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Green Accounting, Intellectual Capital, and Sustainability Disclosure: Do They Drive Financial Performance?

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Abstract

This study uses good corporate governance as a moderator to investigate how sustainability reporting, green accounting, and green intellectual capital affect financial performance. This study uses a quantitative approach. Thirty food and beverage production businesses were sampled in this study. Sample selection used purposive sampling and Eviews 12 as the analysis tool. According to the study's conclusions, financial performance is influenced by sustainability reporting. However, financial performance is not influenced by green intellectual capital or green accounting. Similarly, good corporate governance cannot moderate the influence of sustainability reporting, green accounting, and green intellectual capital on financial performance. This study emphasizes the importance for companies, particularly manufacturing companies engaged in the food and beverage sector, to incorporate sustainability principles into their business plans and communicate them correctly to the general public to ensure their long-term survival.

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Introduction

In today's increasingly complex era of globalization, environmental issues, and business sustainability are the main concerns of various parties. Companies play a vital role in Indonesia's economic development. However, companies engaged in natural resource management will inevitably negatively affect the ecosystem, and ultimately, environmental damage will negatively affect human life (Endiana et al., 2020). According to the press statement issued by the Information and Documentation Management Officer of the Ministry of Environment and Forestry (MoEF) in 2024, PT SS, located in Pasuruan, East Java, was sanctioned by the Surabaya District Court for environmental pollution, with an obligation to pay compensation of Rp 48 billion. This decision was made after MoEF sued the company. MoEF emphasized that PT SS had violated environmental law. The Director of Law Enforcement for the surroundings and Forestry, Rasio Ridho Sani, appreciated this decision as an essential step in upholding business accountability for the effects of their operations on the environment.

This decision can significantly impact financial performance due to substantial financial expenses and potential cash flow disruptions. Disruptions to cash flow might make the economy more unstable (Safiq et al., 2020). Indemnification obligations can also hinder financial results (Maqbool & Sheikh, 2022). Because funds allocated to business development must be used to fulfill these obligations, companies with high indemnification obligations may experience decreased cash turnover, which is crucial in maintaining business continuity (H. P. Sari et al., 2022). Accordingly, businesses must continue to enhance their financial performance while also taking part in environmental management and protection (Ramadhani et al., 2022). Companies can take a variety of actions to address environmental issues, the implementation of which might affect financial performance.

The first factor that could impact financial performance is green accounting. A company's reputation will be improved by using green accounting, which will also entice investors to invest in it or customers to purchase its products (Tjoa & Patricia, 2022). Green intellectual capital is the second element that influences financial performance (Wijaya et al., 2024). An increasingly important component of sustainable company operations is the link between financial performance and green intellectual capital. By applying green intellectual capital, companies can develop business strategies that focus not only on financial returns but also on sustainability and public trust in them (Zuhdi et al., 2024). The third element that may impact financial performance is sustainability reporting disclosure. Disclosures about sustainability are created to inform stakeholders about any business decision's economic, social, and environmental effects (Jumadi & Sjarief, 2021). Companies that disclose sustainability reports can increase stakeholder trust (Utariyani & Wirajaya, 2023).

In the present investigation, the concept of "good corporate governance" was utilized as a moderator. This is done to ensure adequate supervision, increase transparency, and encourage accountability. It may strengthen the connection between financial performance, green accounting, and green intellectual capital (Riyanti & Murwaningsari, 2023). Companies with good corporate governance tend to disclose comprehensive sustainability reporting, which can attract investors to enhance financial results (Bajwa et al., 2023). Effective implementation of good corporate governance will help improve company operations' transparency, accountability, and integrity. Therefore, using it as a moderating variable, good corporate governance will facilitate the company's evaluation and raise its level of knowledge of its operations (Ramadhani et al., 2022).

This research builds upon a previous study carried out (Bangun et al., 2024). Incorporating sustainability report disclosure as an independent variable distinguishes this study from previous research, which typically focused only on green accounting or green intellectual capital in isolation. Including sustainability reporting provides a more comprehensive view of corporate sustainability practices. Furthermore, this study examines how green accounting, sustainability reports, and green intellectual capital affect financial performance and how these effects are moderated by good corporate governance. Good corporate governance as a moderating variable resolves inconsistencies in the direction and strength of these relationships identified in previous research. This dual approach integrates a new independent variable and tests its interaction with a governance mechanism, presenting a more holistic analytical model. Consequently, this research fills gaps in the existing literature and offers theoretical advancement in applying signal theory in sustainability and governance contexts. This investigation is expected to yield more reliable and pertinent data, making meaningful contributions to the accounting field.

This research contributes significantly to the advancement of accounting science, especially when considering corporate governance and sustainable accounting. By analyzing how sustainability reporting disclosures, green accounting, and green intellectual capital affect financial performance and taking good corporate governance into account as a moderating factor, this study adds an integrative viewpoint to the literature that has not been thoroughly investigated. This study not only highlights the importance of green practices and green knowledge management in supporting corporate sustainability but also tests the extent to which good corporate governance can strengthen these relationships. This study's results should be used as a basis for companies, especially manufacturing companies in the food and beverage industry, to develop more sustainable reporting and resource management plans. They should also inform regulators and other stakeholders to help them create policies that promote environmental accountability and transparency.

Literature Review

The Effect of Green Accounting on Financial Performance

According to the principles of signal theory, the implementation of green accounting by companies serves to communicate positive signals to investors that they pay attention to sustainability and social responsibility. This can be utilized by investors as a reference point in the decision-making process Ruhiyat and Kurniawan (2024) and will improve business reputation (Tjoa & Patricia, 2022). In addition, Wirawan and Angela (2024) state that companies that implement green accounting have the potential to have more substantial competitiveness in the market. In turn, these things will improve financial performance. The findings of a study carried out by Ruhiyat and Kurniawan (2024); Ramadhani et al. (2022); and Harif and Natasha (2024) state that green accounting affects financial performance. However, based on research conducted by Dura and Suharsono (2022); Nurfaidah et al. (2024); and Tjoa and Patricia (2022), it is asserted that financial performance is unaffected by green accounting. In light of the previous explanation, which demonstrates the inconsistent nature of research findings. Thus, the following theory is put out by the research:
H1: *Green Accounting Affects Financial Performance*

The Effect of Green Intellectual Capital on Financial Performance

In line with signal theory, the information that is made public serves as a guide for investors in their decision-making process, and if it is good news, the market will interpret it as such (Kurnia et al., 2020). As a result, using green intellectual capital may encourage investors to invest (Astuti & Datrini, 2021). This is because companies that manage green intellectual capital could have an aggressive benefit over their competition through workforce management, arrangements within the organization, and the application of insights related to more sustainable goods and services (Pratama & Astuti, 2024). The results of research performed by Renaldo and Augustine (2022) and Himmah et al. (2024) state that green intellectual capital influences financial performance. Meanwhile, research conducted by Lastanti and Augustine (2022); Sahid and Henny (2023); and Bangun et al. (2024) indicates that the existence of green intellectual capital does not affect financial performance. Given the contradictory nature of the findings from the aforementioned study, the research advanced the following theory:
H2: *Green Intellectual Capital Affects Financial Performance*

The Effect of Sustainability Reporting on Financial Performance

Based on signaling theory, companies provide positive signals that they are committed to sustainability by disclosing transparent information about economic, environmental, and social performance. Transparent information disclosure can increase investor confidence, attract capital, and help companies manage environmental risks and impacts (Lu et al., 2021). Sustainability reports help companies obtain licenses and build public trust (Sari et al., 2023). In addition, ignoring stakeholders' interests can damage the company's reputation and trust, impacting business performance (Pradipta et al., 2022). The findings from the research carried out via Putra and Subroto (2022); Oktaviani and Nurleli (2023); and Putri et al. (2023) state that sustainability reporting disclosure influences financial performance. However, Jumadi and Sjarief (2021); Pradipta et al. (2022); and Firiana (2024) conclude that conclude that the performance of companies is not significantly impacted by sustainability reporting disclosure. The research proposed the following hypothesis in light of the description illustrating several study findings:

H3: *Sustainability Reporting Affects Financial Performance*

The Effect of Green Accounting on Financial Performance with Good Corporate Governance as a Moderator

Within the signal theory framework, green accounting signals that a company cares about its environmental impact. However, without the support of good governance, this signal can be perceived as weak or not credible. When good corporate governance (GCG) is implemented effectively, green accounting practices will be perceived as a real commitment, not merely symbolic or superficial compliance. Thus, GCG reinforces the signal, increasing its influence on financial performance. Primarily based on the following section, the findings of research conducted by Ramadhani et al. (2022) are presented; the financial performance of a corporation is influenced by green accounting, which, in turn, is supported by good corporate governance. However, Bangun et al. (2024); and Ruhiyat and Kurniawan (2024) prove that good corporate governance cannot counteract the impact of green accounting on financial performance. The researcher puts out the following hypothesis in light of this description:

H4: *Good Corporate Governance can moderate the relationship between Green Accounting and Financial Performance*

The Effect of Green Intellectual Capital on Financial Performance with Good Corporate Governance as a Moderator

Green intellectual capital is a form of non-physical asset that reflects an organization's ability to manage resources based on sustainability. However, because it is abstract, the value of this signal is not always immediately apparent to the market. Implementing sound corporate governance (GCG) will ensure that this information is managed and disclosed transparently and responsibly. In addition, GCG reduces information asymmetry between management and stakeholders. Therefore, GCG can strengthen the signals from green intellectual capital, increasing market confidence and positively impacting financial performance. Results of investigations conducted by Bangun et al. (2024) emphasize that there is a strong correlation between green intellectual capital and financial performance, which can be further enhanced by good corporate governance. In light of the aforementioned description, the researchers hereby propose the following hypothesis:

H5: *Good Corporate Governance moderates the relationship between Green Intellectual Capital and Financial Performance*

The Effect of Sustainability Reporting on Financial Performance with Good Corporate Governance as a Moderator

Based on signal theory, companies demonstrating a commitment to sustainability can differentiate themselves in the market, potentially increasing their market share (Harif & Natasha, 2024). Sustainability reporting is a formal signal from a company regarding its environmental, social, and governance (ESG) performance. This reporting will be more meaningful and credible in a company with strong corporate governance. Good corporate governance (GCG) ensures that the content of sustainability reports has undergone an objective and accurate review and assessment process. GCG ensures that companies operate

with high transparency and accountability, thereby enhancing the effectiveness of sustainability reporting. Within the framework of signal theory, GCG strengthens the signals from sustainability reporting, thereby increasing its influence on financial performance. The investigation conducted by Suryaningrum et al. (2024) found that high-quality financial performance and sustainability reporting can be predicated on good corporate governance. Based on this description, the researchers propose the following hypothesis:
H6: *Good Corporate Governance can moderate the relationship between Sustainability Reporting and Financial Performance*

Method

Quantitative research is what this kind of study is. The Indonesia Stock Exchange (IDX) listed food and beverage manufacturing companies were included in this study from 2021 to 2023. Purposive sampling was used to choose the sample, in which samples are selected according to predetermined standards: (1) Companies operating within the food and beverage sector that have been listed on the IDX during 2021–2023. (2) The company publishes financial and sustainability reports consecutively during 2021-2023. (3) The company experienced consecutive profits from 2021 to 2023. (4) The company uses rupiah currency in financial statements from 2021 to 2023. The present study utilizes secondary data. Reports on sustainability and finances are among the data utilized in this study from agencies for 2021-2023, taken from legitimate websites at https://www.idx.co.id/id and every organization's internet site. The records series method uses documentation techniques. The records evaluation technique uses Eviews 12.

Table 1. Operational Definition of Variables

No.	Variables	Measurement
		Independent Variable
1.	Green Accounting	Utilizing the dummy method where, companies that apply Green Accounting are assigned a value of 1, and businesses that don't use Green Accounting are assigned a value of 0.
2.	Green Intellectual Capital	GICI = $\frac{\text{Total score obtained}}{\text{Maximum total score (18)}}$ The Green Intellectual Capital Index, which comprises 18 measures, is used to quantify green intellectual capital. The corporation is awarded a point if it discloses a component of the GICI indicator, and a score of 0 if it does not. After that, the total score revealed by the GICI indicator is divided by the entire number of GICI indications, which comes to 18.
3.	Sustainability Reporting	SRDI = $\frac{\text{Total score obtained}}{\text{Maximum total score (91)}}$ The measurement of Sustainability Reporting utilizes the Sustainability Reporting Disclosure Index, which is aligned with the Global Reporting Initiative's G4 index. This index comprises a total of 91 indicators. The company will get 1 point if it discloses each aspect. If not, it will not get points for that aspect. The total score obtained was then divided by the total GRI G4 indicators, which consisted of 91 indicators.
Dependent Variable		
4.	Financial Performance	ROA = $\frac{Net\ Income}{\text{Total Assets}}$
Moderating Variable		

5.	Good Corporate Governance (GCG)	Proxy of the Independent Board of Commissioners = $\frac{\text{Number of independent commissioners}}{\text{Total number of members of the board of commissioners}}$

Source: Data processed by Researchers (2025)

Result and Discussion

Based on Table 2, the descriptive statistical analysis offers insights into the distribution and central tendencies of the observed variables. The financial performance variable shows a mean of 0.092 and a median of 0.085, indicating a fairly balanced distribution. Its standard deviation of 0.057 suggests moderate variation across firms, while the skewness value of 0.346 implies a slight rightward skew, where most firms perform below average. A kurtosis of 2.235 indicates a platykurtic distribution, meaning the data are flatter than normal. For green accounting, the average score is 0.833, with considerable variability (standard deviation = 0.374). Its strong negative skewness (-1.788) suggests that a large proportion of companies report high engagement in green accounting practices. Meanwhile, a kurtosis of 4.200 reflects a leptokurtic distribution, showing data that are highly concentrated around the mean with a few extreme values.

Table 2. Descriptive Statistics

	Financial Performance	Green Accounting	Green Intellectual Capital	Sustainability Reporting	GCG
Mean	0.092	0.833	0.589	0.472	0.397
Median	0.085	1.000	0.611	0.473	0.333
Maximum	0.222	1.000	0.667	0.538	0.667
Minimum	0.001	0.000	0.500	0.374	0.333
Std.Dev	0.057	0.374	0.049	0.029	0.087
Skewnes	0.346	-1.788	-0.098	-1.199	1.203
Kurtosis	2.235	4.200	2.283	6.235	3.767

Source: Data processed by E-Views 12 (2025)

The green intellectual capital variable has a mean of 0.589 and a low standard deviation of 0.049, indicating consistent application across firms. The nearly symmetrical distribution (skewness = -0.098) and platykurtic nature (kurtosis = 2.283) suggest evenly spread data. Sustainability reporting displays a mean of 0.472 and low standard deviation of 0.029, implying relatively homogeneous reporting practices. The skewness of -1.199 indicates a clustering of higher disclosure scores, while the high kurtosis (6.235) suggests extreme peaking around the mean. Lastly, the good corporate governance (GCG) variable shows moderate variation (mean = 0.397; standard deviation = 0.087) with a positive skew (1.203), indicating many firms have lower GCG levels. A kurtosis of 3.767 points to a leptokurtic distribution, signifying a high concentration of values near the mean. These patterns demonstrate the presence of diverse implementation levels and justify further empirical testing.

Model Selection Analysis

Chow Test

Table 3. Chow Test Results

Effect Test	Statistic	d.f.	Prob.
Cross-section F	4,994	(29,56)	0,000
Cross-section Chi-square	114,949	29	0,000

Source: Data processed by E-Views 12 (2025)

According to Table 3 of the aforementioned Chow test, the null hypothesis is rejected because the cross-sectional F-value and the Chi-square probability value are both less than alpha = 0.05. As a result, using the fixed effect model is recommended. The Hausman test is employed to confirm the facts because the Chow test results reject the null hypothesis.

Hausman Test

Table 4. Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	3,435	4	0,487

Source: Data processed by E-Views 12 (2025)

The Hausman test in Table 4 above indicates that 0.487 is higher than 0.05. In light of this, the Hausman test indicates that the random effects model is the optimal model to use. Based on the results of the Hausman test that rejected the null hypothesis, the next step in the data testing procedure is the Lagrange Multiplier test.

Lagrange Multiplier Test

Table 5. Lagrange Multiplier Test Results

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	26,408	0,151	26,559
	(0,000)	(0,697)	(0,000)

Source: Data processed by E-Views 12 (2025)

The Lagrange Multiplier examines the outcomes in Table 5—prob value. At 0.000 (<0.005), the Breusch-Pagan price disproves the null hypothesis. As a result, The Random Effect Model was selected.

The Chow, Hausman, and Lagrange multiplier test results indicate that the Random Effects Model (REM) is the most appropriate model for this investigation. The REM model uses the Generalized Least Squares (GLS) technique, which removes the need to perform classical assumption tests once the best model has been chosen. Even when there is autocorrelation in the data, the GLS approach yields BLUE estimates, also known as the best unbiased linear estimates (Kosmaryati et al., 2019).

Significance Test

Determination Coefficient Test R^2

Table 6. Determination Coefficient Test Results R^2

R-Square	0.071
Adjusted R-Squared	0.027

Source: Data processed by E-Views 12 (2025)

The following section yielded an R-squared value of 0.071. This figure indicates that the financial performance variable may be accounted for by the variables of sustainability reporting disclosure, green accounting, and green intellectual capital by 7.1%, with the remaining portion being explained by other variables.

The empirical results in Table 7 indicate that among the three independent variables tested, only sustainability reporting has a statistically significant impact on financial performance. With a probability value of 0.027 ($p < 0.05$) and a positive coefficient of 0.631, the findings support H3, suggesting that improved disclosure of sustainability practices contributes positively to the financial outcomes of firms. Conversely, both green accounting (p = 0.984; coefficient = -0.000) and green intellectual capital (p = 0.803; coefficient = -0.034) do not show significant effects on financial performance, leading to the rejection of H1 and H2. These results imply that although environmental and intellectual capital factors are theoretically vital to sustainable performance, they may not yet be sufficiently integrated into business operations to yield measurable financial benefits within the sampled firms.

Table 7. Partial Significance Test Results (t-Test) and Moderated Regression Analysis (MRA) Test Results

Variables	Coefficient	Std. Error	t-Statistic	Prob.	Results
Constanta	-0.141	0.151	-0.936	0.351	-
Green Accounting	-0.000	0.014	-0.019	0.984	Rejected
Green Intellectual Capital	-0.034	0.139	-0.250	0.803	Rejected
Sustainability Reporting	0.631	0.282	2.237	0.027	Accepted
Constanta	-0.735	0.892	-0.824	0.412	-
Green Accounting* Good Corporate Governance	0.091	0.189	0.482	0.630	Rejected
Green Intellectual Capital*Good Corporate Governance	-0.990	1.787	-0.554	0.581	Rejected
Sustainability Reporting *Good Corporate Governance	-2.396	4.689	-0.511	0.610	Rejected

Source: Data processed by E-Views 12 (2025)

Regarding moderation effects, the interaction terms between good corporate governance (GCG) and the independent variables—green accounting ($p = 0.630$), green intellectual capital ($p = 0.581$), and sustainability reporting ($p = 0.610$)—all exceed the 0.05 threshold, indicating no significant moderating effect. Thus, hypotheses H4, H5, and H6 are rejected. These findings suggest that good corporate governance, while essential in many corporate contexts, does not significantly alter the influence of environmental accounting, intellectual capital, or sustainability disclosure on financial performance in this sample. It implies that governance structures may operate independently or may not yet function effectively in supporting or amplifying these sustainability-related initiatives.

Discussion

The Effect of Green Accounting on Financial Performance

Table 7 shows that financial performance is unaffected by green accounting. According to signal theory, green accounting can be positioned as a signal that companies care about environmental sustainability and are socially responsible. However, the results of this study indicate that this signal is not yet strong enough or is not considered relevant by the market. Another possibility is that the market still views environmental reporting as a formality or mere compliance rather than as an indicator that can directly improve a company's financial performance. Environmental costs incurred are viewed as additional expenses that can temporarily reduce business revenue. Although applying green accounting initially causes short-term losses, it will provide long-term benefits for companies (Hamdani et al., 2022). This finding could be due to several factors, such as environmental costs not being included in the financial statements, stakeholders being less concerned about environmental issues, or companies being more focused on short-term profits than long-term desire programs (Dita & Ervina, 2021). The effects of this study support the findings of preceding research by Faizah (2020); Dwi Pratiwi et al. (2023); and Nurfaidah et al. (2024). These studies claim that financial performance is unaffected by green accounting.

The Effect of Green Intellectual Capital on Financial Performance

Table 7 indicates that the effect of green intellectual capital on financial performance can be ignored. In signal theory, green intellectual capital encompasses human, structural, and relational resources focused on sustainability that should signal a company's long-term innovation and competitiveness. However, its lack of impact on financial performance suggests that the market has not recognized these environmental-based intellectual assets as a real competitive advantage. One cause is the high expenses associated with investing in green intellectual capital, which may temporarily lower net revenue. Examples of these expenditures include research and development, training environmentally friendly human resources, and upgrading green technology (Xu & Liu, 2021).

Furthermore, as stated by Bangun et al. (2024), the advantages of putting into practice green intellectual capital are long-term and require significant costs. In addition, Riski et al. (2025) assert that in order for businesses to remain competitive in the context of sustainability, they require human resources that are both creative and skilled. Regrettably, many businesses have yet to realize their full potential. Although the organization may have bright individuals, their full potential is hampered by a lack of support in the form of suitable facilities, pay, benefits, and incentives. The potential of green intellectual capital to spur innovation and sustainability cannot be fully realized in the absence of a conducive work environment. As a result, there has been no discernible improvement in financial performance from this green intellectual capital. This study aligns with preceding research by Lastanti and Augustine (2022), suggesting that financial performance is not influenced by green intellectual capital.

The Effect of Sustainability Reporting on Financial Performance

According to Table 7, financial performance may be impacted by sustainability reporting. This finding is in line with signaling theory, where the disclosure of sustainability reports serves as a signal that companies send to stakeholders regarding their commitment and performance in sustainability aspects. This positive signal can improve the perception and trust of external parties such as investors and creditors, which in turn has an impact on improving financial performance. Companies that actively disclose their sustainability practices demonstrate accountability for their actions towards society. The report provides the public with information on how the company responds to economic, social, and environmental issues (Saenggo & Widoretno, 2024). This trust is strengthened if disclosures are made transparently and responsibly, as stakeholders tend to value companies that are consistent in their sustainability values. The company's reputation increases, which has a positive impact on long-term business relationships (Kartikasari & Laela, 2023). Therefore, the implementation and disclosure of sustainability reports is not only a means of communication but also a business strategy that strengthens the company's position in the eyes of stakeholders. The findings of the study expand upon previous studies by Dewi et al. (2022) and Putri et al. (2023) which declare that sustainability reporting disclosure can affect financial performance.

The Effect of Green Accounting on Financial Performance with Good Corporate Governance as a Moderator

Based on Table 7, good corporate governance (GCG) does not moderate the relationship between green accounting and financial performance. This result challenges the expectation derived from signaling theory, which suggests that GCG should enhance the credibility and effectiveness of sustainability signals, including those from green accounting practices. The absence of a moderating effect implies that GCG, as currently implemented, may not be sufficiently aligned with environmental objectives to reinforce the financial impact of green accounting. This may be due to GCG frameworks that remain focused on traditional compliance, financial control, and risk management rather than integrating sustainability into strategic governance decisions. Furthermore, green accounting itself may still be in an early stage of development within many companies, with fragmented practices, lacking standardized metrics, or disconnected from performance evaluation and incentives. As a result, even in firms with strong governance mechanisms, green accounting may not yet carry enough weight to influence financial performance meaningfully. This condition reflects a broader gap in how companies operationalize environmental accountability not only through reporting but also in governance oversight. The effects of this study align with preceding research by Bangun et al. (2024) and Ruhiyat and Kurniawan (2024) which argue that good corporate governance has no impact on the relationship between green accounting and financial performance.

The Effect of Green Intellectual Capital on Financial Performance with Good Corporate Governance as a Moderator

Based on Table 7, there is no moderating effect of good corporate governance (GCG) on the relationship between green intellectual capital (GIC) and financial performance. From the lens of signaling theory, this is a critical finding. GCG is expected to amplify and validate the strategic value of environmental initiatives, including GIC, by enhancing transparency and stakeholder trust. Strong governance mechanisms should make the intangible assets embedded in GIC, such as eco-innovation, green knowledge, and environmentally oriented relationships, more credible to the market. However, the absence of a moderating effect suggests that GCG structures are not yet functioning as effective channels to transmit the value of GIC to external stakeholders. This finding points to a potential disconnect between the governance apparatus and the strategic utilization of intellectual capital in sustainability contexts. Even with robust governance, if sustainability metrics such as GIC are not systematically integrated into performance evaluations, disclosure mechanisms, or board-level decision-making, their economic value remains under-communicated and under-appreciated by the market. It may also reflect investor skepticism or lack of familiarity with evaluating non-financial assets, particularly those that derive value from long-term environmental outcomes rather than immediate financial gains. Interestingly, this result contrasts with the findings of Bangun et al. (2024), who found that the link between good corporate governance may attenuate the relationship between green intellectual capital and financial performance.

The Effect of Sustainability Reporting on Financial Performance with Good Corporate Governance as a Moderator

Based on Table 7, the relationship between sustainability reporting and financial performance is not moderated by good corporate governance (GCG). From the perspective of signaling theory, this is a noteworthy deviation from theoretical expectations. Ideally, GCG should reinforce the credibility of sustainability reporting by ensuring disclosures are accurate, transparent, and reliable, thereby enhancing their impact on stakeholder perceptions and, ultimately, financial outcomes. However, the findings suggest that while sustainability reporting alone has a direct influence on financial performance, the presence of GCG does not amplify this effect. This indicates two possible interpretations. First, sustainability reporting may already be perceived as a sufficiently strong signal by stakeholders, especially in industries where environmental and social concerns are central. In such contexts, the additional assurance provided by GCG may be redundant. Second, and more critically, it may reflect the limited integration of sustainability priorities within the current governance practices of many firms. Suppose boards and governance structures treat sustainability as a peripheral concern rather than embedding it in oversight functions, risk assessments, or strategic planning. In that case, GCG may fail to play a meaningful role in reinforcing sustainability-related value creation. Research by Suryaningrum et al. (2024) is not supported by the findings of this investigation, which states that the link between financial performance and sustainability reporting disclosure can be mitigated by good corporate governance.

Conclusions and Recommendations

This study concludes that sustainability reporting disclosure exerts a significant positive influence on financial performance, highlighting the role of transparent communication in driving business value. However, the findings reveal that green accounting and green intellectual capital do not have a statistically significant impact on financial outcomes, suggesting that these environmental initiatives may not yet be fully integrated into core business practices. Furthermore, the study finds that good corporate governance does not moderate the relationship between sustainability-related practices and financial performance, implying that governance mechanisms in the observed firms have not effectively amplified the influence of environmental strategies on financial results.

The results of this research carry important theoretical and practical implications. Theoretically, the study contributes to the development of signaling theory and corporate sustainability discourse by illustrating the limited role of governance in reinforcing environmental initiatives. While sustainability reporting may serve as a strategic signal to stakeholders, it requires robust internal mechanisms to translate environmental intent into measurable financial performance. From a practical standpoint, companies, particularly those in the food and beverage sector, are encouraged to institutionalize sustainability practices within governance structures, enhance interdepartmental collaboration, and ensure that environmental efforts are not merely symbolic but embedded into operational strategies. Regulators and policymakers are advised to strengthen frameworks that better integrate sustainability disclosure with financial accountability, while investors should advocate for transparency and standardized reporting practices to better assess firm value.

Nonetheless, this study is not without limitations. The research is constrained by its focus on a single industrial sector, a limited sample size, and a narrow time horizon, which may affect the generalizability of the findings across broader contexts. Future research should consider a multi-sectoral and multi-country approach with a larger dataset and an extended observation period. Incorporating additional moderating variables, such as environmental innovation or board sustainability expertise, and employing mixed-method approaches could yield more nuanced insights into the mechanisms by which environmental strategies, governance, and performance interact.

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