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The Influence of the Quantity of Corporate Social Responsibility and National Diversity of the Board of Companies on Corporate Value with the Availability of Sustainability Reports as a Moderating Variable

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Abstract: This study aims to analyze the influence of corporate social responsibility and diversity of corporate board nationalities on firm value. The data used is secondary data sourced from annual reports and Thomson Reuters Data Stream. The data analysis technique used in this test is multiple regression analysis. The results of the regression analysis show that CSR spending, the proportion of foreign commissioners, and the proportion of foreign directors have no effect on firm value. The results of the regression analysis also show that disclosure of sustainability reports has no influence in moderating the relationship between CSR spending and firm value. Meanwhile, disclosure of sustainability reports has a negative moderating effect on the relationship between the proportion of foreign commissioners and company value, and has a positive effect on the relationship between the proportion of foreign directors and company value.

Keywords: Corporate Social Responsibility, National Diversity Board, Corporate Values.

INTRODUCTION

Socially Responsible Investing (SRI) has experienced rapid growth over the last few decades (Mubarok, 2022). SRI is an investment strategy in which investors screen their portfolios to avoid companies that do not support the development of environmental, moral, ethical, religious and social values. SRI is different from conventional investment strategies because the goal of investors carrying out an investment strategy based on the SRI concept is to get two types of returns, namely from a financial and social perspective (Heriyanto et al., 2019). One of the main attributes considered in making SRI-based decisions is ESG compliance. Environmental Social Governance (ESG) is part of the company's non-financial indicators that cover environmental issues, social performance and corporate governance which show whether the company has worked towards achieving sustainability goals.

Environmental, social and governance (ESG) investment has evolved in recent years to meet the demands of institutional and retail investors, as well as certain public sector authorities in their investment decision-making process to generate long-term value. Increased interest and growth in ESG-based investments is also a reason for changes in corporate management behavior. The company's two main decisions, namely investment decisions and funding decisions, will change and adapt to the role of ESG and SRI in the capital market. Companies must adapt and invest in ESG-related activities if they wish to attract funds from retail and institutional SRI investors. Companies can combine CSR, ethics and corporate governance in implementing ESG practices (Adrianto, 2018).

One of the companies implementing ESG practices is through *Corporate Social Responsibility* (CSR) activities. CSR or also known as Social and Environmental Responsibility (TJSL) are values and standards related to the company's commitment to act ethically, operate legally and contribute to improving the quality of life of employees and their families, the local community and society more broadly. The implementation of TJSL activities by companies in Indonesia has been regulated through Law no. 40 of 2007 concerning Limited Liability Companies, Law no. 32 of 2009 concerning Environmental Protection and Management, and Government Regulation no. 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies, as well as Regulation of the Minister of State for State-Owned Enterprises No. PER-05/MBU/2007 of 2007 concerning the Partnership Program for State Owned Enterprises with Small Businesses. The existence of laws and regulations governing TJSL indicates that the implementation of TJSL by companies (especially for limited liability companies) is mandatory.

These regulations also state that companies will receive sanctions if they do not carry out TJSL activities. The statement of sanctions as contained in article 74 paragraph (3) of Law no. 40 of 2007, article 76 paragraph (1) of Law no. 32 of 2009, and article 7 of Government Regulation no. 47 of 2012. If the company does not implement TJSL, it can be said that the company does not comply with the applicable laws and regulations. This can have an impact on investor confidence in the company, which is reflected in the reluctance of investors to invest in the company. In other words, the company's non-compliance in the implementation of TJSL will reduce the value of the company.

Another ESG implementation practice is through corporate governance. One of the mechanisms of *corporate governance is the structure or composition of the board of commissioners and directors as company organs that guarantee the application of corporate governance* principles and increase protection for creditors (Surya & Yustiavandana, 2006). The perspective of environmental relations on *the resource dependence theory* suggests that members of the board of commissioners and directors with different backgrounds will provide important resources for the company, as well as function as advisers or information providers (advisory/service *role*). for management within the company (Siciliano, 1996). The existence of a board of foreign nationals is considered to bring diverse opinions and perspectives and different professional experiences from one country to another, especially in terms of ESG. This can be seen from the ESG index Indonesia is only ranked 36th out of 47 capital markets in the world (Alfaruq, 2021). The rating provides an opportunity for Indonesia to start considering the presence of a board with foreign citizenship in the company. Based on these data it can be indicated that boards with foreign citizenship can bring diverse opinions and perspectives and professional experience, namely in providing advice or providing information related to ESG so that companies can consider boards of companies originating from countries with higher ESG ratings. This is expected to increase investor interest, especially SRI investors, to invest in the company. This increase in interest is because foreign boards coming from countries with higher ESG ratings are considered to bring better perspectives and opinions regarding ESG.

The implementation of ESG aspects in business governance can also be conveyed through the publication of sustainability *reports* . A sustainability report *is* a report announced to the public that contains the economic, financial, social and environmental performance of a financial service institution (LJK), issuers and public companies in running a sustainable business (Financial Services Authority, 2017). Issuance of sustainability reports has been regulated in the Financial Services Authority Regulation (POJK) No. 51 of 2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers and Public Companies. The existence of this regulation indicates that the publication of sustainability reports by public companies is mandatory. This obligation as contained in Article 10 Paragraph (1) POJK No. 51 of 2017. POJK No. 51 of 2017 which reads "LJK, Issuers and Public Companies are required to prepare a Sustainability Report". Company non-compliance will be subject to administrative sanctions in the form of written warnings or warnings as contained in Article 13 Paragraph (1) POJK No. 51 of 2017. If a company makes an issuance, it can be said that the company does not comply with the applicable laws and regulations. This can have an impact on investor confidence in the company, which is reflected in the reluctance of investors to invest in the company. In other words, company non-compliance in issuing sustainability reports will reduce company value.

The increase in the AUM value and the faster recovery of the ESG-based stock index compared to the JCI may reflect that ESG has become an important consideration for investors. Transforming investment behavior in the capital market through the presence of SRI investors will be able to provide low-cost funds for companies that meet ESG criteria. Costs arising from ESG-related activities can be offset by the potential premium earned when companies issue securities. On the other hand, SRI investors will be the ones who will give punishment *to* companies that carry out anti-ESG activities. Companies involved in environmental pollution, for example, will be shunned by SRI investors. This will potentially increase the company's cost of capital when looking for sources of funds in the capital market or money, when compared to companies that meet ESG criteria (Adrianto, 2018).

This study will examine the effect of ESG through the implementation of CSR and corporate governance with a diversity of nationalities mechanism on the company's board structure on company value. This research will also test whether the availability of sustainability reports will be able to increase company value. This study uses the theory of cost -concern school vs. value-creation school in explaining the relationship between CSR and corporate value.

LITERATURE REVIEW

The value of the company

The company value can be considered as the fair value of the company which represents the view of the shareholders towards the company. According to Brigham & Houston (2004), the value of a company is an important component for increasing the welfare of shareholders. Fama (1978) states that the value of a company is reflected by its share price. This causes the welfare of shareholders to be measured through the company's stock price. Thus, when the company's stock price rises, the welfare of shareholders will also increase. Furthermore, shareholders want companies to recruit managers who are able to take actions related to increasing the value of shares legally and ethically (Brigham & Houston, 2004). Therefore, managers certainly improve the company's performance over a certain period of time by identifying and implementing value-added activities (value-added activities).

The value of a company is an investor's perception of the level of success of the company. This is because the company value is a picture of the overall market value of a company (Servaes & Tamayo, 2013). The success of a company cannot be separated from the stock price. An increase in share price reflects an increase in company value, and an increase in share price will increase market confidence in the company's current and future performance. The share price that is generally used as a reference or basis for determining the value of a company is the closing price or also known as the price at the time of stock trading.

Corporate social responsibility

Corporate Social Responsibility is a concept that has become a global concern. The World Business Council for Sustainable Development (2001) defines CSR as a business commitment to contribute to sustainable development, a commitment with employees and local communities. Business for Social Responsibility (2001) defines CSR as a set of management practices that ensure companies to maximize the positive impact on society for their operational activities or operate in a way that meets the legal, ethical, commercial expectations that society has for the entity. Meanwhile, ISO 26000 defines CSR as a form of organizational responsibility to society and the environment, through transparent and ethical behavior, consistent with sustainable development and community welfare, and taking into account the interests of stakeholders.

The rationale for CSR is that companies not only have an obligation to generate profits and increase corporate value by means of the welfare of shareholders, but also have other interests, namely to interested parties (stakeholders). So the company is no longer guided by an understanding of the single bottom line, namely only looking at the value of the company from its financial condition alone, but must be responsible for other aspects, namely the company's responsibility for social, environmental and financial aspects or what is called the triple bottom line (Elkington, 1997). The triple bottom line contains three basic principles consisting of profit, people and planet.

Carroll (2016) makes a special theory about the way corporations interact with society. This theory is referred to as Carroll's Pyramid of CSR which states that CSR consists of four obligations which form the basis for the implementation of business responsibilities to society.

National Diversity Council

Corporate governance has become something investors consider before making investment decisions. Companies that have implemented good governance are considered to have carried out their duties and responsibilities so as to generate investor confidence and attention. One of the internal mechanisms for implementing good corporate governance is through the composition of the company's board (Surya & Yustiavandana, 2006). The composition of board diversity is known as *board diversity* or board diversity. Diversity on corporate boards can also reduce information asymmetry and related agency costs increase the financial flexibility of domestic firms by increasing the number of potential investors and financial opportunities; and expanding the flow of knowledge and technology across borders (Ferrero-Ferrero et al., 2013).

Ely et al. (2003) defines diversity captures all differences in the workplace including differences in social identity, such as gender, race, ethnicity, sexual orientation, class, nationality, religion, and differences within organizational groups, such as functional or educational background and belonging, as well as differences in individual characteristics such as special attitudes, values, cognitive styles, and preferences. Ararat et al. (2010) defines board diversity as the distribution of differences between commissioners and directors related to different characteristics in attitudes and opinions.

The selection of the board of a company should consider various things that are a measure of the diversity of the company's board. There are two methods commonly used to categorize the various types of diversity on corporate boards. Campbell and Mínguez-Vera (2008) that board diversity can be measured in several dimensions which include gender, age, entity, nationality, educational background, industry experience, and organizational membership. Darmadi (2011) distinguished the method into observable attributes and nonobservable attributes. Attributes that can be observed or easily detected include demographic characteristics, such as gender, ethnicity, race, and age. Attributes that cannot be observed or are difficult to detect include cognitive characteristics, such as education, years of service, professional background, and personal values (Kilduff et al., 2000).

The increasing globalization of business has led to increased opportunities for foreign investors to purchase larger shares in companies (Oxelheim & Randøy, 2001). The existence of commissioners and directors with foreign nationalities shows that the company has done globalization by exchanging information in an international scope. The presence of foreign national commissioners and directors is one measure used in determining the diversity of a company's board. This is because the presence of foreign national commissioners and directors must have the necessary credibility and skills and experience, so that they are able to provide independent *judgment* on issues related to company strategy, performance and resources (Winoto & Supatmi, 2017). There are several advantages that can be obtained by companies with the presence of foreign directors in the company. These advantages include; providing more qualified candidates for board members, gaining more diverse and valuable experience that domestic directors do not have, and giving foreign investors confidence that the company is managed professionally (Oxelheim & Randøy, 2001).

METHOD

This type of research is associative research with a quantitative approach. Quantitative research method as a research method based on the philosophy of positivism, is used to examine a particular population or sample. Associative research is research that aims to determine the relationship between two or more variables between the independent variable and the dependent variable. This study aims to analyze whether there is influence from social responsibility spending variables, and national diversity variables on company commissioners and directors on company value which is moderated by the availability of sustainability reports.

This study uses panel data regression to test the hypotheses that have been formulated. Panel data is a combination of *time series* data and *cross section* data . Time series data includes one object/individual consisting of several periods. Cross data consists of several or many objects, with several types of data in a period. Panel data analysis in this study was carried out using SPSS *software tools* .

RESULT AND DISCUSSION

Classical Assumption Test Results

Table 1. Conclusion of the Classical Assumption Test Results

Test	Conclusion
Normality	The test results show that the data in this study are not normally distributed, but because the sample in this study is more than 30 ($n \geq 30$), according to the Central Limit Theorem, the research data is considered normal.
Multicollinearity	The test results show that the tolerance value for all independent variables is greater than 0.1 and the VIF value for all independent variables is less than 10. Thus, it can be said that the regression equation model indicates no multicollinearity symptoms.
Heteroscedasticity	The test results show that only the CSR expenditure variable does not have heteroscedasticity because this variable has a significance value above 0.05, while the variable proportion of foreign commissioners, proportion of foreign directors, and availability of sustainability reports has a significance value below 0.05 which can be interpreted that the distribution of data on these variables has symptoms of heteroscedasticity.
Autocorrelation	The test results show that there is no autocorrelation problem in this study because the DW value is 0.305 which lies between -2 and +2 values.

Results of Descriptive Statistical Analysis

Descriptive statistical tests are carried out to provide an overview or description of a data seen from the average (*mean*) standard deviation, maximum, and minimum values of the five research variables. These variables consist of three independent variables, one dependent variable, namely company value, and one moderating variable, namely the availability of sustainability reports. The three research variables in this study include corporate social responsibility spending, the proportion of foreign commissioners, and the proportion of foreign directors. Firm value is regressed with the three independent variables. The results of the descriptive analysis can be seen in table 2 below:

Table 2. Results of Descriptive Statistical Analysis

	N	Min	Max	Means	std. Deviation
CSR spending (CSR)	480	-1.63	43,20	-0.079	1.98
Proportion of Foreign Commissioners (KA)	480	0.00	0.83	0.13	0.19
Proportion of Foreign Directors (DA)	480	0.00	0.8	0.12	0.196
Firm Value (Tobin's Q)	480	0.32	37,23	2.43	3.81
Sustainability Report (SR)	480	0	1	0	0

Based on table 2 above, it can be seen that there are five research variables with a total sample of 480 samples. The CSR expenditure variable, which is calculated by dividing the value of CSR expenditure by net profit after tax, has a minimum value of -1.63 or the total CSR expenditure of IDR 920,550,000,000 and a net loss of IDR 565,680,695,000 which, based on attachment 4, is obtained by PT Bakrie & Brothers Tbk in 2014. The maximum value is 43.20 or with a total CSR expenditure of IDR 18,356,948,715 and a total net profit of IDR 30,020,709 owned by PT Indofarma Tbk in 2020. The average value for variables CSR spending is -0.07. The standard deviation value obtained by this variable is 27.94.

The variable proportion of foreign commissioners is calculated by comparing the number of foreign commissioners to the number of company commissioners. This variable has a minimum value of 0.00 or with the number of foreign commissioners of 0 people spread over 290 research data. The maximum value is 0.83 or with the number of foreign commissioners of five people with a total of six company commissioners, which is based on attachment 4 owned by PT XL Axiata Tbk in 2013 and 2014. The average value for the variable proportion of the board of directors is equal to 0.13. The standard deviation value obtained by this variable is 1.98.

The variable proportion of foreign directors is calculated by comparing the number of directors with foreign nationality to the number of directors of the company. This variable has a minimum value of 0.00 or with the number of foreign commissioners of 0 people spread across 304 research data. The maximum value is 0.8 or with the number of foreign directors of four people with a total of five company directors, owned by PT Multi Bintang Indonesia Tbk in 2019. The average value for the variable proportion of foreign directors is 0.12. The standard deviation value obtained by this variable is 0.19.

The firm value variable in this study is calculated using the Tobin's Q ratio. This variable has a minimum ratio value of 0.312 which is based on attachment 4 owned by PT Lippo Cikarang Tbk in 2018. The maximum ratio value is 37.23 owned by PT Inti Agri Resources Tbk in 2015. The average value for the variable firm value is 2.43. The standard deviation value obtained by this variable is 3.82.

The moderating variable for the availability of sustainability reports, which is calculated using the dumi variable, is given a value of 1 if the company's sustainability report is available, and is given a value of 0 otherwise. This variable has a minimum value and mode of 0 or in other words the company does not provide sustainability reports which are spread over 336 research data. The maximum value is 1 for companies that provide sustainability reports, with a total of 144 research data. The value that appears the most for the sustainability report availability variable is 0 with a total of 336 data. The standard deviation value obtained for this variable is 0.

Panel Data Regression Analysis Results

Hypothesis testing was carried out in a multivariate manner using a multiple linear regression model with the following results:

Table 3. Linear Regression Model

Variable	Tobin's Q		
	coef	t	Sig
(Constant)	2.018	7,700	,000
CSR spending (PCSR)	-0.377	-0.200	0.842
Proportion of Foreign Commissioners (DKA)	0.321	0.230	0.818
Proportion of Foreign Directors (DA)	0.057	0.045	0.964
Availability of Sustainability Report (SR)	1.318	2,795	0.005
PCSR x SR	0.481	,254	0.799
DKA x SR	-4,268	-1,934	0.054
DA x SR	3,831	1,740	0.082
F	2,655		0.011b
Adj R	0.024		

Hypothesis Testing Results

Testing the hypothesis in this study used the t statistical test which was conducted to see the effect of each independent variable on the dependent variable in a partial study which was determined by the significance value obtained by each independent variable. The results of the t statistical test in table 3 will be explained as follows:

H1: The greater the CSR expenditure, the higher the firm value

Table 3 shows that the significance value of the CSR expenditure variable is 0.842 greater than 0.10 (0.842 > 0.10) and the t-count value is -0.199. This value means that statistically, CSR spending has no effect on firm value. This means that Hypothesis 1 which states that the greater the CSR expenditure, the higher the firm value **is rejected** . This indicates that the amount of CSR costs incurred by the company has not been able to increase the company's reputation through company value. These results also indicate results that are contrary to the statement which states that the implementation of CSR will provide long-term benefits for the company's reputation and performance. These results reflect that a period of ten years is still not able to provide empirical evidence regarding long-term benefits for the company's reputation and performance.

Implementation of CSR which is currently mandatory , namely through Law no. 40 of 2007 concerning Limited Liability Companies causes conflicting interests between companies and investors. Companies that carry out CSR practices by making expenditures related to fulfilling their social responsibility obligations will experience conflicts of interest with investors who think that CSR expenditure allocation activities will only reduce income. The company considers that CSR expenditure allocation activities are considered to reduce profits for shareholders and the percentage of CSR from profits is too small, so that investors are not interested in investing in the company (Afandani, 2016).

These results are in line with the *cost-concern school theory* or load-based school which states that environmental investment and high environmental performance only represent an increase in expenses, which results in a decrease in revenue and market value. The flow that pays attention to the load causes the relationship between environmental performance and the market value of a company to be negative. This school of thought relies on estimating future growth prospects by comparing the market value of equity or stock prices. Return from investment to intangible asset (reputation) was found to have a negative relationship in the short term. It can be concluded that environmental investment is consistently related

with substantial financial costs for the company resulting in a decrease in revenue and at the expense of shareholder interests. As a result, the relationship between environmental performance and a company's market value can be negative.

The results of this study are in line with the research conducted by Afandani (2016) but are in contrast to the research by Grassmann (2021), Bose et al. (2020), and Bani-Khaled et al. (2021). Grassmann (2021) states that environmental and social expenditures are value relevant. Bose et al. (2020) found that CSR spending has a positive effect on the company's market value. Bani-Khaled et al. (2021) found that the Tobin's Q model has a statistically significant negative relationship with CSR spending.

H2: Companies with high CSR spending and providing sustainability reports have higher corporate value than companies that spend CSR but do not provide sustainability reports

Table 3 shows that the significance value of the interaction variable availability of sustainability reports with CSR spending is 0.889 greater than 0.10 (0.889 > 0.10) and a t-count value of 0.139. This value proves that statistically, companies with high CSR spending and providing sustainability reports do not have a higher corporate value compared to companies that spend CSR but do not provide sustainability reports. There is a difference to the initial hypothesis which explains that companies with high CSR expenditures and providing sustainability reports have a higher corporate value than companies that spend CSR but do not provide sustainability reports, so H2 is **rejected** . Thus it can be said that the availability of sustainability reports for companies with high CSR spending has no effect on increasing or decreasing company value.

This is due to the fact that many investors are more interested in company shares that have the expected profit without paying attention to the disclosure of sustainability reports (Kharima & Zulfiati, 2020). Regulation No. 51/POJK.03/2017 Article 3 concerning the Implementation of Sustainable Finance only states when this regulation will be applied for Financial Services Institutions only. This makes issuers and investors feel that this report is not really needed (Kharima & Zulfiati, 2020). This can be seen in the sample of this study which does not reflect that companies that publish sustainability reports have a better Tobin's Q value than companies that do not publish sustainability reports.

Based on the analysis of the results of the research on the previous hypothesis, it is known that companies that carry out CSR practices by making expenditures related to fulfilling their social responsibility obligations will experience conflicts of interest with investors who think that CSR spending allocation activities will only reduce income. The company considers that CSR expenditure allocation activities are considered to reduce profits for shareholders and the percentage of CSR from profits is too small, so that investors are not interested in investing in the company (Afandani, 2016). The cost of publishing and auditing the sustainability report is considered to reduce the company's revenue.

This result is again in line with the theory of *cost concern school* or load-based flow which states that environmental investment and high environmental performance only represent an increase in expenses, which results in a decrease in revenue and market value. The flow that pays attention to the load causes the relationship between environmental performance and the market value of a company to be negative. This school of thought relies on estimating future growth prospects by comparing the market value of equity or stock prices. Return from investment to intangible asset (reputation) was found to have a negative relationship in the short term. It can be concluded that environmental investment is consistently associated with substantial financial costs for the company, resulting in a decrease in revenue and sacrificing shareholder interests. As a result, the relationship between environmental performance and a company's market value can be negative.

Limitations on the availability of previous research have resulted in no results that are in line with this study regarding the effect of the availability of sustainability reports in moderating the relationship between corporate social responsibility and corporate value. However, research conducted by Kharima & Zulfiati (2020) and Sejati & Prastiwi (2015) which examined the effect of disclosure of sustainability reports on company value found results that were in line with this study, namely finding that disclosure of sustainability reports had no effect on company value.

H3a : The more foreign commissioners in a company, the higher the value of the company

Table 3 shows that the significance value of the variable proportion of foreign commissioners is 0.818 greater than 0.10 (0.818 > 0.10) and the t-count value is 0.230. This means that Hypothesis 3a which states that the more foreign commissioners in a company will result in a higher firm value **is rejected** . This is because the sample characteristics used for the variable proportion of foreign commissioners do not have foreign nationals on their board of commissioners. This resulted in variations in the variable data on the proportion of foreign commissioners in the sample used which did not sufficiently explain the value of the company.

Investors do not yet see the diversity of corporate boards and ethical codes as something that can reflect the independence and accountability of corporate decision makers (Roika et al., 2019). This investor response can also be caused by investors seeing that the company has not combined structural components and good behavior in corporate governance. In addition, the orientation of investors who are still focused on financial information in assessing the company has resulted in not being able to prove the role of foreign directors in increasing the value of the company. In addition, information about the board of commissioners is considered not to contain relevant information for investors in assessing the company's financial performance.

The advantage of a company having foreign board members is that it has broader industrial experience, as well as image by the market which judges that companies with foreign board members work professionally, this experience and image can attract investors to invest in shares in the company. The greater the investor invests in shares, the company's value will also increase. The results of this study indicate that the statement regarding the advantages that will be obtained by the company if it has a board member of foreign nationality is still not felt by the company. This also indicates that foreign commissioners, who usually come from countries that already have better corporate governance, are still unable to transfer and apply the values of good corporate governance from their countries of origin to be implemented in Indonesia. The values of good corporate governance include supervising, being more transparent and complying with corporate governance rules.

The results of this study are in line with research conducted by Roika et al. (2019) and Kesaulya & Febriany (2019), but this contradicts research conducted by Putri (2020) and Yogiswari & Badera (2019) which found that the proportion of foreign commissioners affects company value.

H3b : The more foreign directors in the company, the higher the value of the company

Table 3 shows that the significance value of the variable proportion of foreign directors is 0.964 greater than 0.10 (0.964 > 0.10) and the t-count value is 0.045. This shows that the proportion of foreign directors has no effect on firm value. This means that hypothesis 3b which states that the more foreign directors in a company will result in a higher firm value **is rejected** . This is because the characteristics of the sample used for the variable proportion of foreign directors mostly do not have foreign nationals as members of their directors. This resulted in variations in the variable data on the proportion of foreign directors in the sample used which did not sufficiently explain the value of the company.

The results of this study indicate that the presence of foreign directors in the company has not been able to provide evidence and support this statement. This is because investors do not see the diversity of the company's board and code of ethics as something that can reflect the independence and accountability of company decision makers (Roika et al., 2019). In addition, the orientation of investors who are still focused on financial information in assessing the company has not been proven regarding the role of foreign directors in increasing company value because information about the board of commissioners is considered not to contain relevant information for investors in assessing the company's financial performance. In addition, the results of this study also indicate that the foreign directors do not understand the culture of the work environment, so that the performance of the directors does not go well.

The results of this study are in line with research conducted by Roika et al. (2019) Kesaulya and Febriany (2019) and Astuti (2017), but this contradicts research conducted by Putri (2020) and Yogiswari & Badera (2019) which found that the proportion of foreign directors has an effect on company value.

H4a : Companies with a high proportion of foreign commissioners and providing sustainability reports have a higher corporate value than companies that have foreign commissioners but do not provide sustainability reports

Table 3 shows that the significance value of the interaction variable availability of sustainability reports with the proportion of foreign commissioners is 0.054 which is less than 0.10 (0.054 <0.10), but the t-count value is -1.934 less than t-table -1.283 (-1.934 < -1.283). This value proves that statistically, companies with a high proportion of foreign commissioners and providing sustainability reports do not have a higher corporate value compared to companies that have foreign commissioners but do not provide sustainability reports. There is a difference to the initial hypothesis which explains that companies with a high proportion of foreign commissioners and providing sustainability reports have a higher corporate value than companies that have foreign boards of commissioners but do not provide sustainability reports, so **H4a is rejected** . Thus it can be said that the availability of sustainability reports in companies with a high proportion of foreign commissioners has no effect on the increase or decrease in company value.

This is due to the fact that many investors are more interested in company shares that have the expected profit without paying attention to the disclosure of sustainability reports (Kharima & Zulfiati, 2020). Regulation No. 51/POJK.03/2017 Article 3 concerning the Implementation of Sustainable Finance only states when this regulation will be applied for Financial Services Institutions only. This makes issuers and investors feel that this report is not really needed (Kharima & Zulfiati, 2020). This can be seen in the sample of this study which does not reflect that companies that publish sustainability reports have a better Tobin's Q value than companies that do not publish sustainability reports.

CSR in several countries is even used as an indicator of a company's performance appraisal. Board of commissioners with a better culture and high social awareness can increase sustainability disclosure. Thus, companies that have foreign board members tend to disclose more extensive information (Pajaria et al., 2016). However, foreign commissioners also have a high level of discipline which can lead to cultural friction with developing countries. This can trigger a failure of interaction and the emergence of conflicts between foreign commissioners and directors regarding the disclosure of sustainability reports.

The regression coefficient value for the interaction variable of the proportion of foreign commissioners and the availability of sustainability reports has a value of -4.268. This means that the value of the company will decrease by -4.268 if there is an increase in the availability of sustainability reports and the proportion of foreign commissioners is one unit. This is because many investors are more interested in company shares that have the expected profit without regard to the disclosure of sustainability reports and make issuers and investors feel that this report is not really needed (Kharima & Zulfiati, 2020). This indirectly indicates that foreign commissioners are still unable to bring diverse opinions and perspectives, as well as professional experience, especially in matters related to disclosure of sustainability reports to the directors.

H4b: Companies with a high proportion of foreign commissioners and providing sustainability reports have a higher corporate value than companies that have foreign directors but do not provide sustainability reports

Table 3 shows that the significance value of the interaction variable availability of sustainability reports with the proportion of foreign commissioners is 0.083 with a t-count value of 1.739. This value proves that statistically with an alpha of 0.10, companies with a high proportion of foreign directors and providing sustainability reports have a higher corporate value compared to companies that have foreign directors but do not provide sustainability reports, so H4b is **accepted** . Thus it can be said that the availability of sustainability reports in companies with a high proportion of foreign directors has a statistical effect on the increase or decrease in company value.

The Board of Directors has responsibility for running the company, achieving company goals, reporting company finances, and receiving advice from members of the board of commissioners. The different backgrounds and powers possessed by foreign boards of directors can add to a more diverse and valuable experience that domestic boards do not have. Foreign citizenship is considered to bring diverse opinions and perspectives, languages, beliefs, family backgrounds, and professional experience, especially regarding sustainability reporting. Randøy et al. (2006) emphasized that the existence of a board of commissioners and directors with foreign nationality is considered capable of convincing foreign investors that the company is managed professionally. In addition, the existence of members of the board of commissioners and directors with foreign nationalities shows that the company has carried out the process of globalization and exchange of information in an international network.

The fact that the status of sustainability reporting obligations is different between the countries of origin of foreign and Indonesian directors will increase the value of the company. This is because foreign boards of directors originating from countries with mandatory sustainability reporting status will try to disclose sustainability reports in order to fulfill their obligations under applicable regulations and to be able to meet the demands for information needs by foreign stock investors.

CONCLUSION

Based on the results of the research that has been done, after going through the stages of data collection, processing, and analysis, as well as interpretation of the research results, the following conclusions are drawn:

1. Hypothesis 1 The greater the CSR expenditure, the higher the firm value.
2. Hypothesis 2 Companies with high CSR spending and providing sustainability reports have higher corporate value than companies that have foreign commissioners but do not provide sustainability reports.
3. Hypothesis 3a The more members of foreign commissioners in a company, the higher the value of the company.
4. Hypothesis 3b The more foreign members of the board of directorscompany, the higher it is the value of the company.
5. Hypothesis 4a Companies with a high proportion of foreign commissioners and providing sustainability reports have a higher firm value than companies that have foreign commissioners but do not provide sustainability reports.
6. Hypothesis 4b Companies with a high proportion of foreign commissioners and providing sustainability reports have a higher firm value than companies that have foreign directors but do not provide sustainability reports.

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