Summa : Journal of Accounting and Tax
E-ISSN: 3031-4216
Volume. 3 Issue 3 July 2025
Page No: 167-176

Corporate Governance and Financial Performance toward Sustainability Reporting: A Moderation Study of Firm Size in IDX Companies

Fatimah Tuzzohra[1], Hendy Satria[2], Ranat Mulia Pardede[3], Charly Marlinda[4], Masyitah As Sahara[5]
STIE Pembangunan Tanjungpinang, Indonesia[12345]
Correspondent: hendysatria91@gmail.com [2]

Received : June 21, 2025
Accepted : July 14, 2025
Published : July 31, 2025

Citation: Tuzzohra, F., Satria, H., Pardede, R, M., Marlinda, C., & Sahara, M, A. (2025). Corporate Governance and Financial Performance toward Sustainability Reporting: A Moderation Study of Firm Size in IDX Companies. Summa : Journal of Accounting and Tax , 3(3), 167-176.

ABSTRACT: This research explores the influence of good corporate governance and financial performance on sustainability report disclosures, with company size considered as a moderating factor. The study targets mining companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2023 period. The governance indicators analyzed include the presence of a board of directors, audit committees, and independent commissioners. By utilizing secondary data and a purposive sampling method, a total of 20 mining firms were selected for evaluation. The findings demonstrate that both the board of directors and profitability significantly and positively contribute to the level of sustainability disclosures. In contrast, the audit committee and independent commissioners do not exhibit a notable impact. Furthermore, company size is found to strengthen the relationship between the board of directors and profitability with sustainability reporting, although it does not have a moderating effect on the roles of the audit committee and independent commissioners.

Keywords: GCG, Profitability, Size, SR.

INTRODUCTION

Amidst globalization and growing environmental consciousness, businesses are expected not only to pursue profit maximization but also to uphold environmental and social responsibilities (Fathinah Ananda & Yusnaini, 2023). This demand encourages broader and more comprehensive disclosure of information, not only limited to financial performance, but also aspects of sustainability. Introduced by John Elkington in 1997, the Triple Bottom Line concept—encompassing profit, people, and planet—serves as a fundamental framework for guiding businesses in harmonizing economic, social, and environmental priorities (Puspitandari & Septiani, 2017). One real manifestation of corporate responsibility is through the publication of sustainability reports (SR) (Dincer & Dincer, 2024).

This report is a means for companies to measure, disclose and be accountable for their activities related to economic, social and environmental aspects (Hanan & Setiawan, 2023). Sustainability reports provide benefits for stakeholders, especially investors, to assess company performance holistically and make more appropriate investment decisions (Weda & Sudana, 2021).

However, the sustainability report phenomenon in Indonesia is still not optimal (Sebrina et al., 2023). Data shows that the percentage of companies issuing SR is still relatively low, although there has been an increase for every years (Hanan & Setiawan, 2023). The table below illustrates a rising trend in sustainability reporting among mining firms listed on the Indonesia Stock Exchange (IDX).

Table 1. Number of mining companies disclosing sustainability reports

No	Year	Count of IDX-listed mining companies	Number of mining companies issuing SR	Percentage (%)
1	2020	49	22	44.8%
2	2021	71	54	76%
3	2022	76	68	89.4%
4	2023	83	69	83.1%

Based on the table above, the number of mining companies listed on the IDX and conducting sustainability reporting shows an increasing trend from year to year. In 2020, as many as 22 out of 49 issuers (44.8%) had prepared sustainability reports. This figure increased to 54 out of 71 issuers (76%) in 2021, then increased to 68 out of 76 issuers (89.4%) in 2022. In 2023, although there was a slight decrease in the percentage, as many as 69 out of 83 issuers (83.1%) continued to conduct sustainability reporting.

To achieve sustainability, the implementation *of Good Corporate Governance* (GCG) is a crucial foundation. GCG creates conducive relationships between corporate governance organs and structures, encourages transparency, and assists management in accurately detecting and managing risks Suciwati et al., (2021) Thus, the chances of corrupt practices can be minimized. The main goal of GCG is to increase the company's value and public trust in the company (Taolin et al., 2019). This study uses the board of directors, independent board of commissioners, and audit committee as indicators of GCG mechanisms.

A study by Nur Fadhila et al., (2023) found that the board of directors has a positive influence on sustainability report disclosures. In contrast, research conducted by Khafid & Mulyaningsih, (2017) concluded that the board of directors does not significantly affect the level of sustainability reporting.

The role of the audit committee and independent commissioners in influencing sustainability reporting has been widely studied, with mixed findings. Several researchers, including Triwacananingrum et al., (2020), Nur Fadhila et al., (2023), and Indrianingsih & Agustina, (2020), found that the audit committee has a significant positive effect on the disclosure of sustainability reports. In contrast, other studies, such as those by Purnama & Handayani, (2021) and Sinaga & Fachrurrozie, (2017), concluded that the audit committee does not significantly influence sustainability disclosures.

Likewise, research on the independent board of commissioners also yields differing outcomes. While Nur Fadhila et al., (2023) observed a positive effect of independent commissioners on sustainability reporting, Liana, (2019) found no such impact. These inconsistencies highlight the complexity of corporate governance mechanisms and suggest the need for further investigation across various contexts and industries.

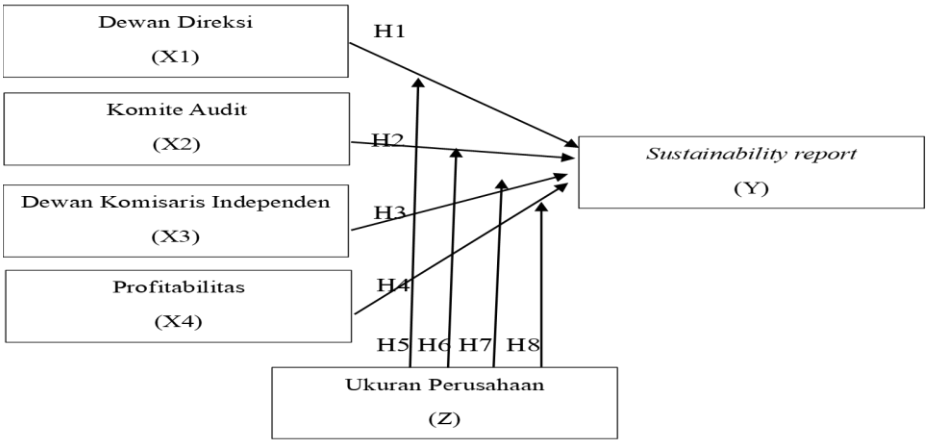
In the context of investment decision-making, stakeholders, especially investors, rely on a variety of information, including the company's financial performance Olayinka, (2022). Financial performance reflects the efficiency and effectiveness of a company's activities in a given period. This study uses profitability, which is proxied by *Return on Assets* (ROA), as an indicator of financial performance. ROA measures a company's ability to generate net profit from its assets Prasetya & Hindasah, (2023) Research with profitability variables by Tobing et al., (2019) and Liana, (2019) showed that profitability had an effect on sustainability *report disclosure* while research from Purnama & Handayani, (2021) showed that profitability had no effect on sustainability *report disclosure.*

Firm size plays a significant role in sustainability reporting, as larger companies tend to have greater environmental and social impacts Purnama & Handayani, (2021). While sustainability disclosures can enhance credibility and financial performance Oktaviani & Amanah, (2019), some firms still struggle with awareness and alignment to global standards. Research findings vary: (Madona & Khafid, 2020) found that firm size strengthens the influence of independent commissioners on reporting, while Nur Fadhila et al., (2023) found no moderating effect.

The mining sector was chosen as the focus of this research because its business activities have a significant impact on human resources, the environment, and the economy Mohsin et al., (2021). The mining industry often faces greater pressures related to social and environmental responsibility than other sectors. For example, the case of environmental pollution due to nickel mining activities in North Konawe which caused schools to be forced to close Sindonews, (2023), as well as the case of manipulation of coal sales data by PT Bumi Resource Tbk which was detrimental to the state (Ariska et al., 2020). This shows the importance of transparent *and accountable* disclosure of Sustainability reports.

Based on the phenomena and discussions above, the author is interested in researching the " Corporate Governance and Financial Performance toward Sustainability Reporting: A Moderation Study of Firm Size in IDX Companies". The framework of thought used to facilitate the process of analyzing the problems that have been raised.

Figure 1. Framework of Thought



METHOD

This study uses a quantitative method to analyze the effect of governance and performance on sustainability reporting in IDX-listed mining firms. According to Sugiyono, (2022), quantitative research emphasizes objective measurement through statistical tools and numerical data. Secondary data were sourced from the sustainability and financial reports of 20 purposively selected mining firms (2020–2023) from a population of 85.
Data collection was carried out through documentation and literature study, while variable measurements used indicators such as SRDI Hanan & Setiawan, (2023), ROA Bukhori & Sopian, (2017), and board composition (Suharti et al., 2024).

Data analysis was performed using panel data regression with EViews version 12. Analytical procedures included descriptive statistics, classical assumption tests, T-tests, and the coefficient of determination (R^2), to evaluate the relationship and explanatory power of the independent variables on sustainability reporting (Alamsyahbana et al., 2023).

RESULT AND DISCUSSION

Hypothesis Testing

Partial Test (T-Test).

Table 2. Results of T-Test for Equation 1

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.051107	0.181610	-0.281411	0.7792
Dewan_Direksi	0.029062	0.013491	2.154211	0.0344
Komite_Audit	0.042354	0.038108	1.111430	0.2699
Dewan_Komisaris_Independen	0.300904	0.213966	1.406312	0.1638
Profitabilitas	0.513108	0.283481	1.810024	0.0743

From the test results in table 2, the results of the hypothesis testing in this study are as follows:

1. The variable of the board of directors has a tcount value of 2.154211 > 1.66571 ttable and a prob value of 0.0344 < 0.10. It can be concluded that the board of directors partially has a positive effect on the sustainability report.
2. The audit committee variable has a tcount value of 1.111430 < 1.66571 ttable and a prob value of 0.2699 > 0.10. This can be concluded that the audit committee partially does not have a positive effect on the sustainability report.
3. The independent board of commissioners variable has a tcount value of 1.406312 <1.66571 ttable and a prob value of 0.1638> 0.10. It can be concluded that the independent board of commissioners partially does not have a positive effect on the sustainability report.

The profitability variable has a tcount value of 1.810024 > 1.66571 ttable and a prob value of 0.0743 < 0.10. It can be concluded that profitability partially has a positive effect on the sustainability report.

Table 3. Results of T-Test for Equation 2

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.401118	0.255485	-1.570022	0.1207
Dewan_Direksi	0.029532	0.013385	2.206391	0.0305
Komite_Audit	0.034688	0.038150	0.909260	0.3662
Dewan_Komisaris_Independen	0.298906	0.213803	1.398045	0.1663
Profitabilitas	0.500160	0.283879	1.761881	0.0822
Ukuran_Perusahaan	0.013333	0.006955	1.917109	0.0591

From the test results in table 3, the results of the hypothesis testing in this study are as follows: Based on table 3, it can be seen that the company size has a tcount value of 1.917109 > 1.66571 ttable, and a prob value of 0.0591 < 0.10. It can be concluded that the company size as a moderating variable partially has a positive effect on the sustainability report and the type of moderation in this study is quasi moderation.

Table 4. Results of T-Test for Equation 3

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.002234	0.125186	0.017848	0.9858
Dewan_Direksi_Ukuran_Perusahaan	0.000964	0.000437	2.206503	0.0304
Komite_Audit_Ukuran_Perusahaan	0.001234	0.001046	1.180544	0.2415
Dewan_Komisaris_Independen_Ukuran_Perusahaan	0.008963	0.006696	1.338612	0.1847
Profitabilitas_Ukuran_Perusahaan	0.019193	0.010186	1.884218	0.0634

From the test results in table 4, the results of the hypothesis testing in this study are as follows:

1. The variable of the board of directors moderated by company size has a t-value of 2.206503 > 1.66571 t-table, and a prob value of 0.0304 < 0.10. It can be concluded that the variable of the board of directors strengthens the influence and is significant on the sustainability report by moderating company size.
2. The audit committee variable moderated by company size has a t-value of 1.180544 <1.66571

t-table, and a prob value of 0.2415 > 0.10. It can be concluded that the audit committee variable does not affect the sustainability report by moderating company size.

3. The independent board of commissioners variable moderated by company size has a t-value of 1.338612 <1.66571 t-table, and a prob value of 0.1847> 0.10. It can be concluded that the independent board of commissioners variable does not affect the sustainability report by moderating company size.
4. The profitability variable moderated by company size has a tcount value of 1.884218 > 1.66571 ttable, and a prob value of 0.0634 < 0.10. It can be concluded that the profitability variable strengthens the influence and is significant on the sustainability report by moderating company size.

Coefficient of Determination (R2)

Table 5. Results of the Determination Coefficient Test (R2)

Root MSE	0.139244	R-squared	0.174844
Mean dependent var	0.202324	Adjusted R-squared	0.119091
S.D. dependent var	0.154255	S.E. of regression	0.144779
Sum squared resid	1.551107	F-statistic	3.136009
Durbin-Watson stat	1.260259	Prob(F-statistic)	0.012711

Based on the table above, it can be seen that the adjusted value (R2) is 0.134691, which means that 11.9% of the variable's ability in this study explains the dependent variable. The remaining 88.1% is caused by other factors that cannot be explained in this study.

1. The findings indicate that the board of directors has a significant and positive impact on sustainability reporting within mining companies listed on the IDX. A well-functioning board promotes greater transparency and accountability by incorporating environmental and social concerns into the company's strategic agenda. Characteristics such as board independence and diversity may enhance oversight of sustainability initiatives. These results align with the research conducted in 2023, which also underscores the board's role in promoting sustainability disclosure, although they contradict the findings of Khafid & Mulyaningsih (2017).
2. The analysis reveals that the audit committee does not significantly influence sustainability reporting. The number of members on the audit committee is not necessarily indicative of its effectiveness in overseeing non-financial disclosures. Since audit committees traditionally focus on financial statements and regulatory compliance, sustainability issues may receive limited attention. Without specific expertise in sustainability matters, the committee's contribution to sustainability reporting remains minimal. This outcome is consistent with the studies by *The Last Supper* (2021) and Sinaga & Fachrurrozie (2017), but differs from the findings reported in *The Last Supper* (2020).
3. Independent commissioners are found to have no significant effect on sustainability reporting. This suggests that their supervisory role may not be adequately executed, particularly regarding

the encouragement of social and environmental disclosures. It appears that these commissioners may not prioritize sustainability reporting. These findings are in line with the research by Liana (2019) and Triwacananingrum et al. (2020), though they diverge from the 2023 study which reported a different outcome.

4. Profitability shows a positive and significant relationship with the extent of sustainability reporting. Companies with higher profits are more likely to engage in detailed sustainability disclosures. This is consistent with the results of studies conducted by Tobing et al. (2019) and Liana (2019), although it contradicts the findings of *The Last Supper* (2021), which reported a different perspective.
5. Firm size significantly moderates and amplifies the impact of the board of directors on sustainability reporting. Larger firms, due to their scale of operations and broader stakeholder expectations, tend to have more capable and communicative boards. This contributes to the more effective implementation of sustainability strategies. These findings are in agreement with *The Last Supper* (2021), yet contrast with a 2023 study that found otherwise.
6. Firm size does not moderate the effect of the audit committee on sustainability disclosures. Although large companies often have more complex operations and require stringent oversight, the audit committee's ability to influence sustainability reporting does not necessarily increase with company size. This finding supports the research of Roviqoh & Khafid (2021) and Madonna & Khafid (2020).
7. The moderating role of firm size does not extend to enhancing the impact of independent commissioners on sustainability reporting. Despite the tendency of larger firms to provide more extensive disclosures, the presence of independent commissioners alone does not appear to drive sustainability-related transparency. Although they play a vital role in guiding strategic direction, their influence on sustainability practices may be limited in scope.

Firm size is shown to moderate and strengthen the influence of profitability on sustainability reporting. Larger, more profitable companies are inclined to maintain their corporate image by actively disclosing their social and environmental commitments. These disclosures serve to build stakeholder trust and reinforce reputational strength. Profitability provides the financial flexibility needed to absorb the costs associated with sustainability reporting. This conclusion aligns with the study by Iqbal Ramadhan et al. (2023), although it contrasts with findings from *The Last Supper* (2021).

CONCLUSION

The conclusion of this study reveals that within the mining sector listed on the Indonesia Stock Exchange during the 2020–2023 period, the board of directors plays a crucial role in enhancing corporate sustainability reporting. In contrast, the presence of audit committees and independent commissioners does not show a significant influence on sustainability disclosures. The findings also indicate that profitability is positively and significantly associated with the extent of sustainability reporting.

Furthermore, company size strengthens the influence of the board of directors on sustainability reporting. However, firm size does not moderate the relationship between the audit committee or independent commissioners and sustainability disclosures. On the other hand, company size enhances the positive relationship between profitability and sustainability reporting among mining firms.

Based on the research results, several suggestions can be offered. For companies, this study provides valuable insights that can be used to enhance governance, financial performance, and sustainability reporting. These improvements are essential in supporting the long-term growth and sustainability of the business, while also ensuring compliance with regulations and meeting the expectations of external stakeholders regarding sustainability disclosures.

For future researchers, it is important to note that the variables analyzed in this study account for only 11.9% of the variance in sustainability report disclosures. This indicates that a substantial portion—88.1%—of the influencing factors remains unexplored. Therefore, future studies are encouraged to investigate additional variables that may more effectively explain the complexity of sustainability reporting practices. Expanding the range of independent variables and extending the research period beyond four years could provide deeper insights. Moreover, it is recommended that future research also explore different sectors such as manufacturing, agriculture, infrastructure, or utilities to broaden the understanding and applicability of findings.

REFERENCE

Alamsyahbana, M. I., Gizta, A. D., Novrina, P. D., Sarazwati, R. Y., Fauzar, S., Meifari, V., Indriaty, N., Chandra, R. F., Kusumah, S., Santoso, N. K., Fauzi, Nasution, U. O., Saputra, N. C., Shindy, G. T., & Tahir, I. B. (2023). *Metodologi Penelitian Kuantitatif dan Kualitatif* (S. Bahri, Ed.). Media Sains Indonesia.

Ariska, M., Fahru, M., & Kusuma, J. W. (2020). Leverage, Ukuran Perusahaan dan Profitabilitas dan Pengaruhnya Terhadap Tax Avoidance Pada Perusahaan Sektor Pertambangan di Bursa Efek Indonesia Tahun 2014-2019. *Jurnal Revenue : Jurnal Ilmiah Akuntansi*, *1*(1), 133–142. https://doi.org/10.46306/rev.v1i1.13

Bukhori, M. R. T., & Sopian, D. (2017). Pengaruh Sustainability Terhadap Kinerja Keuangan. *Sikap*, *2*(1), 35–48.

Dincer, B., & Dincer, C. (2024). Insights into sustainability reporting: Trends, aspects, and theoretical perspectives from a qualitative lens. *Journal of Risk and Financial Management*, *17*(2), 68.

Fathinah Ananda, R., & Yusnaini. (2023). Pengaruh Dewan Komisaris Dan Dewan Direksi Terhadap Pengungkapan Sustainability Report Pada Perusahaan Yang Terdaftar Di Bursa Efek Indonesia Periode 2020. *Management Studies and Entrepreneurship Journal*, *4*(1), 1014–1021.

Hanan, S. Z., & Setiawan, M. A. (2023). Pengaruh Slack Resources, Dewan Direksi, dan Komite CSR terhadap Sustainability Report. *Jurnal Eksplorasi Akuntansi*, *5*(2), 833–846. https://doi.org/10.24036/jea.v5i2.792

Indrianingsih, I., & Agustina, L. (2020). The Effect of Company Size, Financial Performance, and Corporate Governance on the Disclosure of Sustainability Report. *Accounting Analysis Journal*, *9*(2), 116–122. https://doi.org/10.15294/aaj.v9i2.31177

Khafid, M., & Mulyaningsih, M. (2017). Kontribusi Karakteristik Perusahaan Dan Corporate Governance Terhadap Publikasi Sustainability Report. *EKUITAS (Jurnal Ekonomi Dan Keuangan)*, *19*(3), 340. https://doi.org/10.24034/j25485024.y2015.v19.i3.1772

Liana, S. (2019). Pengaruh Profitabilitas, Leverage , Ukuran Perusahaan dan Dewan Komisaris Independen terhadap Pengungkapan Sustainability Report. *Jesya (Jurnal Ekonomi & Ekonomi Syariah)*, *2*(2), 199–208. https://doi.org/10.36778/jesya.v2i2.69

Madona, M. A., & Khafid, M. (2020). Pengaruh Good Corporate Governance terhadap Pengungkapan Sustainability Report dengan Ukuran Perusahaan sebagai Pemoderasi. *Jurnal Optimasi Sistem Industri*, *19*(1), 22–32. https://doi.org/10.25077/josi.v19.n1.p22-32.2020

Mohsin, M., Zhu, Q., Naseem, S., Sarfraz, M., & Ivascu, L. (2021). Mining industry impact on environmental sustainability, economic growth, social interaction, and public health: an application of semi-quantitative mathematical approach. *Processes*, *9*(6), 972.

Nur Fadhila, S., Biduri, S., Rahma Dewi, S., & Maryanti, E. (2023). Can Company Size Moderate Good Corporate Governance on Disclosure of Sustainability Reports? *Journal of Accounting Science*, *7*(1), 60–70. https://doi.org/10.21070/jas.v7i1.1698

Oktaviani, D. R., & Amanah, L. (2019). Pengaruh Kinerja Keuangan , Ukuran Perusahaan , Struktur Modal , Dan Corporate Governance Terhadap Publikasi Sustainability Report. *Jurnal Ilmu Dan Riset Akuntansi*, *8*, September 2019.

Olayinka, A. A. (2022). Financial statement analysis as a tool for investment decisions and assessment of companies' performance. *International Journal of Financial, Accounting, and Management, 4*(1), 49–66.

Prasetya, A., & Hindasah, L. (2023). Pengaruh Rasio Keuangan dan Mekanisme Good Corporate Governance Terhadap Financial Distress. *Journal of Business Economics and Agribusiness*, *1*(2), 1–16. https://doi.org/10.47134/jbea.v1i2.97

Purnama, D. P., & Handayani, B. D. (2021). The Effect of Financial Performance and Corporate Governance on Sustainability Report Disclosure with Company Size as a Moderation. *Accounting and Finance Studies*, *1*(2), 138–162. https://doi.org/10.47153/afs12.1362021

Puspitandari, J., & Septiani, A. (2017). Pengaruh Sustainability Report Disclosure Terhadap Kinerja Perbankan. *Diponegoro Journal of Accounting*, *6*(3), 1–12.

Sebrina, N., Taqwa, S., Afriyenti, M., & Septiari, D. (2023). Analysis of sustainability reporting quality and corporate social responsibility on companies listed on the Indonesia stock exchange. *Cogent Business & Management*, *10*(1).

Sinaga, K. J., & Fachrurrozie. (2017). The Effect of Profitability, Activity Analysis, Industrial Type and Good Corporate Governance Mechanism on The Disclosure of Sustainability Report Article History. *Accounting Analysis Journal (AAJ)*, *6*(3), 347–358.

Suciwati, D. P., Dewi, N. K. N., & Bagiada, I. M. (2021). Pengaruh Good Corporate Governance Dan Corporate Social Responsibility Terhadap Kinerja Keuangan. *Simposium Nasional Akuntansi Vokasi (SNAV*, *9*(1), 80–92. https://doi.org/10.51510/budgeting.v1i2.476

Sugiyono. (2022). *Metode Penelitian Kuantitatif, Kualitatif, Dan R&D* (Sugiyono, Ed.; 2nd ed.). ALFABETA, cv.

Suharti, S., Wandi, W., Halimahtussakdiah, H., & Purnama, I. (2024). Pengaruh Good Corporate Governance, Profitabilitas, Leverage, Dan Ukuran Perusahaan Terhadap Pengungkapan Sustainability Report. *Kurs : Jurnal Akuntansi, Kewirausahaan Dan Bisnis*, *9*(1), 82. https://doi.org/10.35145/kurs.v9i1.4273

Taolin, M. L., Utomo, M. N., Wahyudi, S., & Pangestuti, I. R. D. (2019). How does good corporate governance create customer trust? The role of service quality and corporate image. *Calitatea*, *20*(173), 37–42.

Tobing, R. A., Zuhrotun, Z., & Rusherlistyani, R. (2019). Pengaruh Kinerja Keuangan, Ukuran Perusahaan, dan Good Corporate Governance Terhadap Pengungkapan Sustainability Report pada Perusahaan Manufaktur yang Terdaftar dalam Bursa Efek Indonesia. *Reviu Akuntansi Dan Bisnis Indonesia*, *3*(1). https://doi.org/10.18196/rab.030139

Triwacananingrum, W., Gunawan, E. B., Lolitha, S., & Verika, V. (2020). the Effect of Good Corporate Governance and Financial Performance on Disclosure of Sustainability Report. *Riset Akuntansi Keuangan)*, *5*(2), 85–95.

Weda, N., & Sudana, I. P. (2021). *Sustainability Reporting and Stock Returns in LQ45 Indexed Companies*. 1356–1374.