ABSTRACT

The practice of sustainability reporting has obtained special attention to companies at the moment as a result of the much greater concern from stakeholders regarding sustainability issues. This has led to the growing tendency for companies to publish standalone sustainability reports in which they may disclose their social and environmental performances more thoroughly. To that end, a special external assurance is required to increase the credibility of the information contained in the sustainability report, given the nature of the information that can be highly subjective. When companies disclose their external assurance on sustainability report, they hope to give a clear figure to the investor, to not to misjudge and misevealuation of their performance. Thus signal given by the management, is reflected by the investor on their valuation of the firm. Hence, this research tried to find out the significant effect between external assurance on sustainability report disclosure as the independent variable and firm value as the dependent variable.

The research was conducted quantitatively by using logistic regression model to test the hypothesis. Research population included all listed companies in Indonesia and Malaysia during the period of 2010-2016, whereas the sample being tested were 84 companies from that population that issue standalone sustainability reports along with external assurance on it.

The result of this research found that firm value by proxy of Tobins'q, affected significantly by external assurance on sustainability report disclosure.

Keywords: Sustainability, report, External Assurance on Sustainability Report Disclosure, Firm Value