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ANALYSIS OF HERDING BEHAVIOR AND CAPITAL STRUCTURE IN NON-FINANCIAL COMPANIES IN ASEAN-5 THAT ISSUE SUSTAINABILITY REPORTS AND ITS IMPACT ON COMPANY PERFORMANCE

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ABSTRACT: This research was conducted with the aim of knowing whether or not there is herding behavior seen from the value of the debt to equity ratio, the effect of sustainability reports on firm performance and determining which company leaders or followers are better in firm performance. The herding behavior observed in this study was between companies in five countries. The total number of companies is 127 companies are Indonesia, Malaysia, Singapore, Thailand and the Philippines with an observation period of 2018 to 2022. To measure sustainability report disclosure, a checklist is made based on the suitability of the disclosures with 91 indicators. Firm performance is proxied by Tobin's Q, return on assets and net profit margin, while the controls in this study are proxied by total assets and firm age. The analytical method used in this study is by measuring the herding manager index and the SEM - PLS method using the WARP PLS application version 7.0. From the test results it was found that there was herding capital structure in the five observation countries, disclosure of sustainability reports had a positive effect on return on assets and Tobin's Q. Meanwhile, disclosure of sustainability reports had no effect on net profit margin. Then from the test results it is proven that the leader company is better than the follower company in firm performance.

Keywords: herding behavior, sustainability report disclosure, firm performance.

INTRODUCTION

Capital structure as part of a company's strategy for survival is a growing topic in the era of the global crisis of the last 10 years (Mc Kinsey, 2006; Panjaitan &Simbolon, 2020). There is a tendency for companies to *herding* or *benchmarking* the company's capital structure that is superior in similar industries. According to Ermawati (2020), CFOs determine capital structure decisions, especially when financing new investments, usually following the financing pattern carried out in similar investment projects, both referring to internal and external companies. Krishankutty (2022) stated that the internal reference of the company in question is that the company *herding* all the same investment activities and has been carried out before. While companies make similar investments referring to external companies (*leader companies* in the same industry), called herding behavior strategies (*herding behavior*) which will be discussed in this study.

Examples of *herding behavior strategies occur in several ASEAN countries in the mining sector which can be seen from the capital structure ratio and measured using the average* debt to equity ratio *(DER), especially in Indonesia, Malaysia and the Philippines in 2020 which can be seen in figure 1.1*
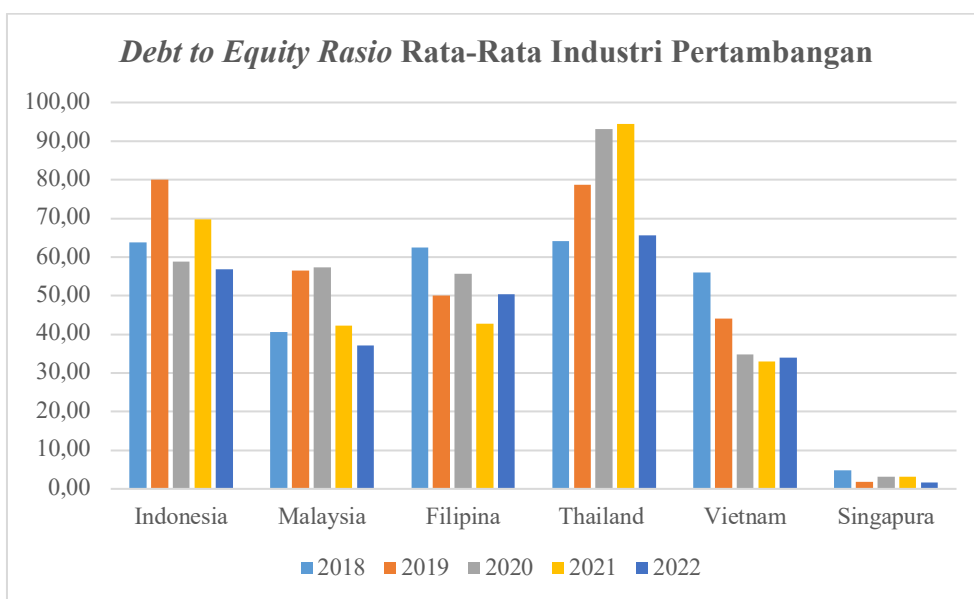

Debt to Equity Rasio **Rata-Rata Industri Pertambangan**

Figure 1.1 DER Mining Industry Average 2018-2022
Source: Bloomberg (Processed, 2023)

The graph in Figure 1.1 shows that herding behavior is evident in the countries of Indonesia, Malaysia, and the Philippines in the year 2020, with an average Debt-to-Equity Ratio (DER) value of 56.67. This can be attributed to several similarities among these three countries in terms of economic

characteristics, geographical proximity, and similar economic development issues, leading to the possibility of similar financing patterns being adopted in the mining sector. All three countries are traditional exporters of mining products to the same markets, namely the United States, Japan, and Western European countries (www.kompas.com).

According to Panjaitan and Simbolon (2020), the occurrence of herding behavior allows policymakers to reduce potential risks for companies, ensuring financial market stability and economic stability. Policymakers strategize by minimizing potential risks through herding behavior, where companies benchmark against successful peers' management performances, leading to similar actions being followed by similar companies (Novantina, 2014). The intentional herding behavior of individual companies is driven by the motive to replicate market behavior. However, it becomes a mistake when herding behavior occurs among a group of investment managers facing the same decision-making challenges, resulting in similar trading decisions (Bikhchandani et al., 1998).

After recognizing the phenomenon associated with herding behavior above, it can be identified that there are two types of herding behavior: rational and irrational. As discussed by Rizal and Damayanti (2019), irrational herding behavior occurs when a company disregards internal analysis,

and final decisions result from peer companies' decisions (Cam & Ozer, 2017). Financial managers act as imitators, ignoring or failing to conduct rational analyses. On the other hand, irrational herding behavior stems from psychological mechanisms (Camara, 2017). Conversely, rational herding behavior emerges when decisions made by peer companies provide useful information to other financial managers about the best policies to adopt (Cao et al., 2019).

Given the fact that herding behavior is more likely to occur in emerging markets than in developed markets (Zhou & Anderson, 2013), research in developing countries, such as the study conducted by Brendea (2019), serves as an example. According to the study, Romanian companies exhibit adjustment behavior in financing toward the optimal capital structure. Financial managers, in order to achieve an optimal capital structure, need to determine the maximum level of debt and equity. Specifically, the research found that Romanian companies do not follow the optimal capital structure but instead follow the sector average capital structure of other companies, with the aim of maximizing firm value.

The results of the estimated panel data model using OLS performed by Brendea (2019) show a correlation between the debt ratio of listed companies in Romania and the average debt ratio of companies with total assets lower than their sector's. This correlation

is positive and statistically significant. This suggests that Romanian listed companies exhibit herding behavior and attempt to achieve the sector's average debt ratio. In other words, company managers suppress their own beliefs and follow the actions of managers in the same sector. The statistical significance of average characteristics of similar companies (namely profitability and firm size) indicates that Romanian listed company managers do not make independent financing decisions. Instead, their financing decisions and firm characteristics are influenced by their peer companies, making them critical determinants of their decisions (Brendea, 2019). Chen and Chang (2013) studied 2,855 US companies between 1980 and 2011 and found that financial managers consider their peer companies' cash level to determine the appropriate cash ratio.

Appropriate capital structure usage allows companies to reduce corporate financing and maximize corporate cash (Martelini et al., 2016). The formed capital structure affects the cost of capital and influences firm value according to research by Jumono et al. (2013) on manufacturing companies listed in Indonesia and Malaysia. There are two sources of funds for companies, namely internal and external sources (Martelini et al., 2016). Profitable companies finance their businesses through internal funds and/or external funds, presenting a low leverage ratio. High-growth companies require external

funding sources to finance their investments, to avoid conflicts between managers and shareholders due to information asymmetry (Setyawan et al., 2022).

Several studies have explored the target capital structure of developed markets, monopolizing researchers' attention for years and leaving developing markets lagging behind (Lemma & Negash, 2014). The scarcity of capital structure studies in developing markets, as noted by Eldomiaty (2007), is mainly due to three main reasons. First, capital markets in developing markets are relatively less efficient and complete compared to developed markets, leading to incomplete financing decisions vulnerable to deviations. As a result, companies in developing markets may struggle to determine which capital structure to use. Second, in developing markets, information asymmetry is higher. This leads to an underdeveloped market's readiness to raise financing due to its inefficiency, resulting in suboptimal financing decisions. Third, there's a need for the development of literature on capital structure in developing markets, which have different institutional financing settings compared to developed markets. Ramjee and Gwatidzo (2012) state that developing markets are less efficient and have higher information asymmetry in financial reports than developed markets. Therefore, the researcher chose developing countries (particularly

ASEAN) for further investigation into financing behavior.

With regard to financing behavior, the capital structure and cash flow of the company are described in the financial statements. Financial statements are actually used to describe a limited picture of a company simply by providing a financial matrix (Abeysekera, 2022).

The principle of *this sustainability report* emphasizes disclosure standards that are able to reflect the company's overall performance level so as to enable the company to grow sustainably (IDX, 2020). Companies that issue *sustainability reports* usually use a reporting standard, the most often used as a report reference standard, is the GRI standard. *The Global Reporting Initiative* (GRI) is an international organization that promotes the creation of *sustainability reports* internationally. GRI issued a guide on *sustainability report* in 2001 and continues to be updated to date (Strozzilaan, 2021). Apart from the GRI Standard, there are *Sustainable Development Goals* (SDGs) reporting standards derived from the Paris Agreement in 2016 which produced the 2030 UN agenda for sustainable development, in which there is a determination of sustainable development goals. Under this agenda, 17 SDGs (ASEAN, 2020) have been identified, including ensuring access to affordable, reliable, sustainable, and modern energy for all (SDGs 7). Take urgent action to combat climate change and its impacts (SDGs 13). For example, here is the percentage data related to the *sustainability report disclosure framework* among the five ASEAN countries:.

Table 1.1 Climate-related Reporting Framework

Negara	GRI	SDGs
Indonesia	93%	93%
Malaysia	72%	74%
Filipina	82%	86%
Singapura	99%	65%
Thailand	89%	95%

Source: Climate (Processed, 2022)

Table description:

☐	0 hingga 25% perusahaan	☐	> 50% sampai 75 % perusahaan
☐	> 25% sampai 50 %perusahaan	☐	> 75% perusahaan

From table 1.1, the standards commonly used in *sustainability report* disclosure are GRI and SDGs.

Companies with a low disclosure rate of 0 to 25% will be shown in a light green table, while a high average disclosure

rate is in the percentage of more than 75% of companies reporting shown in the dark blue table. From table 1.1, it can be seen that the consistent standards for *sustainability report* disclosure are in Indonesia and Malaysia, both using GRI standards and SDGs standards because geographical, cultural and processed natural resources between the two countries are almost similar so that there will be only slight differences related to the two (www.investor.id).

ASEAN member states are making commitments at international, regional, and national levels to work towards low-carbon and sustainable development, including the implementation of the SDGs (ASEAN, 2015; ASEAN, 2016). There is currently no common sustainability reporting framework across ASEAN, as stated by Loh *et al.* (2018) despite any sustainability standards or frameworks (either GRI Standards or SDGs) espoused or mandated by each country. In many countries, *sustainability report* reporting obligations for all companies seem to be a long way off because disclosure regulations are usually introduced on the basis of 'comply or explain' as an added value for corporate performance disclosure (Brooks &; Oikonomou, 2018).

Disclosure of *sustainability reports* will have an impact on the company's investment costs. The research literature argues that *sustainability reports* are related to investment costs (Sharfman &; Fernando, 2008; Potin *et al.*, 2014; Ng &

Rezaee, 2015) according to the third study there are two reasons. First, *sustainability reports* reduce information asymmetry (Dhaliwal *et al.*, 2012; Kim *et al.*, 2012; Cho *et al.*, 2013). Second, a high percentage of company sustainability *report* disclosures are considered to have low risk because *sustainability reports* provide protection for investors if the company's performance is poor (Godfrey, 2005; Luo & Battacharya, 2009). As a result, companies with high *sustainability report* disclosures are considered to face lower capital constraints according to Cheng *et al.* (2014) who researched in a Kazakhstan company. Companies with high *sustainability report* disclosures have lower cost of equity, they are more likely to use lower cost of capital, lower loans, lower risk premiums on corporate bonds when the market competition is high in the study (Zaid *et al.*, 2020) using the Palestinian stock exchange in 2013-2018.

According to Mandaika and Salim (2015) on companies listed on the IDX in 2011-2013, the disclosure of *sustainability reports* is also closely related to the improvement of company performance, such as profitability, company value and company growth. Increasing *sustainability reports* will have an impact on the use of investment costs that will be borne by the company, and will directly affect the company's performance (Iswati, 2020) in its research on companies listed on the IDX 2017 and 2018. According to (Jusmarni, 2016) in

his research on companies in Indonesia and Malaysia in 2010-2013 to measure company performance using Tobin's Q calculation. Tobin's Q is an indicator to measure company performance, especially about company value, which shows a management pro forma in managing company assets (Sudiyatno, 2010). Tobin's Q is closely related to MBV, but in contrast to MBV which uses the book value of total assets as the denominator, Tobin's Q applies asset replacement value. As a result, instead of measuring a company's performance of existing assets, Tobin's Q measures a company's performance of a new investment assuming a good one produces a value above one (Warokka, 2008).

As for previous research related to the effect *of sustainability reports on company performance, among others, Khafid and Mulyaningsih (2012) conducted research that there was a positive influence of mining industry companies listed on the Indonesia Stock Exchange for the period 2011-2013 company size*, leverage, *profitability, board of directors, audit committee, and* governance committee *on the publication of* sustainability reports. In addition, the research of Kartini *et al.* (2019), Ibrahim *et al.* (2020), Wulandari and Zulhaimi (2017) show that the company's performance is positively related to the disclosure of *sustainability reports*. All three studies indicate that companies that are able to produce better performance or greater

profitability (proxied by ROA) will have a tendency to disclose more complete sustainability report implementation information. In line with the research of Arora and Sharma (2016) who conducted research on companies in India, company performance can be measured using profitability variables that can be defined by measuring ROA, ROE and NPM.

In the research of Bhandari and Javakhadze (2017) and Benlemlih and Bitar (2018), in North American and European companies that are also concerned with capital allocation, high levels of *sustainability report* disclosure result in low information asymmetry, which can improve investment efficiency and reduce investment sensitivity to Tobin's Q in various ways. Research related to *sustainability report reporting* has proven to be positively correlated with company performance explained by Weber *et al.* (in Lesmana & Tarigan, 2014) on his research on Chinese companies. From the results of previous research described above regarding the effect of sustainability *report* disclosure on company performance, the average results are positive and significant.

Related to previous research (Reime, 2020; Pais, 2017; Leary & Robert, 2014; Zaid, 2020), makes researchers interested in re-researching *herding* behavior in capital structure, but more emphasis is placed on companies that publish *sustainability reports* and are associated with company performance measurement variables. The company's

performance is proxied using Tobin's Q, ROA and NPM measurements. To limit the external factors of the study between dependent and independent variables, researchers also added control variables, namely age and size of the company. Researchers are interested in researching non-financial companies, because non-financial companies have diverse sectors and a wide scope, especially in the manufacturing and mining industries. In addition, the manufacturing and mining industries have a very large level of sensitivity to the environment, so the disclosure of sustainability reports should also be high. The selected countries are five ASEAN countries (Malaysia, Philippines, Singapore, Thailand and Indonesia).

METHODS

The object of this study is the performance of non-financial companies that publish *sustainability reports*. These companies include manufacturing and mining companies listed on the Indonesia Stock Exchange, Malaysia, Thailand, the Philippines and Singapore that herding their company's capital structure. The scope of this research is manufacturing and mining companies listed on the Indonesia Stock Exchange (IDX), Malaysia (KLSE), Singapore (SGX),

Thailand (SET) and the Philippines (PSE) during the period 2018-2022. The population and sample determination in this study are as follows:

Population

The population used in this research object is non-financial companies engaged in manufacturing and mining companies listed on the Indonesia Stock Exchange, Malaysia, Thailand, the Philippines and Singapore that publish *sustainability reports* during the period 2018 – 2022.

Sample

Data processing in this study is using panel data (*time series* and *cross sectional*). The samples obtained using *purposive sampling* techniques are listed in table 3.1 with the following criteria:

1. Companies listed on the Indonesia Stock Exchange, Malaysia Stock Exchange, Thailand Stock Exchange, Philippine Stock Exchange and Singapore Stock Exchange engaged in manufacturing and mining industries;

2. Manufacturing and mining companies that publish complete and audited financial statements and are equipped with *sustainability reports* for the period 2018 – 2022 with 91 indicators set by GRI – G4.

Tabel 3.1 Pemilihan Sampel Penelitian

No	Kriteria	Perusahaan Non Keuangan				
		Indonesia	Malaysia	Singapura	Thailand	Filipina
1	Jumlah perusahaan manufaktur dan pertambangan yang terdaftar di Bursa Efek Indonesia, Malaysia, Thailand, Filipina dan Singapura dalam kurun	241	231	220	256	75

No						
	waktu 2018 – 2022 yang diambil pada akhir periode 2022.					
2	Jumlah perusahaan manufaktur dan pertambangan yang menerbitkan laporan keuangan sekaligus *sustainability report* pada periode 2018-2022 dengan menggunakan pedoman GRI-G4.	36	19	30	31	11
3	**Total perusahaan yang dijadikan sampel**	127				
4	**Kurun waktu data penelitian**	Lima Tahun				
5	**Jumlah data observasi**	635				

Analysis Techniques

This study is a quantitative research employing various data collection techniques, and once all the data is gathered, data analysis will be conducted. In this study, the hypothesis H1 is measured using the Managerial Herding Index (MHR) analysis technique. Hypothesis H2 is evaluated using panel data regression analysis, while hypothesis H3 is analyzed using multivariate testing (Wilcoxon test) using Warp PLS 7.0 and SPSS 27 software. The data used in this research is panel data, which combines cross-sectional and time series data.

Structural Equation Modeling (SEM) - PLS Analysis

This study is a quantitative research involving multivariate analysis, and after the data collection is completed, data analysis will be conducted. The study utilizes panel data from various periods and data across individuals or spaces. To measure H2 or determine the relationship between reporting sustainability reports and company performance, Warp PLS SEM 7.0 software is utilized. The researcher processes data simultaneously for manufacturing and mining companies with 127 companies across five ASEAN countries, which were previously subjected to preliminary tests using MANOVA to examine differences among countries.

Structural Equation Modeling (SEM) is a statistical method used to test a series of relationships that are often difficult to measure simultaneously. SEM is a multivariate analysis technique that combines factor analysis and regression analysis (correlation). Partial Least Squares (PLS), a component-based SEM model, is used. PLS is an alternative approach that shifts from the covariance-based SEM approach to a variance-based one (Hair et al., 2021).

PLS can overcome two common issues caused by covariance-based SEM: improper solutions, which occur when the program cannot estimate the model due to a lack of suitable solutions, and factor indeterminacy, which involves negative variance values. While covariance-based SEM generally tests causality or theory, PLS leans toward predictive models. However, there are

differences in usage between covariance-based SEM and component-based PLS. PLS is used in structural equation modeling to test or develop theories for prediction purposes.

PLS extends Ordinary Least Squares (OLS) regression, principal component, and canonical correlation analysis, making it a second-generation multivariate analysis technique. The advantages of using PLS SEM include its ability to test complex relationships with up to 100 constructs and 1000 indicators, not requiring normally distributed data, solving all types of measurement scales (interval, nominal, ordinal, and ratio), being applicable to small samples through various approaches that are not feasible with Covariance-Based Structural Equation Modeling (CB-SEM). PLS has been proven effective in handling substantive research issues such as interaction analysis, hierarchical model analysis, heterogeneity, multi-group modeling, and more. PLS provides accurate results despite limited theoretical support and is capable of estimating causal models. It is an extension of path analysis and multiple linear regression (Latan & Ghozali, 2017). Additionally, Latan and Ghozali (2017) state that PLS can be applied not only to primary (cross-sectional) data but also to panel and time series data. Based on the above description, the researcher chose to use PLS to analyze the findings of this study.

RESULTS AND DISCUSSION
Hypothesis Testing

Hypothesis testing is done to see the effect of an independent variable on the dependent variable. To find out whether or not there is an influence on each variable, it can be seen from the probability value. This will be discussed respectively in the next sub-chapter.

Herding Manager Index

H1: Herding behavior occurs in determining the capital structure of companies that publish *sustainability reports.*

The use of the Herding Manager Index is used to see whether or not there is imitation behavior of peers from similar industries according to research conducted by Bo *et al.* (2016), researchers created an index for MHR and assigned a value of one if there is *herding* in the capital structure, otherwise it will be given a value of 0. Researchers divided into six industry groups according to ICB (*Industry Classification Benchmark*), namely the Chemical Industry as many as 17 companies, the Mining Industry as many as 31 companies, the Consumer Industry 16 companies, the Production Industry as many as 43 companies and the *Packaging* Industry as many as 4 companies. For the number one, it is given for companies that include herding *while for the number zero is given for companies that do not do* herding. The following in Table 4.3 are the calculation results using the Industrial Herding Manager Index

obtained for five countries in the 2018-2022 period.

Table 4.1 Results of *the Herding Manager Index of Industry in ASEAN 5 Period 2018-2022*

Tahun	Industri Kimia (Total 17)		Industri Pertambangan (Total 31)		Industri *Consumer* (Total 16)	
	1	0	1	0	1	0
2018	5	12	11	20	8	8
2019	5	12	9	22	8	8
2020	6	11	8	23	7	9
2021	6	11	7	24	5	11
2022	6	11	9	22	5	11

Source: Secondary Data Analysis (2023)

Based on Table 4.3, the average proportion of *herding in Indonesia, Malaysia, Singapore, the Philippines and Thailand in the chemical industry in 2018-2019 is 29%, then in 2020-2022 it is 35%, for the mining industry there is herding in 2018 at 35%, in 2019 and 2022 at 29%, in 2020 at 26%, in 2021 at 22%, and in the consumer industry in 2018-2019 the herding* index by 50%, in 2020 by 43%, in 2021-2022 by 31%.

Tabel 4.2 (Lanjutan) Hasil Indeks Manager Industri di ASEAN 5 Periode 2018-2022

Tahun	Industri Konstruksi (Total 43)		Industri Produksi (Total 16)		Industri *Packaging* (Total 4)	
	1	0	1	0	1	0
2018	17	26	7	9	1	3
2019	17	26	7	9	2	2
2020	15	28	6	10	3	1
2021	15	28	5	11	3	1
2022	17	26	3	13	3	1

Source: Secondary Data Analysis (2023)

Based on Table 4.4, the average herding proportions in the construction industry for the years 2018, 2019, and 2022 were approximately 39%, while for the years 2020 and 2021, it was about 35%. In the manufacturing industry, the herding index obtained for the years 2018 and 2019 was 43%, for the year 2020 it was 37%, for the year 2021 it was 31%, and for the year 2022 it was 18.75%. Lastly, in the packaging industry, the herding index was 25% for the year 2018, 50% for the year 2019, and 75% for the years 2020 to 2022.

Based on Tables 4.3 and 4.4, it can be observed that in the year 2018, among the chemical, mining, consumer, construction, manufacturing, and

packaging industries across the five countries, the herding behavior in their capital structure had relatively similar percentages ranging from 25% to 39%. This suggests that during that time, the five countries were in a stable condition, which may have been influenced by the canceled interest rate hike by the Federal Reserve (The Fed), contributing to economic stability.

Then, from 2019 to 2021, there is a noticeable increase in the percentage of herding behavior, which correlates with the outbreak of the Covid-19 pandemic. Companies were striving to secure survival strategies by optimizing their capital structure. The consumer industry and the use of packaging for consumer-related industries were most affected. In contrast, the production and construction sectors aimed to stabilize their situations by producing fewer construction goods, aligning with the public's choice to abstain from buying or renovating buildings, and instead investing more in stocks. In 2022, the economic situation stabilized, with companies engaging in herding behavior in their capital structure at percentages ranging from 29% to 39%.

In conclusion, H1 is accepted, indicating that herding behavior occurs in each industry across the five countries. This research supports the findings of Frank and Goyal (2009) that company managers may feel uncertain about determining the optimal capital structure, leading them to consider characteristics and financial policy decisions of peer companies. The

analysis results demonstrate the existence of herding behavior, especially in the manufacturing industry (consumer, construction, and packaging), where the average herding proportions are greater than in the mining industry.

These findings align with studies conducted by Brandea and Top (2019), Leary and Roberts (2014), and Camara (2017) that in developing countries, particularly in the manufacturing sector, herding behavior tends to occur in capital structures. The manufacturing sector is known for its dynamic nature, where actions of leading companies trigger similar actions among follower companies. Purchasing Manager Indices in the ASEAN manufacturing sector are also reported to exhibit similar values (www.cnnindonesia.com). Another reason for the larger influence of herding behavior in manufacturing companies compared to mining companies is likely due to the greater number of manufacturing companies, causing observational data imbalance. Manufacturing companies, unlike other industries, have substantial embedded capital structure values, a large labor force, and continuous production processes (Khan, 2017). This cyclic process leads to ongoing changes in capital structure, with significant variations compared to other industries. Additionally, the shared economic, social, and cultural characteristics among countries contribute to the frequent occurrence of herding in developing countries.

SEM Analysis – PLS

SEM is a type of multivariate analysis in the social sciences. Multivariate analysis is the application of statistical methods to analyze several research variables simultaneously or simultaneously. The analysis of this method uses second-generation techniques aimed at exploration. The following in Table 4.5 is a classification of multivariate methods classified by (Hair *et al.* 2013).

Tabel 4.3 Klasifikasi Metode Analisis Multivariat

	Tujuan Utama Eksplorasi	Tujuan Utama Konfirmasi
Teknik Generasi Pertama	1. Analisis kluster 2. *Exploratory factor analysis* 3. *Multidimensional scaling*	1. Analysis of variance 2. Regresi berganda 3. Regresi logistik
Teknik Generasi Kedua	*Partial Least Square* SEM (SEM-PLS)	*Covariance-Based* SEM (CB-SEM)

Source : Hair *et al.,* (2013)

Based on Table 4.5, it can be seen that if the main purpose of research is exploration, then in the second generation analysis technique, the method used is SEM - PLS. The analysis of this study used Warp PLS version 7.0. The use of PLS is one of them for exploration, namely to find out data patterns in cases in which there is no or still within theoretical limitations to state relationships between variables (Ratmono &; Solihin, 2013). Research using PLS does not require classical assumptions. But in PLS this emphasis is placed on the problem of collinearity. If there is a high collinearity problem in the model, the results of this analysis will be *unreliable* and *misleading* if continued (Latan &; Ghozali, 2017).

To find out whether there is a collinearity problem, it can be shown by looking at the value of convergent validity and discriminant validity. Both of these tests are usually found in the outer model test. This *outer* model test is only complementary because the main test used in this study is the *inner* model test. Convergent validity aims to test correlations between items/indicators to measure constructs. While discriminant validity aims to test items/indicators from two constructs that should not have a high correlation. The result of convergent validity is by looking at the value of AVE (*average variance extract*) in Table 4.6 below.

Tabel 4.4 Average Variance Extract

USIA	*SIZE*	SRDI	TOBIN'S Q	NPM	ROA
0,992	0,391	0,631	0,641	0,459	0,638

Source: Secondary Data Analysis (2023)

From Table 4.6, the AVE values for all variables are very good, namely the values are above 0.50 so that they meet the criteria of convergent validity. Except for the *Size* and NPM constructs which are below 0.50. Although there are two variables whose convergent validity value is still below 0.50, it can be seen *in the full collinearity* value of VIF for each variable which turns out to be a value of 3.3≥VIFs≤5 so there is no multicollinearity problem in the model.

After knowing the collinearity between items for constructs, it is necessary to know the discriminant *validity* value of each variable or construct. It aims to test the items/indicators of two constructs that should not have a high correlation and find out whether the variables are unique and able to capture phenomena to find out how far the construct is different from the other construct. *Discriminant validity* is shown by comparing the square root value of AVE with the correlation between constructs. A good value is indicated by the square root value of AVE (shown on a diagonal number) greater than the correlation between constructs (Latan &; Ghozali, 2017). Such statements are shown in accordance with Table 4.7 below.

Tabel 4.5 Correlations among Latent Variables with sq. rts. of AVEs

	USIA	SIZE	SRDI	TOBIN'S Q	NPM	ROA
USIA	**0,985**	0,132	0,109	-0,086	-0,090	-0,078
SIZE	0,132	**0,625**	0,097	-0,191	-0,055	-0,084
SRDI	0,109	0,097	**0,795**	0,223	0,105	0,119
TOBIN'S Q	-0,086	-0,191	0,223	**0,800**	0,210	0,275
NPM	-0,090	-0,055	0,105	0,210	**0,677**	0,623
ROA	-0,078	-0,084	0,119	0,275	0,623	**0,799**

Note: *Square roots of average variances extracted (AVEs) shown on diagonal*

Source: Secondary Data Analysis (2023)

Based on Table 4.7 above, the construct or variable has a good *discriminant validity* value, which is shown from the numbers on the diagonal line is greater than other numbers that show correlation between constructs.

Structural Model Evaluation (Inner Model)

Inner model analysis *(structural model)* is carried out to show the strength of estimation between latent variables or constructs with the aim of determining the influence between variables / constructs in the model (Latan &; Ghozali, 2017). The evaluation *of the inner* model on the partial least square (PLS) can be seen from several indicators such as the average r *squared* (ARS), average path coefficient (APC), and average *variance inflation factor* (AVIF) (Ratmono &; Solihin, 2013). The r-

squared mean (ARS) is used to indicate the fit of the model. Other indicators are the average path coefficient (APC) to show the correlation between variables, and the average *variance inflation factor* (AVIF) to show multicollinearity between independent variables. Some other indicators that are also used to determine model fit include *R-Squares* or *Adjusted* R², Partial Test F-Test (*Effect Size*), Q² *Predictive Relevance, Average Adjusted* R *Square*, AFVIF, GOF, SPR, RSCR, SSR, NLBCDR. AFVIF and AVIF are package sizes to determine multicollinearity between indicators and between exogenous variables in the model.

Then in assessing the structural model or *inner* model with PLS, starting with looking at the percentage variance by looking at the R-Square value for each endogenous latent variable as the predictive force of the structural model. But if there are more predictors of variables (independent variables) in the model, the Adjusted R² value will be used, which is to reduce estimation bias (Cohen *et al.*, 2003 in Latan & Ghozali, 2017). GOF is a unit of measure similar to ARS to indicate the power of model prediction or model validation (Latan &; Ghozali, 2017). Then for SPR, RSCR, SSR, NLBCDR is a measure for causality problems in the model. Furthermore, *an inner model analysis was carried out* with *the default warp 3 inner* model (non linear) mode setting which was carried out thoroughly in five ASEAN countries shown in Table 4.8 below:

Tabel 4.6 *Fit Model* 4 Negara ASEAN

Indikator	Hasil	Kriteria	Keterangan
APC	0,196 (0,006)	< 0,05	Diterima
ARS	0,054 (0,136)	< 0,05	-
AARS	0,044 (0,154)	< 0,05	-
AVIF	1,007	3,30≥AVIF≤5,50	Diterima
AFVIF	1,290	3,30≥AVIF≤5,50	Diterima
GOF	0,182	0,10≤GOF≥0,36	*Small fit*
SPR	1,000	SPR=1,0 atau SPR≥0,70	Diterima
RSCR	1,000	RSCR=1,00 atau RSCR≥0,7	Diterima
SSR	1,000	SSR≥0,70	Diterima
NLBCDR	1,000	NLBCDR≥0,70	Diterima
R-Squares			(Kock & Lynn, 2012)
SRDI	0,094	0,25≥Rs≤0,70	Lemah
TOBIN'S Q	0,067	0,25≥Rs≤0,70	Lemah
NPM	0,013	0,25≥Rs≤0,70	Lemah
ROA	0,040	0,25≥Rs≤0,70	Lemah
Adjusted R²			(Kock & Lynn, 2012)
SRDI	0,079	0,25≥Rs≤0,70	Lemah
TOBIN'S Q	0,060	0,25≥Rs≤0,70	Lemah

Indikator	Hasil	Kriteria	Keterangan
NPM	0,005	0,25≥Rs≤0,70	Lemah
ROA	0,033	0,25≥Rs≤0,70	Lemah
Q^2 Predictive			(Stone & Geisser, 1974)
SRDI	0,095	>0	Nilai Prediktif
TOBIN'S Q	0,067	>0	Nilai Prediktif
NPM	0,016	>0	Nilai Prediktif
ROA	0,041	>0	Nilai Prediktif
Full Colinearity VIFs			
SIZE	1,073	3,30≥VIFs≤5,00	Bebas Multikolinearitas
USIA	1,043	3,30≥VIFs≤5,00	Bebas Multikolinearitas
SRDI	1,097	3,30≥VIFs≤5,00	Bebas Multikolinearitas
TOBIN'S Q	1,183	3,30≥VIFs≤5,00	Bebas Multikolinearitas
NPM	1,645	3,30≥VIFs≤5,00	Bebas Multikolinearitas
ROA	1,698	3,30≥VIFs≤5,00	Bebas Multikolinearitas
Effect Size			(Cohen, 1988)
SIZE-SRDI	0,066	≥ 0,02	Pengaruh Lemah
USIA-SRDI	0,028	≥ 0,02	Pengaruh Lemah
SRDI-TOBIN'S Q	0,067	≥ 0,02	Pengaruh Lemah
SRDI-NPM	0,013	≥ 0,02	Pengaruh Lemah
SRDI-ROA	0,040	≥ 0,02	Pengaruh Lemah

Source: Secondary Data Analysis (2023)

Information: [ ] = *Probability*

Based on Table 4.8, in the validation of the main model, the results of the APC test show a value of 0.196 (P value 0.006), ARS is 0.054 (P value 0.136), and AARS is 0.044 (P value 0.154 > 0.05). Similarly, both AFVIF and AVFIF are ≤ 3.3, and the generated GOF value is 0.182, falling into the category of small fit. Furthermore, for Simpson's Paradox Ratio (SPR), R-squared contribution ratio (RSCR), and Statistical Suppression Ratio (SSR), all values are 1, indicating no causality issues in the model. Additionally, the obtained NLBCDR value is ≥ 0.7. In terms of the overall model validation, it can be concluded that there is no multicollinearity issue among variables, and there are no causality problems. These criteria meet the criteria for a relatively good Goodness of Fit Model.

Next, the model fit of each variable is evaluated by examining the R-squared or Adjusted R^2 values. The coefficient of determination test yields good results, and all endogenous variables show positive results, indicating that the independent variables are capable of explaining the dependent variable. In other words, the model variables improve in explaining their variances. The R Square values for SRDI, Tobin's Q, NPM, and ROA are 0.094 (weak), 0.067 (weak), 0.013 (weak), and 0.040 (weak), respectively. Meanwhile, the Adjusted R^2 values for SRDI, Tobin's Q, NPM, and ROA are 0.079 (weak), 0.060 (weak), 0.005 (weak),

and 0.033 (weak), respectively. This research model exhibits predictive relevance, where all endogenous variables show Q^2 values greater than 0. Moreover, the effect size values listed in the table are categorized as small. This is evident from the average effect size values above 0.02, but still smaller than 0.15. This suggests that the effect size values of the variable do not significantly impact the dependent *430ariable430nt430* at the variable level. In the examination of the full *430ariable430nt430* VIF, each 430ariable ranges from 3.3≥VIFs≤5, which implies that there is no problem of multicollinearity between the dependent and independent variables in the model. Thus, lateral collinearity and variable collinearity issues are absent from the model.

The selection of this comprehensive model is made considering the preliminary test results of the inter-country differences among the five ASEAN countries, as discussed in the previous subsection. The conclusion drawn is that there are no differences among the ASEAN countries, allowing for simultaneous testing. After satisfying the criteria for the goodness of fit model, hypothesis testing can proceed.

Leader-Followers Company Difference Test

H3: Leader companies perform better than follower companies for companies that issue sustainability reports.

The researcher conducts two difference tests to determine whether leader companies outperform follower companies in terms of company performance. The first test is based on the completeness score of sustainability reports, and the second test is based on the DER values, ranked from lowest to highest among similar variables. The results of the analysis and discussions are presented below.

Difference Test Based on Sustainability Report Scores

The researcher categorizes leader companies with a code of zero, and follower companies are categorized with the number one. The SRDI values are sorted from highest to lowest for the five countries in each period, and quartiles are created as in Pais' study (2017). Quartile one and quartile two cover the top 25% and 50% of leader companies or those with the highest SRDI values, while the bottom 25% and 50% of SRDI values comprise the follower companies. The results of the difference test using variables related to sustainability reports are presented in Table 4.10 below.

Tabel 4.7 Test result of Wilcoxon SRDI

Method	df	Value	Probability
Wilcoxon/Mann-Whitney		21.50895	0.0000

Wilcoxon/Mann-Whitney (tie-adj.)		21.50899	0.0000
Med. Chi-square	1	520.6886	0.0000
Adj. Med. Chi-square	1	517.0727	0.0000
Kruskal-Wallis	1	462.6443	0.0000
Kruskal-Wallis (tie-adj.)	1	462.6460	0.0000
van der Waerden	1	397.8252	0.0000

Category Statistics

			> Overall		
KODE	Count	Median	Median	Mean Rank	Mean Score
0	315	61.80000	301	475.8270	0.791309
1	320	38.60276	16	162.6391	-0.778926
All	635	49.07957	317	318.0000	9.16E-06

Source: Secondary Data Analysis (2023)

Based on Table 4.10, the results of the above difference test yield a Wilcoxon probability value of 0.0000. The rules of thumb for non-parametric difference tests are as follows:

If the probability value > 0.05, then the data does not exhibit significant differences.

If the probability value < 0.05, then the data shows significant differences.

Hence, it can be concluded that H3 is accepted. Using **SRDI** data from each company in Indonesia, Malaysia, Thailand, Singapore, and the Philippines over a five-year period, it is evident that **leader companies have better company performance compared to followers**.

The findings of this research align with those of Laskar and Maji (2016), Platonova et al. (2018), and Ernst and Young (2013), indicating that disclosing sustainability reports with higher scores can depict better company performance across economic, social, and environmental dimensions. In terms of economic sustainability, it pertains to a company's role in the economic conditions of stakeholders and the economic system at the local, national, and global levels. The reported content emphasizes a company's contribution to the surrounding economic system. Moving on to the environmental sustainability dimension, it examines a company's impact on the environment, including ecosystems, land, water, and air. Within the sustainability report, the disclosure of a company's performance in managing water resources, energy materials, biodiversity, waste, emissions,

services and products, and more is highlighted. Lastly, the social dimension encompasses employment practices, working conditions, consideration of human rights by the company, the impact experienced by the local community, and the responsibility for services and products provided to consumers.

The more comprehensive the data from these aforementioned dimensions, the better the company's value (Areiqat et al., 2019). Through disclosing *432ariable432nt432ty* reports, companies can portray how they anticipate various challenges and adapt to survive longer. They can also innovate new environmentally friendly approaches, turning them into business opportunities for the company's future progress.

Difference in Sustainability Reports and Company Performance between the Philippine Stock Exchange and the Singapore Stock Exchange

The Manova test utilized here is the test between subject effects, a method employed to examine the differences in sustainability reports and company performance between the Philippine Stock Exchange and the Singapore Stock Exchange. The decision-making criteria for the Manova test are as follows:

a. If the significance probability value > 0.05, then there is no significant difference between the Philippine Stock Exchange and the Singapore Stock Exchange.

b. If the significance probability value < 0.05, then there is a significant difference between the Philippine Stock Exchange and the Singapore Stock Exchange.

Below is Table 4.17 displaying the test results.

Tabel 4.8 The Difference test of Philippine Stock Exchange and the Singapore Stock Exchange

Tests of Between-Subjects Effects

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	TOBIN'S Q	121.473[a]	187	.650	3.318	.765
	NPM	177357.251[b]	187	948.434	.063	.453
	ROA	14019.436[c]	187	74.970	.141	.742

Source: Secondary Data Analysis (2023)

Based on Table 4.17 *test of between subject effect* above, it is seen that the level of significance (probability number) > 0.05; because Tobin's probability figures Q 0.765 > 0.05, NPM 0.453 > 0.05 and ROA 0.742 > 0.05, it means that there is no significant difference in *sustainability report and company performance between the*

Philippine Stock Exchange and the Singapore Stock Exchange.

Differences in *Sustainability Report and* Company Performance between Philippine Stock Exchange and Thailand Stock Exchange

The Manova test used is a test between *subject effect* is a method used to test the difference in *sustainability reports and* company performance between the Philippine Stock Exchange and the Thailand Stock Exchange. The decision-making criteria for the Manova test are as follows:

a. If the probability value of significance > 0.05 then there is no significant difference between the Philippine Stock Exchange and the Thailand Stock Exchange

b. If the probability value of significance < 0.05 then there is a significant difference between the Philippine Stock Exchange and the Thailand Stock Exchange

Below is Table 4.18 of the test results.

Tabel 4.9 Difference Test of Philippine Stock Exchange and Thailand Stock Exchange

Tests of Between-Subjects Effects

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	TOBIN'S Q	159.847[a]	186	.859	1.573	.235
	NPM	43977.734[b]	186	236.439	6.722	.653
	ROA	19834.216[c]	186	106.636	3.832	.764

Source: Secondary Data Analysis (2023)

Based on Table 4.18 *of the test of between subject effects* above, it is seen that the level of significance (probability number) > 0.05; because Tobin's probability figures Q 0.235 > 0.05, NPM 0.653 > 0.05 and ROA 0.764 > 0.05, it means that there is no significant difference in *sustainability report and* company performance between the Philippine Stock Exchange and the Stock Exchange of Thailand.

Differences in *Sustainability Report and* Company Performance between Indonesia Stock Exchange and Singapore Stock Exchange

The Manova test used is the test between *subject effect*, which is a method used to test the difference in *sustainability reports and* company performance between the Indonesia Stock Exchange and the Singapore Stock Exchange. The decision-making criteria for the Manova test are as follows:

a. If the probability value of significance > 0.05 then there is no significant difference between the

Indonesia Stock Exchange and the Singapore Stock Exchange

b. If the probability value of significance < 0.05 then there is a significant difference between the Indonesia Stock Exchange and the Singapore Stock Exchange

Below is Table 4.19 of the test results.

Tabel 4.10 Uji Beda Bursa Efek Indonesia dan Bursa Efek Singapura

Tests of Between-Subjects Effects

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	TOBIN'S Q	469.114[a]	295	1.590	.804	.839
	NPM	194848.399[b]	295	660.503	.096	.564
	ROA	24304.334[c]	295	82.388	.306	.346

Source: Secondary Data Analysis (2023)

Based on Table 4.19 *of the test of between subject effects* above, it can be seen that the level of significance (probability number) > 0.05; because Tobin's Q probability figures are 0.839 > 0.05, NPM 0.564 > 0.05 and ROA 0.346 > 0.05, it means that there is no significant difference in *sustainability report and* company performance between the Indonesia Stock Exchange and the Singapore Stock Exchange.

Differences in *Sustainability Report and* Company Performance between Indonesia Stock Exchange and Thailand Stock Exchange

The Manova test used is a test between *subject effect* is a method used to test the difference in *sustainability reports and* company performance between the Indonesia Stock Exchange and the Thailand Stock Exchange. The decision-making criteria for the Manova test are as follows:

a. If the probability value of significance > 0.05 then there is no significant difference between the Indonesia Stock Exchange and the Thailand Stock Exchange

b. If the probability value of significance < 0.05 then there is a significant difference between the Indonesia Stock Exchange and the Thailand Stock Exchange

Below is Table 4.20 of the test results.

Tabel 4.11 Different Test of Indonesia Stock Exchange and Thailand Stock Exchange

Tests of Between-Subjects Effects

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	TOBIN'S Q	467.861[a]	293	1.597	.898	.705
	NPM	61734.903[b]	293	210.699	.756	.911
	ROA	29174.316[c]	293	99.571	1.825	.653

Source: Secondary Data Analysis (2023)

Based on Table 4.20 *test of between subject effect* above, it can be seen that the level of significance (probability number) > 0.05; because Tobin's probability figures Q 0.705 > 0.05, NPM 0.911 > 0.05 and ROA 0.653 > 0.05, it means that there is no significant difference in *sustainability report and* company performance between the Indonesia Stock Exchange and the Thailand Stock Exchange.

Differences in *Sustainability Report and* Company Performance between Malaysia Stock Exchange and Philippine Stock Exchange

The Manova test used is the test between *subject effect* is a method used to test the difference in *sustainability reports and* company

performance between the Stock Exchange of Malaysia and the Stock Exchange of the Philippines. The decision-making criteria for the Manova test are as follows:

a. If the probability value of significance > 0.05 then there is no significant difference between the Stock Exchange of Malaysia and the Stock Exchange of the Philippines

b. If the probability value of significance < 0.05 then there is a significant difference between the Stock Exchange of Malaysia and the Stock Exchange of the Philippines

Below is Table 4.21 of the test results.

Tabel 4.12 Uji Beda Bursa Efek Malaysia dan Bursa Efek Filipina

Tests of Between-Subjects Effects

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	TOBIN'S Q	145.916[a]	134	1.089	2.696	.343
	NPM	20729.353[b]	134	154.697	3.267	.321
	ROA	3351.617[c]	134	25.012	4.600	.206

Source: Secondary Data Analysis (2023)

Based on Table 4.21 *test of between subject effect* above, it is seen that the level of significance (probability number) > 0.05 ; because Tobin's Q probability figures are 0.343 > 0.05, NPM 0.321 > 0.05 and ROA 0.206 > 0.05, it means that there is no significant difference in *sustainability report* and company performance between the Stock Exchange of Malaysia and the Stock Exchange of the Philippines.

Differences in *Sustainability Report and* Company Performance between Malaysia Stock Exchange and Indonesia Stock Exchange

The Manova test used is a test between *subject effect* is a method used to test the difference in *sustainability reports and* company performance between the Malaysia Stock Exchange and the Indonesia Stock Exchange. The

decision-making criteria for the Manova test are as follows:

a. If the probability value of significance > 0.05 then there is no significant difference between the Malaysia Stock Exchange and the Indonesia Stock Exchange

b. If the probability value of significance < 0.05 then there is a significant difference between the Malaysia Stock Exchange and the Indonesia Stock Exchange

Below is Table 4.22 of the test results.

Tabel 4.13 Different Test of Malaysia Stock Exchange and Indonesia Stock Exchange

Tests of Between-Subjects Effects

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	TOBIN'S Q	476.747[a]	241	1.978	1.019	.498
	NPM	45970.314[b]	241	190.748	1.114	.368
	ROA	13742.274[c]	241	57.022	1.191	.280

Source: Secondary Data Analysis (2023)

Based on Table 4.22 *test of between subject effect* above, it is seen that the level of significance (probability number) > 0.05 ; because Tobin's Q probability numbers are 0.498 > 0.05, NPM 0.368 > 0.05 and ROA 0.280 > 0.05, it means that there is no significant difference in *sustainability report and* company performance between the Malaysia Stock Exchange and the Indonesia Stock Exchange.

Differences in *Sustainability Report and* Company Performance between Malaysia Stock Exchange and Singapore Stock Exchange

The Manova test used is the test between *subject effect* is a method used to test the difference in *sustainability reports and* company performance between the Malaysia Stock Exchange and the Singapore Stock Exchange. The decision-making criteria for the Manova test are as follows:

a. If the probability value of significance > 0.05 then there is no significant difference between the Stock Exchange of Malaysia and the Singapore Stock Exchange

b. If the probability value of significance < 0.05 then there is a significant difference between the Stock Exchange of Malaysia and the Singapore Stock Exchange

Below is Table 4.23 of the test results.

Tabel 4.14 Test the Difference Between Malaysia Stock Exchange and Singapore Stock Exchange

Tests of Between-Subjects Effects

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	TOBIN'S Q	177.365a	212	.837	2.177	.523
	NPM	160568.254b	212	757.397	.077	.674
	ROA	13408.000c	212	63.245	.189	.853

Source: Secondary Data Analysis (2023)

Based on Table 4.23 *of the test of between subject effects* above, it can be seen that the level of significance (probability number) > 0.05; because Tobin's probability figures Q 0.523 > 0.05, NPM 0.674 > 0.05 and ROA 0.853 > 0.05, it means that there is no significant difference in *sustainability report and* company performance between the Stock Exchange of Malaysia and the Singapore Stock Exchange.

Differences in *Sustainability Report and* Company Performance between Malaysia Stock Exchange and Thailand Stock Exchange

The Manova test used is a test between *subject effect* is a method used to test the difference in *sustainability reports and* company performance between the Stock Exchange of Malaysia and the Stock Exchange of Thailand. The decision-making criteria for the Manova test are as follows:

a. If the probability value of significance > 0.05 then there is no significant difference between the Stock Exchange of Malaysia and the Stock Exchange of Thailand

b. If the probability value of significance < 0.05 then there is a significant difference between the Stock Exchange of Malaysia and the Stock Exchange of Thailand

Below is Table 4.24 of the test results.

Tabel 4.15 Uji Beda Bursa Efek Malaysia dan Bursa Efek Thailand

Tests of Between-Subjects Effects

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	TOBIN'S Q	229.672a	214	1.073	1.527	.884
	NPM	35391.894b	214	165.383	3.549	.512
	ROA	19001.743c	214	88.793	3.687	.411

Source: Secondary Data Analysis (2023)

Based on Table 4.24 *test of between subject effect* above, it is seen that the level of significance (probability number) > 0.05 ; because Tobin's Q probability figures are 0.884 > 0.05, NPM 0.512 > 0.05 and ROA 0.411 > 0.05, it

means that there is no significant difference in *sustainability report and* company performance between the Stock Exchange of Malaysia and the Stock Exchange of Thailand.

Differences in *Sustainability Report and* Company Performance between Singapore Stock Exchange and Thailand Stock Exchange

The Manova test used is a test between *subject effect* is a method used to test the difference in *sustainability reports and* company performance between the Singapore Stock Exchange and the Thailand Stock Exchange. The decision-making criteria for the Manova test are as follows:

a. If the probability value of significance > 0.05 then there is no significant difference between the Singapore Stock Exchange and the Thailand Stock Exchange

b. If the probability value of significance < 0.05 then there is a significant difference between the Singapore Stock Exchange and the Thailand Stock Exchange

Below is Table 4.25 of the test results.

Tabel 4.16 Different Test of Singapore Stock Exchange and Thailand Stock Exchange

Tests of Between-Subjects Effects

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	TOBIN'S Q	213.648a	265	.806	1.317	.151
	NPM	184898.303b	265	697.729	.103	.375
	ROA	29510.599c	265	111.361	.448	.421

Source: Secondary Data Analysis (2023)

Based on Table 4.25 *test of between subject effect* above, it is seen that the level of significance (probability number) > 0.05; because Tobin's probability figures Q 0.115 > 0.05, NPM 0.375 > 0.05 and ROA 0.421 > 0.05, it means that there is no significant difference in *sustainability report* and company performance between the Singapore Stock Exchange and the Stock Exchange of Thailand.

CONCLUSION

Based on the findings obtained in research on whether or not *there is herding* in companies that publish sustainability *reports*, describe the effect of *sustainability* report disclosure and its impact on company performance and determine whether *company leaders* are better than company *followers* in terms of the level of sustainability *report disclosureand* debt to equity ratio *in non-financial companies covering manufacturing and mining industries listed in Indonesia, Malaysia, Singapore,*

Thailand and the Philippines, it can be concluded that: 1). The company is proven to have herding in *similar industries and is classified as a* company *leader* in the industry, as seen from the level of *sustainability report* disclosure and the company's decision to apply debt to the debt to *equity ratio.* 2). Companies that disclose *sustainability reports* are proven to affect company performance, but are not influenced by *net profit margin* and company age. The resulting influence has a weak effect, this means that *stakeholders* actually do not care too much about reporting on the environment. It is evident from many other companies that have not disclosed *their sustainability reports,* moreover, the average government control in ASEAN is not optimal enough to require all of them to publish *sustainability reports.* In addition, *stakeholders* and company managers consider that *sustainability reports* actually have an indirect influence because they require several stages for analysis, so stakeholders actually prioritize seeing the company's future prospects in their financial statements. 3). Leader companies are better than *follower companies in* similar industries in terms of company performance as seen from the level of sustainability report disclosure and the company's decision to apply debt at the debt to *equity ratio.*

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