output SPSS for Windows versi 24, 2020

Based on the results of the P-Plot test which can be seen from the picture above, it can be seen that the data spreads around the diagonal line and also follows the direction of the diagonal line, thus indicating that the regression model meets the assumption of normality.

Table 1 Multicollinearity Test Results

Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
1 (Constant)	-0.81	.194		-.419	.679		
EKONOMI	-.314	.492	-.160	-.637	.530	.530	1.886
LINGKUNGAN	1.104	.568	.480	1.943	.063	.547	1.829
SOSIAL	-.597	.595	-.245	-1.003	.325	.559	1.789

a Dependent Variable: TVA
Source: Output SPSS for Windows versi 24, 2020

Based on the test results, the tolerance value of all independent variables is > 0.10 and the VIF value of all independent variables is < 10, so it can be said that in this regression model there is no multicollinearity.

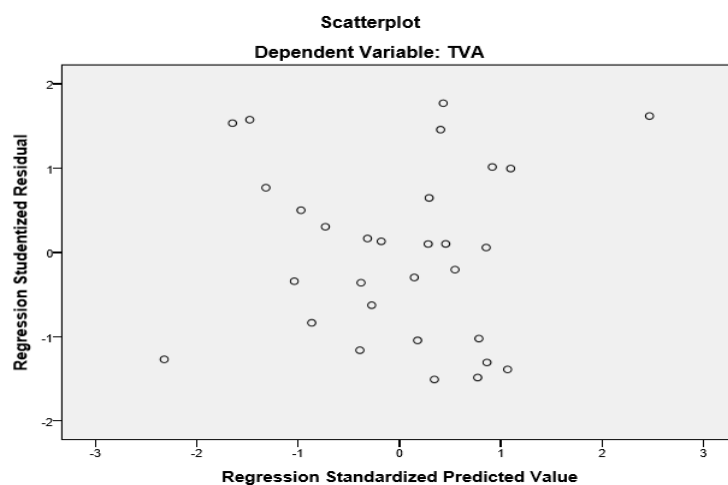


Fig 3 Heteroscedasticity Test Results (Scatterplot)
Source: SPSS output for Windows version 24, 2020

Based on Figure 3 above, the heteroscedasticity test shows that in the regression model there is no clear pattern and the points spread above and below the number 0 on the Y axis. This indicates that there is no heteroscedasticity in the regression model and the model is feasible to use.

Tabel 2 Autocorrelation Test Results

Runs Test	
	Unstandardized Residual
Test Value ^a	.03068
Cases<Test Value	15
Cases>=Test Value	15
Total Cases	30
Number of Runs	15
Z	-.186
Asymp. Sig. (2- Tailed)	.853
a Mediam	

Source: Output SPSS for Windows versi 24, 2020

The results of the Runs Test show that the Asymp.Sig (2-Tailed) value of 0.853 is greater than 0.05. So it can be concluded that there is no correlation in the regression model so there is no autocorrelation problem.

Table 3 Analysis Results Regression Double

S No.	Variable Independent	Variable dependent		
		Coefficient Regression (B)	Test Results t	Probability (Sig t)
1.	Constant	-0.081		
2.	Economic performance	-0.314	-0.638	0.529
3.	environmental performance	1.104	1,943	0.063
4.	Social performance	-0.596	-1.002	0.326
Adj. R Square		0.131		
Multiple Regression		0.361		
Fcount		1.302		
F Table		2.98		
Sig F		0.295		
A		0.05		

Source: SPSS output for Windows version 24, 2020

Based on the table above, it shows the value of the coefficient of determination or Adjusted R Square of 0.131, which means changes in the variables of economic performance, environmental performance, and social performance can explain changes in the increase in stock trading volume in companies in the Mining sector and the Infrastructure, utilities and transportation sectors listed on the stock exchange Indonesia is 13.1% while the remaining 86.9% is explained by other ratios that are not included in this regression model. The Multiple R value is 0.361 or the equivalent of 36.1%. This indicates the level of closeness of influence between the independent variables on the dependent variable is low.

➤ Based on the results shown in table D.3 with a significance level of 5%, the regression equation is obtained as follows:
 $Y = - 0,081 + -0,314X1 + 1,104X2 + -0,596X3 + e$

Table 4 F Test Results

ANOVA ^a					
Model	Sum of Squares	DF	Mean Square	F	Sig.
1. Regression	.666	3	.222	1.302	.295 ^b
Residual	4.436	26	.171		
Total	5.103	29			
a Dependent Variable: TVA					
b Predictors: (constant), SOSIAL, LINGKUNGAN, EKONOMI					

Source Output SPSS for Windows versi 24, 2020

Based on the results of the ANOVA test in the table above, an Fcount value of 1.302 < Ftable 2.98 is obtained, so it can be said that the effect of disclosing economic performance (X1), environmental performance (X2), and social performance (X3) simultaneously has no effect on stock trading volume.

Table 5 Test Results t

Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolreance	VIF
1 (Constant)	-.081	.194		-.419	.679		
EKONOMI	-.314	.492	-.160	-.637	.530	.530	1.886
LINGKUNGAN	1.104	.568	.480	1.943	.063	.547	1.829
SOSIAL	-.597	.595	-.245	-1.003	.325	.559	1.789

a Dependent Variable: TVA

Source: SPSS output for Windows version 24, 2020

➤ Based on the results of the t test in the table above, the following test results are obtained:

- Testing Hypothesis 1, The effect of disclosing economic performance has a positive effect on stock trading volume

From the table above, it can be seen that the variable disclosing economic performance has a tcount of -0.637 < ttable 1.666 and the significance level is greater than 5%, namely 0.530 > 0.05 thus, the variable disclosing economic performance (X1) does not have a significant positive effect to stock trading volume (Y). Based on these results, the first hypothesis in this study, namely "The effect of disclosing economic performance has a positive effect on stock trading volume" was declared rejected. This means that information from disclosing economic performance which includes the company's contribution to the magnitude of the economic system is not effective in provoking investor reactions to conduct transactions in the capital market.

- Testing Hypothesis 2, The effect of environmental performance disclosure has a positive effect on stock trading volume

Judging from the table above, it can be seen that the environmental performance disclosure variable has a tcount of 1.943 < ttable 1.666 and a significance level greater than 5%, namely 0.063 > 0.05 thus, the environmental performance disclosure variable (X2) does not have a significant positive effect on stock trading volume (Y). Based on these results, the second hypothesis in this study, namely "The effect of environmental performance disclosure has a positive effect on stock trading volume" was declared rejected. This means that investors are still lacking in appreciating the environmental information presented by the company in the Sustainability Report.

- Testing Hypothesis 3, The effect of social performance disclosure has a positive effect on stock trading volume

Judging from the table above, it can be seen that the social performance disclosure variable has a tcount of -1.003 < ttable 1.666 and a significance level greater than 5%, namely 0.325 > 0.05 thus, the social performance disclosure variable (X3) does not have a significant positive effect to stock trading volume (Y). Based on these results, the third hypothesis in this study, namely "The effect of social performance disclosure has a positive effect on stock trading volume" was declared rejected. This is allegedly because the average level of disclosure of social performance is quite low and does not even exceed 50% of the items provided by

GRI, so that investors perceive that the publication of this sustainability report is not good news to make it a consideration in conducting transactions on the stock market.

V. CONCLUSIONS

➤ The Conclusions Obtained from the Results of this Study are

- Disclosure of economic performance has no effect on stock trading volume. This shows that when companies disclose economic performance, it will not affect the increase in stock trading volume.
- Disclosure of environmental performance has no effect on stock trading volume. This shows that when companies disclose environmental performance, it will not affect the increase in stock trading volume.
- Disclosure of social performance has no effect on stock trading volume. This shows that when companies disclose social performance, it will not affect the increase in stock trading volume.

➤ Following are Some Suggestions that have been Formulated by Researchers to:

- For the Company to pay more attention to the items provided by the General Report Initiative (GRI) as a completeness of the disclosure of the Sustainability Report.
- For potential investors to use the Sustainability Report as a reference in making investment decisions, because this is related to the long-term benefits of the company's sustainability.
- For future researchers, it is hoped that they can expand the scope of research and not only focus on a few sectors. As well as extending the observation period of stock trading volume.

➤ The Limitations in this Study that are of Concern and Still Need to be Developed by Further Researchers Include:

- There are several company websites that experience server downtime, making it difficult for researchers to collect sustainability report data published by the company.

- There was a change in standards from the GRI as of July 2018 so that the Sustainability Report measurement standards used for 2018 are different from the standards from 2014-2017.

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