
THE IMPACT OF SUSTAINABILITY REPORTING AND CORPORATE SOCIAL RESPONSIBILITY IMPLEMENTATION ON FINANCIAL PERFORMANCE WITH CORPORATE GOVERNANCE AS AN INTERVENING VARIABLE IN INFRASTRUCTURE SECTOR COMPANIES ON THE INDONESIA STOCK EXCHANGE IN 2021-2024



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Abstract

This study analyzes the Effect of the Implementation of Sustainability Reporting and Corporate Social Responsibility on Financial Performance with Corporate Governance as an Intervening Variable in Infrastructure Sector Companies on the Indonesia Stock Exchange in 2021-2024. The research sample is infrastructure companies listed on the IDX for the 2021-2024 period, totaling 45 companies with 180 observations. The data analysis technique uses panel data regression equations with path analysis. This study obtains several empirical evidences, namely, first, sustainability reporting directly has a negative and significant effect on financial performance. Second, corporate social responsibility directly provides a positive and significant influence on financial performance. This result can be interpreted based on stakeholder theory that companies that pay attention to CSR disclosure and already have corporate social responsibility reporting standards can increase stakeholder trust. Third, corporate governance does not moderate the relationship between sustainability reporting and financial performance. A large percentage of management ownership, and it is estimated that there will be an increase in management performance by creating innovation, new ideas obtained from employee resource skills and knowledge, and managerial ownership follows its control rights more than alignment of interests. Fourth, corporate governance moderates the influence of corporate social responsibility on financial performance. The results of this study are based on resource-based theory, that the existence of concern for the environment owned by the company is supported by the company's good intellectual ability, proving that the company is able to manage its intellectual resources effectively and efficiently, and indicates increasingly high financial performance and gets a positive response from investors.

Keywords: Sustainability Reporting, Corporate Social Responsibility, Corporate Governance, Financial Performance

INTRODUCTION

Due to the substantial budget prioritized for national development, the presence of infrastructure companies is a crucial factor in realizing all development visions and missions. Indonesia boasts a large number of infrastructure companies across various categories and development sectors. Therefore, when the state budget faces constraints, it's highly likely that company performance will also suffer. This is the case with the budget constraints experienced by Indonesia in 2020 due to COVID-19.

According to Hardiyanti & Munari (2022), the inclusion of infrastructure companies as part of the national development agenda will impact the performance of national infrastructure companies. Ultimately, the performance of these infrastructure companies will attract investor interest, as reflected in the weakening infrastructure sector index (IDXINFRA).

Based on data collected by IpotNews (2025) stated that six sectoral indices on the Indonesia Stock Exchange (IDX) experienced poor financial performance throughout 2024. The infrastructure sector index (IDXINFRA) weakened by 91.1 points to 1,478, a decrease of 6.16%. Companies operating in the infrastructure sector cannot conduct many activities if investors weaken. Several companies operating in the infrastructure sector experienced a decline in financial performance, particularly in the company's profit post. Some experienced a decline in profits to the point of incurring losses in 2020-2024. Financial performance was assessed using a profitability ratio analysis, namely ROE (Return on Equity). The after-tax profit conditions of several companies are as follows:

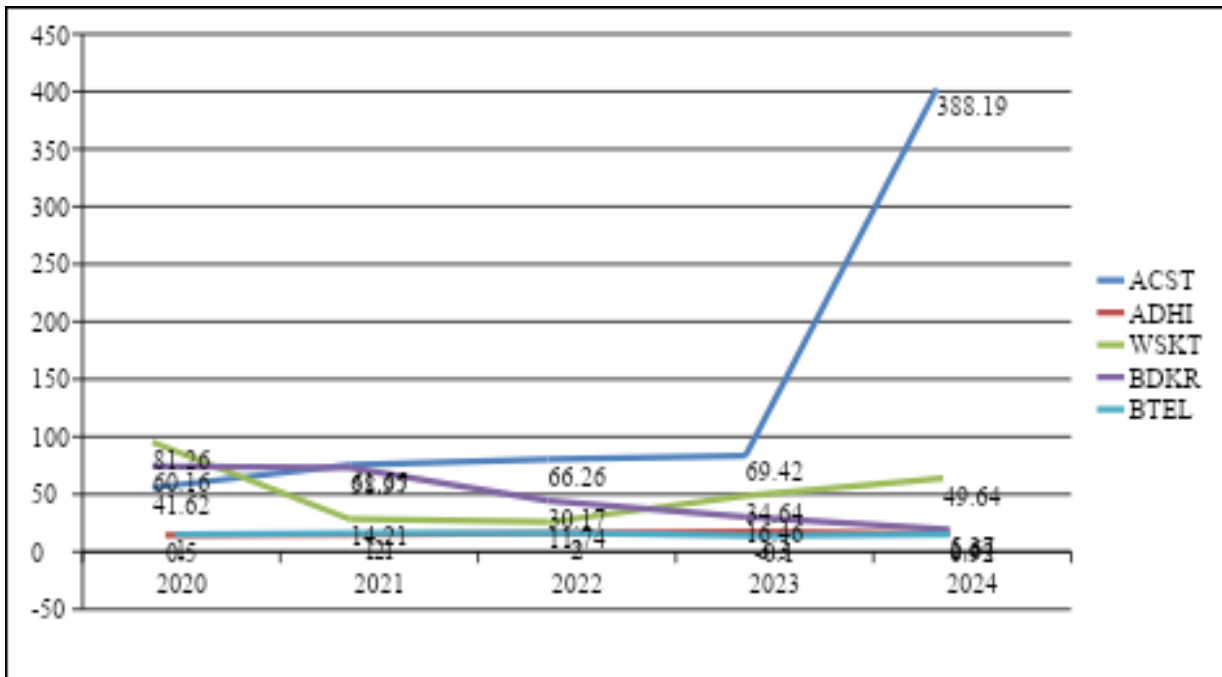


Figure 1.1 Infrastructure Budget by Company

Source: Company Annual Report

Based on Figure 1.1 above, it can be seen that there was a decrease in profit. Profitability in several companies, especially BTEL (Bakrie Telecom Tbk), which

experienced losses and failed to cover the same losses experienced by other companies (attached), as did companies that experienced profits. This condition is likely due to several factors, including sustainability reports and Corporate Social Responsibility (CSR). (Noviyanto & Simammora, 2023).

In Indonesia, the issue of CSR is increasingly becoming a serious concern, as various issues emerge that are being debated. The first issue is that CSR activities clearly result in the expenditure of a company's financial resources. However, the question of whether CSR activities can increase company profits remains a crucial one for various groups. (Permatasari & Widianingsih, 2020) The second issue concerns the quality of CSR in Indonesia. Research conducted by the Centre for Governance, Institutions, and Organizations at the National University of Singapore (NUS) Business School found that Indonesia ranked third out of four countries in Asia with a score of 48.6 in 2016 and fourth with a score of 53.6 in 2018. This indicates that the quality of CSR implementation in Indonesia is still low compared to other countries in Asia. (Permatasari & Widianingsih, 2020).

REVIEW OF LITERATURE

Sustainability Reporting

Sustainability reporting or sustainability reporting is a process by which companies disclose information about the economic, environmental, and social impacts of their operations. According to Eccles et al., (2019) Sustainability reporting is an important tool for increasing transparency and communication between companies and stakeholders. Through sustainability reports, companies demonstrate their commitment to sustainability and social responsibility, enabling stakeholders to understand the company's sustainability performance (Ioannou & Serafeim, 2019).

Sustainability Reporting Measurement

Sustainability reporting is a crucial aspect in assessing a company's performance in terms of social, environmental, and economic impacts. One commonly used method is the Global Reporting Initiative (GRI), which provides standards and guidelines for companies in preparing sustainability reports. The GRI establishes indicators that must be reported, covering aspects such as waste management, carbon emissions, and social and labor policies. In the Indonesian context, many companies have begun adopting the GRI as a reference in preparing their sustainability reports to increase transparency and accountability to stakeholders. (Pereira et al., 2020).

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is a concept that emphasizes a company's social responsibility regarding the impact of its operations on society and the environment. According to Khairunnisah et al., (2024), CSR is a company's commitment to improving community well-being through ethical business practices, financial contributions, and resource management. This reflects a company's efforts to go beyond profit-seeking to accommodate the interests of the wider community and maintain harmonious relationships with its surrounding environment.

Measuring Corporate Social Responsibility

CSR can be measured by examining various indicators covering economic, social, and environmental aspects. One commonly used method is the Triple Bottom Line (TBL),

which evaluates a company's impact on profit (financial), people (social), and the planet (environmental). According to Adnyana et al., (2024), this approach allows companies to assess their contributions not only based on profitability, but also on their efforts in maintaining social and environmental sustainability, thus providing a more holistic picture of their CSR performance.

Financial Performance

Financial performance is a company's achievements over a period, reflecting the company's financial health, and can be analyzed through financial reports presented by management. This analysis will reveal the company's health level and its strengths and weaknesses, allowing stakeholders to use these figures as a reference in making decisions (Mangune et al., 2024). Financial performance is a company's financial condition over a specific period, encompassing the collection and use of funds, as measured by several indicators: capital adequacy ratio, liquidity, leverage, solvency, and profitability. Financial performance is a company's ability to manage and control its resources.

Financial Performance Measurement

Financial performance can be measured using financial ratios. Brigham & Houston (2010:134) Financial ratios are divided into five parts: liquidity ratio, asset management ratio, financial leverage, activity ratio, profitability ratio, and market valuation ratio. In this case, financial performance can be represented by profitability, growth, and market value.(Cho & Pucik, 2005; Venkatraman & Ramanujam, 1986) Profitability is the ability of a company to earn profits in relation to sales, total assets, and capital itself; therefore, profitability analysis plays a role for long-term investors (Said & Ali, 2016). Profitability is used to measure a company's past ability to generate returns (Glick et al., 2005). According to Hery (2015:140), there are several indicators to measure the size of profitability, namely Return on Assets (ROA), Return on Equity (ROE), Gross Profit Margin, Operating Profit Margin, and Net Profit Margin.

Corporate Governance

Corporate governance (CG) has always been a perennial topic of study, serving as the basis for implementation that will positively impact corporate governance. The word "governance" comes from the Latin "gubernance," meaning to regulate and control. It was later adopted as "Corporate governance," meaning the effort to regulate and control a company's operational activities (Fajri, 2022).

Managerial Ownership

Large and effective managerial ownership is able to oversee the company's activities, because management will feel that they have a stake in the company so that they will try honestly to take steps that can boost their success (Julianti, 2020)The reason for choosing this dimension is because share ownership by managers can motivate managers to improve performance, managers will act according to the principal's wishes (Aprilia & Riharjo, 2022), and motivate directors, managers, and commissioners to actively participate in company decision-making. A manager's ownership percentage determines their participation in policy and decision-making. Managers, whether or not they are shareholders, naturally have different motivations for providing innovation and new ideas to create added value and support the company's progress.

Institutional Ownership

Institutional ownership plays a crucial role in minimizing agency conflicts between managers and shareholders. The presence of institutional investors is thought to be an effective oversight mechanism for managerial decisions, as institutional investors are also involved and therefore more likely to believe in earnings manipulation (Tamara & Kartika, 2024). The reason for choosing this dimension is that institutional ownership can trigger increased oversight, thus optimizing it. Its existence plays a crucial role in overseeing management, thereby ensuring the welfare of shareholders.

Corporate Governance Measurement

In this study, the CG variable uses the dimensions of managerial ownership and institutional ownership, which are measured using a dummy variable with a category if the company has managerial ownership and (or) institutional ownership, it is given a score of 1, whereas if the company does not have managerial ownership and institutional ownership, it is given a score of 0 (Sitanggang & Ratmono, 2019).

RESEARCH METHOD

This study uses a quantitative approach with a causal comparative approach. It aims to analyze the influence of sustainability reporting and corporate social responsibility on financial performance, with corporate governance as a moderating variable. The study was conducted on infrastructure sector companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2024 period using a purposive sampling technique, resulting in a sample of 45 companies. Secondary data was obtained through annual reports and financial statements accessed from the official IDX website and company websites.

The variables in this study consist of sustainability reporting, corporate social responsibility, financial performance, and corporate governance, measured using an approach based on established indicators. The analytical techniques used include descriptive analysis, classical assumption tests (multicollinearity, heteroscedasticity, and autocorrelation), and regression model testing to examine the influence of variables. The instruments used were documentation of the company's annual report, and all data collection and processing were conducted systematically to ensure the validity of the research results.

RESULTS AND DISCUSSION

Determination of Panel Data Estimation Techniques

Chow Test

The results of the Chow test in this study are shown in the following table:

Chow Test Results Table

Effect Test	Statistics	df	Prob
Cross-section F	1.639507	(44,132)	0.0170
Cross-section Chi-square	78.479256	44	0.0011

Source: Processed data (2025)

Based on the results of the Chow test in the table above, the probability value obtained is 0.000, or less than the significance level used, namely 0.05 ($0.017 < 0.05$). Therefore, it can be concluded that the Fixed Effect Model (FEM) is the most appropriate model for use

in this study. Therefore, the next step is to conduct a Hausman test to determine which model is best for use in the study.

Hausman test

The results of the Hausman test in this study are shown in the following table:

Test Summary	Chi-Sq. Statistic	Chi-Sq. df	Prob.
Random cross-section	2.415653	3	0.4907

Source: Processed data (2023)

Based on the results of the Hausman test in the table above, the probability value obtained is 0.4907, or greater than the significance level used, namely 0.05 ($0.4907 > 0.05$). Therefore, it can be concluded that the Fixed Effect Model (FEM) is the most appropriate model to use in this study.

Based on the results of the panel data regression model selection conducted through the Chow and Hausman tests, the panel data regression estimation method used can be concluded as follows:

Table of Results of Conclusion of Model Selection Test

No	Method	Testing	Results
1	Chow Test	CEM (Prob > 0.05) FEM (Prob < 0.05)	FEM
2	Hausman	FEM (Prob > 0.05) REM (Prob < 0.05)	FEM

Source: Processed Data (2025)

The results of the panel data regression model selection test for the three panel data models above aim to strengthen the conclusions of the panel data regression estimation method used. Based on the table above, it can be concluded that the panel data regression model used is the Fixed Effect Model (FEM) to analyze the data in this study.

Classical Assumption Test

Data Normality Test

The results of the data normality test using the Jarque-Bera (JB) test in this study are as shown in the following image:

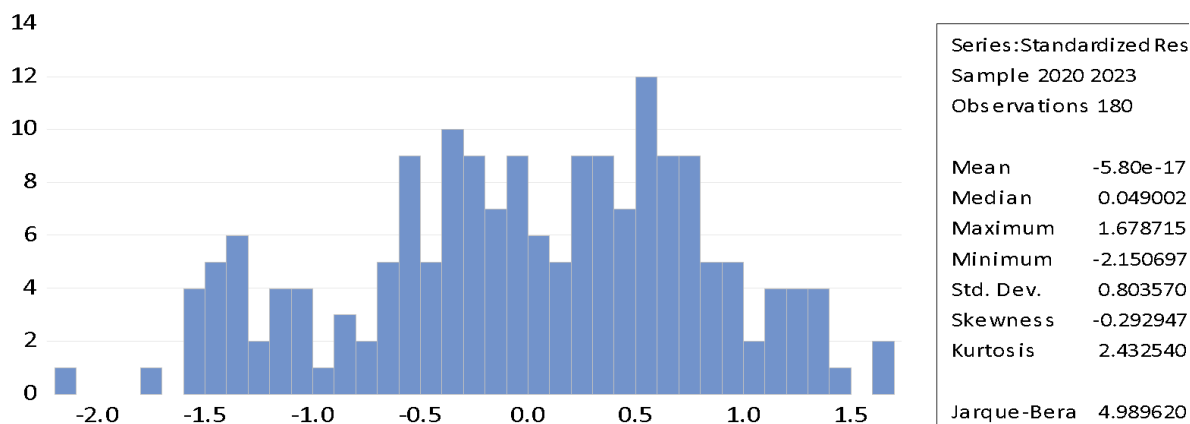


Image of Data Normality Test Results

Based on the results of the normality test, the data in the figure above shows that the probability value obtained is 0.0825, or greater than the significance level used, namely 0.05 ($0.0825 > 0.05$). Therefore, it can be concluded that the data used in this study is not normally distributed.

Data Multicollinearity Test

	Sustainability reporting	Corporate social responsibility	Corporate Governance
Sustainability reporting	1	0.0361	0.087
Corporate social responsibility	0.0361	1	-0.008
Corporate Governance	0.087	-0.008	1

Source: Processed data (2025)

The multicollinearity test results in the table above show that the coefficient values between the independent variables Sustainability reporting, Corporate social responsibility, and Corporate Governance are less than 0.8. Therefore, it can be concluded that the data used in this study does not have multicollinearity problems and is suitable for use.

Heteroscedasticity Test

Heteroscedasticity Test Table

Panel Period Heteroskedasticity LR Test

Equation: UNTITLED

Specification: YC X1 X2 Z

Null hypothesis: Residuals are homoscedastic

	Value	df	Probability
Likelihood ratio	7.054853	45	1,0000

Source: Processed Data (2025)

Based on the table above, it can be seen that the probability likelihood ratio value is $0.1,000 > 0.05$, the results of the panel period test for heteroscedasticity do not occur heteroscedasticity or in other words, it is free of heteroscedasticity because it has a probability value greater than 0.05.

Autocorrelation Test

The results of the autocorrelation test in this study are as in the following table:

N	K = 2	dL	dU	Durbin Watson (d)
180	1,7449	1,7672	1,771	

Source: Data Processing Results (2025)

Based on Table 4.8, the Durbin Watson (d) value is 2.0145, so that $dU < d < (4 - dU) = 1.7672 < 1.771 < 2.2328$ is obtained, so it can be concluded that there is no autocorrelation in the regression model. Thus, the non-autocorrelation assumption is met.

Hypothesis Test Results

Panel Data Regression Test Results

Panel data regression analysis aims to test the influence of independent variables on the dependent variable. The following table shows the results of the Fixed Effect Model (FEM) panel data regression analysis used to analyze the t-test, F-test, and Coefficient of Determination (R2) test.

Panel Data Regression Test Results Table

Dependent Variable: Y
 Method: Panel Least Squares
 Date: 03/19/25 Time: 08:39
 Sample: 2021 2024
 Periods included: 4
 Cross-sections included: 45
 Total panel (balanced) observations: 180

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	124.3680	409.9523	-0.303372	0.7621
X1	1496,882	446.6702	-3.351201	0.0010
X2	1159,707	409.1451	2.834464	0.0053
Z	349.4114	146.0605	2.392237	0.0182

Effects Specification

Cross-section fixed (dummy variables)

Root MSE	539.1811	R-squared	0.936463
Mean dependent variable	44.02583	Adjusted R-squared	0.835810
SD dependent var	720.2499	SE of regression	629.6279
Akaike info criterion	15.95131	Sum squared residual	52328927
Schwarz criterion	16.80277	Log likelihood	-1387.618
Hannan-Quinn criter.	16.29654	F-statistic	2.175210
Durbin-Watson stat	1.771613	Prob(F-statistic)	0.000296

Regression Line Equation

Panel data regression analysis is conducted to test the influence of more than one independent variable on the dependent variable. The multiple linear regression analysis in this study aims to determine the influence of the independent variables on the dependent variable. The panel data regression equation in this study is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 Z + e$$

$$Y = -124.36 - 1495.882 X_1 + 1159.707 X_2 + 349.411 Z + e$$

Information:

- Y : KK
- X1 : SR
- X2 : CSR
- Z : CG

Based on the results of the panel data regression equation above, the following results are obtained:

The constant value above of 124.368 states that if the independent variable is considered constant, then the financial performance value is 124.368.

The Sustainability Reporting variable obtained a coefficient value of -1496.882. This indicates that if Sustainability Reporting increases by 1 unit, financial performance will decrease by 1496.882.

The Corporate Social Responsibility variable obtained a coefficient value of 1159.707. This indicates that if Sustainability Reporting increases by 1 unit, financial performance will increase by 1159.707.

The Corporate Governance variable obtained a coefficient value of 349.411. This indicates that a one-unit increase in Corporate Governance will result in a 349.411 increase in financial performance.

Determinant Coefficient (R2)

The results of the coefficient of determination test in this study are as shown in the following table:

Table of Results of the Determination Coefficient Test

Root MSE	539.1811	R-squared	0.936463
Mean dependent variable	-44.02583	Adjusted R-squared	0.835810

Source: Processed data (2025)

The results of the coefficient of determination test in the table above show that the adjusted r-square value is 0.835. This indicates that the financial performance of infrastructure companies listed on the IDX is influenced by SR, CSR, and CG by 83.5%. The remaining 16.5% is influenced by other variables not included in this study.

Simultaneous test results (F test)

The results of the simultaneous test in this study are as shown in the following table:

Table 4.10 Simultaneous Test Results (F Test)

Hannan-Quinn criter.	16.29654	F-statistic	2.175210
Durbin-Watson stat	1.771613	Prob(F-statistic)	0.000296

Source: Processed data (2025)

The results obtained from the F test show that the F value is 2.175 and the probability value is 0.0000 which is smaller than the significance of 0.05. (0.0000 < 0.05). This means that at the level of $\alpha = 0.05$ between

Sustainability Reporting, Corporate Social Responsibility and Corporate Governance simultaneously influence the financial performance of infrastructure companies on the IDX, which means that the independent variables simultaneously influence the dependent variable.

Partial Test Results (t-Test)

Below are the results of the partial t-test, namely:

Variable	Coefficient	Std. Error	T	Prob.
(Constant)	-124.3680	409.9523	-0.303372	0.7621
Sustainability Reporting	-1496,882	446.6702	-3.351201	0.0010
Corporate Social Responsibility	1159,707	409.1451	2.834464	0.0053
Corporate Governance	349.4114	146.0605	2.392237	0.0182

Source: Processed data (2025)

As for the partial test results based on table 4.12 above, the partial results obtained are as follows:

The Sustainability Reporting variable obtained a probability value of 0.0010 or smaller than the significance level used, namely 0.05 ($0.00 < 0.05$) and obtained a t-count value of 3.351 or greater than the t-table value of 1.973 ($3.351 > 1.973$). Therefore, it can be concluded that Sustainability Reporting has a significant effect on the financial performance of infrastructure companies. Therefore, the hypothesis stating that Sustainability reporting has a significant effect on financial performance is accepted (H1 is accepted).

The corporate social responsibility variable obtained a probability value of 0.005, or less than the significance level used, namely 0.05 ($0.005 < 0.05$), and obtained a t-value of 1.878, or greater than the t-table value of 1.973 ($2.834 > 1.973$). Therefore, it can be concluded that corporate social responsibility has a significant effect on financial performance. Therefore, the hypothesis stating that corporate social responsibility is accepted (H2 is accepted).

Results of Line Test and Sobel Test

Path analysis and Sobel's test were used to test the third and fourth hypotheses. Path analysis calculations utilize two structural equations, each representing the hypothesized relationship. The equations used in path analysis are as follows:

$$CG = + X1 SR + X2 CSR + e1\alpha$$

$$KK = + X1 SR + X2 CSR + X3 CG + e2\alpha$$

The results of the first regression equation:

Table of SR and CSR regression test results on CG

Variable	Coefficient	Std. Error	t-Statistic	Prob.	Rsquare
C	0.639975	0.236963	2.700735	0.0078	0.025
X1	0.288139	0.263993	2.091466	0.0070	
X2	0.018654	0.242890	0.076799	0.9389	

Source: Researcher Summary Results (Evies, 2025)

Based on these results, the first regression equation can be made, namely:

$$CG = + X1 SR + X2 CSR + e1\alpha$$

$$CG = 0.639974772756 + 0.288139150936*SR + 0.0186536017407*CSR + e1$$

The results of the second regression equation are:

Table of Regression Test Results of SR, CSR and CG against KK

Variable	Coefficient	Std. Error	t-Statistic	Prob.	Rsquare
C	-124.3680	409.9523	-0.303372	0.7621	0.835
X1	-1496,882	446.6702	-3.351201	0.0010	
X2	1159,707	409.1451	2.834464	0.0053	
Z	349.4114	146.0605	2.392237	0.0182	

Source: Researcher Summary Results (Evies, 2025)

Based on these results, the first regression equation can be made, namely:

$$KK = + X1 SR + X2 CSR + X3 CG + e2\alpha$$

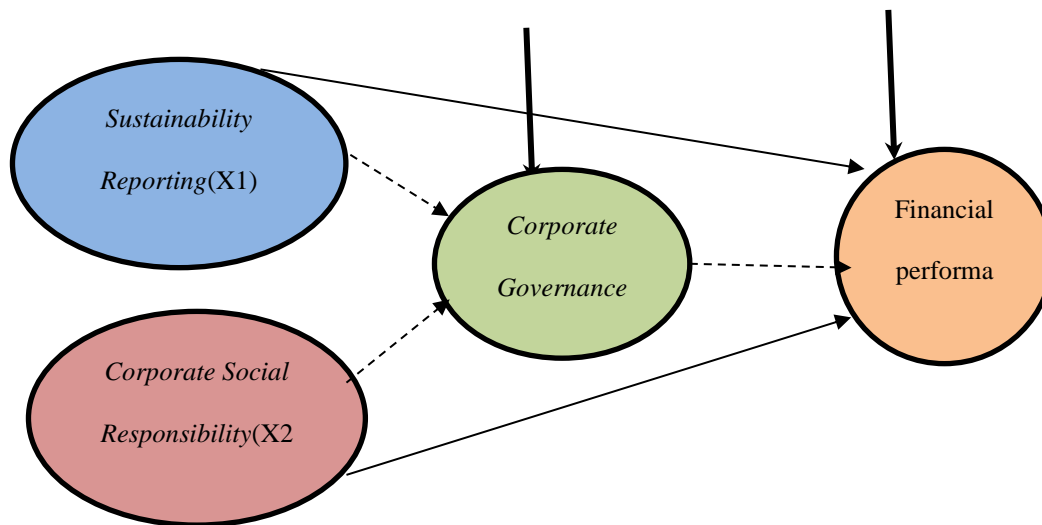
$$KK = -124.367984458 - 1496.88172916*SR + 1159.70709693*CSR + 349.411356488*CG + e1$$

The output results provide the results of the influence of path 1 or p1 of -1496.88172916, p2 of 1159.70709693, p3 of 349.411356488, p4 of 0.288139150936 and p5 of 0.0186536017407.

$$e1 = \sqrt{1 - R^2} = \sqrt{1 - 0.025} = \sqrt{0.975} = 0.987$$

$$e2 = \sqrt{1 - R^2} = \sqrt{1 - 0.835} = \sqrt{0.165} = 0.406$$

Based on the data above, an equation can be created using the following image:



$$P1 = -1496.881 \quad e1 = 0.987 \quad e2 = 0.406$$

$$P3 = 349,411$$

$$P5 = 0.018$$

$$P4 = 0.288$$

$$P2 = 1159.707$$

Path Analysis Result Image

To see the requirements for determining the existence of a mediating (intervening) influence, knowing the magnitude of the direct or indirect and total influence of each variable, it is necessary to calculate the Beta coefficient value of each variable.

Sustainability Reporting

The direct influence of the SR variable on KK mediated by CG is as follows:

Path analysis c

Table 4.14 shows a value of -1496.882 with a significance level of $0.0010 < 0.05$. These results indicate that the SR variable has a negative and significant effect on financial performance. β

Path analysis a

Table 4.13 shows a value of 0.288 with a significance level of $0.0070 < 0.05$. These results indicate that the SR variable has a positive and significant effect on CG. β

Path analysis b

Table 4.14 shows a value of 349,411 with a significance level of $0.018 < 0.05$. These results indicate that the CG variable has a positive and significant effect on financial performance. β

Based on the path analysis above, the significant function is to determine the indirect relationship between the independent variable SR and the dependent variable financial performance through the intervening variable CG. The indirect effect of the SR variable on financial performance is obtained by multiplying the path value a by b, namely $0.0070 \times 0.018 = 0.000126$. The result is

shows that there is an indirect positive influence of SR on financial performance through CG of 0.000126.

Table of Direct and Indirect Effects of SR on Financial Performance Through CG

Direct influence of SR to KK	= c	-1496,882
Indirect influence of SR on CG and KK	= axb	0.000126
Total influence	= c + (axb)	1496,881

The mediation effect indicated by $(axb) = 0.000126$, whether significant or not, will be tested using the Sobel test as follows:

$$\begin{aligned} \text{Saturday} &= \sqrt{b^2 Sa^2 + a^2 Sb^2 + Sa^2 Sb^2} \\ &= \\ &= \sqrt{(349.411^2 \times 0.263993^2) + (0.288139^2 \times 146.0605^2) + (0.263993^2 \times 146.0605^2)} \\ &= \sqrt{8508.597 + 1771.419 + 1486.743} \\ &= \sqrt{11766.759} = 108.474 \end{aligned}$$

To get the t value, it can be calculated in the following way:

$$t = \frac{ab}{sab} = \frac{-1496.881}{108.474} = -13.799$$

The calculated t value was obtained at -13.7993, which means it is smaller than the t table value with a significance level of 5%, namely 1.973. From these results, it means that the calculated t value is greater than the t table value ($-13.7993 < 1.973$), so it can be concluded that CG cannot mediate the effect of SR on financial performance.

Corporate Social Responsibility

The direct influence of CSR variables on KK mediated by CG is as follows:

Path analysis c

Table 4.14 shows a value of 1,159,707 with a significance level of $0.0053 < 0.05$. These results indicate that the CSR variable has a positive and significant effect on financial performance. β

Path analysis a

Table 4.13 shows a value of 0.018 with a significance level of $0.9389 > 0.05$. These results indicate that the CSR variable has a positive but insignificant effect on CG. β

Path analysis b

Table 4.14 shows a value of 349,411 with a significance level of $0.018 < 0.05$. These results indicate that the CG variable has a positive and significant effect on financial performance. β

Based on the path analysis above, the significant one serves to indirectly determine the relationship between the independent variable CSR and the dependent variable financial performance through the intervening variable CG. The indirect effect of the CSR variable on financial performance is obtained by multiplying the path value a by b, namely $0.9389 \times 0.018 = 0.0169002$. These results indicate that there is an indirect positive effect of CSR on financial performance through CG of 0.0169002.

Table of Direct and Indirect Effects of CSR on Financial Performance Through CG

Direct influence of SR on KK	= c	1159,707
Indirect influence of SR on CG and KK	= axb	0.0169002
Total influence	= c + (axb)	1159.7239

The mediation effect indicated by $(axb) = 0.0169002$, whether significant or not, will be tested using the Sobel test as follows:

$$\begin{aligned}
 \text{Saturday} &= \sqrt{b^2 Sa^2 + a^2 Sb^2 + Sa^2 Sb^2} \\
 &= \\
 &= \sqrt{(349.411^2 \times 0.242890^2) + (0.018654^2 \times 146.0605^2) + (0.242890^2 \times 146.0605^2)} \\
 &= \sqrt{7202.651 + 7.423 + 1258.590} \\
 &= \sqrt{8468.664} = 92.025
 \end{aligned}$$

To get the t value, it can be calculated in the following way:

$$t = \frac{ab}{sab} = \frac{1159.7239}{92,025} = 12.602$$

The calculated t value was 12,602, which means it is greater than the t table value with a significance level of 5%, namely 1.973. From these results, it means that the calculated t value is greater than the t table value ($12,602 > 1.973$), so it can be concluded that CG can mediate the influence of CSR on financial performance.

Discussion of the First Hypothesis

The results of the study indicate that sustainability reporting has a negative and significant effect on Return on Equity (ROE), thus rejecting the first hypothesis. This finding is inconsistent with several previous studies, but supports the findings of Ratri & Marsono (2023) and Audrey (2019). Although in theory, sustainability reporting should increase stakeholder trust and financial performance, in practice, such disclosure has not significantly increased profits and ROE in the infrastructure sector.

Discussion of the Second Hypothesis

Corporate Social Responsibility (CSR) has a positive and significant effect on ROE, thus accepting the second hypothesis. This finding aligns with research by Nopriyanto (2024) and Loekito & Setiawati (2021). Extensive CSR disclosure enhances a company's legitimacy among stakeholders and shareholders, and boosts financial performance by increasing external trust and support.

Discussion of the Third Hypothesis

Corporate governance does not moderate the relationship between sustainability reporting and financial performance, thus rejecting the third hypothesis. This finding is consistent with research by Za'iimah (2020) and Arindha (2018). This suggests that while sustainability reporting can enhance reputation, its impact on financial performance has not been maximized by corporate governance in the infrastructure sector.

Discussion of the Fourth Hypothesis

CSR has a positive and significant effect on financial performance through corporate governance as a moderating variable, thus accepting the fourth hypothesis. This finding is supported by Wardani Rahman et al. (2023) and Park & Jang (2023), who stated that the influence of CSR on financial performance will be stronger if supported by good corporate governance, especially in emerging markets.

CONCLUSION

This study examines the impact of sustainability reporting and corporate social responsibility implementation on financial performance, with corporate governance as an intervening variable, on infrastructure companies listed on the Indonesia Stock Exchange in 2021-2024. The results indicate that, first, sustainability reporting directly and significantly impacts financial performance. This finding, based on resource-based theory, suggests that corporate social responsibility has not yet been able to create a competitive advantage that would improve performance, including increased profits.

Second, corporate social responsibility directly has a positive and significant influence on financial performance. This result can be interpreted based on stakeholder theory that companies that pay attention to CSR disclosure and have corporate social responsibility reporting standards can increase stakeholder trust.

Third, corporate governance does not moderate the relationship between sustainability reporting and financial performance. A large percentage of management ownership is estimated to improve management performance by creating innovation, new ideas derived from the skills and knowledge of employee resources, and managerial ownership is more about control rights than alignment of interests.

Fourth, corporate governance moderates the effect of corporate social responsibility on financial performance. This study, based on resource-based theory, states that a company's environmental concern, supported by strong intellectual capacity, demonstrates the company's ability to manage its intellectual resources effectively and efficiently, indicating higher financial performance and a positive response from investors.

Suggestion

The results of this study suggest that infrastructure companies listed on the Indonesia Stock Exchange should pay greater attention to sustainability reporting and utilize it

effectively and efficiently. Furthermore, companies should prioritize, in addition to focusing on profits, shareholder prosperity, and environmental responsibility. Environmental responsibility is not merely implemented to comply with regulations; managers must adhere to a balance of interests.

The government should establish strict regulations in monitoring the financial performance of companies and CSR disclosures in companies in Indonesia so that company practices and performance, and CSR disclosures in Indonesia will continue to improve.

The public should assess which companies protect and prioritize the environment, one way is by looking at the concern the company shows for the environment around the company.

For future researchers to improve existing limitations, one way is to use a more diverse research model theory to expand literature studies or expand the number of samples and develop variables to obtain more comprehensive results.

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