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The Mediating Role of Sustainability Reports on the Influence of Good Corporate Governance (GCG) and Profitability in Improving Company Sustainability Performance

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ABSTRACT

This study examines the role of sustainability reports in mediating the relationship between good corporate governance (GCG) and profitability on corporate sustainability performance. The independent variables in this study are GCG and profitability, with sustainability reports as the mediating variable, and sustainability performance as the dependent variable. The study population consisted of companies included in the IDX30 index for the 2021–2024 period. Sample selection employed a purposive sampling method with specific criteria, resulting in 115 observations. Data analysis was conducted using panel regression and the Sobel mediation test with the assistance of Stata software version 17. The results show that GCG has a significant positive effect on sustainability reports. Meanwhile, profitability has a significant negative effect on sustainability reports. Conversely, GCG has a significant negative effect on sustainability performance, while profitability has a significant positive effect on sustainability performance. Sustainability reports have proven to have no significant effect on sustainability performance and do not act as a mediator in the relationship between GCG and profitability on sustainability performance. For academics, the results of this study can serve as a reference in developing research related to sustainability performance by adding variables and expanding sample coverage. For companies, these findings emphasize the importance of improving the quality and relevance of sustainability reports. The government can use these results to strengthen regulations related to sustainability reporting, while investors can consider GCG implementation and sustainability reporting in investment decisions.

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INTRODUCTION

Sustainability issues have become a key agenda in modern business practices. Companies are not only required to generate profits but also to carry out activities that are environmentally and socially responsible (Sugiyono, 2019). This encourages companies to demonstrate their commitment to sustainability concretely, not only through reporting but also through measurable performance achievements. The concept of sustainability performance refers to the extent to which a company can achieve its economic goals while fulfilling its social responsibilities and preserving the environment (Ching et al., 2017).

This reflects a shift in stakeholder orientation, which is now more concerned with the long-term sustainability of the company (Suprianto et al., 2023; Wahyudin & Solikhah, 2017; Wooldridge, 2011). Cases such as the Lapindo mudflow disaster involving PT Lapindo Brantas Inc. demonstrate how non-financial performance significantly determines

public perception and corporate reputation. Furthermore, the environmental crisis caused by air pollution and the El Niño phenomenon adds to the urgency of implementing ESG strategies in the business world. The Indonesian Ministry of Health also noted that cases of acute respiratory infections (ARI) in the Greater Jakarta area increased from 99,130 in May 2023 to 102,475 in June 2023 due to worsening air quality (Chelsya, 2025).

The Russia-Ukraine conflict also triggered disruptions to global food supplies, including wheat, impacting national food security (Darmawan et al., 2023). These phenomena reinforce the importance of accountable ESG reporting as a tangible manifestation of corporate responsibility for social and environmental sustainability.

Studies on sustainability performance indicate that the implementation of corporate governance mechanisms supports sustainability practices (Hussain et al., 2018). Companies that implement good corporate governance are more likely to act in accordance with social values and applicable regulations to maintain legitimacy in the public eye. GCG establishes a decision-making structure and oversight system that is transparent, accountable, and oriented toward stakeholder interests (Rahaditama, 2022; Yunan et al., 2021). Research by Rashid & Kabir (2025) and Octavio et al. (2025) shows that corporate governance has a significant positive effect on sustainability performance. Appiagyei et al. (2023) also found that the implementation of good corporate governance improves the quality of sustainability disclosure, ultimately reflecting improved sustainability outcomes.

Good corporate governance not only influences strategic decision-making processes but also encourages companies to communicate their responsibilities more transparently through sustainability reports. The GCG principles of transparency, accountability, responsibility, independence, and fairness naturally require companies to provide relevant, reliable, and easily accessible non-financial information to stakeholders. Alsayegh et al. (2023) showed that the quality of GCG mechanisms positively impacts the breadth and depth of global companies' sustainability reports. Similar findings were demonstrated by Hussain et al. (2018) in the context of US companies, where effective boards of directors and active audit committees were shown to increase the disclosure of sustainability information.

Another factor influencing sustainability performance is profitability. Companies with high profitability have greater financial capacity to support sustainability programs and invest in environmentally and socially friendly practices. This aligns with research by Ghosh et al. (2023), which found that profitability positively impacts environmental sustainability. Similar findings were demonstrated by Chouaibi et al. (2022), who found that companies with strong financial performance receive greater public scrutiny and are more motivated to demonstrate sustainability performance to mitigate reputational risk.

Sustainability reports also play a crucial role as a means of external communication and serve as a management control tool for periodically monitoring and evaluating sustainability achievements (Traxler et al., 2023). Appiagyei et al. (2023) state that systematically prepared sustainability reports can increase public trust and encourage structured sustainability achievement.

Although various studies demonstrate that good corporate governance and profitability play a crucial role in driving sustainability achievement, empirical findings regarding their influence on sustainability performance remain inconsistent. Research conducted by Maali

et al. (2021) indicates that good corporate governance has a positive effect on sustainability performance. However, a study by Tjahjadi et al. (2021) found that the size and educational background of the Board of Commissioners and Top Management negatively impact sustainability performance.

Inconsistent research findings also apply to profitability. Ghosh et al. (2023) found that profitability has a positive effect on sustainability performance. Conversely, Millenia & Raharjo (2024) argue that profitability has no effect on sustainability performance; companies that focus too much on profit tend to neglect social and environmental responsibilities.

The inconsistency of previous research results indicates that the relationship between GCG and profitability on sustainability performance is likely mediated by a mediating variable. One variable suspected of playing a mediating role in this relationship is the sustainability report. Sustainability reports serve as a means for companies to communicate sustainability initiatives (Girón et al., 2021).

Appiagyei et al. (2023) state that companies that actively prepare high-quality sustainability reports are more disciplined in implementing sustainability activities, thus being more likely to achieve high sustainability performance. Rahmat (2022) states that companies with high profitability tend to prepare broader and more in-depth sustainability reports, which serve as the basis for achieving sustainability. Therefore, sustainability reports are viewed as an institutional mechanism that can bridge the link between corporate governance structure and financial performance with actual sustainability outcomes. Examining the mediating role of sustainability reports is important to further explain the dynamics of the relationship between GCG, profitability, and sustainability performance in the context of Indonesian companies, as well as to enrich the literature, which is still limited to direct models.

This provides a new perspective on the relationship between corporate governance success, corporate financial performance, and sustainability performance, including disclosure. Therefore, to address this gap, this study contributes to the literature by examining whether sustainability reporting mediates the relationship between good corporate governance and profitability on sustainability performance in IDX30-indexed companies from 2021 to 2024.

METHOD

Based on the research objectives, this study was categorized as explanatory research, aimed at uncovering and explaining cause-and-effect relationships between the variables studied, particularly between dependent and independent variables (Sekaran & Bougie, 2017). This study also employed a quantitative approach, collecting data from financial and non-financial reports, including sustainability reports, annual reports, and financial statements of companies listed on the IDX30 from 2021 to 2024. The population consisted of 120 companies listed on the IDX30 during this period. The sample was selected using purposive sampling, based on predetermined criteria (Sekaran & Bougie, 2017).

RESULTS AND DISCUSSION

Model Fit Test Results

Simultaneous Significance Test Results (F Test)

The F test is used to determine the overall significant influence of the independent variables on the dependent variable. The p-value is compared with a significance level of α = 0.05. If the p-value is > 0.05, H0 is accepted and Ha is rejected. This means that the independent variables collectively have no effect on the dependent variable. Conversely, if the p-value is < 0.05, H0 is rejected and Ha is accepted. This means that the independent variables collectively have a significant effect on the dependent variable (Sekaran & Bougie, 2017). The results of the F test for Model 1 are presented in the following table.

Table 1. F Test Results for Model 1

Cross-sectional time-series FGLS regression
Coefficients: generalized least squares
Panels: homoskedastic
Correlation: no autocorrelation

Estimated covariances		= 1	Number of obs	=	115
Estimated autocorrelations		= 0	Number of groups	=	40
Estimated coefficients		= 42	Obs per group:		
			min	=	1
			avg	=	2.875
			max	=	4
			Wald chi2(41)	=	391.74
Log likelihood	=	50.81154	Prob > chi2	=	0.0000

Sumber: Data sekunder yang diolah, 2025

The Prob value > Chi2 of 0.0000 is less than the 0.05 significance level, indicating that GCG and Profitability simultaneously have a significant effect on sustainability reporting.

The results of the F-test for Model 2 can be seen in Table 1. Table 1 shows that the F-test result for Model 2 has a Prob value > Chi2 of 0.0000, less than 0.05. Therefore, it can be concluded that GCG, Profitability, and Sustainability Reporting variables jointly influence Sustainability Performance.

Results of the Coefficient of Determination Test (Adjusted R2)

The coefficient of determination (R2) is a statistical measure used in regression analysis to determine the proportion of variation in the dependent variable that can be explained by the independent variables (Sekaran & Bougie, 2017). R2 has a value between 0 and 1. A higher R2 indicates a better explanation of the variation in the dependent variable by the independent variables in the regression model (Sekaran & Bougie, 2017). The results of the coefficient of determination test for Model 1 are presented in Table 2.

Table 2. Results of the Coefficient of Determination Test for Model 1

Fixed-effects (within) regression Number of obs = 115
Group variable: id_numeric Number of groups= 40
R-squared: Obs per group:
Within = 0.1671 min = 1
Between = 0.0045 avg = 2.9
Overall = 0.0171 max = 4
F(2,73) = 7.32
corr(u_i, Xb) = -0.6174 Prob > F= 0.0013

ln_sr	Coefficient	Std. err.	t	P>|t|	[95% conf.interval]	
ln_gcg	2.798386	1.151376	2.43	0.018	.5036966	5.093076
ln_roa	-.0999846	.0382842	-2.61	0.011	-.176285	-.0236842
_cons	-.4781443	.1920506	-2.49	0.015	-.8609006	-.0953881
sigma_u	.38617484					
sigma_e	.19523688					
Rho	.79643388	(fraction of variance due to u_i)				

F test that all u_i=0: F(39, 73) = 5.26 Prob > F = 0.0000

Source: Processed secondary data, 2025

Table 2. The results of the coefficient of determination (Adjusted R2) test for Model 1 show an overall R-squared value of 0.0171. This means that overall, the Sustainability Report variable can be explained by the GCG and Profitability variables by 1.71%. However, within a single company, from year to year, the Sustainability Report variable can be explained by the GCG and Profitability variables by 16.71%, according to the R-squared value within.

The results of the coefficient of determination (Adjusted R2) test for Model 2 in this study are presented in Table 4.15. Referring to the overall R-squared value in Table 4.15, the Adjusted R2 value is 0.2630. This means that the Good Corporate Governance (GCG), Profitability, and Sustainability Report (SR) variables can explain 26.3% of the variation in the Sustainability Performance variable (SGR).

Hypothesis Testing Results

Partial Significance Test Results (t-Test)

The t-test was used to determine the effect. The ln_gcg coefficient of 2.798 indicates that a 1% increase in the GCG score will increase the sustainability report disclosure index by 2.798.

The ln_gcg variable shows a calculated t-value of 2.72, greater than 1.66, and a p-value of 0.0010, less than 0.05. This means that t-value is greater than t-table and p-value is <0.05, thus H0 is rejected and H1 is accepted. The ln_gcg coefficient of 2.798 indicates a positive trend. Therefore, it can be concluded that Good Corporate Governance (GCG) has a significant positive effect on sustainability reporting.

1. The Effect of Profitability on Sustainability Reporting

   The panel regression results using the fixed effects model (FEM) show that the ln_roa coefficient is -0.100, indicating that a 1% increase in profitability will decrease the sustainability report disclosure index by 0.100%.

The ln_roa variable shows a calculated t-value of 2.18, greater than 1.66, and a p-value of 0.035, less than 0.05. This means that t-value is greater than t-table and p-value <0.05 indicates a significant effect of profitability on sustainability reporting. The ln_roa coefficient of -0.100 indicates a negative trend. Therefore, H1 is rejected, and it can be concluded that the profitability variable has a significant negative effect on sustainability reporting.

2. The Effect of Good Corporate Governance (GCG) on Sustainability Performance

Based on the panel regression results in Table 4.15 using the Random Effects Model (REM) approach, the Good Corporate Governance (GCG) coefficient is -0.2937, indicating that every 1% increase in a company's GCG index will result in a 0.2937% decrease in sustainability performance.

The P value > z of 0.01 is below the significance threshold of 0.05. This indicates that GCG has a significant effect on sustainability performance. Since the GCG coefficient is negative, it can be concluded that GCG has a significant negative effect on sustainability performance, thus H_0 is accepted and H_1 is rejected.

3. The Effect of Profitability on Sustainability Performance

Table 1. shows the panel regression results using the Random Effects Model (REM) method, with sustainability performance as the dependent variable, presenting a profitability coefficient (ROA) of 0.5204. This means that every 1% increase in company profitability will result in a 0.5204% increase in sustainability performance.

The P > z value of 0.000 is below the 0.05 significance level. Therefore, H_0 is rejected and H_1 is accepted, indicating that Profitability has a significant effect. Since the coefficient value for Profitability is positive, it can be concluded that profitability has a positive and significant effect on sustainability performance.

4. The Effect of Sustainability Reports on Sustainability Performance

Table 1 presents the results of a panel regression using the Random Effects Model (REM) approach, with sustainability performance as the dependent variable. The coefficient for the sustainability report (SR) variable is 0.0002, indicating that every 1% increase in a company's sustainability report index will lead to a 0.0002 increase in sustainability performance.

The probability value (P > z) of 0.994 is significantly greater than the 0.05 significance level, so the null hypothesis (H_0) is accepted and the alternative hypothesis (H_1) is rejected. This indicates that sustainability reports do not have a significant effect on sustainability performance. Because the coefficient value of the sustainability report is positive, it can be concluded that the sustainability report has a positive but insignificant influence on the company's sustainability performance.

Sobel Test Results

Calculations using the Sobel formula were performed to test whether Good Corporate Governance (GCG) and Profitability influence sustainability performance through sustainability reporting as a mediating variable. When plotted, a relationship model is formed.

Figure 1. represents the combined results of the first and second regression models, which then form two path analysis models with sustainability reporting as the mediating variable. Therefore, sustainability reporting also plays two mediating roles: the mediating role of sustainability reporting on the relationship between Good Corporate Governance (GCG) and Sustainability Performance, and the mediating role of sustainability reporting on the relationship between profitability and sustainability performance. The z-values calculated from the Sobel test are as follows:

1.) Sobel test calculation: Model 1 (GCG → sustainability reporting → Sustainability Performance)

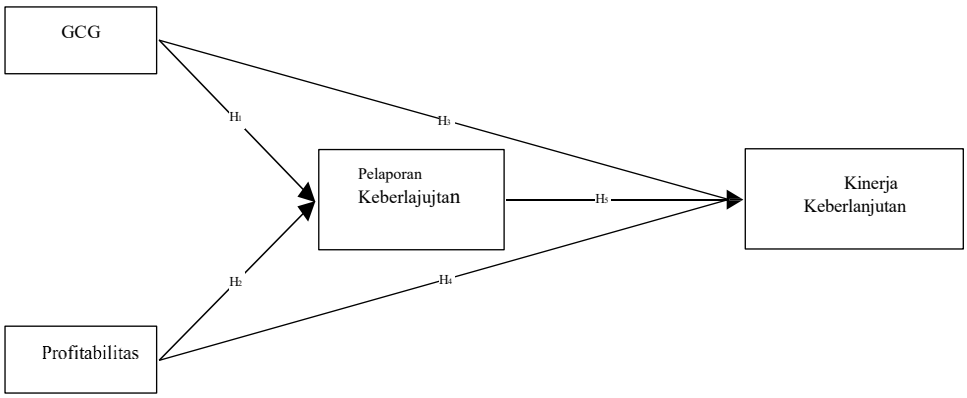


Figure 1. Mediation Model

a = 0,6693308
SEa = 0,3056842
b = 0,0265582
SEb = 0,0373966

$$Z = \frac{ab}{\sqrt{(b^2SE_a^2)+(a^2SE_b^2)}}$$

$$Z = \frac{0{,}6693308\ .\ 0{,}0265582}{\sqrt{((0{,}0265582)^2.(0{,}3056842)^2\ )+\left((0{,}6693308)^2.\ (0{,}0373966)^2\ \right)}}$$

Z = 0,675533596

Based on the Sobel test calculation, the z-value was 0.6755. Because this value is less than 1.96 at the 5% significance level, it can be concluded that sustainability reporting does not act as a mediator in the relationship between GCG and sustainability performance.

2.) Sobel test calculation Model 2 (Profitability → Sustainability Report → Sustainability

Performance)

a = 0,337731
SEa = 0,2300994
b = -0,0179606
SEb = 0,0321135

$$Z = \frac{ab}{\sqrt{(b^2SE_a^2)+(a^2SE_b^2)}}$$

$$Z = \frac{0{,}337731\ .\ (-0{,}0179606)}{\sqrt{((-0{,}0179606)^2.(0{,}2300994)^2\ )+\left((0{,}337731)^2.\ (0{,}0321135)^2\ \right)}}$$

$$Z = -0{,}52263$$

Based on the Sobel Model 2 test, the z-value was -0.52263. Because this value is less than 1.96 at the 5% significance level, it can be concluded that sustainability reporting does not act as a mediator in the relationship between profitability and sustainability performance. This is in line with the results of the t-test on sustainability reporting and sustainability performance. The t-test results indicate that sustainability reporting has no significant effect on sustainability performance.

Discussion

The results of this study examine the mediating role of sustainability reporting on the influence of Good Corporate Governance (GCG) and Profitability in improving sustainability performance in public companies listed on the Indonesia Stock Exchange (IDX) indexed by the IDX30 in 2021-2024. The following discussion examines the influence of each variable:

The Effect of Good Corporate Governance (GCG) on Sustainability Reporting

The results of the t-test indicate that the GCG regression coefficient is 2.798, with a positive direction and a significance value of 0.010, below the 0.05 threshold. This indicates that GCG has a significant positive effect on sustainability reporting. This finding supports the hypothesis that GCG has a significant positive effect on sustainability reporting, and therefore, the hypothesis is accepted.

The results of this study align with legitimacy theory, which explains that the primary motivation for companies to adopt GCG practices and disclose sustainability reports is to gain, maintain, or improve their legitimacy in the eyes of the public. Companies facing greater legitimacy pressures tend to adopt stronger GCG practices and produce more comprehensive sustainability reports (Al-Qudah & Houcine, 2024). This theory explains that the relationship between GCG and sustainability reporting is not simply a matter of compliance or performance, but also a strategy to gain and maintain social acceptance, which is crucial for a company's long-term sustainability.

The findings of this study are consistent with previous studies conducted by Appiagyei et al. (2023), Alkurdi et al. (2024), Alsayegh et al. (2023), Chouaibi et al. (2022), Kristianingrum et al. (2022a), and Rahmat (2022b), which concluded a positive relationship between the implementation of Good Corporate Governance (GCG) and sustainability reporting. However, these results contradict research by Ekaputri & Eriandani (2022), which stated that the proportion of independent commissioners and board experience actually have a negative and significant effect on the quality of sustainability reports.

The Effect of Profitability on Sustainability Reports

Based on the results of the hypothesis test using the t-test, the regression coefficient for the profitability variable was -2.18, indicating a negative relationship, with a significance value of 0.035, which is below the 0.05 level. This finding indicates that profitability has a significant negative effect on sustainability reporting. This result contradicts the proposed hypothesis, which assumed a positive and significant relationship between profitability and sustainability reporting.

The findings of this study contradict the legitimacy theory, which assumes that companies with high profitability are motivated to prepare sustainability reports not solely because they possess resources, but also as an effort to maintain social legitimacy in the public eye. Companies demonstrating high profitability are generally expected to present more comprehensive and high-quality sustainability reports to meet greater societal demands and expectations (Al-Qudah & Houcine, 2024). However, this inconsistent relationship may be due to companies achieving high profits not always making sustainability reporting a strategic priority, instead focusing more on business expansion or dividend distribution. Companies assume that high profitability eliminates the need to disclose sustainability information because stakeholders are already attracted to high profitability. Consequently, attention to sustainability report disclosure is relatively low (Fernanda Viratama et al., 2024).

These results align with research conducted by Amdani et al. (2021) and Fernanda Viratama et al. (2024), which found that profitability has a negative and significant effect on CSR disclosure. However, this finding is inconsistent with previous research conducted by Al-Qudah & Houcine (2024), Ebaid (2023), and Kristianingrum et al. (2022), which stated a positive relationship between a company's profitability and sustainability reporting.

The Influence of Good Corporate Governance (GCG) on Sustainability Performance

Based on the results of the hypothesis test using a t-test, the GCG regression coefficient was -2.937, with a negative relationship and a significance level of 0.010, below the 0.05 level. This indicates that GCG has a significant negative effect on sustainability performance. This finding does not support the initial hypothesis stating a significant positive effect of GCG on sustainability performance, therefore, the hypothesis was rejected.

This result is inconsistent with the initial hypothesis and legitimacy theory. According to legitimacy theory, companies tend to develop sustainability policies and reports that strengthen their legitimate position in the eyes of stakeholders (Elalfy et al., 2020).

This research aligns with research conducted by Tjahjadi et al. (2021) found that the educational background of board commissioners and directors has a significant negative impact on sustainability performance. This indicates that companies tend to focus more on fulfilling formal aspects of governance or regulatory compliance, but have not fully integrated governance principles into concrete sustainability policies. GCG that is not accompanied by a strong understanding of sustainability issues has the potential to hinder corporate innovation and adaptation in responding to environmental and social sustainability dynamics.

However, this study's findings are inconsistent with those of Hussain et al. (2018), which showed that the implementation of corporate governance mechanisms supports sustainability practices. These findings also deviate from the findings of studies conducted by Octavio et al. (2025), Rashid & Kabir (2025), and Maali et al. (2021), which found that corporate governance has a positive impact on sustainability performance.

The Effect of Profitability on Sustainability Performance

Based on the results of the t-test, the regression coefficient for the profitability variable was 0.52, with a positive trend, and a significance level of 0.000, which is lower than the 0.05 threshold. These results indicate that profitability has a significant positive effect on sustainability performance. Thus, this finding supports the research hypothesis that profitability contributes positively and significantly to improving a company's sustainability performance.

This finding is consistent with legitimacy theory, which states that companies with high profits are encouraged to disclose sustainability reports not only because of their financial capacity but also as a form of social responsibility to maintain their image and public acceptance. Companies with high profitability generally face greater social pressure to demonstrate their contributions to sustainability issues, such as environmental conservation, the adoption of green technology, and the implementation of social programs (Al-Qudah & Houcine, 2024).

This research is also supported by the results of previous studies, such as those by Al-Qudah & Houcine (2024) and Ghosh et al. (2023), who also found that profitability has a positive influence on companies' efforts to improve sustainability performance, particularly in environmental and social aspects. However, this study disagrees with previous research conducted by Herawaty (2019), which stated that profitability has no positive effect on sustainability performance.

The Effect of Sustainability Reports on Sustainability Performance

Based on the results of hypothesis testing using a t-test, the regression coefficient for the sustainability report variable was 0.0002, indicating a positive relationship. However, the significance value of 0.994 far exceeds the 0.05 threshold. This finding indicates that sustainability reports do not significantly influence sustainability performance. Therefore, these results do not support the proposed hypothesis, which states a positive and significant relationship between sustainability reports and corporate sustainability performance.

These results also contradict the view in legitimacy theory, which states that sustainability reports are a strategic tool used by companies to demonstrate their compliance and responsibility in meeting social expectations, such as waste management, energy efficiency, and involvement in social issues such as community empowerment. According to Ching et al. (2017), sustainability reports serve not only as a means of external communication but also as a legitimizing instrument that reflects a company's commitment to sustainability principles. By presenting accurate, transparent, and accountable information, this reporting is expected to improve a company's sustainability performance more comprehensively.

Thus, the results of this study do not support the initial hypothesis that sustainability reports have a positive and significant impact on sustainability performance. Although sustainability reports are expected to drive improvements in corporate sustainability performance, the findings of this study indicate that this relationship is not statistically proven. This indicates that for the companies studied, the existence of sustainability reports does not guarantee improved sustainability outcomes in economic, social, or environmental aspects. This situation may reflect that reporting is merely symbolic and not accompanied by systematic improvements in corporate sustainability practices.

Furthermore, this study aligns with the results of Triwacananingrum & Silphianie (2023), which revealed that sustainability reports do not significantly impact corporate financial and non-financial performance. Conversely, these results are inconsistent with a previous study by Appiagyei et al. (2023), which showed that the quality of sustainability reports has a strong influence on achieving corporate sustainability performance.

The Mediating Effect of Sustainability Reports on the Relationship between Good Corporate Governance (GCG) and Sustainability Performance

Based on the results of hypothesis testing using the Sobel test, a z-value of 0.6755 was obtained. Because this value is below the threshold of 1.96 at the 5% significance level, it can be concluded that sustainability reports do not act as a mediator in the relationship between Good Corporate Governance (GCG) and sustainability performance.

This finding indicates that while GCG can directly influence sustainability performance, sustainability reports are not strong enough to significantly mediate this influence. This result reinforces the previous finding in this study, which found that sustainability reports do not significantly influence sustainability performance. This suggests that even though corporate governance has been implemented, it is not automatically reflected in the quality of sustainability reports that can drive sustainability performance. Therefore, greater attention is needed to the quality, relevance, and strategy of preparing sustainability reports to improve corporate sustainability performance.

The Mediating Effect of Sustainability Reports on the Relationship Between Profitability and Sustainability Performance

The results of the hypothesis testing using the Sobel test showed a z-value of -0.52263. Because this value is less than -1.96 at the 5% significance level, it can be concluded that sustainability reports are unable to mediate the relationship between profitability (ROA) and sustainability performance.

This finding indicates that even if a company achieves high profitability, this does not necessarily encourage it to prepare a high-quality sustainability report or use the report as a tool to improve its sustainability performance. Sustainability reports have not yet acted as an effective bridge in translating financial performance into comprehensive sustainability achievements.

This result aligns with previous tests in this study, which found that sustainability reports had no significant effect on sustainability performance. The absence of a mediating effect from sustainability reports may reflect that the preparation of sustainability reports

remains symbolic or merely to meet compliance requirements, rather than an actual representation of a company's sustainability strategy and actions (Alkurdi et al., 2024).

CONCLUSION

This study of IDX30 companies from 2021 to 2024 found that Good Corporate Governance (GCG) positively influenced sustainability reporting, while profitability negatively affected it, indicating that highly profitable firms may prioritize expansion or dividends over disclosure. Contrary to expectations, GCG was negatively associated with sustainability performance, suggesting that governance remains largely compliance-focused rather than integrated into operational sustainability. Profitability, however, positively impacted sustainability performance, reflecting that financial capacity facilitates more substantive sustainability actions. Sustainability reports neither had a significant direct effect on sustainability performance nor mediated the relationships between GCG, profitability, and sustainability performance. These findings suggest that sustainability reporting in this context is largely symbolic and insufficient to drive actual outcomes, whereas profitability more reliably supports improved sustainability performance. Future research should explore how governance and reporting mechanisms can be transformed from formal compliance tools into effective drivers of genuine sustainability improvements.

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