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The Effect of Sustainability Reporting on Firm Value with Institutional Ownership as a Moderating Variable: Evidence from Consumer Non-Cyclicals Companies Listed on the Indonesia Stock Exchange (2019-2023)

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ABSTRACT

Environmental, social, and economic disclosures represent a critical form of corporate transparency in communicating sustainability-related information that may heavily influence investors' assessments of firm value in contemporary capital markets. This study aims to comprehensively examine the direct effect of sustainability reporting disclosure on firm value and investigate the moderating role of institutional ownership in this relationship. A quantitative research approach was employed using secondary data extracted from 37 consumer non-cyclical sector companies listed on the Indonesia Stock Exchange (IDX) during the 2019-2023 period. The empirical findings reveal that sustainability reporting disclosure has a negative and statistically significant effect on firm value. The results also indicate that the relatively low level of institutional ownership observed in the sample has not yet functioned as an effective external monitoring mechanism capable of strengthening the value relevance or credibility of sustainability reporting in the eyes of the market.

INTRODUCTION

Firm value is widely recognized as the most central indicator of managerial success because it reflects the market's holistic perception of a company's future growth prospects, risk profile, and the overall wealth generated for its shareholders. In the conventional financial paradigm, firm value is frequently associated with historical stock price movements, accounting profitability ratios, and the tangible ability of management to allocate resources efficiently to maximize short-term returns (Fatemi et al., 2018). Nevertheless, contemporary global capital markets have undergone a significant paradigm shift. Investors and analysts increasingly evaluate non-financial information alongside traditional financial metrics. This shift is driven by the growing realization that the quality of corporate sustainability practices encompassing environmental stewardship, social responsibility, and robust governance can profoundly influence a firm's operational risk, organizational resilience, and long-term competitiveness. Global business practices show that corporate objectives are no longer solely oriented towards achieving economic profits at any cost, but also towards creating sustainable, long-term value for a broader spectrum of stakeholders (Eccles et al., 2014; Freeman, 1984).

The empirical phenomenon underlying this study is the high volatility and unpredictable movement of market value in the consumer non-cyclicals (consumer goods) sector in Indonesia during the 2019-2023 period. The consumer non-cyclicals sector is theoretically considered a 'defensive' sector; its products are basic daily necessities, meaning demand should remain relatively stable regardless of macroeconomic fluctuations. However, based on preliminary market data, major fast-moving consumer goods (FMCG) companies such as PT Unilever Indonesia Tbk (UNVR), PT Indofood CBP Sukses Makmur Tbk (ICBP), PT Kalbe Farma Tbk (KLBF), PT Mayora Indah Tbk (MYOR), and PT H.M. Sampoerna Tbk (HMSP) experienced significant downward trends and sharp fluctuations in their Tobin's Q values, particularly during and in the aftermath of the COVID-19 pandemic. For instance, UNVR's Tobin's Q dropped drastically from 16.26 in 2019 to 8.87 in 2023, while ICBP declined from 3.67 to 1.46 in the same period. These notable fluctuations indicate that market valuation in this sector is highly sensitive not only to external economic shocks and shifting consumer purchasing power but also to evolving investor expectations regarding how these companies manage long-term risks, including supply chain disruptions and environmental impacts.

To manage these complex risk perceptions and bridge the information gap with external parties, non-financial information disclosure, particularly through sustainability reporting, becomes highly relevant and strategically vital. Sustainability reporting serves as a formal communication channel detailing the economic, environmental, and social impacts of a company's daily operations. For consumer goods companies, these issues are particularly pressing. They face intense public scrutiny regarding plastic packaging waste, water usage, carbon footprints in their logistics networks, and labor practices within their extensive supply chains. In Indonesia, the urgency of sustainability disclosure has been significantly reinforced through the regulatory intervention of the Financial

Services Authority (OJK). Specifically, OJK Regulation (POJK) Number 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies marks a watershed moment. Based on Article 10 paragraphs (1) and (6) of this regulation, public companies are required to publish sustainability reports gradually from 2020 to 2022, categorized by their asset scale. This regulatory shift from voluntary to mandatory reporting makes the 2019-2023 period a critical transitional phase, providing a unique contextual window to evaluate how the Indonesian capital market genuinely reacts to the increased volume of sustainability disclosures.

Despite the regulatory push, empirical findings regarding the effect of sustainability reporting on firm value remain inconsistent. Several studies, such as Made Endiana & Ayu Suryandari (2021) and Shalihin et al. (2020), report that sustainability reporting increases firm value because it improves transparency and signals stronger long-term management quality. In contrast, Nguyen (2020) and Suhartini et al. (2024) found that sustainability initiatives may be perceived negatively by the market if they are considered as additional costs that erode short-term profits without immediate economic returns. This inconsistency indicates that the relationship between sustainability reporting and firm value is context-dependent and may be influenced by the governance environment surrounding the firm.

Ownership structure emerges as a critical governance mechanism that may explain this inconsistency. Institutional ownership, in particular, can theoretically strengthen the monitoring of management because institutional investors generally possess superior analytical resources, better access to information, and substantial economic incentives to discipline opportunistic managerial behavior (Cornett et al., 2007). However, the effectiveness of institutional investors depends heavily on their investment horizon. If institutional investors in emerging markets like Indonesia are predominantly oriented toward short-term returns (transient investors), they might not appreciate or reward long-term sustainability efforts, viewing them instead as a misallocation of capital (Bushee, 1998). Therefore, examining institutional ownership as a moderating variable provides a much deeper, more comprehensive understanding of the sustainability-firm value relationship in the Indonesian context. Based on the identified theoretical gaps and empirical inconsistencies, this study aims to rigorously examine the direct effect of sustainability reporting on firm value and explicitly test the moderating role of institutional ownership in consumer non-cyclical sector companies listed on the Indonesia Stock Exchange during the transitional period of 2019-2023.

THEORETICAL REVIEW

Agency Theory and Stakeholder Theory

Agency Theory, fundamentally proposed by Jensen & Meckling (1976), explains the complex contractual relationship between shareholders (principals) and corporate managers (agents). Agency problems naturally emerge because managers, acting as agents, may behave opportunistically to maximize their own personal utility (e.g., through excessive compensation, empire building, or prestige) rather than strictly maximizing shareholder wealth. This conflict of

interest is exacerbated by information asymmetry, a condition where managers possess far more detailed and timely information about the firm's true operational conditions, risks, and prospects than the external shareholders do. In the context of environmental and social impacts, this asymmetry can be particularly severe, leading to hidden risks that may jeopardize the firm's future cash flows. Sustainability reporting functions as a vital governance mechanism to reduce this asymmetry by transforming opaque internal data regarding environmental, social, and economic practices into standardized, verifiable public information. Furthermore, Agency Theory posits that external monitoring is necessary to align the interests of managers and shareholders. Institutional ownership acts as one of these primary external monitoring mechanisms, theoretically possessing the voting power and financial expertise to discipline managers and ensure that corporate disclosures are both credible and aligned with shareholders' long-term interests.

Stakeholder Theory, prominently introduced by Freeman (1984), challenges the traditional shareholder primacy model by asserting that a company is responsible not only to its financial investors but to a much broader ecosystem of stakeholders, including employees, customers, suppliers, local communities, and regulatory bodies. The survival and continued profitability of a corporation depend on its ability to balance and satisfy the diverse demands of these various groups. Sustainability reporting serves as a strategic instrument used by companies to build trust and foster better relationships with these stakeholders. By proactively increasing transparency regarding their non-financial impacts, companies can effectively manage the 'legitimacy gap' the disparity between corporate actions and societal expectations. By fulfilling stakeholder expectations and securing social legitimacy, companies can protect their brand equity, avoid regulatory backlashes, and strengthen their overall reputation, which theoretically translates into a lower cost of capital and higher market valuation over the long run.

Hypothesis Development

Based on the synthesis of Stakeholder Theory and Agency Theory, providing comprehensive non-financial information through sustainability reporting should satisfy stakeholder demands and simultaneously reduce information asymmetry between managers and investors. When information asymmetry is reduced, investors face less uncertainty regarding the firm's future contingent liabilities (such as environmental fines, labor strikes, or consumer boycotts), which inherently lowers the firm's perceived risk profile. Eccles et al. (2014) demonstrated empirically that companies with a high sustainability orientation tend to exhibit more stable long-term market performance, superior accounting performance, and better access to finance. Thus, broader and more transparent disclosure of economic, environmental, and social aspects is expected to send a credible, positive signal to the market, enhancing investor confidence and subsequently driving up the firm's market valuation (Tobin's Q).

H1: Sustainability reporting disclosure has a positive effect on firm value.

While sustainability reporting provides the necessary information, the credibility and market interpretation of that information often depend on the

firm's underlying governance structures. The presence of institutional shareholders is theoretically expected to strengthen the value relevance of sustainability reporting. Institutional investors such as pension funds, insurance companies, and mutual funds typically have a much stronger monitoring capacity than dispersed individual retail investors (Cornett et al., 2007). According to Alomran & Alsahali (2023), institutional ownership can exert significant pressure on management to improve both the quality and reliability of disclosures, effectively reducing the likelihood of symbolic reporting. Because institutional investors are perceived by the market as sophisticated players who demand high standards of corporate accountability, their significant presence in a firm's ownership structure should signal to other market participants that the firm's sustainability reports are credible and indicative of true risk mitigation. Therefore, higher institutional ownership is predicted to strengthen the positive relationship between sustainability reporting and firm value.

H2: Institutional ownership strengthens the effect of sustainability reporting disclosure on firm value.

Based on the theoretical review and hypothesis development, the conceptual framework of this study illustrates the relationship between sustainability reporting (independent variable), firm value (dependent variable), institutional ownership (moderating variable), and firm size (control variable). The framework is depicted in Figure 1 below:

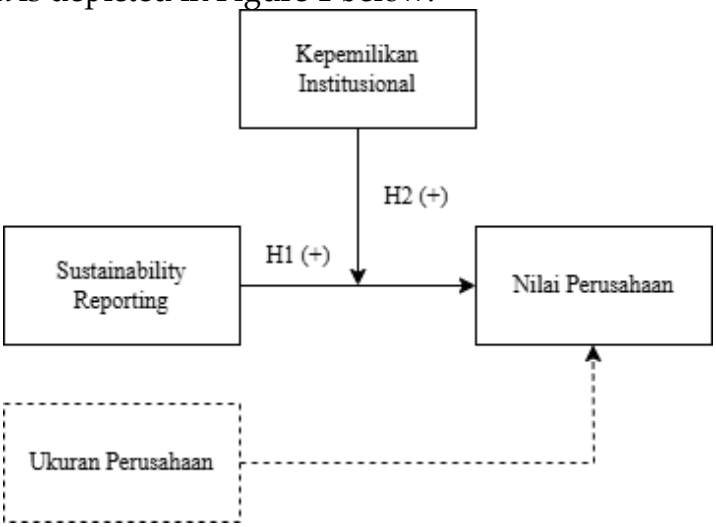

Figure 1. Conceptual Framework

METHODOLOGY

This research employs a quantitative approach utilizing secondary data. The population consists of consumer non-cyclicals sector companies listed on the Indonesia Stock Exchange (IDX) during the 2019-2023 period. This sector was chosen because it interacts directly with consumers and possesses high exposure to social and environmental issues, making its reputation highly sensitive to market perceptions.

Sample Selection

The sample was systematically determined using a purposive sampling technique based on several specific, predefined criteria: (1) the company must be consecutively listed in the consumer non-cyclicals sector on the IDX during the entire 2019-2023 period; (2) the company must publish complete and accessible annual reports and sustainability reports (either integrated or stand-alone) for the observation years; and (3) the company must provide complete data necessary for calculating all the research variables. The initial screening yielded 37 companies. However, to ensure the statistical validity of the regression model and prevent distortion from extreme values, an outlier elimination process was conducted (removing data with standardized residuals > ±3.0). This meticulous process resulted in a final unbalanced panel dataset of 158 firm-year observations, as detailed in the sample selection matrix in Table 1.

Table 1. Sample Selection Criteria

Selection Criteria	Total
Consumer non-cyclicals companies listed on IDX	132
Companies not consecutively listed during 2019-2023	(55)
Companies without complete annual reports	(12)
Companies without complete data for research variables	(28)
Companies meeting the initial sample criteria	**37**
Total initial observations (37 companies x 5 years)	185
Outlier data eliminated	(27)
Final observations processed (Unbalanced Panel)	**158**

Source: Processed secondary data, 2026.

Variables and Measurement

The variables used in this study include Firm Value as the dependent variable, Sustainability Reporting as the independent variable, Institutional Ownership as the moderating variable, and Firm Size as the control variable. The detailed measurements for each variable are presented in Table 2.

Table 2. Variables and Measurement

Variable	Symbol	Measurement	Scale
Firm Value	NP_Ln	Ln (Tobin's Q) = Ln ((Market Value of Equity + Total Debt) / Total Assets)	Ratio

Sustainability Reporting	SR	Disclosure Index = Σ items disclosed / 76 GRI Standards 2016 indicators	Ratio
Institutional Ownership	KI	Institutional shares / Total outstanding shares	Ratio
Firm Size	SIZE	Natural logarithm (Ln) of Total Assets	Ratio

Source: Summarized from theoretical framework.

Data Analysis Method

The quantitative data analysis was executed using EViews 13 statistical software. The core analytical method employed is panel data regression, which elegantly combines cross-sectional (multiple companies) and time-series (multiple years) data. To robustly test the moderation hypothesis (H2), Moderated Regression Analysis (MRA) was applied. Crucially, prior to forming the interaction variable (SR_KI), a mean-centering procedure was systematically conducted on both the SR and KI variables. Mean-centering involves subtracting the sample mean from each individual observation. This technique is vital in MRA to drastically minimize the risk of structural multicollinearity between the main effect variables and their interaction term, ensuring that the coefficients remain stable and interpretable without altering the substantive meaning of the relationships (Aiken & West, 1991). The formulated regression equation is mathematically represented as follows:

$$\mathbf{NP} = \boldsymbol{\alpha} + \boldsymbol{\beta 1}\ \mathbf{SR} + \boldsymbol{\beta 2}\ \mathbf{KI} + \boldsymbol{\beta 3}\ (\mathbf{SR} \times \mathbf{KI}) + \boldsymbol{\beta 4}\ \mathbf{SIZE} + \mathbf{e}$$

RESULTS

Descriptive Statistics

Descriptive statistics provide an overview of the data characteristics, including the mean, maximum, minimum, and standard deviation for each variable. The descriptive statistics for the 158 firm-year observations are presented in Table 3.

Table 3. Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Dev
NP_Ln	158	-0.842	1.629	0.327	0.511
SR	158	0.026	0.947	0.465	0.265
KI	158	0.0002	0.276	0.078	0.063
SIZE	158	26.246	32.412	28.987	1.318

Source: EViews 13 output, 2026.

Table 3 illustrates that Firm Value (NP_Ln) has an average (mean) of 0.327 with a maximum of 1.629 and a minimum of -0.842. The relatively high standard deviation (0.511) compared to the mean indicates substantial volatility and wide variation in how the market values the sampled consumer goods firms during the five-year observation period. The Sustainability Reporting (SR) index averages 0.465, implying that companies in this sector, on average, disclose 46.5%

of the 76 required GRI indicators. The extreme range between the minimum (0.026, indicating barely any disclosure) and the maximum (0.947, indicating near-total compliance) reflects highly heterogeneous levels of commitment to sustainability transparency among the firms, likely driven by varying asset scales and readiness to comply with OJK regulations. Institutional Ownership (KI) presents a mean of 0.078 (7.8%). This figure is critically important; it suggests that the ownership structure in this specific sectoral sample is not heavily dominated by institutional investors. This structural reality may inherently limit their collective voting power and monitoring efficacy. Firm Size (SIZE) possesses a mean of 28.987 with a low standard deviation (1.318), indicating a relatively homogeneous and mature asset scale among the sampled companies, typical of established consumer goods entities.

Model Selection and Classical Assumption Tests

To determine the most appropriate panel data regression model, the Chow, Hausman, and Lagrange Multiplier (LM) tests were conducted. Furthermore, classical assumption tests (normality, multicollinearity, and heteroskedasticity) were performed to ensure the validity of the model. The summary of these tests is presented in Table 4.

Table 4. Summary of Model Selection and Assumption Tests

Test	**Statistic / Probability**	**Conclusion**
Chow Test	Cross-section Chi-square Prob. = 0.000	Fixed Effect preferred over Common Effect
Hausman Test	Cross-section random Prob. = 0.100	Random Effect preferred over Fixed Effect
Lagrange Multiplier Test	Breusch-Pagan Prob. = 0.000	Random Effect preferred over Common Effect
Normality Test	Jarque-Bera Prob. = 0.270	Residuals are normally distributed (> 0.05)
Multicollinearity Test	Highest correlation = 0.479	No multicollinearity problem (< 0.90)
Heteroskedasticity Test	Glejser Prob. of all variables > 0.05	No heteroskedasticity problem

Source: Processed EViews 13 output, 2026.

Based on the model selection sequence, the Chow test (Prob. 0.000 < 0.05) initially favored FEM over CEM. However, the subsequent Hausman test yielded a cross-section random probability of 0.100 (> 0.05), which definitively dictates the use of the Random Effect Model (REM) over FEM. The LM test further confirmed REM's superiority over CEM. Concurrently, the classical assumption tests confirm that the dataset meets all fundamental statistical requirements: the Jarque-Bera test confirms the residuals are normally distributed, the correlation matrix shows no severe multicollinearity (highest correlation is far below the 0.90 threshold), and the Glejser test confirms that the variance of residuals is homoskedastic.

Regression Results and Hypothesis Testing

The hypothesis testing was conducted using the Random Effect Model (REM). Table 5 presents the regression coefficients, statistical significance, and the model's explanatory power.

Table 5. Random Effect Model Regression Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.539	1.561	0.345	0.730
SR	-0.313	0.100	-3.137	0.002
KI	0.643	0.625	1.029	0.305
SR_KI	-2.528	1.470	-1.720	0.088
SIZE	-0.004	0.055	-0.081	0.935

Note: Adjusted R-squared = 0.057; Prob(F-statistic) = 0.011.

The F-statistic probability of 0.011 (< 0.05) clearly indicates that the independent variable (SR), moderating variable (KI), their interaction (SR_KI), and the control variable (SIZE) collectively exert a significant simultaneous influence on firm value. The Adjusted R-squared value of 0.057 implies that 5.7% of the total variation in firm value is explained by this specific model, while the remaining 94.3% is attributed to other macroeconomic, industrial, or firm-specific factors not included in this study's scope. To clearly summarize the outcomes of the formulated hypotheses based on the t-statistics and probability values, Table 6 is provided below.

Table 6. Summary of Hypothesis Testing

Hypothesis	Statement	Result
H1	Sustainability reporting has a positive effect on firm value.	Rejected
H2	Institutional ownership strengthens the effect of sustainability reporting on firm value.	Rejected

DISCUSSION

The Effect of Sustainability Reporting on Firm Value

The partial test results (t-test) detailed in Table 5 indicate that sustainability reporting (SR) has a coefficient of -0.313 coupled with a highly significant probability value of 0.002. Since the probability is well below the 0.05 threshold but the direction of the coefficient is negative, Hypothesis 1 (H1) is decisively rejected. This empirical finding implies a inverse relationship: an increase in the breadth and extent of sustainability reporting disclosure actually corresponds to a decrease in the market valuation of the firm. This counterintuitive result stands in direct contradiction to the positive expectations derived from Stakeholder Theory and Agency Theory, which theoretically postulate that increased corporate transparency and stakeholder engagement should reduce asymmetric risk, build social capital, and consequently enhance market valuation.

To understand this negative effect, one must analyze the behavioral tendencies and investment horizons of market participants in the Indonesian capital market. A significant portion of investors in emerging markets

predominantly exhibit a short-term, myopic profit orientation. The implementation of comprehensive sustainability programs such as transitioning to biodegradable packaging, overhauling supply chains for fair trade, or investing in renewable energy and the rigorous preparation of GRI-compliant sustainability reports require immense, immediate operational expenditures. Consequently, the market frequently views these environmental and social activities as burdensome 'cost' that aggressively erode short-term net profit and free cash flow before any tangible, long-term economic benefits (like improved brand loyalty or reduced regulatory fines) can be realized. Investors, particularly those focused on quarterly earnings, may perceive heightened sustainability disclosure not as a badge of honor, but as a red flag signaling impending financial burdens that could potentially diminish dividend payouts. This logical reasoning is strongly corroborated by the empirical findings of Nguyen (2020) and Suhartini et al. (2024), who argue that sustainability disclosures might not be immediately appreciated by the market if they are considered capital-intensive, long-term investments lacking direct, short-term economic yields.

Furthermore, the inherent characteristics of the consumer non-cyclicals sector profoundly contribute to this dynamic. Because the demand for consumer staple products (food, beverages, basic hygiene) is relatively inelastic and stable, investors tend to focus heavily on operational efficiency, profit margins, and immediate profitability rather than expansive sustainability narratives. This is evident in the descriptive statistics, where a moderate average disclosure level (46.5%) was not met with an exceptionally high market valuation premium. The findings of this study starkly contrast with those of Made Endiana & Ayu Suryandari (2021) and Shalihin et al. (2020), who documented a positive value relevance in their respective samples. Such striking discrepancies highlight a crucial academic takeaway: the stock market's response to ESG (Environmental, Social, and Governance) information is not monolithic. It is highly sensitive to industry-specific conditions, the regulatory timeline (voluntary vs. mandatory eras), and the prevailing investor mindset regarding risk versus immediate reward.

Institutional Ownership Moderates the Effect of Sustainability Reporting on Firm Value

The Moderated Regression Analysis for the interaction variable between sustainability reporting and institutional ownership (SR_KI) yielded a coefficient of -2.528 with a probability of 0.088. Because the probability value exceeds the standard 0.05 significance level, Hypothesis 2 (H2) is rejected. This statistically means that institutional ownership does not moderate neither strengthening nor significantly weakening the relationship between sustainability reporting and firm value. Although classical Agency Theory heavily anticipates that institutional owners will exert robust monitoring capabilities to demand high-quality, credible disclosures that protect long-term value, the empirical data from this specific sector indicates that their presence does not significantly alter how the broader market prices sustainability information.

This lack of a moderating effect can be primarily attributed to the structural realities of ownership concentration within the sample. As clearly shown in the

descriptive statistics (Table 3), the average institutional ownership is merely 7.8%. From a corporate governance perspective, this proportion is arguably far too small to grant institutional investors sufficient voting power at the General Meeting of Shareholders (RUPS) or enough leverage to effectively discipline entrenched management or actively influence corporate reporting strategies. Without a critical mass of ownership, institutional voices regarding sustainability may be easily marginalized by controlling shareholders or founders.

Moreover, this finding touches upon a deeper nuance in investment behavior highlighted by Bushee (1998): institutional investors are not a monolithic, homogeneous entity. They can be categorized into transient (short-term focused), dedicated (long-term focused), and quasi-indexers. In many emerging markets, transient institutional investors dominate trading volumes. These investors prioritize quarterly financial performance and momentum over long-term sustainability metrics. If the majority of institutional investors in these consumer goods firms act passively regarding environmental and social issues or view them merely as compliance exercises their ownership alone will not elevate the credibility or the valuation impact of the disclosures in the eyes of the broader market. This finding aligns perfectly with the recent conclusions drawn by Putri et al. (2024) and Laksmana & Hartono (2025), who found that structural governance mechanisms, including institutional ownership percentages, do not universally strengthen the impact of sustainability disclosure on firm value. They are only effective when the underlying institutional investor base is genuinely dedicated to ESG integration rather than fixated on traditional, short-term financial metrics.

CONCLUSIONS AND RECOMMENDATIONS

Based on the rigorous empirical analysis and the subsequent discussion, this study draws two primary conclusions. First, sustainability reporting disclosure has a negative and statistically significant effect on firm value in consumer non-cyclical companies listed on the IDX during the 2019-2023 transitional period. This indicates that the Indonesian capital market continues to perceive sustainability initiatives and their associated reporting frameworks primarily as short-term cost burdens that erode profitability, rather than as value-enhancing, risk-mitigating investments. Second, institutional ownership is unable to moderate this relationship. The structurally low proportion of institutional shareholding in this sector, coupled with prevailing short-term investment orientations, severely hinders their theoretical ability to provide effective sustainability oversight or to amplify the credibility of the disclosures to the market.

Based on these conclusions, several practical recommendations are proposed. For Corporate Management: Companies are strongly advised to shift their strategic focus from merely increasing the volume or quantity of their sustainability disclosures to fundamentally enhancing the financial relevance and qualitative narrative of the reported materials. Firms must clearly articulate in their reports how specific environmental and social initiatives (e.g., energy efficiency, waste reduction) directly translate into operational cost savings, regulatory risk mitigation, and long-term brand equity to convince skeptical investors of their true value. For Investors (Retail and Institutional): A paradigm shift toward a more

holistic investment approach is encouraged. Investors should begin systematically integrating non-financial sustainability metrics into comprehensive risk assessment strategies, recognizing that environmental and social risks eventually materialize as financial risks, crucial for long-term portfolio resilience. For Regulators (OJK): Regulators should consider providing clearer guidelines that encourage companies to integrate financial and non-financial reporting (Integrated Reporting), helping the market see the direct link between sustainability efforts and financial performance, thereby reducing the 'cost' stigma.

FURTHER STUDY

This research, while providing deep insights, is subject to several methodological and scope limitations. First, the sample is restricted solely to the consumer non-cyclicals sector, which inherently limits the generalizability of the findings across different industries with different environmental footprints (such as mining or energy). Second, the utilization of a quantitative disclosure index based on the GRI 2016 standards effectively captures the breadth and volume of reporting but may not fully capture the substantive quality, authenticity, or actual field performance of the corporate sustainability initiatives. To advance this field of study, future researchers are highly advised to expand the sample across diverse sectors to allow for cross-industry comparative analysis. Extending the observation period beyond 2023 will also be crucial to capture the post-transitional, fully mandatory reporting era in Indonesia. Furthermore, future studies should employ deeper, qualitative measurement tools (such as content analysis scoring quality, not just quantity) for sustainability performance. Additionally, incorporating and testing other governance moderating variables such as Good Corporate Governance (GCG) index scores, board of directors' characteristics, audit committee effectiveness, or managerial ownership is highly recommended to provide a much more nuanced and complete understanding of corporate governance dynamics in emerging markets.

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