

Disclosure sustainability reporting and corporate governance business performance: how it impacts on market performance

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Received: October 29th, 2021, Accepted: December 3rd, 2021; Published:
September 15th, 2022

DOI: <http://dx.doi.org/10.24123/jmb.v21i2.573>

Abstract

This study proves empirically that the implementation of corporate governance and sustainability reports as predictors of business performance and its impact on market performance. The research model is built on the basis of stakeholder theory. The research data are non-business companies listed on the Indonesia Stock Exchange in 2017-2019 which publish both annual reports and sustainability reports. Statistical testing shows that both the use of sustainability reports and corporate governance mechanisms have a positive and impact impact on business performance. Business performance has a positive and impact effect on market performance. Further findings indicate that corporate governance mechanisms affect market performance through business performance. On the other hand, business performance does not mediate the relationship between sustainability disclosure and market performance.

Keywords: corporate governance, business performance, market performance.

Abstrak

Penelitian ini membuktikan secara empiris bahwa implementasi tata kelola perusahaan dan sustainability report sebagai prediktor terhadap kinerja keuangan dan dampaknya terhadap kinerja pasar. Model penelitian dibangun atas dasar teori stakeholder. Data penelitian merupakan perusahaan non keuangan yang terdaftar di Bursa Efek Indonesia tahun 2017-2019 yang menerbitkan baik laporan keuangan tahunan maupun laporan keberlanjutan. Hasil penelitian menunjukkan bahwa baik pengungkapan sustainability report maupun mekanisme tata kelola perusahaan berpengaruh positif dan signifikan terhadap kinerja keuangan. Kinerja keuangan berpengaruh positif dan signifikan terhadap kinerja pasar. Temuan lanjutan mengindikasikan bahwa mekanisme corporate governance mempengaruhi kinerja pasar melalui kinerja keuangan. Namun sebaliknya kinerja keuangan tidak memediasi hubungan pengungkapan laporan berkelanjutan terhadap kinerja pasar.

Kata Kunci: kinerja keuangan, kinerja pasar, laporan berkelanjutan.

Introduction

Market performance is one of the indicators used both internally and

externally by the company in order to measure the progress and development of its business (Marice et al., 2021). Market performance is very important because there is a target to be achieved by business management, namely the desire for market confidence to increase towards the company's current performance and the company's prospects in the future. Increased market performance indicates that there is an achievement that can improve the welfare of the owners (Monica et al., 2021).

Market performance indicates the company's performance which is described by the stock price which is formed from the demand and supply of the capital market which confirms the evaluation from the public of the company's performance (Daromes & Jao, 2020). The stock price is intended to assess market performance for companies that have gone public. Stock prices are represented by the composite stock price index (JCI) which reflects investment, spending and dividend decisions (Pertiwi, 2012). The JCI that experienced an increase showed that the market performance was high and conversely, the JCI that experienced a decline indicated that the market performance was experiencing a decline.

How the market's performance reacted was reflected in the phenomenon that occurred in early January 2020, where market optimism was suddenly interrupted by negative sentiment, namely the emergence of the corona virus outbreak which made foreign investment managers immediately switch their portfolios from the stock market to 'safe-haven' instruments, as well as the forced sale of a number of shares in the domestic market. This is why throughout January, the composite stock price index (JCI) was cut from 6 percent to 5,940 or below the psychological level of 6,000, while last year, the index closed at 6,299.5 (Mahardhika, 2020). The JCI which was trimmed by the negative sentiment affected the company's performance.

Assessment of market performance is closely related to business performance. This happens because both market performance and business performance are the main picture of firm performance. Business performance can be seen from the business statements that are prepared and interpreted for stakeholders who have an interest in the company's business data.

Business statements must contain information that is of high value to its users. The business information has a function as a management accountability tool, an indicator of success, and a consideration for companies in making decisions (Vasile & Croitoru, 2020). Business statements are said to have information content if the publication of the business statements causes a market reaction. Market reaction is related to market performance as indicated by the development of stock prices (Daromes & Jao, 2020). The higher the stock price, the higher the market performance and ultimately provide returns for investors. Market performance will increase if the company has business performance which is reflected in its business statements (Palepu et al., 2020).

Information that must also be disclosed by the company's management in order to attract investors' interest in addition to business performance is the sustainability report (Monica, 2021). This is because there are many demands from the community regarding corporate responsibility for the positive and negative impacts on the economic, social and environmental aspects, so it is necessary to change the pattern of sustainability that involves integration

between the three aspects of development in running a business and company with an orientation to the triple bottom concept. line (TBL) or what is often called the 3P (Profit, People, and Planet). The balance between profit, people, planet can be reflected in the sustainability report.

Sustainability reports are reports that contain non-business information such as environmental and social (Elkington, 1997). Currently in Indonesia, as regulated in the Regulation of Otoritas Jasa Keuangan (OJK) number 51/POJK.03/2017, namely that business service institutions, issuers, and public companies are required to submit a sustainability report every year as well as submit an annual business report. Maintainability reports can be caught on as a way for companies to reply to partner demands for money related execution data (Ballou et al., 2006).

Partner hypothesis (Freeman, 2010) clarifies that companies must look for to preserve connections with partners by making a difference to fulfill the needs and needs, particularly those who have control over the accessibility of assets utilized for the company's operational exercises. To meet the wants and needs of stakeholders, a sustainability report is needed. Supportability report could be a stand-alone report or partitioned from the company's yearly report (BAPEPAM-LK, 2012). The planning of the supportability report employments rules from the Worldwide Announcing Activity (GRI) since there are no particular rules in Indonesia with respect to revelation measures in maintainability reports.

Inquire about on the divulgence of supportability reports on money related execution and advertise execution appears blended comes about. Inquire about conducted by Muallifin & Priyadi (2016) appears that halfway revelation of the supportability report has no critical impact on money related execution and advertise execution. Be that as it may, in differentiate to the inquire about conducted by Safitri & Fidiana (2015); Dewi et al., (2019) which appears that halfway maintainability report revelation includes a noteworthy impact on budgetary execution and advertise execution.

On the other hand, research findings by Abduh & Rusliati (2018) reveal that good corporate governance has a impact effect on business performance. However, it is different from the research of Azis and Hartono (2017); Irma (2019) appears that great corporate administration with review committee pointers has no impact on budgetary execution.

The other research conducted by Hardianti & Asyik (2016); Forma & Amanah (2018) shows that business performance with return on assets indicators has a positive effect on firm value. Be that as it may, it is diverse from investigate conducted by Thaharah & Asyik (2016) which appears that money related execution as measured by return on resources has no impact on firm esteem.

The inconsistent findings as described above motivate this research by building a model of the effect of sustainability report disclosure and good corporate governance on market performance mediated by business performance. Thus, the purpose of this study is to investigate the effect of implementing corporate governance and sustainability reports on business performance that is tested both directly and through market performance.

The sustainability report is used by the company to achieve a more transparent management for stakeholders. Through the sustainability report, the company provides clear and complete information about the state of the company

and its impact on the environment and society.

The thought of counting the subject of administration in this inquire about show is that to move forward money related execution, companies have to be actualize great corporate administration (Ferial et al., 2016). The usage of great corporate administration has to be upheld by three interrelated columns, specifically the state and its device as controllers, the commerce world as showcase players, and the open as clients of commerce items and administrations. The numerous issues that happen in Indonesia make the usage of great corporate administration powerless in budgetary execution.

The concept of good corporate governance is put forward so that transparency in business reports can be implemented so as to make the management of the company better. Good corporate governance as formulated by the Forum for Corporate Governance in Indonesia (FCGI, 2001) is to create added value for stakeholders. The mechanism of good corporate governance is used as a control for the company so that it remains at the proper limit. The implementation of good corporate governance encourages the company's business performance (Muryati & Suardikha, 2014). One indicator that supports a good corporate governance mechanism is the audit committee.

According to BAPEPAM through SE-03/PM/2000 and Decree of the Board of Directors of the Jakarta Stock Exchange (JSX) No. Kep-315/BEJ/06/2000 audit committee consists of at least three people, one of whom is the chairman of the audit committee who also has a position as an independent commissioner, and the other members are independent external parties where at least one member has the ability in accounting and finance. The existence of an audit committee will encourage the implementation of good corporate governance so that the manipulation of the information presented can be reduced (Effendi, 2016:59).

The fulfillment of stakeholder expectations through the sustainability report will result in a good relationship between the company and stakeholders that will maximize business performance. Business performance is a measure of the company's success in generating profits so that the sustainability report is used as a benchmark. It can be said that companies that fully disclose and explain sustainability reports can generate high profits. Good business performance can reflect the current and future condition of the company, so that later it will affect stock prices which have an impact on market performance.

Business performance that reflects these two aspects can mediate the relationship between sustainability reports on market performance. Investors have a positive perception of business performance if the business performance can meet their needs and desires, namely the business report clearly discloses business and non-business aspects (sustainability report). Companies with good business performance always strive to present these two aspects so that they affect market performance. In this case the creation of a positive perception of investors.

Good governance makes it easier for management to manage the company effectively. The implementation of good corporate governance is expected to improve the quality of business reports through the audit committee formed. The competence possessed by the audit committee has the potential to create quality business reports. Quality business reports reflect better business performance. This is due to the existence of a supervisory function in accordance with the

expectations of investors. A well-run supervisory function will increase investor confidence and have an impact on market performance.

Stakeholder theory explains that companies must be accountable to stakeholders related to non-business information (sustainability reports) and create transparency which is one of the principles of good corporate governance. Good corporate governance is part of the supervisory function because it regulates the relationship between stakeholders to support business performance. The party that supervises is the audit committee.

Furthermore, the audit committee is the liaison party between shareholders and the board of commissioners for activities carried out by management, internal and external auditors. Communication that occurs between the audit committee and stakeholders will improve business performance because it produces quality business reports. Business reports that are maintained in quality can make investors interested in investing in companies so that it will have an impact on market performance.

Based on the series of arguments above, the following hypotheses can be built:

H1: Disclosure of sustainability report has a impact effect on business performance.

H2: Good corporate governance has a impact effect on business performance.

H3: Business performance has a impact effect on market performance.

H4: Disclosure of sustainability reports has a impact effect on market performance mediated by business performance.

H5: Good corporate governance has a impact effect on market performance mediated by business performance.

Research Methods

The number of data on non-business companies listed on the Indonesia Stock Exchange in 2017-2019 is 1,863. Number of data on companies that did not publish annual reports in 2017-2019 (0). Number of data on companies that did not publish sustainability reports in 2017-2019 (1,743). Total up to 3 years of research 120. Amount of outlier data removed from population (47). Thus, the total number of data processed in the study was 73 research samples.

Sustainability report disclosure is a report made by the company in disclosing or communicating to all stakeholders regarding economic, social, environmental matters. Sustainability reports are measured using the Sustainability Reporting Disclosure Index (SRDI). The SRDI calculation is done by giving a score of 1 for the disclosed information item and giving a score of 0 for the undisclosed information item. Then, the scores for each item will be added up to get the total score for each company. The formula used to calculate SRDI (Fatchan & Trisnawati, 2016; Daromes, et al., 2020).

Good corporate governance can be interpreted as a system used to control and regulate a company with the aim of being able to get added value. With the existence of good corporate governance, it can encourage the work pattern of management to become more transparent, and professional. There are several mechanisms of good corporate governance, but in this study, good corporate governance is measured using the audit committee. The audit committee is a committee tasked with overseeing and managing reporting, including the internal

control system and the application of generally accepted accounting, and can oversee the overall process. The formula used to calculate the audit committee (Gautama, et al., 2017), namely:

Audit Committee = Number of Audit Committee Members.

Market performance is related to stock prices so that later it can determine the value of a company. There are several ways that can be used to measure the market performance of a company, where one of the indicators that can provide the best information is the Tobin's Q ratio (Monica, et al., 2021). Tobin's Q is an indicator to measure company performance, which can show a management performance in managing company assets. The formula used to calculate,

Tobin's Q is: $\text{Tobin's Q} = (\text{MVS} + \text{Debts}) / \text{Total of Assets}$.

Business performance is the company's ability to manage and control its resources. Business performance in this study serves as a mediating variable and is proxied in the ratio of return on assets (ROA). ROA is used to assess the quality and performance of the company in generating net income from the utilization of its assets. The formula used to calculate,

ROA (Daromes dan Jao, 2020), namely: $\text{ROA} = (\text{Net Profit After Tax} / \text{Total Assets}) \times 100\%$

The analytical method used in this research is to use multiple regression and path analysis methods (path analysis). Path analysis was used to examine the effect of the mediating variables. Path analysis can describe the relationship between multiple regression and the variable to be measured. Path analysis is an extension of multiple linear regression analysis or it can be said that path analysis is the use of regression analysis to estimate causality between variables (cause mode I) that has been determined previously. The advantage of using this method is that the results obtained will be more accurate, sharp and detailed in testing indirect effects. There are two structural equations, which are as follows:

$$y_1 = \rho y_1 x_1 + \rho y_1 x_2 + \varepsilon_1 \quad (1)$$

$$y_2 = \rho y_2 y_1 + \varepsilon_2 \quad (2)$$

in which x_1 means SRDI, x_2 means Good Corporate Governance, y_1 means Business Performance, y_2 means Market Performance, and ε is Unexplained Variance.

Result and Discussions

The significance value of 0.006 has a value smaller than 0.05, which means that the disclosure of sustainability reports and good corporate governance simultaneously has a impact effect on business performance. Meanwhile, in substructure equation 2 there is an F value of 13,437 and a significance value of 0.000. The significance value of 0.000 has a value smaller than 0.05, which means that business performance simultaneously has a impact effect on market performance.

Table 1. Descriptive Statistical Results

Variables	N	Minimum	Maximum	Mean	Standard Deviation
Sustainability Report Disclosure	73	0,12	0,65	0,33	0,12
Good Corporate Governance	73	3,00	5,00	3,49	0,68
Business performance	73	-0,03	0,10	0,04	0,03
Market Performance	73	0,47	2,03	1,11	0,27

Source: Data Processing Results (2021)

Based on the results of the coefficient of determination (R^2) contained in table 3, it shows that in the substructure equation 1, namely the disclosure of sustainability reports and good corporate governance on business performance, the R^2 value is 0.136. This means that the independent variable in this study is able to explain the dependent variable of 13.6% or in other words the business performance variable is able to explain the variable of sustainability report and good corporate governance of 13.6%. The value of 86.4% (100% -136%) explains the contribution of other variables that are outside this research model.

Table 2. Simultaneous Test Results (Test F)

Independent Variables	Dependent Variables	F	Sig.
Substructure 1 Sustainability Report Disclosure Good Corporate Governance	Business performance	5,498	0,006
Substructure 2 Business performance	Market Performance	13,437	0,000

Source: Processed Data, 2021

Likewise in substructure equation 2, namely business performance on market performance, the R^2 value is 0.159. This means that the independent variables in this study are able to explain the dependent variable by 15.9%, the contribution of other variables outside the research model is 84.1% (100%-15.9%).

Table 3. Results of the Coefficient of Determination (R^2)

Model Structure	R Square (R^2)
Substructure 1	0,136
Substructure 2	0,159

Source: Processed Data, 2021

Path analysis is needed to determine the role of mediating variables in a research model. The advantages of using path analysis are that the results obtained will be clearer in testing the indirect effect. The following is the path analysis model in this study:

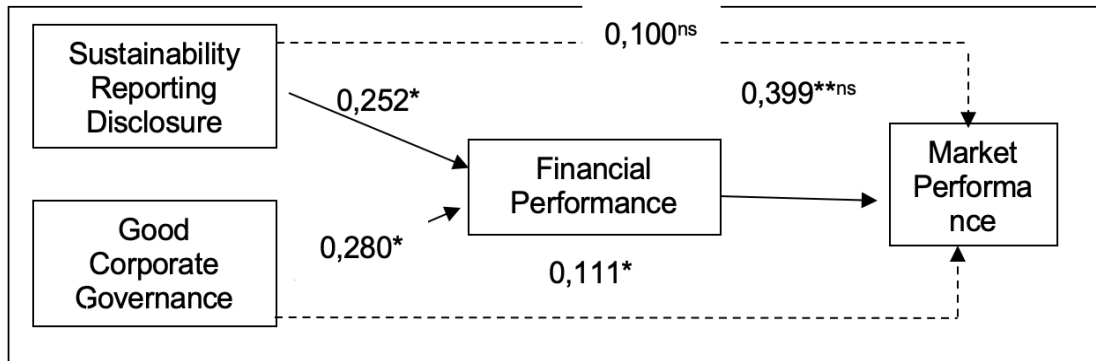


Figure 1. Path Analysis Model

Source: Processed Data, 2021

The information is Direct Influence, Indirect Influence,* is Impact at p-value < 0.05, and ns is Not Impact at p-value > 0.05. The results of this test are used to determine whether the independent variable has an effect on the dependent variable, with the following results.

Table 4. t test

Model Structure	Standardized Coefficients Beta	Sig.	Confirm significance
Substructure 1			
Sustainability Report Disclosure	0,252	0,026	impact
Good Corporate Governance	0,28	0,014	impact
Substructure 2			
Business performance	0,399	0	impact

Source: Processed Data, 2021

Direct influence is the influence that exists between one independent variable on the dependent variable without passing through the other dependent variables. The value of direct influence is obtained from standardized coefficients beta. Indirect influence is the influence that exists between one independent variable on the dependent variable that exists through the influence of other dependent variables. The value of the indirect effect is obtained from the multiplication between the independent coefficient and the dependent coefficient. Furthermore, the total effect is obtained from the accumulation of the two effects. The following are the results of the direct influence, indirect effect, and total effect of this study:

Table 5. Analysis of Direct Effects, Indirect Effects, and Total Effects

Variable Effect	Direct Effect	Indirect Effect	Total Effect
X_1Y_1	0,252		0,252
X_2Y_1	0,280		0,280
Y_1Y_2	0,399		0,399
X_1Y_2		$0,252 \times 0,399 = 0,100$	0,100
X_2Y_2		$0,280 \times 0,399 = 0,111$	0,111

Source: Processed Data, 2021

The results of testing the indirect effect on sustainability reports on market

performance through business performance show a value of 0.100. This indirect value is obtained from the multiplication of the coefficients between x_1 and y_1 . Meanwhile, the indirect effect of good corporate governance on market performance through business performance shows a value of 0.111. This indirect value is also obtained from the multiplication of the coefficients between x_2 and y_1 .

Table 6. Sobel Test

Variable	Estimated Value	Standard Error	Two-Tailed Probability (p-value)	Confirmation
1 to y_2 through y_1	$a = 0,006$; $b = 3,565$	$sa = 0,003$; $sb = 0,972$	0,079	Not impact
2 to y_2 through y_1	$a = 0,174$; $b = 3,565$	$sa = 0,069$; $sb = 0,972$	0,037	Impact

Source: Processed Data, 2021

Variables x_1 to y_2 through y_1 have a two-tailed probability (p-value) of 0.079. This shows that the two-tailed probability (p-value) obtained is greater than 0.05, which means that there is no mediating effect of business performance on the disclosure of the sustainability report on market performance.

Variables x_2 to y_2 through y_1 have a two-tailed probability (p-value) of 0.037. This shows that the two-tailed probability (p-value) obtained is smaller than 0.05, which means that there is a mediating effect of business performance on good corporate governance on market performance.

Sustainability report disclosure on business performance shows a significance value of 0.026, which means this significance value is less than 0.05. This means that the disclosure of sustainability reports has a positive and impact effect on business performance. Investors who want to invest in the company are no longer worried because the information provided already covers economic, social and environmental aspects.

This is in line with stakeholder theory. Stakeholder theory states that companies are not only centered on maximizing profits and focusing on the interests of shareholders but also must be concerned with stakeholders. Continuous disclosure of information in the form of a triple bottom line will have an impact on company performance.

The report indicator used in this study is the SRDI which is guided by the GRI. This indicator is used to see how many elements the company discloses related to sustainability. The quality of a company in disclosing its sustainability report can be seen through the number of elements disclosed compared to the 91 indicators that have been set by GRI so that from these results it can be seen how many elements have not been disclosed by the company. The more companies that can disclose the sustainability report, the more business performance will increase as seen from the increase in profits due to a positive response from the community. Positive responses arise from the disclosure of information regarding the company's sustainability in the future.

This study is consistent with Safitri and Fidiana (2015) which suggests that the wider the sustainability report disclosed by the company, the business performance will increase. This is because the disclosure will provide positive information that can be used as a marketing medium to the public so that public

response will increase and the company can generate profits. This study also supports the findings of Dewi et al. (2019) which states that the disclosure of sustainability reports can provide positive information related to economic, social and environmental aspects. This information can increase stakeholder trust and will indirectly have an impact on business performance. The company's business performance can increase through product sales so that the company will experience profits and can maximize profits.

However, this study is not consistent with the findings of Muallifin and Priyadi (2016). The amount of return in the form of assets is strongly influenced by the increase or decrease in profit after tax originating from sales obtained by the company. Meanwhile, each sustainability report disclosure does not always have an effect on increasing sales because the sustainability report disclosure has no effect on decisions made by stakeholders related to consumers.

This study also revealed that the effect of good corporate governance on business performance show a significance value of 0.014, which means this significance value is less than 0.05. This means that corporate governance as proxied by the audit committee has a positive and impact effect on business performance. The audit committee as part of good corporate governance has a function as a party that bridges the relationship between shareholders and the board of commissioners. Good communication with stakeholders will result in good company performance which can be seen in business performance. This reflects the state of the company in a transparent manner that can make the company achieve the success of the activities carried out.

In measuring good corporate governance, the number of members of the audit committee is used as an indicator. The audit committee has a role to regulate so that stakeholders can carry out their duties in accordance with the established rules. The more the number of members of the audit committee owned by the company, the management performance will be maintained so that the business statements are of higher quality. The company also uses the audit committee as the party that oversees the company so that impact errors can be minimized or if they occur, these can be addressed immediately so that the company can run well.

The existence of an audit committee is considered capable of reducing opportunistic management behavior. The role of the audit committee as a supervisory function in the ongoing internal control system is able to make business reports of higher quality. Business reports that are maintained in quality are able to explain the state of the company in generating profits from activities carried out during a period so that investor confidence will increase. Abduh and Rusliati (2018) also reported similar results which state that with the existence of an audit committee, management will work well so that the quality of business reports will be maintained.

However, this study is not consistent with the findings of Azis and Hartono (2017). Audit committee's ability to supervise cannot be guaranteed by the proportion of the audit committee and its existence cannot guarantee the quality of the business reports produced. Irma (2019) also stated that the audit committee has a impact negative influence on business performance. this explains that the higher the value of the audit committee, the lower the company's business performance. It happens that the more the number of members of the

audit committee, the more control and supervision that must be carried out so that more consideration is needed in making decisions. This happens because of the large number of audit committees owned by the company, the more control and supervision that must be carried out so that more consideration is needed in making decisions.

The t-test of the effect of business performance on market performance shows a impact value. Business performance is used by the company as a description of the company's business condition so that it can describe the achievements obtained in a certain period.

Meanwhile, one of the references for investors to buy shares is seen from business performance. Stakeholder theory is used because stakeholders really need the information they have because if business performance is good, it can reflect the condition of the company in the future which will ultimately affect stock prices so that it has an impact on market performance. If the market performance gives a good response, it will provide big profits for investors.

Business performance in this study is proxied by return on assets and market performance is measured using Tobin's Q. ROA explains how a company is able to utilize its assets to generate net income. Tobin's Q is used to provide the best information that can show management's performance in managing company assets. It can be said that the return on assets can affect Tobin's Q. With a high return on assets, the company can generate profitability. Higher profitability will affect Tobin's Q.

This study is consistent with the findings of Hardianti and Asyik (2016) which suggests that the higher the business performance of the company or the return on assets, the market performance will increase. The more effective the company's asset turnover or the higher the profit earned will encourage an increase in the company's stock price. In other words, firm value will increase so that the management must always pay attention to the profits earned by the company every year. Forma and Amanah (2018) also produce similar results which state that business performance as measured by utilizing the total assets owned is used by the company to measure the company's effectiveness in generating profits. If this is effective, it will have an impact on market performance because many investors will invest in shares caused by the positive signal received.

However, this research is not consistent with the findings of Mispa and Sadeli (2021). This is because investors may not look at the return on assets, they assume that a stable stock price can increase market performance even though business performance is unstable. High stock prices and the number of outstanding shares can attract investors' attention so that market performance can increase. Thaharah and Asyik (2016) also produced similar results which stated that business performance using return on assets in generating profits was seen based on the company's efficiency in using its assets. A company is said to use its assets efficiently if the return on assets is above 30%. If the company experiences an increase in net income, the number of assets will also increase so that the return on assets tends to stop in that period which makes investors less interested in investing in the company.

The results of the Sobel test of the effect of sustainability report disclosure on market performance mediated by business performance contained in table 5

show that the two-tailed probability (p-value) obtained is 0.079. This means that the two-tailed probability (p-value) obtained is greater than 0.05. This means that business performance does not mediate the relationship between sustainable reporting and market performance. The sustainability report published by the company focuses more on disclosing the company's non-business performance and business performance as seen from the business statements more towards the company's finances. Furthermore, the increase in market performance is seen from the business performance produced by the company.

The measurement of the quality of the sustainability report disclosure can be seen through the 91 indicators that have been set by GRI. The sustainability report only presents the elements disclosed by the company regarding the company's sustainability going forward, so it can be said that the sustainability report only presents non-business aspects of the company. Meanwhile, if you look at it from the investor's point of view, investors want business statements that present the overall business condition. As a result, the influence of sustainability report disclosure has a role that is not too large from an economic perspective so that it does not have an impact on market performance.

This study are consistent with Ratih and Setyarini (2014); Ardiyanto and Haryanto (2017) who suggest that business performance cannot mediate the relationship between sustainability report disclosures on market performance. This is because more and more disclosure of sustainability reports can indeed improve the company's business performance but does not have too big an impact from an economic perspective, because more non-business aspects are disclosed. However, from the point of view of investors who always look at the business aspect, it makes them believe in investing their shares in the company. as a consequence, this does not increase the value of the company so that other factors other than business performance are needed that can act as mediating variables.

This result is also similar to the findings of Yulianty and Nugrahanti (2020) who suggest that business performance is able to mediate the relationship between the disclosure of sustainability reports on market performance. If more companies can disclose sustainability reports, then this can be used by the company to be able to see the company's progress in generating profits so that it will indirectly have an impact on the share price of the company which causes the company's value to increase. As a result, the company can provide a positive view of investors in order to invest in the company.

The results of the Sobel test of the effect of good corporate governance on market performance mediated by business performance contained in table 6 show that the two-tailed probability (p-value) obtained is 0.037. This means that the two-tailed probability (p-value) obtained is smaller than 0.05. That is, business performance is able to mediate the relationship between good corporate governance in this case the audit committee on market performance.

Based on stakeholder theory, companies must have a responsibility to stakeholders in order to create transparency which is part of the principles of good corporate governance. The Audit Committee which is one of the mechanisms of good corporate governance has the task of supervising so that the company can run well. The audit committee has the duty to be responsible for overseeing the running of the company so that the quality of the business statements can be

maintained. The quality of business statements can reflect business performance. Companies that are able to show quality business reports to investors will increase investor confidence so that it will have an impact on market performance.

The number of audit committee members indicates the performance of the audit committee in supervising the company. More audit committees the company has, the tighter supervision will be, so that the business statements will have good quality. Reports that are maintained in quality can make investors interested in investing in shares so that market performance will increase.

This finding indicates that business performance is able to mediate the relationship between good corporate governance which is proxied in the audit committee on market performance. The existence of the audit committee as the party that oversees the running of the company is able to improve the quality of the business statements so that the report can be accounted for. The resulting business statements are able to explain the actual business performance without any manipulation. This is what makes investors believe in investing. The value of the company will also increase which can be seen from better market performance due to the creation of transparency.

However, this study is not consistent with the findings of Maryanto (2017); Tjahjono and Chaeriyah (2017) which suggests that business performance is not able to mediate the relationship between good corporate governance in this case the audit committee on market performance. This shows that business performance which acts as a mediating variable is not effective. Without business performance as a mediating variable, the audit committee can increase investor confidence and convince them to invest in the company.

Conclusion

Disclosure of sustainability report has a positive and impact effect on business performance. This means that more and more companies that disclose sustainability reports provide an indication of good business performance, because the information provided reflects the dimensions of both business and non-business performance. Investors do not need to hesitate because the sustainability report includes the 3Ps, namely profit, people, and planet. The Audit Committee that reflects Good corporate governance has an impact on improving business performance. The argument is that the more parties that supervise the company's internal control system, the more quality of business reports. Business performance has a positive and impact effect on market performance. That is, the better the business performance of the company, the market performance will increase. The increase in profits earned by the company has an influence on the company's stock price which in turn has a positive impact on the value of the company in the eyes of investors. Business performance does not have a mediating role on the effect of sustainability report disclosure on market performance. This means that more companies that disclose sustainability reports can improve business performance but have no impact on the company so that it does not affect value. This makes the need for other mediating variables in order to mediate the relationship between the variables contained in this study. On the other hand, business performance shows a function as a mediating variable for the effect of good corporate governance on market performance. That

is, the existence of good corporate governance in this case the audit committee as the party that oversees the company is able to make the quality of business reports increase and can be accounted for. This is what makes the value of the company increase so that investors are not indecisive to invest in shares because of the transparency that exists in a company.

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