

## Good Corporate Governance, Sustainability Disclosure, and Firm Performance: Evidence from Indonesia

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**Citation:** Suharyono, Zarefar, A., Astuti, D. & Sunarto, N. (2026). Good Corporate Governance, Sustainability Disclosure, and Firm Performance: Evidence from Indonesia, *Journal of Cultural Analysis and Social Change*, 10(4), 5003-5013. <https://doi.org/10.64753/jcasc.v11i1.3898>

**Published:** December 23, 2025

### ABSTRACT

This study aims to comprehensively and in-depth examine the influence of good corporate governance (GCG) and sustainability disclosure on firm performance. The research hypotheses are tested using a panel data regression approach. The study sample comprised non-financial companies listed on the Indonesia Stock Exchange (IDX) from 2016 to 2022, totalling 972 firm-year observations. This study finds that GCG and sustainability disclosure significantly positively affect firm performance. Furthermore, we conducted additional analysis separating young and older firms, and the results are consistent with the main findings. This study's initial contribution is to integrate the important pillars of corporate sustainability, consisting of GCG and sustainability disclosure, into a single model to influence firm performance in Indonesia. This study expands the study of differences in corporate governance between developing and developed countries. Finally, this study introduces a new dimension by analysing company development stages based on age.

**Keywords:** Analysis, Good Corporate Governance, Sustainability Disclosure, Company Performance, Indonesia

### INTRODUCTION

Cultural shifts and dynamics in the global business climate require companies to consider their long-term, sustainable performance and short-term performance (Mishra & Kapil, 2017; Utama et al., 2017). One important indicator of long-term performance is investor perception of a company's sustainability, as measured by Tobin's Q and its market-to-book ratio (Lestari & Soewarno, 2023; Nasir et al., 2024). Furthermore, increasing business complexity has created a new culture and habits among investors, focusing not only on financial aspects of a company but also on non-financial aspects, thus influencing the creation of corporate value (Bae Choi et al., 2013; Saini & Singhania, 2019; Zaid & Issa, 2023). Therefore, it is crucial to examine the factors that influence company performance, particularly in Indonesia, a developing country with unique characteristics that differ from those of developed countries. In the Indonesian capital market, governance and non-financial reporting, such as sustainability, are still being refined. Several important factors influence company performance, one of the most crucial being the implementation of good corporate governance (GCG). GCG plays a crucial role in a company as a control and oversight system that ensures the company operates in accordance with the principles of transparency, accountability, responsibility, independence, and fairness towards its shareholders (Kayed et al., 2024; Pilar & Joaquina, 2015; Reguera-Alvarado et al., 2017; Simoni et al., 2020). Implementing GCG principles can suppress opportunistic management, minimise fraud, and increase investor confidence (Soewarno, 2018).

Furthermore, when a company can gain investor trust, its value will increase due to investors' perceptions of its effectiveness and efficiency in operations.

Furthermore, corporate sustainability disclosure is equally important in gaining investor sympathy and interest (Afifa et al., 2025; Rocha et al., 2025; Thi et al., 2025). Investor awareness, raised by the phenomena of environmental damage, climate change, labour exploitation, and discrimination in the business environment, has shifted perspectives from initially only looking at a company's financial performance to also considering non-financial performance, namely the company's sustainability activities (Doni et al., 2022; Fiordelisi et al., 2023; Hasudungan & Bhinekawati, 2022a; Johnstone, 2018; Lombardi et al., 2019). Companies that actively report their sustainability activities will increasingly gain legitimacy from stakeholders, including investors (Baldini et al., 2016; Erin et al., 2022; Rahman et al., 2024). It is because companies that disclose and are transparent about sustainability are viewed by investors as responsible and have good long-term performance prospects. It is a strategic step for companies to gain investor attention in the Indonesian context.

However, there are still inconsistencies in the results of previous research. Several previous studies have shown that GCG has a positive effect on company performance (Shahwan & Fathalla, 2020; Aldhamari et al., 2020; Al-Gamrh et al., 2020; Mahmood et al., 2018; Fatma & Chouaibi, 2021). Conversely, there is also a significant negative effect on company performance (Singhania et al., 2022; Mensah & Onumah, 2022). The same finding is found in studies analysing the effect of sustainability disclosure on company performance. Several previous studies have found that sustainability disclosure positively affects company performance (Armadani & Zarefar, 2023; Singhania & Rana, 2023). Conversely, sustainability disclosure can disclose performance (Helfaya et al., 2023). It demonstrates that governance, sustainability disclosure, and corporate performance still require further research, particularly in developing countries.

This research endeavours to empirically examine the impact of Good Corporate Governance and Sustainability Disclosure on corporate performance in Indonesia, utilising panel data from non-financial companies listed on the Indonesia Stock Exchange between 2016 and 2022. This research makes an original contribution by combining two important pillars in determining corporate performance: GCG and sustainability disclosure. Furthermore, this study introduces a new dimension by analysing the research model by separating companies by age. It will provide a deeper understanding of how company maturity and age influence the research model. Therefore, this research has theoretical and practical implications for stakeholders in the Indonesian capital market.

The next section presents a literature review and hypothesis development. The third section presents the research methods and data used. The fourth section presents the results and discussion. Finally, conclusions, limitations, and suggestions for further research are presented.

## **Literature Review and Hypothesis Development**

### ***Good Corporate Governance and Firm Performance***

Implementing good corporate governance in a company is crucial for its effective and efficient operation. According to agency theory, a conflict of interest exists between the principal and agent due to the information gap stemming from the separation of ownership and control of the company (Alodat et al., 2022; Barontini & Bozzi, 2018a; Muttakin & Subramaniam, 2013; Zhang et al., 2024). This situation allows the agent to act in a manner that prioritises their own interests and overrides the principal's (Bae et al., 2018; Chaudhry et al., 2020; Jensen & Meckling, 1976; Mensah & Onumah, 2023; Morris, 1987). The implementation of GCG is a key mechanism that can minimise these conflicts through transparency, accountability, and fairness (Chakroun et al., 2020; Pilar & Joaquina, 2015; Soewarno, 2018; Tjahjadi et al., 2021). GCG provides checks and balances between agents and principals. Ultimately, management will act appropriately and prioritise the company's long-term performance.

Information asymmetry within the company will also decrease, preventing management from freely exploiting it for their own benefit (Barontini & Bozzi, 2018b; Chaudhry et al., 2020; Muttakin & Subramaniam, 2015; Zaid & Pucheta-Martínez, 2020). Furthermore, investors will respond favorably to the company, believing it can manage risk and generate healthy financial performance. Investors will be encouraged to invest their funds in the company, improving its market performance (Ludwig & Sassen, 2022). In short, the company will receive special attention from investors, thus becoming more attractive to potential investors. The trust generated by implementing GCG ultimately improves the company's market performance.

H1: Good Corporate Governance improves company performance.

### **Sustainability Disclosure and Corporate Performance**

Companies essentially have a social contract with society that requires them to prioritise not only economic performance but also environmental and social aspects (Bae Choi et al., 2013; Hajawiyah et al., 2019; Kumar & Prakash, 2019; Widagdo et al., 2022). Current business changes are driven by environmental degradation, land

degradation, discrimination, and other socio-economic and environmental issues (Tjahjadi et al., 2021). Legitimacy theory holds that companies that successfully operate in accordance with societal expectations will gain legitimacy and support from the company (Bae Choi et al., 2013; Baldini et al., 2016; Cheng & Feng, 2023; Erin et al., 2022; Simoni et al., 2020). Therefore, companies will reap numerous benefits, including gaining a unique appeal from potential investors, which will undoubtedly improve their market performance.

Furthermore, corporate sustainability disclosure is still viewed as highly valuable in Indonesia due to the ongoing development of sustainability regulations and implementation (Adhariani & Sciulli, 2020; Armadani & Zarefar, 2023; Fitriyani & Kawahara, 2018; Lestari & Soewarno, 2023; Hasudungan & Bhinekawati, 2022b; Sumarta et al., 2023). Companies that demonstrate sustainability performance and report it to the public will gain significant added value (Lestari & Soewarno, 2023). They will gain a positive image from investors, building a positive image for companies that engage in sustainability practices. The support and positive image companies receive from stakeholders, especially the public, will minimise the company's chances of stumbling over environmental and social issues, thus significantly improving its market performance.

H2: Sustainability disclosure has a positive effect on company performance.

## RESEARCH METHOD

### Data

This study uses data from non-financial companies listed on the Indonesia Stock Exchange (IDX) from 2016 to 2022. This study employed a purposive sampling approach to select the sample, with the criteria being non-financial companies listed on the Indonesia Stock Exchange from 2016 to 2022 and possessing the data required for this study.

### Analysis Technique

This research hypothesis was tested using panel data regression. Panel data regression is an analytical technique that considers company variation and the research period. This panel data regression produces more accurate estimates. The research model used is as follows:

$$TBQ_{it} = \alpha + \beta_1 SR_{it} + \beta_2 GCG_{it} + \beta_3 AGE_{it} + \beta_4 LEV_{it} + \beta_5 REG_{it} + \beta_6 SIZE_{it} + \dots \quad (1)$$

$$MBR_{it} = \alpha + \beta_1 SR_{it} + \beta_2 GCG_{it} + \beta_3 AGE_{it} + \beta_4 LEV_{it} + \beta_5 REG_{it} + \beta_6 SIZE_{it} + \dots \quad (2)$$

Where TBQ is Tobin's Q, MBR is market to book ratio, SR is sustainability reporting, GCG is good corporate governance, AGE is company age, LEV is leverage, REG is regulation, and SIZE is company size.

### Operational Definition and Variable Measurement

The dependent variable in this study is market-based company performance. Market-based company performance reflects investors' perceptions of a company's future growth potential. This study uses two proxies to measure company performance: Tobin's Q (TBQ) and the Market-to-Book Ratio (MBR). These measures are based on previous research (Hatane et al., 2021; Zarefar & Agustia, 2022), Nyeadi et al., 2021, Konadu et al., 2021, Khairiddine et al., 2024), and Laskar, 2018). The formula is as follows:

$$TBQ = (\text{market value of equity} + \text{book value of debt}) / \text{book value of total assets}$$

$$MBR = \text{total market capitalization} / \text{total equity}$$

The independent variables in this study are Good Corporate Governance (GCG) and Sustainability Report (SR). Good corporate governance is a company management system that implements the principles of fairness, transparency, independence, responsibility, and accountability to ensure effective and efficient company operations (Nawawi et al., 2020; Soewarno, 2018; Wahyudin & Solikhah, 2017; Worokinasih & Zaini, 2020). In this study, GCG was measured using instruments developed by the OECD (Suharyono et al., 2023).

Sustainability reporting is the disclosure of companies' sustainability reports demonstrating their social, environmental, and economic performance (Kao et al., 2024; Saini & Singhanian, 2019; Siwei & Chalermkiat, 2023). SR in this study was measured using a content analysis approach on company reports published on company websites or the Indonesian Stock Exchange (Suharyono et al., 2023). The measurement follows the Global Reporting Initiatives Guidelines (GRI) Scoring Indicators. This research uses GRI-4, divided into nine economic indicators, 34 environmental indicators, and 48 social indicators (Armadani & Zarefar, 2023).

The control variables for this study consist of age, leverage, regulation, and size, referring to previous research (Armadani & Zarefar, 2023; Nasir et al., 2024; Suharyono et al., 2023; Zarefar & Agustia, 2022). AGE is the company's age since its founding. Leverage (LEV) is the percentage of total debt to total assets. Regulation is a dummy variable, equal to 1 for companies whose operations are directly related to land management or the environment, and 0 otherwise. SIZE is the size of a company measured by the natural logarithm of total assets.

## RESEARCH RESULTS AND DISCUSSION

### Descriptive Statistics

Table 1 presents the descriptive statistics in this study, covering company performance variables consisting of TBQ and MBR. TBQ had an average of 1.01, and MBR had an average of 2.257, indicating that company performance throughout the study period was quite good. The implementation of good corporate governance reached an average score of 38, indicating good performance but still needs improvement. It is confirmed in Table 2 and table 4, which also shows that GCG implementation ranged from 32 to 42. Furthermore, corporate sustainability reporting shows that companies still had a relatively low reporting rate from 2016 to 2022, meeting less than 20 per cent of the criteria in the GRI Index. Table 3 and table 4 also shows that the company's sustainability reporting rate remained within the 20% range, although it fluctuated yearly.

**Table 1.** Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
TBQ	972	1.01	1.993	.014	22.559
MBR	972	2.257	6.216	-7.983	82.444
GCG	972	38.981	12.922	3	82.113
SR	972	.19	.093	.053	.484
AGE	972	37.586	19.955	5	119
LEV	972	1.435	3.646	-45.959	34.056
REG	972	.259	.441	0	1
SIZE	972	22.002	1.563	17.134	26.587

The AGE control variable indicates that the oldest company is 119 years old, and the youngest is 5 years old. It indicates the companies' varying stages of development. The average leverage level of the companies is 1,435, which is still considered good because it does not have too much debt compared to its assets. Approximately 25% of operating companies are classified as extractive. Finally, the average company size is 22,002, close to the smallest and largest, indicating that the companies are relatively similar.

**Table 2.** GCG Summary Statistics by Year

YEAR	N	Mean	SD	Min	Max
2016	139	32.293	10.850	12.044	69.173
2017	140	34.332	11.405	10.686	72.571
2018	140	35.577	11.455	10.686	67.731
2019	143	37.669	11.298	12.851	66.8
2020	133	41.849	12.931	3	82.113
2021	138	41.692	13.079	3	79.805
2022	139	49.695	11.020	21.65	77.484

**Table 3.** Summary statistics of SR by year

YEAR	N	Mean	SD	Min	Max
2016	141	.21	0.088	.07	.433
2017	142	.212	0.089	.074	.436
2018	141	.218	0.091	.074	.455
2019	145	.228	0.093	.074	.442
2020	135	.141	0.073	.053	.395
2021	139	.152	0.087	.057	.454
2022	142	.164	0.090	.057	.484

**Table 4.** Descriptive Statistics by year

	TBQ	MBR	SR	GCG	AGE	LEV	REG	SIZE
2016	1.101	2.481	0.210	32.293	34.433	1.514	.298	21.802
2017	.841	1.879	0.212	34.332	34.859	1.342	.282	21.863
2018	1.081	2.379	0.222	35.845	36.392	1.404	.266	21.906
2019	1.136	2.55	0.235	37.866	36.639	.953	.272	22.019

2020	1.056	2.512	0.141	41.849	38.941	1.772	.23	22.158
2021	.9	1.994	0.152	41.692	40.245	1.628	.223	22.18
2022	.939	1.97	0.164	49.695	41.43	1.441	.239	22.135

### Pearson Correlation

This study confirmed that the research model was free from multicollinearity by conducting a pairwise correlation test presented in Table 5. The threshold for a model to be free from multicollinearity is a coefficient value of no more than 0.8 (Gujarati, 2003). Based on the results presented in Table 5, this research model does not have multicollinearity.

**Table 5.** Pairwise correlations

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(1) TBQ	1.000							
(2) MBR	0.918*	1.000						
(3) SR	0.081	0.061	1.000					
(4) GCG	0.215*	0.170*	0.042	1.000				
(5) AGE	0.174*	0.184*	0.002	0.031	1.000			
(6) LEV	-0.029	0.134*	-0.020	-0.015	-0.046	1.000		
(7) REG	-0.090*	-0.045	-0.007	-0.014	-0.209*	0.093*	1.000	
(8) SIZE	0.099*	0.098*	0.099*	0.327*	0.001	0.024	0.147*	1.000

\*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$

### Regression Results

Based on the regression results presented in Table 6, it can be seen that GCG positively affects company performance, thus supporting H1. This research confirms agency theory, which states that opportunistic management behaviour can be minimised when GCG is implemented in a company (Chaudhry et al., 2020; Muttakin & Subramaniam, 2013; Ramadhan et al., 2022). GCG creates a system of checks and balances between management and company owners. Furthermore, company managers will act in the interests of the company's investors, ultimately improving company performance.

This study aligns with previous research that found that GCG improves company performance (Aldhamari et al., 2020; Al-Gamrh et al., 2020; Mahmood et al., 2018). These findings strengthen and add to the empirical evidence that implementing good corporate governance is crucial for companies to achieve their goals. All elements within the company must be involved, not just managers but also company owners. The existence of synergy in supporting the implementation of GCG will make its implementation even better than if only the management had the enthusiasm for it.

**Table 6.** Main regression results

	(1)	(2)
	TBQ	MBR
Intercept	-2.512*** (-2.698)	-7.211** (-2.400)
GCG	0.026*** (4.026)	0.065*** (3.174)
SR	1.264** (2.210)	2.626 (1.587)
AGE	0.017*** (2.969)	0.060*** (3.086)
LEV	0.002 (0.236)	0.270*** (3.944)
REG	0.337** (2.560)	0.614* (1.759)
SIZE	0.072** (2.102)	0.167* (1.703)
INDUSTRY	Yes	Yes
YEAR	Yes	Yes
Adj.R2	0.18	0.14
N	976	976
F-stat	6.094	3.806

Furthermore, Table 6 also shows that SR positively affects company performance, thus accepting H2. This finding supports legitimacy theory, which states that companies have a social contract with their communities and, therefore, must operate according to their expectations (Baldini et al., 2016; Erin et al., 2022; Rahman et al., 2024). In this context, investors are already aware of sustainability issues (Mohammad & Hossain, 2025; Sharma, 2025; Jong, 2025; Adebayo & Ackers, 2025). Therefore, companies must implement sustainability, including social and environmental aspects, and achieve economic performance alone. If companies fulfil the expectations of society and other stakeholders, they will experience positive impacts, including improved performance.

Companies that operate according to community expectations gain legitimacy and support from the community. They are less likely to be involved in social and environmental issues, which is certainly attractive to investors (Tariq, 2025; Pretorius et al., 2025; Duong & Nguyen, 2025; Darteh & Fiorani, 2025). They will be highly attracted to companies with minimal risk. This study's findings align with previous research that also found that corporate governance (SR) improves company performance (Armadani & Zarefar, 2023; Singhania & Rana, 2023).

**Robustness Test**

We conducted a robustness analysis by testing various variations of this research model, which are presented in Tables 7 and 8. In Table 7, we present the robustness test results for the effect of GCG on company performance. The results align with the results of the main regression test. In Table 8, we present the robustness test results for the role of corporate governance (SR) in improving company performance. The results align with the results of the hypothesis test. Thus, the findings of this study are robust.

**Additional Analysis**

We conducted additional analysis to deepen the study of this study. Categorising companies conducted this additional analysis based on their age (AGE). We categorised companies as old (AGE=1) if they were more than three decades old, or 30 years old, and younger (AGE=0) if they were younger than 30. The results of the additional analysis are presented in Table 9. The findings of this study indicate that companies older than 30 years have more mature GCG implementation, thus positively impacting company performance.

In contrast, younger companies may not yet have implemented GCG comprehensively across all company lines. This finding implies that companies need considerable time to truly implement GCG principles, which will positively impact company performance. Furthermore, for the SR variable, it was found that both younger and older companies significantly influenced company performance. In other words, this finding aligns with the study's main findings. These results prove that SR will always add value to every company.

**Table 7.** Robustness test of the influence of GCG on company performance

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Tab71	Tab72	Tab73	Tab74	Tab75	Tab76	Tab77	Tab78	Tab79	Tab710	Tab711	Tab712
Intercept	-0.285 (-1.420)	-0.915 (-1.340)	- (-2.448)	- (-2.309)	- (-2.339)	3.370** (-2.634)	- (-2.087)	3.274** (-2.598)	- (-2.528)	- (-2.564)	2.436** (-2.604)	- (-2.343)
GCG	0.033** (5.339)	0.082** (3.867)	0.033** (5.551)	0.079** (3.991)	0.032** (5.526)	0.080** (4.052)	0.032** (5.530)	0.080** (4.052)	0.030** (5.270)	0.072** (3.910)	0.028** (4.484)	0.071** (3.504)
AGE			0.017** (2.799)	0.056** (2.768)	0.017** (2.766)	0.058** (2.864)	0.016** (2.601)	0.057** (2.829)	0.016** (2.596)	0.056** (2.829)	0.017** (2.993)	0.061** (3.104)
LEV					-0.009 (-0.754)	0.244** (3.590)	-0.006 (-0.537)	0.246** (3.595)	-0.007 (-0.543)	0.245** (3.637)	0.002 (0.211)	0.269** (3.987)
REG							0.255** (-2.956)	0.300** (-0.967)	- (-3.376)	-0.354 (-1.487)	0.355** (2.672)	0.653* (1.879)
SIZE									0.070** (2.191)	0.195** (2.072)	0.078** (2.261)	0.179* (1.825)
INDUSTRY											Yes	Yes
YEAR											Yes	Yes
Adj.R2	0.05	0.03	0.07	0.06	0.07	0.08	0.07	0.08	0.08	0.08	0.18	0.14
N	972	972	972	972	972	972	972	972	972	972	972	972
F-stat	28.505	14.953	15.679	7.965	12.827	8.255	10.098	6.194	8.288	5.008	6.247	3.989

*t statistics in parentheses*

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

**Table 8.** Robustness test SR on company performance

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	TBQ	MBR	TBQ	MBR	TBQ	MBR	TBQ	MBR	TBQ	MBR	TBQ	MBR
Intercept	0.681** *	1.488** *	0.030	-0.663	0.050	-1.128	0.153	-1.018	-	-	-	-
	(7.255)	(5.986)	(0.120)	(-0.818)	(0.195)	(-1.349)	(0.594)	(-1.217)	(-2.892)	(-2.986)	(-2.785)	(-2.705)
SR	1.736** *	4.058** *	1.730** *	4.038** *	1.722** *	4.227** *	1.717** *	4.221** *	1.498** *	3.599** *	2.142** *	4.871** *
	(3.240)	(2.813)	(3.220)	(2.791)	(3.196)	(2.924)	(3.194)	(2.924)	(2.848)	(2.597)	(3.539)	(2.837)
AGE			0.017** *	0.057** *	0.017** *	0.059** *	0.016** *	0.058** *	0.016** *	0.057** *	0.016** *	0.058** *
			(2.751)	(2.742)	(2.719)	(2.834)	(2.556)	(2.788)	(2.545)	(2.791)	(2.782)	(2.990)
LEV					-0.011	0.245** *	-0.008	0.248** *	-0.009	0.246** *	-0.002	0.264** *
					(-0.824)	(3.626)	(-0.637)	(3.628)	(-0.676)	(3.704)	(-0.212)	(3.954)
REG							-	-0.262	-	-0.464*	0.136	0.110
							0.246** *		0.317** *			
							(-2.904)	(-1.123)	(-3.499)	(-1.885)	(1.150)	(0.425)
SIZE									0.130** *	0.372** *	0.107** *	0.296** *
									(3.688)	(3.334)	(2.944)	(2.646)
INDUSTRY											Yes	Yes
YEAR											Yes	Yes
Adj.R2	0.01	0.00	0.03	0.04	0.03	0.06	0.04	0.05	0.05	0.06	0.16	0.13
N	985	985	985	985	985	985	985	985	985	985	985	985
F-stat	10.498	7.914	6.660	5.127	5.550	6.552	6.644	5.043	6.257	4.767	6.322	4.093

*t statistics in parentheses*

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

**Table 9.** Additional analysis

	TBQ	TBQ	TBQ	TBQ
	AGE=1	AGE=0	AGE=1	AGE=0
Intercept	-11.424*** (-5.141)	0.569 (0.745)	-30.845*** (-4.071)	2.610 (1.194)
GCG			0.186*** (4.078)	0.018 (1.348)
SR	4.832*** (3.020)	1.261** (2.262)		
AGE	0.039*** (5.920)	-0.009 (-1.599)	0.150*** (6.963)	-0.021 (-1.319)
LEV	0.017 (0.538)	-0.023 (-1.587)	0.208** (1.999)	0.346*** (8.709)
REG	0.437 (0.631)	0.121 (0.618)	3.580 (1.566)	-0.338 (-0.613)
SIZE	0.346*** (3.851)	0.009 (0.267)	0.624* (1.876)	-0.063 (-0.659)
INDUSTRY	Yes	Yes	Yes	Yes
YEAR	Yes	Yes	Yes	Yes
Adj.R2	0.26	0.08	0.25	0.14
N	358	627	350	622
F-stat	9.350	4.858	8.630	7.612

*t statistics in parentheses*

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

## CONCLUSION

This study examines the effect of GCG and Sustainability Reporting on company performance. The sample was non-financial companies listed on the Indonesia Stock Exchange between 2016 and 2022. The approach used to test the hypotheses was panel data regression. The findings indicate that GCG implementation and sustainability reporting positively affect company performance. Interestingly, younger companies do not significantly impact GCG implementation. This suggests that companies need more time to implement GCG comprehensively and effectively, thereby improving their performance.

This study makes significant contributions both theoretically and practically. Theoretically, this study provides empirical evidence that GCG and Sustainability Reporting improve company performance. These findings are supported by a comprehensive analysis, providing sufficient evidence that GCG and Sustainability Reporting are essential for achieving high company performance. Furthermore, in practice, this study provides considerations for management and company owners regarding implementing GCG to create an effective and efficient system. Furthermore, company management must also recognise the importance of SR and implement it to achieve the targeted company performance.

This study has limitations, namely its focus on a non-financial sample only. Future research can expand this research by expanding the sample area to obtain a more comprehensive picture. Furthermore, this research model only uses linear effects. Future research can expand the model by including ownership as a moderating variable. It will add complexity to the analysis and provide a deeper understanding.

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