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Research Paper

BUILDING A BRIDGE BETWEEN SUSTAINABILITY AND FINANCIAL PERFORMANCE: AN ANALYSIS OF SUSTAINABILITY REPORTS IN ASRRAT COMPANIES

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ABSTRACT

Purpose - This research investigates the influence of sustainability reporting on financial performance by assessing the economic, environmental, and social dimensions disclosed in the sustainability reports of companies that took part in the Asia Sustainability Reporting Rating (ASRRAT) between 2021 and 2023.

Research Method - This study utilizes purposive sampling, involving 30 companies and yielding a total of 90 firm-year observations. To examine the relationship between sustainability disclosure and financial performance, this study employs panel data regression analysis.

Findings - The findings reveal that the economic and social components of sustainability reporting have a significantly positive impact on financial performance. Conversely, the environmental component demonstrates a significant negative effect. These results imply that, although sustainability reporting can contribute to improved financial outcomes, environmental disclosures may entail additional costs that adversely affect profitability.

Implication - The study provides insights for corporate managers, investors, and policymakers regarding the strategic role of sustainability reporting. Companies should emphasize economic and social sustainability disclosures to improve financial performance while managing environmental responsibilities effectively. Additionally, regulators may need to refine sustainability disclosure frameworks to ensure that environmental initiatives support both corporate and societal value creation.

Keywords: Sustainability Report, Financial Performance, Sustainability Disclosure

JEL code: Q56

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INTRODUCTION

Sustainability has emerged as an essential element in the business environment. Its implementation and disclosure can offer firms a competitive edge, enhance market credibility, and attract potential investors (KPMG, 2020). Traditionally, businesses operated under a conventional paradigm centered solely on Profit, as reflected in financial statements. Over time, this view has shifted toward the Triple Bottom Line framework, which incorporates Profit, Planet, and People—elements that are now integral to sustainability reporting (Lesmana & Tarigan, 2014). This framework motivates companies to communicate their sustainability initiatives and serves as a foundation for assessing business performance (Elkington, 1998). (Porter & Kramer, 2006) further emphasize that the Triple Bottom Line should function as a strategic tool to help businesses achieve sustainable competitive advantage.

Over time, the practice of sustainability reporting has been accompanied by the phenomenon of greenwashing, where companies claim to have a commitment to sustainability but do not take concrete actions to support it. This phenomenon has become a significant issue across various industries. A recent 2023 report stated that the financial industry had a greenwashing rate of 70%, which decreased by 20% in 2024 (Novena & Jatmiko, 2024). This decline may be due to increasing pressure from stakeholders demanding transparency in sustainability disclosures. Although the financial industry is not directly involved in environmental destruction, its policies, whether in the form of funding or marketing, can trigger activities that impact the environment (Cahyadi, 2021).

In addition to the financial industry, the oil and gas sector is also one of the industries with the highest number of greenwashing cases, reaching 332 cases from 2019 to 2024 (Novena & Jatmiko, 2024). Companies in this industry often fail to reflect the claims they make about their commitment to sustainability. A clear example of greenwashing can be seen in companies promoting investments in renewable energy or environmentally friendly projects while continuing to explore and produce fossil fuels that contribute to carbon emissions and climate change. Therefore, this phenomenon is a significant and relevant issue as it can undermine the credibility of sustainability reports, ultimately negatively impacting financial performance. This raises the question of whether sustainability reporting has a measurable impact on corporate financial performance.

As sustainability practices gain increasing attention, a range of regulatory frameworks has been introduced to promote more effective sustainability reporting. In Indonesia, the Financial Services Authority (OJK) enacted Regulation Number 51/PJOK/03/2017 concerning the Implementation of Sustainable Finance for Financial Institutions, Issuers, and Public Companies. This regulation has required publicly listed companies and financial institutions to prepare sustainability reports since 2017. Nevertheless, the enforcement of this requirement was delayed until 2021 due to the COVID-19 pandemic (Aulia & Sudrajat, 2024). The enforcement of this regulation has shown positive results, with 88% of listed companies reporting their sustainability activities in 2022, one year after the regulation was implemented (Yulyan et al., 2024). According to Irvan Susandy, Director of Trading and Membership Regulation at the Indonesia Stock Exchange (IDX), 97% of the 900 listed companies had submitted their sustainability reports by 2023 (Kurnia, 2024).

Besides regulations, independent organizations also play a role in improving sustainability reporting practices. In Indonesia, the National Center for Corporate Reporting (NCCR) has a crucial role in this aspect. In addition to providing certified sustainability report training, NCCR has been organizing the Sustainability Reporting Awards (SRA) since 2005, now known as the Asia Sustainability Reporting Rating (ASRRAT). This recognition is awarded to companies that have published sustainability reports, with the objective of encouraging and advancing the adoption of corporate sustainability reporting across Asia

(NCCR, 2023). NCCR has a strong reputation in organizing ASRRAT and is globally recognized by multinational corporations. Therefore, companies that participate in ASRRAT demonstrate their commitment to sustainability, build investor trust through responsible business practices, gain international credibility by adhering to Global Reporting Initiative (GRI) guidelines, and create competitive differentiation from competitors that do not participate in ASRRAT. However, the extent to which these reports contribute to financial success remains an area requiring further empirical validation.

Public trust in sustainability reports has also increased. A survey conducted by GlobeScan and the Global Reporting Initiative (GRI) in 27 countries in 2020 revealed that the average public trust level rose to 51% in 2020, compared to 30% in 2003 (GlobeScan Incorporated, 2020). Among these results, Asia showed the highest public trust in sustainability report disclosures. Indonesia, Vietnam, and Thailand ranked as the top three countries with the highest approval rates of 81%, 80%, and 79%, respectively. According to Professor Bambang Permadi, Chairman of the NCCR Supervisory Board, the momentum of sustainability reporting continues to grow, especially in Indonesia, where companies are being progressively encouraged to demonstrate greater transparency and accountability regarding their social and environmental impacts (Hendrik, 2024).

Sustainability reporting functions not only as a mechanism to improve corporate accountability, but also as a factor that can positively affect financial performance. Numerous studies, especially those conducted in the Asia-Pacific region, have provided evidence supporting the link between sustainability practices and improved financial outcomes. For instance, evidence indicates that corporate social responsibility (CSR) initiatives positively influence financial outcomes, as companies demonstrating robust CSR practices often see enhanced stakeholder relationships that translate into improved financial performance (Hou, 2018; Kim & Lee, 2018). Specifically, studies have shown that firms with comprehensive sustainability disclosures can achieve significant financial benefits, which underline the importance of sustainability in corporate strategy (Rachmat, 2024). Furthermore, the interconnection between sustainable financial performance and adherence to Environmental, Social, and Governance (ESG) standards has also been established, reinforcing the premise that sustainable practices can yield financial returns (ROA) (Dinçer & Altınay, 2022).

On the social front, social sustainability is essential in addressing the needs and values of diverse stakeholders, which can catalyze further economic advantages. The concept of sustainability is evolving so that good financial performance engenders better sustainability outcomes. This has led to a paradigm where financial health not only supports but actively propels larger social initiatives within organizations (Luo et al., 2022; Lu et al., 2022). For example, firms that successfully align their operational strategies with sustainability goals often report lower risk levels and higher long-term viability, demonstrating the significant interplay between social responsibility and economic sustainability in fostering business resilience (Rezaee, 2016).

Despite the extensive research on sustainability reporting and financial performance, limited studies have specifically examined how different aspects of sustainability reporting (economic, environmental, and social aspects) on corporate financial performance. The findings are expected to contribute to the literature by providing empirical evidence on the financial relevance of sustainability disclosures in understanding the strategic value of sustainability reporting.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Stakeholder Theory

The stakeholder theory is a concept stating that a company's responsibility is not only toward its shareholders but also to all parties related to its activities, known as stakeholders (Freeman, 1984). According to (Nabilah & Murwaningsari, 2023), stakeholder theory explains that a company does not operate solely for its own benefit but is also responsible for providing benefits to its stakeholders. Stakeholders play a crucial role in ensuring a company's sustainability. Therefore, businesses must maintain good relationships with stakeholders to secure their support by addressing their needs and expectations. (Freeman, 1984) argues that companies must consider a wide array of stakeholders beyond just shareholders. Sustainability reporting is a tool to address stakeholders' interests in environmental and social issues. According to (Deegan, 2002), stakeholder theory explains that companies voluntarily disclose sustainability information as a means to fulfill stakeholders' expectations, aiming to secure their support and mitigate potential conflicts.

Legitimacy Theory

Organizational legitimacy refers to the alignment between socially accepted values and an organization's activities. In addition, legitimacy is an essential resource for organizations to survive and grow. When an organization achieves legitimacy, it can more easily gain public support, which ultimately sustains the organization's existence (Dowling & Pfeffer, 1975). According to (Ghozali, 2007), legitimacy theory explains that companies continuously strive to ensure that their operations align with societal norms and standards. In essence, legitimacy is the legal recognition of corporate actions.

Companies increasingly recognize that their sustainability depends on their relationship with society and the environment. However, societal expectations often do not align with corporate needs, creating a "legitimacy gap"—a disparity between corporate and societal values that can impact operational sustainability (Harahap & Anis, 2023). To bridge this gap, companies are encouraged to publish sustainability reports, which help reduce perception differences by providing transparent information about economic, environmental, and social performance.

Review of Previous Studies

Several studies have examined the relationship between economic, environmental, and social aspects and corporate financial performance. However, the findings remain inconsistent across different industries and research scopes. (Irma & Lestari, 2021) conducted a study on companies listed on the Indonesia Stock Exchange (IDX) that won the SRA competition. Their findings indicate that the economic aspect has a positive effect, whereas the environmental and social aspects negatively impact financial performance. In contrast, (Dewi et al., 2022) examined manufacturing companies ranked in ASRRAT 2021 and found that the economic aspect has a negative effect, while the environmental and social aspects positively influence financial performance. Similarly, (Leony & Pambudi, 2020) analyzed banking companies listed on the IDX and reported that the economic aspect positively affects financial performance, whereas the environmental and social aspects exert a negative influence. Meanwhile, (Hogiantoro et al., 2022) focused on manufacturing companies from 2018 to 2020, revealing that the environmental aspect positively influences financial performance, while the economic and social aspects have negative effects. Further, (Wartabone et al., 2023) conducted research on companies listed in the Sharia Stock Index from 2018 to 2021, demonstrating that the environmental aspect contributes positively to financial performance, while the economic and social aspects exert a negative impact. Likewise, (Setyowati et al., 2024) examined mining companies listed on the IDX and found that the economic aspect has a positive effect, whereas the environmental and social aspects negatively affect financial performance. Additionally, (Rahmananda & Gustyana, 2019) investigated companies in the LQ45 index and reported that all three aspects (economic, environmental, and social) negatively affect financial performance. A similar study by (Mulpiani, 2019) focusing on IDX-listed companies from 2015 to 2017 showed that the economic and environmental aspects positively influence financial performance, while the social aspect exerts a negative effect. These varying findings suggest that the impact of economic, environmental, and social aspects on financial performance may depend on industry characteristics, measurement approaches, and the time frame of the study.

Research Hypotheses

Sustainability Report in the Economic Aspect

Companies publish sustainability reports to maintain relationships with stakeholders and influence corporate performance improvement. The economic aspect of sustainability reporting reflects a company's ability to generate profits (GRI, 2021). Disclosure of economic aspects enhances corporate transparency, thereby building stakeholder trust. This trust is vital because stakeholder theory emphasizes that stakeholders have expectations regarding corporate profitability and efficiency.

Increasing economic disclosures demonstrates a company's commitment to responsible resource management and optimization. This can motivate investors to invest, providing the company with greater access to capital for expanding operations, fostering innovation, and improving infrastructure. Consequently, increased investments can lead to higher revenue and profit, ultimately enhancing a company's overall financial performance. Research conducted by (Irma & Lestari, 2021; Leony & Pambudi, 2022; Mulpiani, 2019; Setyowati et al., 2024) confirmed that the economic aspect positively affects corporate financial performance. Based on the above discussion, the research hypothesis proposed is as follows:

H1: The economic aspect of sustainability reports have a positive significant influence on corporate financial performance.

Sustainability Report on Environmental Aspects

A company's commitment to environmental responsibility, as reflected in sustainability reports, can strengthen stakeholder trust. Transparent disclosure of environmental impact reduction efforts, such as emissions control and waste management, not only demonstrates concern for sustainability and regulatory compliance but also opens opportunities for eco-friendly product innovation. This innovation can attract environmentally conscious customers, ultimately benefiting both the environment and the business. Therefore, environmental disclosures contribute to financial performance enhancement through various mutually reinforcing channels.

Legitimacy theory plays a key role in this context because companies committed to environmental responsibility can enhance their legitimacy in the eyes of stakeholders. However, studies by (Aina & Sadikin, 2023; Irma & Lestari, 2021; Leony & Pambudi, 2022; Rahmananda & Gustyana, 2019; Setyowati et al., 2024) suggest that environmental factors negatively impact financial performance. This is because companies that fail to manage their environmental impact effectively may suffer reputational damage. In addition, firms committed to meet stringent environmental standards often incur high compliance costs, such as investments in green technology and waste treatment. If companies fail to meet environmental expectations, they risk losing legitimacy, which contradicts the legitimacy theory. Given this contradiction between theory and empirical findings, the following hypothesis is proposed:

H2: The environmental aspects of sustainability reports have a negative significant influence on corporate financial performance.

Sustainability Report in the Social Aspect

The social aspect of sustainability reports addresses a company's role in relation to employees, communities, customers, and other stakeholders, including the provision of occupational safety and health (K3) facilities and customer privacy protection. A company's commitment to social sustainability through responsible asset management can enhance stakeholder trust, which in turn contributes to improving financial performance.

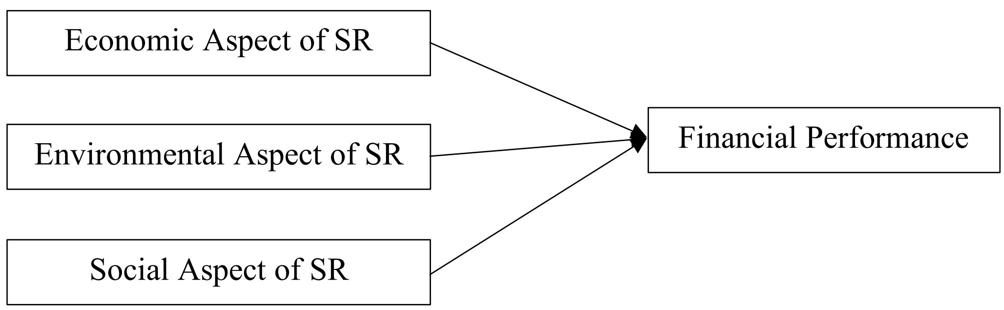
Based on the legitimacy theory, social disclosure strengthens corporate legitimacy by demonstrating compliance with social norms and contributing to community well-being. These credentials and responsibilities make companies more attractive to potential investors and business opportunities. The stakeholder theory suggests that fulfilling stakeholder expectations strengthens relationships, boosts transactions, and increases corporate profits.

The social aspects of sustainability reporting can influence corporate financial performance by enhancing reputation and public trust. Companies that demonstrate commitment to social responsibility can attract more investors and customers who value social issues. This means that companies can build a positive image that encourages consumers to choose their products. Strong relationships with stakeholders foster customer loyalty, which contributes to increased revenue and profitability, ultimately leading to improved financial performance.

H3: The social aspects of sustainability reports have a positive significant influence on corporate financial performance.

Research Model

Figure 1. Research Model



RESEARCH METHODOLOGY

This study uses a population of companies participating in the Asia Sustainability Reporting Rating (ASRRAT), which is organized by the National Center for Corporate Reporting (NCCR) for the period 2021-2023, consisting of 168 companies. This population was selected because companies participating in this award have a high reputation and credibility in sustainability. The sampling technique employed is purposive sampling based on predetermined criteria, namely participation in ASRRAT, availability of financial reports, and sustainability reports for the years 2021-2023. Based on these criteria, a sample of 30 companies was obtained using a research period of 3 years, resulting in a total research sample of 90 observations.

This study used secondary data, including financial and sustainability reports available on each company's website. Additionally, the researcher utilized other sources, such as journals, articles, and books, to support and strengthen the explanation of the research variables.

This study employed panel data regression analysis and panel data equation model is as follows:
$Y_{it} = a + b_1X_{1it} + b_2X_{2it} + b_3X_{3it} + e_{it}$

Description:
Y : Dependent Variable; a : Constant; b_1, b_2, b_3 : Multiple linear regression coefficients; X_1, X_2, X_3 : Independent Variable; i : *Cross-section data*, t : *Time series data*; e : Error

Financial Performance

The financial condition of a company over a certain period, both in terms of fund collection and distribution, is reflected in financial performance, which can be measured using indicators such as liquidity, capital adequacy, and profitability (Yuniastuti & Nasyaroeka, 2017). This study measures financial performance based on the profitability ratio, namely Return on Assets (ROA), which assesses the company's ability to generate profits through its assets.

Sustainability Report Disclosure

The Global Reporting Initiative (GRI) provides standards outlining the specific disclosures that should be included in a sustainability report. These disclosures are categorized into three main aspects: (1) Economic, (2) Environmental, and (3) Social (Dewi et al., 2022). The sustainability report disclosure variable is measured using the Sustainability Report Disclosure Index. The index is calculated by assigning a score of 1 to each disclosed item and a score of 0 to each undisclosed item. After scoring all items, the scores are then summed to obtain the total score for each company. According to (Irma & Lestari, 2021), the index score for each aspect is calculated using the following formula:
Index = n / k
Description:
Index : Index Score for Each Aspect, n = Number of Disclosed Items in Each Aspect, k = Total Number of Expected Items in Each Aspect

Based on the GRI Index (GRI, 2021), there are 17 indicators under the economic aspect (EA), 32 indicators under the environmental aspect (EN), and 40 indicators under the social aspect (SA).

RESULTS AND DISCUSSION

Descriptive Statistics

The results of this descriptive analysis interpret the mean, median, maximum, minimum, and standard deviation of the independent and dependent variables. The following table presents the results of the descriptive statistical data processing:

Table 1. Descriptive Statistical Analysis Results

	EC	EN	SA	ROA
Mean	0,509150	0,563889	0,507778	5,545300
Median	0,500000	0,593750	0,462500	1,813704
Maximum	1,000000	1,000000	1,000000	45,42669
Minimum	0,000000	0,031250	0,100000	-11,63088
Std. Dev.	0,278733	0,296793	0,237190	8,984335

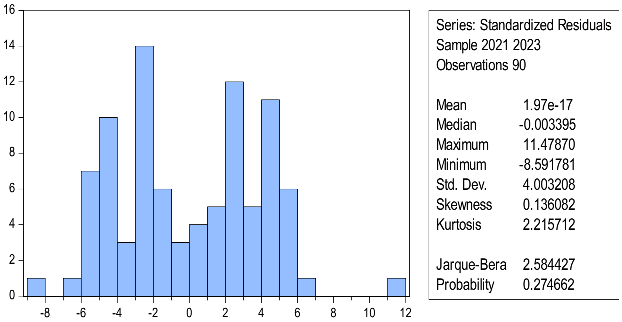
Source: Processed Data from Eviews 10, 2025

Classic Assumption Test Results

Normality Test

The test results can be seen in the following table:

Figure 2. Normality Test Results



Source: Processed Data from Eviews 10, 2025

The normality test is conducted to determine whether the regression model, dependent variable, and independent variables are normally distributed. As shown in Figure 4.1, the Jarque-Bera p-value was 0.274662, which is greater than 0.05. Therefore, we conclude that the data are distributed normally.

Multicollinearity Test

The purpose of this test is to examine the relationship or correlation between independent variables. A good test result indicates no correlation between independent variables, as indicated by a correlation coefficient of 0.8. Below are the results of the multicollinearity test:

Table 2. Multicollinearity Test Results

	EC	EN	SA
EC	1.000000	0.633760	0.757445
EN	0.633760	1.000000	0.779065
SA	0.757445	0.779065	1.000000

Source: Processed Data from Eviews 10, 2025

Based on the results presented in Table 4.2, the correlation values between independent variables are less than 0.8. Therefore, it can be concluded that multicollinearity does not occur or that there is no correlation between variables.

Autocorrelation Test

The results of the autocorrelation test can be explained using the following table:

Table 3. Autocorrelation Test Results

Weighted Statistics	
Mean dependent var	9,118928
S.D. dependent var	13,15287
Sum squared residual	1426,285
Durbin-Watson stat	2,406554

The Durbin-Watson value in the table is 2.406554, which indicates a negative autocorrelation because the number exceeds +2. This is because the data used in this study are panel data that consider time.

Heteroskedasticity Test

The heteroskedasticity test was conducted using the Glejser test, which is indicated by the p-Value of the chi-square test being smaller than $\alpha = 0.05$. Below are the test results:

Table 4. Heteroskedasticity Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4,421563	1,682002	2,628751	0,0110
EC	3,401384	3,180684	1,069388	0,2894
EN	-0,770583	2,518709	-0,305944	0,7608
SA	-6,437168	4,895360	-1,314953	0,1938

Based on the probability values, each aspect has a value greater than 0.05, which indicates that the data are free from heteroscedasticity symptoms.

Hypothesis Testing Results

Simultaneous Test (F-Test)

Table 6. Simultaneous Test (F-Test)

Weighted Statistics	
R-squared	0,916091
Adjusted R-squared	0,868984
S.E. of the Regression	5,002254
F-statistic	19,44706
Prob(F-statistic)	0,000000

Source: Processed Data from Eviews 10, 2025

Based on Table 6, the Prob(F-Statistic) value is 0.000000 < 0.05, indicating that the independent variables collectively have a significant effect on the dependent variable. Therefore, the data presented in this study are considered appropriate for further testing. Further, based on Table 6, the coefficient of determination (R^2) is 0.868984. This indicates that 86.9% of the variation in corporate financial performance can be explained by the economic, environmental, and social aspects of the sustainability report. The remaining percentage may be attributed to other independent variables not included in this study such as good corporate governance variable, etc.

Partial Test (T-Test)

This test evaluates the individual effects of each independent variable on the dependent variable. The test results are presented as follows:

Table 7. Partial Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.	Conclusion
C	-4.100936	0.900314	-4.555007	0.0000	
EC	4.267608	1.383515	3.084612	0.0031	H_1 is accepted
EN	-3.109361	0.933464	-3.330990	0.0015	H_2 is accepted
SA	18.17078	2.080241	8.734938	0.0000	H_3 is accepted

Source: Processed Data from Eviews 10, 2025

Discussion

Influence of the Economic Aspect of the Sustainability Report on Corporate Financial Performance (ROA)

The results of the first hypothesis (H1) test in this study indicate that the economic aspect of the sustainability report has a positive effect on corporate financial performance. The hypothesis test results show a significance value of 0.0031, which is smaller than 0.05, with a coefficient of 4.267608. This implies that H1 is accepted, confirming a significant positive effect of the economic aspect on corporate financial performance.

Based on these findings, it can be inferred that the indicators in the economic aspect enhance corporate transparency and reassure stakeholders regarding a company's ability to manage and optimize its financial resources responsibly for long-term sustainability. This finding aligns with studies conducted by (Irma & Lestari, 2021; Leony & Pambudi, 2022; Mulpiani, 2019; Setyowati et al., 2024), which suggested that the economic aspect of sustainability reports positively influences financial performance. These studies argue that the economic aspect of sustainability reporting provides investors with confidence, enabling companies to secure more capital for operational activities, ultimately enhancing profitability and financial performance.

Influence of the Environmental Aspect of the Sustainability Report on Corporate Financial Performance (ROA)

The results of the second hypothesis (H2) indicate that the environmental aspect of the sustainability report negatively affects corporate financial performance. The hypothesis test results reveal a significance value of 0.0015, which is smaller than 0.05, with a coefficient of -3.109361. This means that H1 is accepted, confirming a significant negative effect of the environmental factor on corporate financial performance.

The disclosure of environmental aspects has not yet succeeded in encouraging stakeholders to respond positively to corporate participation in addressing environmental issues. According to (Leony & Pambudi, 2022), companies with poor reputations and misalignment with legitimacy theory struggle to manage their environmental impact effectively. Consequently, such disclosures become less relevant and meaningful to stakeholders. Furthermore, companies may be unwilling to commit to the higher investment costs required for regulatory compliance, which ultimately fails to attract investors.

However, it is essential to note that companies do not necessarily need to have a high Return on Assets (ROA) as an indicator of success, especially if they actively disclose environmental information. Even with a lower ROA, companies that are transparent in reporting environmental impacts and committed to meeting stakeholder expectations can build a strong reputation and gain long-term support from sustainability-conscious investors. This finding is consistent with studies by (Irma & Lestari, 2021; Rahmananda & Gustyana, 2019; Setyowati et al., 2024).

Influence of the Social Aspect of the Sustainability Report on Corporate Financial Performance (ROA)

The results of the third hypothesis (H3) test indicate that the social aspect of sustainability reports has a positive effect on corporate financial performance. The hypotheses test results show a significance value of 0.0000, which is smaller than 0.05, with a positive coefficient of 18.17078. This implies that H1 is accepted, confirming the significant positive effect of the social aspect on corporate financial performance.

The significant influence of the social aspect on financial performance suggests that companies successfully demonstrate their commitment to social sustainability, which strengthens stakeholder trust. Additionally, companies effectively manage their assets to support social sustainability, such as providing occupational health and safety (OHS) facilities for employees, ensuring customer health and safety, and protecting customer privacy. This indicates that companies can enhance stakeholder loyalty by maintaining strong relationships with them. These positive relationships ultimately lead to improved financial performance.

Research supporting the positive influence of the social aspect on financial performance includes (Dewi et al., 2022). However, contrary findings have been reported by (Hogiantoro et al., 2022; Irma & Lestari, 2021; Leony & Pambudi, 2022; Setyowati et al., 2024; Wartabone et al., 2023), which suggest a different impact of social sustainability on corporate financial performance.

CONCLUSION AND SUGGESTION

This study aims to analyze the influence of economic, environmental and social aspects of sustainability reports on corporate financial performance. The examined variables include the economic, environmental, and social aspects of sustainability reports and their impact on corporate financial performance. This research uses secondary data obtained from the NCCR and official company websites. The study population consists of companies participating in ASRRAT from 2021 to 2023, and the sample is selected based on the specific criteria determined by the researcher. The findings reveal that economic and social aspects positively influence financial performance, whereas environmental aspects negatively affect corporate financial performance.

Several limitations should be considered when interpreting the findings. First, the study covers a relatively short sample period of only three years (2021–2023), which may not capture long-term trends. Additionally, this study focuses on only three independent variables, potentially overlooking other relevant factors such as firm size. Furthermore, the findings cannot be generalized beyond companies listed in the ASRRAT. Therefore, future research should extend the study period to better capture long-term trends and fluctuations, incorporate additional independent variables such as enterprise risk management as supported by (Lestari et al., 2023) or moderating variables such as good corporate governance (GCG) as supported by (Aulia & Sudrajat, 2024; Anita & Fatmasari, 2023). Future research may also include companies listed on the Indonesia Stock Exchange (BEI) that participate in the ASRRAT to generate more comprehensive insights.

The implications of this study suggest that companies should emphasize the disclosure of economic and social aspects in their sustainability reports because both have been shown to positively influence financial performance. The study also highlights the importance of environmental disclosure and demonstrates that companies with lower Return on Assets (ROA) are not necessarily viewed negatively, provided they are transparent in meeting stakeholder expectations and maintaining legitimacy. Hence, companies should not solely focus on profitability but also consider their environmental impact because comprehensive sustainability disclosures can enhance corporate reputation and financial performance. Moreover, these findings offer valuable insights for investors, encouraging them to incorporate sustainability considerations when evaluating corporate performance and promoting investments in companies committed to managing sustainability across social, environmental and financial dimensions as a long-term strategy.

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