Journal of Economics, Finance and Management Studies

ISSN (print): 2644-0490, ISSN (online): 2644-0504

Volume 07 Issue 01 January 2024

Article DOI: 10.47191/jefms/v7-i1-42, Impact Factor: 7.144

Page No: 403-412

Sustainability Reporting on Financial Performance, the Role of CSR Committee, Evidence from Indonesia

Herman Paleni[1], Ridwan Nurazi[2], Dewi Rahmayanti[3]

[1,2,3] Management Science, Faculty of Economics and Business, Bengkulu University, Bengkulu 38371, Indonesia

ABSTRACT: Companies in running their business compete to improve their respective performance reporting. ESG issues have gained considerable attention as companies increasingly focus on disclosing both financial and non-financial information. This research aims to assess the partial and simultaneous impact of ESG performance on Return on Assets (ROA) and Tobin's Q, with moderation by the CSR committee. Disclosure information and financial data for companies in the energy sector in Indonesia were sourced from financial reports and sustainability reports. encompassing a total of 78 companies period the years 2013 to 2022. After applying criteria for companies disclosing ESG information, a subset of 43 companies was identified. Using Chow test, Lagrange, and Hausman tests before moderation, followed by tests after moderation by the CSR committee using STATA. The research finding, before moderation by the CSR committee, revealed that ESG performance had a positive and significant impact on ROA, while its effect on Tobin's Q was negative and insignificant. Then moderation by the CSR committee, indicated that the presence of a CSR committee positively moderated the impact of ESG performance on ROA and Tobin' Q, albeit insignificantly. Further examinations post-moderation revealed that the presence of a CSR committee does not exert a significant moderating effect. Consequently, within energy sector companies, the CSR committee seems to serve as a symbolic tool, implying the company's adherence to proper operational practices without significantly altering the impact of ESG performance.

KEYWORDS: ROA, Tobin's Q, CSR Committee, Environmental, Social, Governance Performance.

1. INTRODUCTION

Companies in running their business compete to improve their respective performance reporting. Company performance reporting can be seen in financial reports and sustainability reports. Disclosure regarding financial reports does not meet the needs of stakeholders regarding information on company activities, this is something that must be a concern for company management as a form of concern and service to stakeholders. ESG issues attract attention among companies to compete in disclosing financial and non-financial (sustainability) information. Apart from that, it is also interesting for governments, investors, suppliers, employees, communities, and academics in the fields of accounting and finance. This triggers competition between companies to disclose financial and non-financial information every year (Usman et al., 2023).

Financial performance indicators are reflected by ratios which are the focus in decision making (Dkhili, 2023). Information based on financial analysis includes an assessment of past, present financial circumstances and future expectations. Financial performance measurement can be done based on accounting and market performance. Accounting performance includes the Return on Assets (ROA) profit ratio, which is a profitability ratio that measures a company's ability to obtain (profits) from the total assets owned, while market performance can use the Tobin's Q ratio which represents the long term. requirements and aspects of expected profitability. Company performance can reflect public trust in the company (Dkhili, 2023).

Sustainability performance measurement is carried out based on sustainability reporting (Morioka et al., 2016). Sustainability reporting is a broad term used to describe reporting on the economic, social and environmental impacts of a business which must clearly outline the positive and negative impacts of the business (Atu & Osaretin, 2013). Disclosure of sustainability related to the environmental dimension consists of reducing emissions, product innovation and reducing resources. Social dimensions related to product responsibility, society, human rights and labor. Furthermore, the governance dimensions are related to management, shareholder rights and CSR strategy (Carmo et al., 2023).

Trust, support, and legitimacy from the community for the social and environmental roles that the company has performed can have positive implications for the company's future survival. The assessment of a company's environmental performance will significantly affect the company's value (Eccles et al., 2012). Public expectations of corporate governance can be seen in the context of internal organizational mechanisms or external organizational mechanisms. Internal mechanisms focus more on how organizational leaders manage the organization's operations in line with principles of good corporate governance. In contrast, external mechanisms emphasize how the organization interacts with external parties harmoniously without neglecting organizational goals (Hussain et al., 2018). Corporate governance mechanisms, including the appropriate committee arrangements, positively influence company disclosures and performance. The strength of corporate governance practices arises from the strategic guidance demonstrated by the board of directors, thus benefiting shareholders and company stakeholders.

The theory of voluntary disclosure perspective explains that companies that have achieved better financial impact from social and environmental performance have the potential to improve market assessments, especially objective information that is difficult for companies that have not achieved it to imitate. Companies can fulfill stakeholders' information needs by disclosing corporate social responsibility activities, thus indirectly providing assurance and trust to external parties about sustainability (Hapsoro & Fadhilla, 2017). The company's concern for the community through social responsibility programs, which is a form of corporate concern for the community, significantly impacts a company's sustainability (Amran et al., 2013).

This research focuses on analyzing the influence of environmental, social, and governance (ESG) performance on the financial performance of energy sector companies in Indonesia. As a country with nearly 90% of fossil energy in the primary energy mix, the urgency of decarbonization is growing. According to the Ministry of National Development Planning (PPN)/Bappenas study, starting in 2022, the energy sector will replace the forestry sector as the largest contributor to emissions in Indonesia (Sektor Energi – LCDI, 2020). Various efforts are being made by the Indonesian government to reduce emissions from the energy sector through the development of renewable energy sources (RE), both in the electricity sector and the increased use of biofuels (BBN). Through the Ministry of Energy and Mineral Resources (ESDM), Indonesia aims for a 19.5% share of RE in the primary energy mix by 2024. The energy sector, including oil, coal, and gas, uses 70% of fossil energy from total energy consumption. The energy sector is the largest contributor to carbon emissions in developing countries, including Indonesia. Carbon dioxide (CO_2) contributes to global warming and climate change. CO_2 emissions come from the burning of oil, coal, and gas for energy use (Sektor Energi – LCDI, 2020).

Various studies still find different evidence in reviewing Environmental, Social, Governance (ESG) performance, the results of CSR/ESG disclosure are positive and significant, including: (Giannopoulos et al., 2022), (Velte & Stawinoga, 2020), (Q. Zhang et al., 2020), (Huang, 2021), (Beleneși et al., 2021), (Baraibar-Diez & Odriozola, 2019), (Hussain et al., 2018), and (Rezaee, 2017). Meanwhile, the results of CSR/ESG disclosure research are negative and significant, including; (Sánchez-Infante Hernández et al., 2020), Daniel-Vasconcelos et al., (2022), Buallay, (2020), Velte & Stawinoga, (2017), and Nollet et al., (2015). Therefore, it is hoped that this research can contribute to examining ESG performance on financial performance in energy sector companies in Indonesia.

Referring to research this research is important to carry out, because the findings will contribute to the concept of sustainable finance which emphasizes the corporate paradigm to develop broadly, starting from creating financially secure shareholder value to stakeholder value, both in the long term. short, medium, to long term. This research is important to carry out, because the findings will contribute to the concept of sustainable finance which emphasizes the corporate paradigm to develop broadly, starting from creating financially secure shareholder value to stakeholder value, both short, medium and long term. To our knowledge, this is the first research in Indonesia to use ESG as measures of sustainability performance, let alone the existence of a CSR committee as a moderating variable in measuring disclosure of sustainability performance on the financial performance of companies in Indonesia.

2. LITERATURE REVIEW

Legitimacy theory as typically applied in the social and environmental accounting literature adopts the central assumption that maintaining successful organizational operations requires managers to ensure that their organizations appear to operate in accordance with society's expectations (C. M. Deegan, 2019). In legitimacy theory, organizations are viewed as part of a wider social system and are not considered to have inherent rights to resources. Legitimacy theory states that there is a relationship between companies and society which is regulated by the government. The important thing about legitimacy theory for organizations is the limitation of social norms and values by companies who want to convince a group of people that they pay attention to the environment. This theory is able to explain the motivation behind environmental disclosure by organizations. Environmental disclosure is a corporate social responsibility in an effort to gain legitimacy from the social community groups where the company was founded and an effort to maximize the company's financial assets in the long term (C. Deegan, 2007). In this way, companies can pay more attention to the social norms and values of society, which is expected to make the company more legitimate, so that companies use social and environmental disclosure as a (social) legitimacy tool to create the impression that the company operates in a way that meets social expectations. and environment.

Stakeholders theory states that organizations try to increase profits and company value to respond to stakeholder expectations, by identifying, assessing and evaluating stakeholders who have an impact and/or stakeholders who are affected by the company's business activities (Freeman, 2004). Stakeholder theory takes the perspective that a company is not an entity that is only useful for its own sake. Companies must also provide benefits to their stakeholders (Ren et al., 2022). Companies will look for various ways to seek satisfaction for their stakeholders, when contributing to economic resources that are important for the company, because the survival of the company depends on the stakeholders(Rau & Yu, 2023). Disclosure of carbon emissions is a form of communication between companies and stakeholders to gain support. With disclosure, the company tries to show its social responsibility to stakeholders (Lu et al., 2015)

Voluntary disclosure theory states that companies will provide favorable information and with hold unfavorable information (Carmo et al., 2023). The company's motivation to interpret effectively makes or withholds disclosures that are useful for investors, that companies do not make disclosures as a sign of unfavorable information and cause the company's share price to fall, but companies with favorable information will disclose information that will increase market value (Kent & Ung, 2003).

3. HYPOTHESIS DEVELOPMENT

Financial performance evaluation can usually be described in the company's financial reports. Financial reports are a structured presentation of the financial position and performance of an entity. As the final result of a recording process, financial reports are a summary of financial transactions that occurred during the financial year in question. This financial report will be more useful if the information contained in the financial report can be used to predict what will happen in the future (Subramanyam, 2017).

A company's financial performance can be measured based on accounting performance and market performance. Company performance based on accounting performance can be done using the Return on Assets (ROA) ratio, which is a profitability ratio that measures the company's ability to earn profits from the total assets owned (Subramanyam, 2017). How efficiently a company uses its assets/assets to earn profits can be assessed through ROA, while market performance can use the Tobin's Q ratio which represents the long-term profitability aspect and it is hoped that the company's performance can reflect public trust in the Company. Tobin's Q shows the relationship between market value and the intrinsic value of a company, and can measure whether a company's shares are cheap (undervalued) or expensive (overvalued) (Plumlee et al., 2015).

Sustainability reporting is a broad term used to describe reporting on the economic, social, and environmental impacts of a business which must clearly outline the positive and negative impacts of the business (Atu & Osaretin, 2013). ESG disclosures related to environmental dimensions consist of emission reduction, product innovation and resource reduction. Social dimensions related to product responsibility, society, human rights and labor. Furthermore, the governance dimensions are related to management, shareholder rights and CSR strategy. Several research results show that CSR/ESG performance has a positive and significant effect on financial performance, which is the result of research; (Giannopoulos et al., 2022), (Velte & Stawinoga, 2020), and (Q. Zhang et al., 2020). Meanwhile, research results negative and significant CSR/ESG performance include; (Sánchez-Infante Hernández et al., 2020), (Daniel-Vasconcelos et al., 2022), (Buallay, 202(B. (Velte & Stawinoga, 2017), and (Nollet et al., 2015).

Based on the theory and research results above, the hypothesis proposed in this research is;

H1a: ESG performance has a positive and significant effect on ROA

H1b: ESG performance has a positive and significant effect on Tobin's Q

Various thoughts regarding Good Corporate Governance developed with restingin agency theory where management is carried out in full compliance with various applicable rules and regulations. The Good Corporate Governance (GCG) mechanism is a separation between ownership and control of a company as a very important effort to realize good corporate governance. Problems related to good corporate governance (GCG) occur due to the involvement of externalities (eg investors) in funding company activities, investment and growth. External involvement in funding the company can separate the parties involved in the company's activities (Liu & Sun, 2010).

The role of Good Corporate Governance in social responsibility has become something that must be carried out by companies in the world. Some governments in the world have also done so oblige companies, especially those related to the use of natural resources, to protect the environment and report their activities to the public in Indonesia. The CSR Committee/Environment Committee ensures that the organization's social values are in harmony with society (Liao et al., 2015) where he reported that companies that have an environmental committee on the board of directors tend to be more transparent.

Meanwhile, research results (Celentano et al., 2020) shows that, the presence of a CSR committee positively moderates the relationship between board of director independence and CSR disclosure.

The CSR committee generally consists of three or more directors, at least one of whom is an independent director and has several activities such as: recommending the amount of expenditure for CSR projects, forming a management committee for the implementation and implementation of CSR projects. CSR activities, monitoring the implementation mechanism of CSR activities, submitting annual reports on CSR activities (Bifulco et al., 2023). Several studies on CSR committees moderating environmental, social and governance performance on financial performance researched by; (Ruan & Liu, 2021); (F. Zhang et al., 2020),(Velte & Stawinoga, 2020), (Vishwanathan et al., 2020), (Xie et al., 2019), (Baraibar-Diez et al., 2019), (Biswas et al., 2018), (Liao et al., 2015), and (Amran et al., 2014).

Based on the theory and research results above, the hypothesis proposed in this research is;

H2a: CSR Committee positively and significantly moderates ESG performance on ROA

H2b: CSR Committee positively and significantly moderates ESG performance on Tobin's Q

4. RESEARCH METHOD

4.1 Operational variables

The operational variables that researchers propose are sustainability performance using proxies for ESG performance (X), then the variables Good Corporate Governance operations use the CSR committee (M) proxy, and financial performance operational variables use the ROA (Y1) and Tobin's Q (Y2) proxies. Next, the control variables use liquidity (CR), Leverage (DER), and company size (Ln total assets)

4.2 Data and Analysis

This research uses company financial data obtained from annual report dan sustainability report company. Company sustainability disclosures from during 10 years, totaling 78 companies of 2013-2022. Furthermore, with the criteria that companies have disclosed ESG information, we got 43 companies. The analysis was carried out Chow test, Lagrange multiplier and Hausman test before being moderated and after being moderated by the CSR committee using the STATA application.

We use model estimation testing to choose whether the model includes Common Effect, Fixed Effect or Random Effect. After model estimation, then we select the regression model to determine the regression equation and test the hypothesis. The regression stage was carried out by modeling the ROA and Tobin's Q equations before being moderated by the CSR committee as follows;

$$ROA_{i,t} = a + \beta_1 ESGscr_{i,t} + \beta_2 CR_{i,t} + \beta_3 DER_{i,t} + \beta_4 Size_{i,t} + \varepsilon_{i,t} \quad \text{(i)}$$

$$Tobin's\ Q_{i,t} = a + \beta_1 ESGscr_{i,t} + \beta_2 CR_{i,t} + \beta_3 DER_{i,t} + \beta_4 Size_{i,t} + \varepsilon_{i,t} \quad \text{(ii)}$$

Equation (i) in the original regression model, the dependent variable (ROA) is measured using net profit divided by total assets, which is thought to be influenced by a number of independent and control variables.

Equation (ii) in the original regression model, the dependent variable (Tobin's Q) is measured using the market value of capital plus debt, then divided by total assets, which are thought to be influenced by a number of independent and control variables.

The regression after being moderated by the CSR committee is as follows;

$$ROA_{i,t} = a + \beta_1 ESGscr{*}\ CommCSR_{i,t} + \beta_2 CR_{i,t} + \beta_3 DER_{i,t} + \beta_4 Size_{i,t} + \varepsilon_{i,t} \quad \text{(iii)}$$

$$Tobin'Q_{i,t} = a + \beta_1 ESGscr{*}\ CommCSR_{i,t} + \beta_2 CR_{i,t} + \beta_3 DER_{i,t} + \beta_4 Size_{i,t} + \varepsilon_{i,t} \quad \text{(iv)}$$

Equation (iii) and equation (iv) in the regression model with the moderating role of the CSR committee, the dependent variables ROA and Tobin'Q are thought to be influenced by a number of independent and control variables.

5. RESULTS AND DISCUSSION

5.1 Correlation Analysis

Correlation analysis was carried out to determine the relationship between the dependent variables (ROA and Tobin's Q). First, accounting-based measurements using ROA show that environmental, social, and governance are positively correlated. Second, market value measurement is used as a proxy for company profitability in the form of Tobin's Q. Details about the correlation values can be seen in the table. 1.

Table 1. Correlation Test Results before being moderated by the CSR Committee

Variable	ROA	TOBINSQ	ESG	CR	DER	SIZE
ROA	1					
TOBINSQ	-0.039	1				
ESG	0.203	-0.038	1			
CR	0.218	-0.010	0.096	1		
DER	-0.015	-0.070	-0.007	-0.103	1	
SIZE	-0.197	-0.007	0.087	-0.085	0.128	1

Source: STATA test results, processed in 2023

Table 1, show the results of the correlation value obtained from the test results between the independent variable and the dependent variable before being moderated by the CSR committee showed a value below 0.70, so that multicollinearity did not occur.

Table 2. Correlation Test Results after being moderated by the CSR Committee

Variable	ROA	TOBIN'S Q	ESGscore* CommCSR	CR	DER	SIZE
ROA	1					
TOBINSQ	-0.039	1				
ESGscore*CommCSR	0.085	0.015	1			
CR	0.218	-0.010	0.056	1		
DER	-0.015	-0.070	-0.021	-0.103	1	
					0.128	
SIZE	-0.197	-0.007	-0.007	-0.085		1

Source: STATA test results, processed in 2023

Table 2, show the results of the correlation value obtained from the test results between the independent variable and the dependent variable after being moderated by the CSR committee, also show a value below 0.70, so that multicollinearity does not occur. This research also analyzes the relationship between independent and dependent variables. Control variables are included to control several internal characteristics of the company in order obtain unbiased estimation results.

5.2 Panel Data Testing

Table. 3. Regression model of ESG performance on ROA dan Tobin's Q before in the moderation of the CSR committee

Variable	ROA	Sig	Variable	Tobin's Q	Sig
ESGScore	0.006	0.000	ESGScore	-0.001	0.421
CR	0.100	0.000	CR	-0.007	0.783
DER	0.010	0.490	DER	-0.023	0.145
Size	-0.049	0.000	Size	0.001	0.928
Constanta	1.188	0.000	Constanta	1.273	0.000

Source: STATA test results, processed in 2023

Table 3 shows the results of testing the influence of CSR disclosure, environmental, social, governance, and ESG disclosures on the ROA of energy sector companies in Indonesia before being moderated by the CSR committee, where ESG is positively and significantly related to ROA. The influence of ESG performance is negative and not significantly related to Tobin's Q.

Table 4. Regression model test results: ESG performance on ROA and Tobin's Q after being moderated by the CSR committee

Variable	ROA	Sig	Variable	Tobin's Q	Sig
ESGScore	0.003	0.116	ESGScore	0.001	0.760
CR	0.109	0.000	CR	-0.010	0.706
DER	0.010	0.507	DER	-0.023	0.145

Variable	ROA	Sig
Size	-0.044	0.000
Constanta	1.124	0.001

Variable	Tobin's Q	Sig
Size	0.000	0.995
Constanta	1.280	0.000

Source: STATA test results, processed in 2023

Table 4 shows the results of testing the influence of ESG performance on the ROA of energy sector companies in Indonesia after being moderated by the CSR committee, where ESG is positively and not significantly related to ROA and Tobin's Q.

5.3 Discussion

Hypothesis testing that has been carried out proves that there is an influence between the implementation of ESG practices and company performance. Environmental performance refers to the impact of a business in monetary and non-monetary terms (Bătae et al., 2021), measured through various indicators, such as indirect carbon emissions, recycling waste, water consumption and environmental expenditure directly related to operations. On the transparency side, environmental disclosure refers to the release of information regarding a company's environmental impact, investment announcements, awards, and special products.

Gillan et al., (2021), found a positive relationship between a company's operating returns (ROA) on components E, S and G. They further decomposed ROA into asset turnover and operating cost ratios and found that the positive correlation between ESG and operating results resulted from increased efficiency. Additionally, they found that higher E and G scores were associated with higher firm value (measured by Tobin's Q). Overall, their findings appear more consistent than those of managers who use ESG practices as a tool to extract personal benefits from companies at the expense of shareholders (Rau & Yu, 2023).

ESG Testing performance before being moderated by the CSR committee on accounting performance (ROA) has a positive and significant effect, but on market performance (Tobin's Q) the effect is negative and not significant. These findings also show that corporate environmental and social responsibility activities are considered costs and reduce revenue(Čater et al., 2023). Involvement in environmental and social responsibility activities is only an investment that reflects a company's long-term commitment to corporate sustainability (Čater et al., 2023).

This research also shows that ESG performance after being moderated by the CSR committee on ROA and tobin's Q has a positive and insignificant effect, supported by research (Endrikat et al., 2021), (Velte & Stawinoga, 2020), and (Baraibar-Diez & Odriozola, 2019). The existence of a CSR committee will reduce information asymmetry for companies and stakeholders, because the CSR committee, although not significantly moderating, is still positive regarding environmental, social and governance performance . Thus, companies use CSR committees to create the impression that the CSR activities carried out by the company are operating in the right way to meet the expectations of environmental and social preservation of society, but not yet the return on company assets (Arayssi & Jizi, 2023).

5.4 Conclusion

Research shows that before being moderated by the CSR committee, ESG performance in Indonesian energy sector companies had a positive and significant effect on ROA and has a negative and insignificant effect on tobin's Q. Testing after being moderated by the CSR committee, ESG performance has a positive and insignificant effect on ROA and tobin' Q.

CSR committee does not moderate ESG performance on accounting performance (ROA) and market performance (Tobin's Q). Therefore, the existence of a CSR committee in energy sector companies is only a tool to creating the impression that the company only operates in a way that meets the expectations of preserving the environment, social community, relationships with shareholders, workforce and customers, not increasing returns on assets and market performance.

The findings of this research prove that sustainability reporting is not the main commitment to measure sustainability performance by the energy sector in Indonesia. This is indicated by the large number of energy companies in Indonesia that are not committed to sustainability reporting practices and producing sustainability reports (Sebrina et al., 2023). There are various variations in the implementation of sustainability reporting obligations. However, there is no procedure for implementing rewards and punishments for those who do not report non-financial information. This means that the Indonesian government must design strict mechanisms or regulations so that companies can commit to sustainability reporting. The limitations of this research are only examining the energy sector in Indonesia, other researchers can use all sectors companies in Indonesia and financial performance such as ROE and EPS.

REFERENCES

1) AlAjmi, J., Buallay, A., & Saudagaran, S. (2023). Corporate social responsibility disclosure and banks' performance: the role of economic performance and institutional quality. *International Journal of Social Economics*, *50*(3), 359–376. https://doi.org/10.1108/IJSE-11-2020-0757
2) Alazzani, A., Wan-Hussin, W. N., & Jones, M. (2019). Muslim CEO, women on boards and corporate responsibility reporting: some evidence from Malaysia. *Journal of Islamic Accounting and Business Research*, *10*(2), 274–296. https://doi.org/10.1108/JIABR-01-2017-0002
3) Al-Haddad, L. M., Saidat, Z., Seaman, C., & Gerged, A. M. (2023). Does capital structure matter? Evidence from family-owned firms in Jordan. *Journal of Family Business Management*, *ahead-of-print*(ahead-of-print). https://doi.org/10.1108/JFBM-09-2022-0115
4) Alsayegh, M. F., Rahman, R. A., & Homayoun, S. (2020). Corporate economic, environmental, and social sustainability performance transformation through ESG disclosure. *Sustainability (Switzerland)*, *12*(9). https://doi.org/10.3390/su12093910
5) Amran, A., Lee, S., & Devi, S. (2013). Amran, A., Lee, S. P. and S.Susela Devi (2013), The Influence of Governance Structure and Strategic Corporate Social Responsibility Toward Sustainability Reporting Quality. Bus. Strat. Env. *Business Strategy and the Environment*, *early view*. https://doi.org/10.1002/bse.1767.
6) Amran, A., Lee, S. P., & Devi, S. S. (2014). The Influence of Governance Structure and Strategic Corporate Social Responsibility Toward Sustainability Reporting Quality. *Business Strategy and the Environment*, *23*(4), 217–235. https://doi.org/10.1002/bse.1767
7) Arayssi, M., & Jizi, M. (2023). Royal family board directors and the level of ESG disclosures in GCC listed firms. *Journal of Accounting & Organizational Change*, *ahead-of-print*(ahead-of-print). https://doi.org/10.1108/JAOC-08-2022-0123
8) Atu, O.-E., & Osaretin, K. (2013). *Triple Bottom Line Accounting: A Conceptual Expose* (Vol. 13, Issue 4). www.iosrjournals.orgwww.iosrjournals.org
9) Baraibar-Diez, E., & Odriozola, M. D. (2019). CSR committees and their effect on ESG performance in UK, France, Germany, and Spain. *Sustainability (Switzerland)*, *11*(18). https://doi.org/10.3390/su11185077
10) Baraibar-Diez, E., Odriozola, M. D., & Fernández Sánchez, J. L. (2019). Sustainable compensation policies and its effect on environmental, social, and governance scores. *Corporate Social Responsibility and Environmental Management*, *26*(6), 1457–1472. https://doi.org/10.1002/csr.1760
11) Bătae, O. M., Dragomir, V. D., & Feleagă, L. (2021). The relationship between environmental, social, and financial performance in the banking sector: A European study. *Journal of Cleaner Production*, *290*. https://doi.org/10.1016/j.jclepro.2021.125791
12) Beleneși, M., Bogdan, V., & Popa, D. N. (2021). Disclosure dynamics and non-financial reporting analysis. The case of romanian listed companies. *Sustainability (Switzerland)*, *13*(9). https://doi.org/10.3390/su13094732
13) Bifulco, G. M., Savio, R., Paolone, F., & Tiscini, R. (2023). The CSR committee as moderator for the ESG score and market value. *Corporate Social Responsibility and Environmental Management*, *30*(6), 3231–3241. https://doi.org/10.1002/csr.2549
14) Biswas, P. K., Mansi, M., & Pandey, R. (2018). Board composition, sustainability committee and corporate social and environmental performance in Australia. *Pacific Accounting Review*, *30*(4), 517–540. https://doi.org/10.1108/PAR-12-2017-0107
15) Buallay, A. (2020). Sustainability reporting and firm's performance: Comparative study between manufacturing and banking sectors. *International Journal of Productivity and Performance Management*, *69*(3), 431–445. https://doi.org/10.1108/IJPPM-10-2018-0371
16) Carmo, C., Correia, I., Leite, J., & Carvalho, A. (2023). Towards the Voluntary Adoption of Integrated Reporting: Drivers, Barriers, and Practices. *Administrative Sciences*, *13*(6). https://doi.org/10.3390/admsci13060148
17) Čater, T., Čater, B., Milić, P., & Žabkar, V. (2023). Drivers of corporate environmental and social responsibility practices: A comparison of two moderated mediation models. *Journal of Business Research*, *159*. https://doi.org/10.1016/j.jbusres.2023.113652
18) Celentano, A., Lepore, L., Pisano, S., D'Amore, G., & Alvino, F. (2020). The joint effect of board independence and CSR committee on CSR disclosure: Evidence from Italian listed companies. *Corporate Ownership and Control*, *17*(4, Special Issue), 319–328. https://doi.org/10.22495/cocv17i4siart9

19) Certo, S. T., Busenbark, J. R., Woo, H. S., & Semadeni, M. (2016). Sample selection bias and Heckman models in strategic management research. *Strategic Management Journal*, *37*(13), 2639–2657. https://doi.org/10.1002/smj.2475
20) Daniel-Vasconcelos, V., Ribeiro, M. de S., & Crisóstomo, V. L. (2022). Does gender diversity moderate the relationship between CSR committees and Sustainable Development Goals disclosure? Evidence from Latin American companies. *RAUSP Management Journal*, *57*(4), 434–456. https://doi.org/10.1108/RAUSP-02-2022-0063
21) Deegan, C. (2007). *Organizational legitimacy as a motive for sustainability reporting*.
22) Deegan, C. M. (2019). Legitimacy theory: Despite its enduring popularity and contribution, time is right for a necessary makeover. *Accounting, Auditing and Accountability Journal*, *32*(8), 2307–2329. https://doi.org/10.1108/AAAJ-08-2018-3638
23) Dkhili, H. (2023). Does environmental, social and governance (ESG) affect market performance? The moderating role of competitive advantage. *Competitiveness Review: An International Business Journal*, *ahead-of-print*(ahead-of-print). https://doi.org/10.1108/CR-10-2022-0149
24) Eccles, R., Ioannou, I., & Serafeim, G. (2012). The Impact of Corporate Culture of Sustainability on Corporate Behavior and Performance. *SSRN Electronic Journal*. https://doi.org/10.2139/ssrn.1964011
25) Endrikat, J., de Villiers, C., Guenther, T. W., & Guenther, E. M. (2021). Board Characteristics and Corporate Social Responsibility: A Meta-Analytic Investigation. *Business and Society*, *60*(8), 2099–2135. https://doi.org/10.1177/0007650320930638
26) Freeman, R. (2004). The Stakeholder Approach Revisited. *Zeitschrift Für Wirtschafts- Und Unternehmensethik*, *5*. https://doi.org/10.5771/1439-880X-2004-3-228
27) García-Sánchez, I. M., Gómez-Miranda, M. E., David, F., & Rodríguez-Ariza, L. (2019). The explanatory effect of CSR committee and assurance services on the adoption of the IFC performance standards, as a means of enhancing corporate transparency. *Sustainability Accounting, Management and Policy Journal*, *10*(5), 773–797. https://doi.org/10.1108/SAMPJ-09-2018-0261
28) Giannopoulos, G., Kihle Fagernes, R. V., Elmarzouky, M., & Afzal Hossain, K. A. B. M. (2022). The ESG Disclosure and the Financial Performance of Norwegian Listed Firms. *Journal of Risk and Financial Management*, *15*(6), 237. https://doi.org/10.3390/jrfm15060237
29) Gillan, S. L., Koch, A., & Starks, L. T. (2021). Firms and social responsibility: A review of ESG and CSR research in corporate finance. *Journal of Corporate Finance*, *66*. https://doi.org/10.1016/j.jcorpfin.2021.101889
30) Guidry, R. P., & Patten, D. M. (2012). Voluntary disclosure theory and financial control variables: An assessment of recent environmental disclosure research. *Accounting Forum*, *36*(2), 81–90. https://doi.org/10.1016/j.accfor.2012.03.002
31) Gull, A. A., Ahsan, T., Qureshi, M. A., & Mushtaq, R. (2023). Striving to safeguard shareholders or maintain sustainability in periods of high uncertainty: A multi-country evidence. *Technological Forecasting and Social Change*, *188*, 122183. https://doi.org/https://doi.org/10.1016/j.techfore.2022.122183
32) Hanafi, M. M., Setiyono, B., & Sanjaya, I. P. S. (2018). Ownership structure and firm performance: evidence from the subprime crisis period. *Corporate Governance (Bingley)*, *18*(2), 206–219. https://doi.org/10.1108/CG-10-2016-0203
33) Hapsoro, D., & Fadhilla, A. (2017). Relationship Analysis of Corporate Governance, Corporate Social Responsibility Disclosure and Economic Consequences: Empirical Study of Indonesia Capital Market. *The South East Asian Journal of Management*, *11*. https://doi.org/10.21002/seam.v11i2.8526
34) Huang, D. Z. X. (2021). Environmental, social and governance (ESG) activity and firm performance: a review and consolidation. *Accounting and Finance*, *61*(1), 335–360. https://doi.org/10.1111/acfi.12569
35) Hussain, N., Rigoni, U., & Orij, R. P. (2018). Corporate Governance and Sustainability Performance: Analysis of Triple Bottom Line Performance. *Journal of Business Ethics*, *149*(2), 411–432. https://doi.org/10.1007/s10551-016-3099-5
36) Kent, P., & Ung, K. (2003). Voluntary Disclosure of Forward-Looking Earnings Information in Australia. In *© The Australian Graduate School of Management AUSTRALIAN JOURNAL OF MANAGEMENT* (Vol. 28, Issue 3).
37) Kim, S., & Li, Z. (2021). Understanding the impact of esg practices in corporate finance. *Sustainability (Switzerland)*, *13*(7). https://doi.org/10.3390/su13073746
38) Lee, S. M., Kim, S. T., & Choi, D. (2012). Green supply chain management and organizational performance. *Industrial Management & Data Systems*, *112*(8), 1148–1180. https://doi.org/10.1108/02635571211264609
39) Liao, L., Luo, L., & Tang, Q. (2015). Gender diversity, board independence, environmental committee and greenhouse gas disclosure. *British Accounting Review*, *47*(4), 409–424. https://doi.org/10.1016/j.bar.2014.01.002

40) Liu, G., & Sun, J. (2010). Ultimate ownership structure and corporate disclosure quality: evidence from China. *Managerial Finance*, *36*(5), 452–467. https://doi.org/10.1108/03074351011039409
41) Lu, Y., Abeysekera, I., & Cortese, C. (2015). Corporate social responsibility reporting quality, board characteristics and corporate social reputation: Evidence from China. *Pacific Accounting Review*, *27*(1), 95–118. https://doi.org/10.1108/PAR-10-2012-0053
42) Martínez-Climent, C., Zorio grima, A., & Ribeiro-Soriano, D. (2018). Financial return crowdfunding: literature review and bibliometric analysis. *International Entrepreneurship and Management Journal*, *14*. https://doi.org/10.1007/s11365-018-0511-x
43) Morioka, S. N., Evans, S., & Carvalho, M. M. De. (2016). Sustainable Business Model Innovation: Exploring Evidences in Sustainability Reporting. *Procedia CIRP*, *40*, 659–667. https://doi.org/10.1016/j.procir.2016.01.151
44) Nishitani, K., Unerman, J., & Kokubu, K. (2021). Motivations for voluntary corporate adoption of integrated reporting: A novel context for comparing voluntary disclosure and legitimacy theory. *Journal of Cleaner Production*, *322*. https://doi.org/10.1016/j.jclepro.2021.129027
45) Nollet, J., Filis, G., & Mitrokostas, E. (2015). Corporate social responsibility and financial performance: A non-linear and disaggregated approach. *Economic Modelling*, *52*. https://doi.org/10.1016/j.econmod.2015.09.019
46) Plumlee, M., Brown, D., Hayes, R. M., & Marshall, R. S. (2015). Voluntary environmental disclosure quality and firm value: Further evidence. *Journal of Accounting and Public Policy*, *34*(4), 336–361. https://doi.org/10.1016/j.jaccpubpol.2015.04.004
47) Popa, D. N., Bogdan, V., Sabau Popa, C. D., Belenesi, M., & Badulescu, A. (2021). Performance mapping in two-step cluster analysis through ESEG disclosures and EPS. *Kybernetes*, *51*(13), 98–118. https://doi.org/10.1108/K-08-2021-0672
48) Qiu, S. (Charles), Jiang, J., Liu, X., Chen, M. H., & Yuan, X. (2021). Can corporate social responsibility protect firm value during the COVID-19 pandemic? *International Journal of Hospitality Management*, *93*. https://doi.org/10.1016/j.ijhm.2020.102759
49) Qiu, Y., Shaukat, A., & Tharyan, R. (2016). Environmental and social disclosures: Link with corporate financial performance. *British Accounting Review*, *48*(1), 102–116. https://doi.org/10.1016/j.bar.2014.10.007
50) Rau, P. R., & Yu, T. (2023). A survey on ESG: investors, institutions and firms. In *China Finance Review International*. Emerald Publishing. https://doi.org/10.1108/CFRI-12-2022-0260
51) Ren, C., Ting, I. W. K., Lu, W.-M., & Kweh, Q. L. (2022). Nonlinear effects of ESG on energy-adjusted firm efficiency: Evidence from the stakeholder engagement of apple incorporated. *Corporate Social Responsibility and Environmental Management*, *29*(5), 1231–1246. https://doi.org/https://doi.org/10.1002/csr.2266
52) Rezaee, Z. (2017). Voluntary disclosure of non-financial information and its association with sustainability performance. *Advances in Accounting*, *39*, 47–59. https://doi.org/10.1016/j.adiac.2017.08.001
53) Ruan, L., & Liu, H. (2021). Environmental, social, governance activities and firm performance: evidence from China. *Sustainability (Switzerland)*, *13*(2), 1–16. https://doi.org/10.3390/su13020767
54) Saeed, A., Noreen, U., Azam, A., & Tahir, M. S. (2021). Does csr governance improve social sustainability and reduce the carbon footprint: International evidence from the energy sector. *Sustainability (Switzerland)*, *13*(7). https://doi.org/10.3390/su13073596
55) Saini, N., & Singhania, M. (2019). Performance relevance of environmental and social disclosures: The role of foreign ownership. *Benchmarking*, *26*(6), 1845–1873. https://doi.org/10.1108/BIJ-04-2018-0114
56) Sánchez-Infante Hernández, J. P., Yañez-Araque, B., & Moreno-García, J. (2020). Moderating effect of firm size on the influence of corporate social responsibility in the economic performance of micro-, small- and medium-sized enterprises. *Technological Forecasting and Social Change*, *151*. https://doi.org/10.1016/j.techfore.2019.119774
57) 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 and Management*, *10*(1). https://doi.org/10.1080/23311975.2022.2157975
58) *Sektor Energi – LCDI*. (2020).
59) Shobhwani, K., & Lodha, S. (2023). Impact of ESG Risk Scores on Firm Performance: An Empirical Analysis of NSE-100 Companies. *Asia-Pacific Journal of Management Research and Innovation*, *19*(1), 7–18. https://doi.org/10.1177/2319510X231170910
60) Silveira, G., & Slack, N. (2001). Exploring the trade-off concept. In *International Journal of Operations & Production Management* (Vol. 21, Issue 7). # MCB University Press. http://www.emerald-library.com/ft

61) Subramanyam, K. R. and J. J. W. (2017). *Financial Report Analysis Book 3. Translated by Dewi Yanti*. Salemba Empat.
62) Usman, B., Nurazi, R., Zoraya, I., & Aziza, N. (2023). CSR Performance and Profitability of the Banking Industry in Southeast Asia Nations (ASEAN). In *Capital Markets Review* (Vol. 31, Issue 2). https://www.mfa.com.my/cmr/v31_i2_a3/
63) Velte, P., & Stawinoga, M. (2017). Integrated reporting: The current state of empirical research, limitations and future research implications. *Journal of Management Control*, *28*(3), 275–320. https://doi.org/10.1007/s00187-016-0235-4
64) Velte, P., & Stawinoga, M. (2020). Do chief sustainability officers and CSR committees influence CSR-related outcomes? A structured literature review based on empirical-quantitative research findings. *Journal of Management Control*, *31*(4), 333–377. https://doi.org/10.1007/s00187-020-00308-x
65) Vishwanathan, P., van Oosterhout, H., Heugens, P. P. M. A. R., Duran, P., & van Essen, M. (2020). Strategic CSR: A Concept Building Meta-Analysis. *Journal of Management Studies*, *57*(2), 314–350. https://doi.org/10.1111/joms.12514
66) Wang, Z., & Sarkis, J. (2017). Corporate social responsibility governance, outcomes, and financial performance. *Journal of Cleaner Production*, *162*, 1607–1616. https://doi.org/10.1016/j.jclepro.2017.06.142
67) Wolfolds, S. E., & Siegel, J. (2019). Misaccounting for endogeneity: The peril of relying on the Heckman two-step method without a valid instrument. *Strategic Management Journal*, *40*(3), 432–462. https://doi.org/10.1002/smj.2995
68) Xie, J., Nozawa, W., Yagi, M., Fujii, H., & Managi, S. (2019). Do environmental, social, and governance activities improve corporate financial performance? *Business Strategy and the Environment*, *28*(2), 286–300. https://doi.org/10.1002/bse.2224
69) Zhang, F., Qin, X., & Liu, L. (2020). The interaction effect between ESG and green innovation and its impact on firm value from the perspective of information disclosure. *Sustainability (Switzerland)*, *12*(6). https://doi.org/10.3390/su12051866
70) Zhang, Q., Loh, L., & Wu, W. (2020). How do environmental, social and governance initiatives affect innovative performance for corporate sustainability? *Sustainability (Switzerland)*, *12*(8). https://doi.org/10.3390/SU12083380