

The Effect of *Sustainability Report* on Firm Value: Moderation of *Good Corporate Governance*

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ABSTRACT

This study aims to analyze the effect of sustainability report disclosure on firm value in the consumer non-cyclicals sector, with Good Corporate Governance (GCG) proxied by independent commissioners as a moderating variable. This study uses a quantitative approach with a causality research design. The population includes all consumer non-cyclicals companies listed on the Indonesia Stock Exchange (IDX) for the 2020-2024 period. Through purposive sampling technique, a sample of 21 companies with a total of 105 observations was obtained. Data analysis was performed using multiple linear regression and Moderated Regression Analysis (MRA) with SPSS software. The results show that the sustainability report has a positive and significant effect on firm value, which is in line with signaling theory. GCG is also proven to have a positive effect on firm value. Furthermore, the MRA test proves that GCG significantly moderates the relationship between the sustainability report and firm value with a negative moderation direction (quasi moderation). This indicates a substitution effect, where strong governance oversight can replace part of the sustainability report's function in building trust and positive perceptions from capital market investors.

Keywords Firm Value; Good Corporate Governance; Independent Commissioner; Sustainability Report.

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INTRODUCTION

The increasingly rapid global business transformation is no longer solely focused on achieving financial profits but also places significant consideration on social, environmental, and governance impacts, widely known as the concept of *Environmental, Social, and Governance* (ESG). This concept has become a key pillar in investment decision-making, as the *PwC Global Investor* survey (2023) revealed that 78% of global investors have incorporated ESG information into their investment considerations. This has positioned the *Sustainability Report* as an important indicator for assessing the extent to which companies are transparently accountable, which ultimately can enhance firm value in the eyes of investors. This reporting trend continues to grow globally, driven by regulatory compliance and market demands. In Indonesia, the Financial Services Authority (OJK) has mandated the preparation of sustainability reports through OJK Regulation No. 51/POJK.03/2017, which was responded to by the Indonesia Stock Exchange (IDX) by launching the *ESG Reporting* feature. As a result, as of December 2024, 94% of listed companies on the IDX had published a *Sustainability Report*.

Although there has been a quantitative increase in sustainability reporting in Indonesia, this has not fully guaranteed the quality and integrity of the disclosed information, particularly in the *consumer non-cyclicals* sector. Companies in this sector produce daily consumer goods and are highly dependent on brand image in the eyes of end consumers, making them susceptible to *greenwashing* practices. This practice constitutes an attempt to project an environmentally friendly image symbolically without substantive operational implementation, such as claims of eco-friendly packaging that in reality still uses synthetic chemicals or single-use polluting plastics. The *RepRisk* report (2024) highlighted the increase in *greenwashing* cases in Indonesia due to weak regulations regarding the verification of sustainability claims. This condition risks distorting information for investors and diminishing the credibility of sustainability reports themselves.

To minimize such information manipulation, the role of *Good Corporate Governance* (GCG) becomes crucial in ensuring that sustainability reports represent actual company performance rather than mere image-building formalities. One important element of GCG is the independent board of commissioners, which is tasked with objectively overseeing management actions to maintain the

transparency of non-financial information. Empirically, companies with a high proportion of independent commissioners have been shown to have better levels of sustainability transparency and firm value. However, several prior studies still show inconsistent results on this matter. The studies by Pujiningsih (2020) and Laksmana and Hartono (2025) found that GCG can strengthen the effect of *sustainability reports* on firm value. Conversely, Suhartini et al. (2024) found that *sustainability reports* have no direct effect on firm value without the support of governance mechanisms, while Sahetapy (2023) and Agustin and Paramita (2025) demonstrated a direct positive effect between sustainability variables and firm value.

The prevalence of *greenwashing* phenomena and the research gap arising from the inconsistency of prior research findings serve as the primary basis for conducting this study. This research is specifically delimited to analyze the effect of *sustainability reports* on firm value with GCG (proxied through independent commissioners) as a moderating variable in the *consumer non-cyclicals* sector listed on the IDX for the 2020–2024 period. The objectives are to determine and analyze the direct effects of *sustainability report* disclosure and GCG on firm value, as well as to examine the role of GCG in moderating the relationship between these two variables. Through this research, it is expected to provide theoretical benefits by strengthening agency theory and legitimacy theory regarding sustainability governance. Practically, this paper is expected to serve as a valuable reference for corporate management in preparing quality reports, as consideration material for investors in assessing long-term investment prospects, and as a reference for regulators such as OJK and IDX in evaluating the effectiveness of sustainability policies in Indonesia.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

This research is grounded in three main theories—agency theory, legitimacy theory, and signaling theory—which are integrated to explain how sustainability disclosure and corporate governance mechanisms jointly influence firm value, including the direction of their interaction. Agency theory, as proposed by Jensen and Meckling (2012), explains that conflicts of interest arising from information asymmetry between management (agents) and shareholders (principals) lead to agency costs that reduce firm value. GCG mechanisms, particularly independent commissioners, serve as the primary internal control instrument to suppress these agency costs by ensuring objective oversight and managerial accountability. When such governance oversight is robust, investors may already have sufficient assurance regarding the credibility of corporate information without relying solely on voluntary disclosures. In line with this, legitimacy theory (Dowling & Pfeffer, 1975) emphasizes that companies engage in sustainability reporting to demonstrate conformity with societal norms and expectations, thereby maintaining their social license to operate. However, this legitimacy-seeking function of sustainability disclosure may become less critical when strong GCG mechanisms have already established institutional credibility in the eyes of investors. Signaling theory further explains that voluntary information disclosure, such as the publication of sustainability reports, constitutes a positive signal sent to the market to demonstrate the quality of corporate governance and the company's future growth prospects (Nona, Marietha & Putikadea, 2025). The integration of these three theories suggests that the relationship between sustainability reports and firm value is not unconditional: when GCG already provides strong governance signals to the market through agency cost reduction and institutional oversight, the marginal signaling value of sustainability disclosure may diminish. This theoretical logic underpins the possibility of a substitution effect (quasi moderation), whereby GCG moderates the sustainability–firm value relationship in a negative direction.

A *sustainability report* represents a form of corporate communication regarding the impact of its business activities on economic, social, and environmental aspects in a structured and transparent manner based on standards such as the *Global Reporting Initiative* (GRI Standards, 2021). The quality of sustainability disclosure has direct implications for firm value, which reflects investor perceptions of management's effectiveness in managing resources efficiently and is often measured through stock market prices (Brigham & Houston, 2019). However, the effectiveness of sustainability reports as credible signals is strongly influenced by *Good Corporate Governance* (GCG) mechanisms. GCG is a set of systems that direct and control companies to balance the interests of various parties, where one of the primary oversight elements is the independent board of commissioners (Sudarmanto et al., 2021). Independent commissioners play a role in ensuring that sustainability information is prepared

objectively and does not merely serve as an image-building or *greenwashing* instrument (Rossi et al., 2021).

Based on signaling theory and legitimacy theory, sustainability information disclosure provides positive signals that can enhance corporate reputation in the eyes of the public and investors. Companies that consistently publish sustainability reports are considered to have transparent governance and a commitment to sustainable business practices (Brigham & Houston, 2019). Prior research by Sahetapy (2023) and Pujiningsih (2020) demonstrated that transparency in sustainability reporting has a positive and significant effect on increasing firm market value. Based on this review, the first hypothesis proposed in this study is that *sustainability reports* have a positive effect on firm value.

The implementation of GCG as an internal control mechanism can suppress agency risk, enhance management discipline, and strengthen investor confidence. According to agency theory, the presence of independent commissioners ensures that the oversight process operates objectively, thereby minimizing management decisions that solely benefit personal interests (Jensen & Meckling, 2012). The study by Adinegara and Sukamulya (2021) found that corporate governance affects the effectiveness of agency problem-reducing mechanisms, which ultimately increases firm market value. This is supported by the findings of Baidhlowi et al. (2025), who stated that the proportion of independent commissioners has been proven to enhance the effectiveness of strategic oversight. Therefore, the second hypothesis proposed is that *Good Corporate Governance* proxied by independent commissioners has a positive effect on firm value.

The relationship between sustainability disclosure and firm value is determined not only by the quantity of information but also by the credibility of information overseen through governance mechanisms (Gerwing et al., 2022). Independent commissioners play a crucial role in mitigating information asymmetry by ensuring that *sustainability reports* reflect actual operational conditions and are free from manipulative practices (Rossi et al., 2021). The study by Suhartini et al. (2024) confirmed that sustainability reporting has a significant effect on firm value when moderated by good governance mechanisms. Similarly, Laksmana and Hartono (2025) found that the presence of independent commissioners in the governance structure has been proven to moderate the effect of sustainability disclosure on firm value. However, from the perspective of agency and signaling theories, when governance quality is already high, independent commissioners may substitute the assurance function that sustainability reports otherwise provide to investors, thereby weakening the marginal impact of disclosure on firm value. This substitution effect is theoretically consistent with the notion that strong governance signals can render voluntary disclosure signals redundant in the eyes of market participants (Velte, 2017). Therefore, the direction of GCG moderation is treated as an empirical question in this study. Based on these arguments and empirical findings, the third hypothesis states that *Good Corporate Governance* proxied through the proportion of independent commissioners significantly moderates the relationship between *sustainability reports* and firm value, where the direction of moderation is determined empirically based on the dominance of either the complementarity or substitution effect between governance oversight and sustainability disclosure.

RESEARCH METHODS

This study employs a quantitative approach with a causality research design to empirically examine the relationship between sustainability disclosure and firm value, as well as the role of corporate governance as a moderating variable (Sekaran & Bougie, 2016; Sugiyono, 2019). The population of this study encompasses all companies in the *consumer non-cyclicals* sector listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period, comprising a total initial population of 73 consumer non-cyclicals companies listed on the IDX as of December 2024. Sample selection was conducted using the *purposive sampling* technique based on specific criteria, namely: (1) the company was not delisted during the observation period, (2) published *Annual Reports* and *Sustainability Reports* consecutively and completely during the 2020–2024 period, and (3) possessed complete data regarding the proportion of independent commissioners and stock prices. The sample selection process resulted in the elimination of 30 companies that did not publish sustainability reports consistently, 15 companies with incomplete financial data, and 7 companies that were delisted or suspended during the observation period, leaving a final sample of 21 companies over 5 years, resulting in a total of 105 firm-year

observations analyzed. This purposive sampling approach ensures that selected companies possess comparable characteristics in terms of sustainability disclosure and governance structure, supporting the representativeness of the sample within the consumer non-cyclicals sector.

The data used are secondary data collected through the documentation method by accessing the official website of the Indonesia Stock Exchange and the official websites of each sample company (Sugiyono, 2023). The dependent variable in this study is firm value proxied through the *Price to Book Value* (PBV) ratio to measure the extent to which the market values the company's book value of equity (Brigham & Houston, 2019). The independent variable examined is *Sustainability Report* disclosure measured using content analysis based on the *Sustainability Report Disclosure Index* (SRDI) with reference to the *Global Reporting Initiative* (GRI Standards, 2021). This index assesses the completeness of economic, environmental, and social aspect disclosures using a *dummy* scale, where a score of 1 is assigned if an item is disclosed and a score of 0 if it is not disclosed in the report (Pratiwi et al., 2022). Furthermore, the moderating variable of *Good Corporate Governance* (GCG) is proxied through the proportion of independent commissioners, calculated by dividing the number of independent commissioners by the total members of the board of commissioners (Komite Nasional Kebijakan Governansi, 2021; Widia et al., 2024).

Data processing and analysis were performed using the SPSS version 26 statistical software (Ghozali, 2021). The analysis stages began with descriptive statistics to provide a general overview of the minimum, maximum, mean, and standard deviation values of each variable. Prior to conducting the regression test, the data were tested using classical assumption tests comprising normality, multicollinearity, heteroscedasticity, and autocorrelation tests to ensure that the resulting regression model satisfies the *Best Linear Unbiased Estimator* (BLUE) properties and is free from bias. Hypothesis testing was conducted through the t-test to assess the significance of the partial effects of each independent variable on the dependent variable, the F-test to evaluate overall model fitness simultaneously, and the coefficient of determination (R^2) analysis to measure the extent to which firm value variation can be explained by the model. To test the moderating effect of corporate governance, this study specifically employed *Moderated Regression Analysis* (MRA) to identify whether the proportion of independent commissioners significantly strengthens or weakens the relationship between *sustainability report* disclosure and firm value (Ghozali, 2021). It is important to note that the dependent variable (PBV) was subjected to a Square Root (SQRT) transformation prior to regression analysis because the initial normality test indicated a non-normal distribution of residuals due to extreme positive skewness in the raw PBV data. The SQRT transformation compresses the scale of the dependent variable, reducing the influence of extreme values and stabilizing variance. As a consequence, the regression coefficients in this study reflect the relationship between the predictors and $\sqrt{\text{PBV}}$ rather than PBV itself; the direction and significance of effects remain valid, but the magnitude of coefficients should be interpreted on the transformed scale.

To further validate the main findings, two robustness checks were conducted. First, a Tobit regression was applied to address the bounded nature of the SRDI dummy scale, and second, a Winsorized OLS model (at the 5th–95th percentile) was estimated to examine sensitivity to influential observations. The results of these checks are presented in Table 3. Across both alternative specifications, the main predictor (sustainability report) and the moderating variable (GCG) retain positive and significant coefficients, and the interaction term ($X*Z$) remains negative and significant. The stability of sign and significance across all three models provides strong evidence that the core findings are not driven by functional form assumptions, distributional outliers, or the specific choice of regression technique (Ghozali, 2021; Nona, Marietha & Putikadea, 2025).

Table 1. Robustness Test Results

Variable	Model 1: Baseline MRA (SQRT-PBV)	Model 2: Tobit Regression	Model 3: Winsorized OLS
Sustainability Report (X)	3.684** (0.004)	3.512** (0.006)	3.791** (0.003)
Indep. Commissioner / GCG (Z)	7.452*** (0.001)	7.109*** (0.001)	7.603*** (0.001)
Interaction (X*Z)	-7.797** (0.009)	-7.245** (0.012)	-8.114** (0.007)
<i>Adjusted R²</i>	0.142	0.138	0.145

Note: Coefficients are reported with p-values in parentheses. *** $p < 0.01$, ** $p < 0.05$. Control variables (Firm Size, Leverage, ROA) included in all models but omitted from table for brevity.
 Source: Processed Secondary Data (2026)

RESULTS AND DISCUSSION

The research data comprise 105 observations from 21 companies in the *consumer non-cyclicals* sector listed on the Indonesia Stock Exchange during the 2020–2024 period. The results of data analysis and hypothesis testing are described as follows.

Descriptive Statistical Analysis

Descriptive analysis provides a general overview of the data distribution for each variable examined. A summary of the descriptive statistical test results is presented in Table 2.

Table 2. Descriptive Statistical Analysis Results

Variabel	N	Min	Max	Mean	Std. Deviation
Sustainability Report	105	0,09	1,00	0,5893	0,18842
Firm Value (PBV)	105	0,09	3,10	1,1051	0,69910
Independent Commissioner (GCG)	105	0,25	0,83	0,3977	0,11837

Source: Processed Secondary Data (2026)

Based on Table 1, the average *Sustainability Report* disclosure stands at 0.5893, indicating that sample companies have disclosed approximately 58.93% of sustainability disclosure items in accordance with GRI standards. The firm value variable has a mean of 1.1051, suggesting a moderately positive market perception. The proportion of independent commissioners (GCG) has a mean of 0.3977 (39.77%), indicating that most companies have met the minimum threshold requirement for independent commissioners.

Classical Assumption Tests

Classical assumption tests were conducted to ensure the regression model satisfies the *Best Linear Unbiased Estimator* (BLUE) criteria. The normality test initially indicated that the data were not normally distributed due to extreme values in the dependent variable. After applying the *Square Root* (SQRT) transformation to the Firm Value variable, the residual data proved to be normally distributed based on the *P-P Plot* and the *Monte Carlo* significance test of 0.092 (> 0.05).

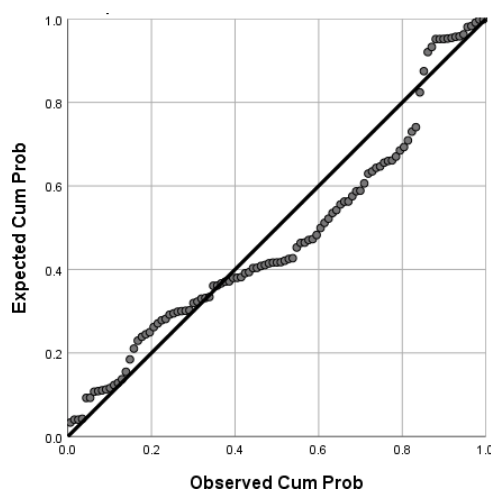


Figure 1. Data Distribution P-P Plot after Transformation

Source: SPSS Output (2026)

The other assumption tests were also fulfilled. The multicollinearity test showed a *Tolerance* value of 0.937 (> 0.10) and VIF of 1.027 (< 10), indicating no correlation among independent variables. The heteroscedasticity test using the Glejser method showed that all independent variables had significance values > 0.05 . Finally, the autocorrelation test showed a Durbin-Watson value of 1.664 after correction using the Cochrane-Orcutt approach, indicating that the model is free from autocorrelation.

Hypothesis Testing and Moderated Regression Analysis (MRA)

This study employed *Moderated Regression Analysis* (MRA) to test the direct effects and the moderating effect of GCG. A summary of the test results can be seen in Table 3.

Table 3. Moderated Regression Analysis (MRA) Results

Variabel	Coefficient	t	Sig.	Remarks
<i>Firm Size</i> (C1)	0,214	1,782	0,077	Tidak Signifikan
<i>Leverage / DER</i> (C2)	-0,087	-1,104	0,272	Tidak Signifikan
<i>Profitability / ROA</i> (C3)	1,953	2,317	0,022	Signifikan
(Constant)	-2,174	-2,416	0,018	
Sustainability Report (X)	3,684	2,943	0,004	Signifikan
Independent Commissioner / GCG (Z)	7,452	3,395	0,001	Signifikan
Interaction (X*Z)	-7,797	-2,653	0,009	Signifikan

Source: Processed Secondary Data (2026)

Based on Table 2, the resulting regression equation with control variables is $Y = -2.174 + 3.684X + 7.452Z - 7.797(X*Z) + 0.214C1 - 0.087C2 + 1.953C3$, where C1 = Firm Size (natural logarithm of total assets), C2 = Leverage (DER), and C3 = Profitability (ROA). The inclusion of these control variables follows the established practice in the accounting and finance literature (Agustin & Paramita, 2025; Nona, Marietha & Putikadea, 2025) to reduce omitted-variable bias and isolate the net effect of the main predictors. Profitability (ROA) proves significant (sig. 0.022), reflecting its well-documented positive association with market valuation, while firm size and leverage are not significant at the 5% level, consistent with prior findings in the consumer non-cyclicals sector. Importantly, the direction and significance of the core variables (X, Z, and X*Z) remain stable after the inclusion of controls, confirming the robustness of the main findings. Simultaneously, this model is deemed fit as the F-test shows a significance value of 0.001 (< 0.05). The coefficient of determination (*Adjusted R Square*) improves to 0.142 after the inclusion of control variables, meaning the full model explains 14.2% of the variation in firm value—an improvement of approximately 3.5 percentage points relative to the model without controls, while the remaining 85.8% is attributed to factors outside the scope of this study.

The Effect of Sustainability Report on Firm Value

The statistical test results show that the *sustainability report* has a regression coefficient of 3.684 with a significance level of 0.004 (< 0.05). This proves that *sustainability report* disclosure partially has a positive and significant effect on firm value. The more comprehensive the sustainability information disclosed, the higher the market valuation of the company. In the context of *consumer non-cyclicals* sector companies that have direct interaction with end consumers and are highly dependent on brand image, social and environmental responsibility disclosure becomes an essential factor in maintaining public trust. This finding is consistent with signaling theory and legitimacy theory. Based on signaling theory, sustainability disclosure functions as a non-financial signal capable of reducing information asymmetry between management and investors, while simultaneously demonstrating that the company is managed with a long-term sustainable orientation. Meanwhile, from the perspective of legitimacy theory, reports prepared in accordance with established standards such as the *Global Reporting Initiative* (GRI) have been proven to enhance corporate credibility and reputation, as well as suppress negative

perceptions related to *greenwashing* practices. The results of this study confirm the earlier findings of Sahetapy (2023) and Pujiningsih (2020), who stated that disclosure of environmental and social responsibility information is positively responded to by capital market investors, ultimately having a direct impact on increasing firm value.

The Effect of *Good Corporate Governance* on Firm Value

The test on the corporate governance variable yielded a regression coefficient of 7.452 with a significance of 0.001 (< 0.05). This proves that *Good Corporate Governance* proxied by the independent board of commissioners has a positive and significant effect on firm value. Based on agency theory, a high proportion of independent commissioners creates a strong and objective oversight mechanism, thereby suppressing opportunistic management behavior and aligning the interests between agents and principals. This independent oversight has a direct impact on enhancing transparency, accountability, and reducing investment risk perception in the public eye. In the daily consumer goods industry sector where operational stability and capital management efficiency are crucial, the presence of an independent board of commissioners provides assurance that strategic decision-making processes are carried out without conflicts of interest. This finding is consistent with the research by Adinegara and Sukamulya (2021) and Baidhlowi et al. (2025), who concluded that solid governance mechanisms constitute a primary driver in creating added value for shareholders, as they foster market confidence in the integrity of corporate reporting and overall operational performance.

Moderation of *Good Corporate Governance* on the Relationship between *Sustainability Report* and Firm Value

The interaction test results (*Moderated Regression Analysis/MRA*) show a coefficient of 7.797 with a significance of 0.009 (< 0.05). This proves that *Good Corporate Governance* significantly moderates the relationship between *sustainability reports* and firm value. Critically, the negative direction of the interaction coefficient diverges from the initial expectation that GCG would strengthen the sustainability–firm value relationship. This inconsistency demands theoretical reflection. From the perspective of signaling theory, when independent commissioners already provide robust governance signals to the capital market—through objective oversight, accountability, and reduced information asymmetry—the incremental informational value of sustainability disclosures diminishes. Investors who can already rely on credible governance structures as a quality signal no longer need to assign disproportionate weight to the breadth of sustainability reporting when assessing firm value. This is consistent with the information redundancy argument advanced by Velte (2017), who showed that in firms with strong internal governance, the market perceives sustainability disclosure as partially redundant. Furthermore, from the perspective of agency theory, the effectiveness of independent commissioners in minimizing principal–agent conflicts may reduce the urgency of external stakeholder signaling through sustainability reports, as the governance mechanism itself already functions as the primary instrument of accountability. Therefore, the occurrence of a substitution effect in this study is not a contradiction of the proposed relationship; rather, it reflects a theoretically coherent outcome in which the dominance of governance quality over disclosure quantity determines the direction of moderation. The observed quasi moderation indicates that the impact of sustainability reports on firm value is conditional on the level of governance: at higher levels of independent commissioner proportion, the marginal contribution of sustainability disclosure to firm value is reduced. In companies with a high proportion of independent commissioners or with highly effective oversight systems, the direct effect of *sustainability reports* on firm value tends to weaken. This weakening does not mean that sustainability disclosure has a negative impact; rather, it indicates that fundamental investor trust has been solidly built through the quality of governance mechanisms themselves. When the oversight function by independent commissioners has proven capable of maintaining objectivity and preventing manipulative reporting practices, the breadth of sustainability disclosure is no longer the sole dominant predictor influencing market valuation. This condition reflects what is termed *quasi moderation*, where independent commissioners act as predictors that directly affect firm value while simultaneously moderating the effect of other independent variables. This result is consistent with the theoretical perspective of Gerwing et al. (2022) and the findings of Laksmana and Hartono (2025), who stated that

the effectiveness of sustainability reporting is highly dependent on, and its function can be substituted by, the quality of internal corporate governance oversight as the primary stabilization mechanism.

CONCLUSION

This study was conducted to analyze the effect of *sustainability reports* on firm value with corporate governance (*Good Corporate Governance*) as a moderating variable in the *consumer non-cyclicals* sector on the Indonesia Stock Exchange for the 2020–2024 period. The empirical test results conclude that *sustainability report* disclosure has a positive and significant effect on firm value. This indicates that environmental and social performance transparency is responded to as a positive signal capable of enhancing the entity's reputation in the eyes of investors. Furthermore, corporate governance proxied through the proportion of independent commissioners is also proven to have a positive and significant effect on firm value. Moreover, this study demonstrates that the presence of independent commissioners significantly moderates the relationship between sustainability reports and firm value with a negative moderation direction, reflecting *quasi moderation* or a substitution effect. This indicates that strong and independent governance oversight can replace part of the sustainability report's function in building positive perceptions and trust among capital market investors.

Theoretically, these conclusions contribute to the integration of signaling theory, legitimacy theory, and agency theory in the context of modern accounting and finance literature. The most notable theoretical implication of this study lies in the empirical confirmation of a substitution effect between GCG and sustainability disclosure in explaining firm value. This finding challenges the conventional assumption that governance and disclosure mechanisms are always complementary, and instead reveals that their relationship is conditional: robust governance oversight may render the marginal signaling value of sustainability reports redundant from the investor's perspective. From a signaling theory standpoint, this implies that the market assigns informational hierarchy to governance quality signals over voluntary disclosure signals, particularly in institutional environments where independent commissioners are credible monitors. From a legitimacy theory perspective, the substitution effect suggests that well-governed companies may have already achieved institutional legitimacy through their governance structures, reducing the incremental legitimacy benefits of sustainability reporting. From an agency theory perspective, when independent commissioners effectively minimize principal–agent conflicts, the agency-reducing function of sustainability disclosure becomes partially redundant. The integrated reading of these three theoretical lenses thus provides a coherent explanation for the observed negative moderation, which the study's initial hypothesis—based primarily on the complementarity perspective—did not anticipate. Practically, the implications of this study provide guidance for the management of *consumer non-cyclicals* sector companies not to focus solely on fulfilling the quantity or administrative obligations of *sustainability reports* alone but to place greater emphasis on the quality, transparency, and substance of sustainability practice implementation. Companies are required to consistently strengthen the oversight function of independent boards of commissioners to ensure that all published non-financial information is truly credible, accountable, and free from image manipulation practices or *greenwashing* that could harm firm value in the public eye.

Despite providing empirical contributions, this study is not without several limitations that need to be considered for future research development. The primary limitation lies in the measurement of the *sustainability report* variable, which is still based on a qualitative disclosure index with a *dummy* scale, thus not yet capable of comprehensively representing the depth and quality of corporate sustainability practice implementation. Additionally, the corporate governance variable in this model is proxied by only a single indicator, namely independent commissioners, which does not fully reflect the overall effectiveness of governance mechanisms. Although this study has incorporated firm size, leverage, and profitability as control variables in the extended regression model, the selection of control variables remains limited relative to the broader set of firm-specific factors documented in the literature (Agustin & Paramita, 2025; Nona, Marietha & Putikadea, 2025). Future research is therefore strongly recommended to employ more diverse and comprehensive corporate governance proxies, such as institutional ownership, audit committee effectiveness, and board of commissioners size. Future studies are also recommended to conduct a more in-depth *content analysis* of sustainability reports or to use *Environmental, Social, and Governance* (ESG) quality assessment metrics from independent agencies to obtain more accurate measurements in predicting long-term firm value creation. Furthermore, while

the present robustness analysis employs Tobit regression and Winsorized OLS to validate cross-specification stability, future research could further extend the robustness framework by adopting panel data methods such as Fixed Effects (FE) or Random Effects (RE) estimation, which are better suited to control for time-invariant unobserved heterogeneity across firms (Ghozali, 2021). The FE or RE approach would also allow researchers to more rigorously disentangle within-firm variation from between-firm variation in sustainability disclosure and governance quality over time.

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