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Performance With Good Corporate Governance As Moderation

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Abstract; *The purpose of this study is to analyze the effect of sustainability reporting on financial performance with good corporate governance as moderation. The research design used is quantitative with a hypothesis. The type of data used is quantitative and qualitative data, that is sustainability reports, annual reports, and CGPI reports. All data is secondary data. The research objects are all companies that participated in the research and CGPI ranking in 2013-2017. Data analysis techniques used in this study are simple, multiple, and moderated linear regression. The results showed sustainability reporting had positive effect on financial performance. Sustainability reporting economic and social dimensions do not affect, while environment dimension has positive effect on financial performance. Good corporate governance can't moderate the effect of sustainability reporting both overall and per dimension on financial performance.*

Abstrak; Tujuan dari penelitian ini untuk menganalisis pengaruh sustainability reporting terhadap kinerja keuangan dengan good corporate governance sebagai moderasi. Desain penelitian yang digunakan adalah kuantitatif dengan hipotesis. Jenis data yang adalah data kuantitatif dan kualitatif, yaitu sustainability report, laporan tahunan, dan laporan CGPI. Semua data merupakan data sekunder. Objek penelitian adalah seluruh perusahaan yang mengikuti riset dan pemeringkatan CGPI pada tahun 2013-2017. Teknik analisis data adalah regresi linear sederhana, regresi linear berganda, dan regresi linear moderasi. Hasil penelitian menunjukkan SR berpengaruh positif terhadap kinerja keuangan. SR dimensi ekonomi dan sosial tidak berpengaruh, sedangkan dimensi lingkungan berpengaruh positif terhadap kinerja keuangan. GCG tidak dapat memoderasi pengaruh sustainability reporting baik secara keseluruhan maupun per dimensi terhadap kinerja keuangan.

INTRODUCTION

The company was originally established to be able to survive and operate for an indefinite period time. The main purpose of establishing a company is to generate profit, but profit only is not enough to support a company. It is very important for companies to pay attention to environmental and social conditions, not only to be oriented to the economy. The company's main priority is no longer just profit, but how the company can be responsible for the environment and society. Companies do not only focus on investor rights, they also need to consider the rights of society (Burhan, A. H. N., dan Rahmanti, 2012).

According to Mulya Siregar, who is the Deputy Commissioner for Supervision of The Financial Services Authority, the company should ensure three pillars of sustainability, namely 3P (Profit, People, and Planet). The company does not only focus on the economic side, namely, return (profit), but also has to pay attention to the social side (society), namely the surrounding society that is directly and indirectly affected by the company's operations and must also pay attention to the environment (planet) because it is impossible for the company to operate without using natural resources (Global Reporting Initiative, 2013). However, companies in Indonesia are still focused on profits and set aside environmental and social impacts (Sari, E. V., dan Nababan, 2016).

Sustainability itself focuses on sustainable development, which is a development to meet the needs of the present without compromising the ability to produce further to meet their needs in the future. This sustainability activity is more to gain a competitive advantage and needs to be communicated to the company through a sustainability report (Rudyanto, A., dan Siregar, 2018). Sustainability reporting is the first step for companies to disclose, measure, and prove the company's efforts to become an accountable company towards sustainable development. For companies that consider sustainable development, the value of the company can increase because it gets support from internal and external stakeholders (Jusmarni, 2016). This sustainability report assists companies in setting a company goal, measuring company performance, and preparing operational changes to make the company sustainable (Global Reporting Initiative, 2013). A sustainability report is a report made by a company about economic dimensions, environmental dimensions, and social dimensions that occur as a result of the company's activities towards sustainable development. Not only that, but the sustainability report also describes general company information from strategy and analysis to company ethics and integrity. Sustainability report reflects the company's activities so that it can develop continuously (Hutagalung, A., dan Harahap, 2016).

The Sustainability Report has been regulated in the Financial Services Authority Regulation No.51/POJK.03/2017. The regulation requires issuers, financial service institutions, and public companies to issue sustainability reports. The regulation effective date starts on January 1 2020, for companies, while for service institutions and issuers it varies based on financial statements with initial reports. In Indonesia, out of 100 new companies, around 30% of companies listed on the Indonesia Stock Exchange (IDX) have made sustainability reports. Developing countries such as France, Germany, Japan, and the United States have high levels of sustainability reports in businesses such as pharmaceuticals, electronics and computers, automotive, oil and gas. European countries (Germany and France) and Japan are the most active countries in disclosing sustainability reports, even one-third of the sustainability reports have been audited (Choi, F. D. S., dan Meek, 2008).

Sustainability reports can increase consumer loyalty and trust which have a long-term impact on company revenues (Ernst dan Young, 2013). Consumers will be attracted to companies that care about the environment and society so that they will buy the company's products and services. A survey by KPMG shows that companies that make sustainability reports are starting to show significant improvements in financial performance (Natalia, R., dan Tarigan, 2014). Research by Clarissa, S. V., dan Rasmini (2018) shows that the dimensions of environmental and social sustainability reporting have a positive effect on financial performance, while the dimensions of sustainability reporting have a negative effect on financial performance. In contrast to research by Bukhori, M. R. T., dan Sopian (2017) which show that all dimensions of sustainability reporting, both economic, environmental, and social, have a positive effect on financial performance. There are inconsistencies in the results of previous studies related to sustainability reporting on financial performance so the writer adds good corporate governance as moderating variable. Sustainability reporting can affect stakeholder decisions which can be reflected in the financial statements. The need to implement good corporate governance can provide benefits in the decision-making process so can gain investor confidence in investing their capital.

In carrying out their operations, companies need to be managed properly by implementing good corporate governance. According to the Forum For Corporate Governance in Indonesia (FCGI), good corporate governance is a series of regulations that regulate the relationship between internal and external stakeholders (employees, management, and shareholders) as well as the system of regulation and control within the company. With good corporate governance, the authority of all parties involved in the company can be regulated and supervision can be optimized to prevent fraud within the company. Overall, GCG is a system that regulates the rights and obligations of companies with stakeholders (Manossoh, 2016).

One of the reasons for the vulnerability of companies in Indonesia is the weak implementation of good corporate governance. Good corporate governance contributed to instability in financial markets during the 1997 financial crisis. The crisis occurred due to a lack of oversight of the banking system and foreign debt mechanisms.

The implementation of good corporate governance makes the company more responsible for the company's activities and more company activities can be disclosed in the sustainability report so that financial performance can improve. On the other hand, the results of the research by Clarissa, S. V., dan Rasmini (2018) is good corporate governance weakens the sustainability reporting of economic and environmental dimensions on financial performance. On the other hand, good corporate governance does not moderate the sustainability reporting of economic and environmental dimensions on financial performance. This is may because of the objective of shareholders investment is to maximize profits, but shareholders certainly have limitations in managing the company.

The objects of this research are all companies that participate in the Corporate Governance Perception Index (CGPI) research and ranking program and publish sustainability reports with GRI G4 standards for the period 2013-2017. The election for 2013-2017 was due to the fact that GRI G4 was valid from 2013 to June 2018. Starting from July 1, 2018, GRI Standards were applied. Sustainability reports published on July 1 2018 or later that are guided by GRI will be classified as Citing-GRI Reports. The consideration in choosing a research program and ranking the Corporate Governance Perception Index (CGPI) is due to comprehensively measuring the implementation of good corporate governance in the company. This CGPI aims to encourage the implementation of GCG in accordance with the laws and regulations under several assessment aspects and uses four stages of assessment. This research was conducted with the hope that it can provide theoretical benefits as a comparison for future researchers who research similar topics. Based on empirical and practical aspects, this research is expected to provide benefits for company managers to determine strategies and policies and avoid involvement in governance, environmental, and social failures. Investors can also choose the most appropriate investment decisions by paying more attention to companies that carry out sustainability reporting.

LITERATURE REVIEW AND HYPHOTHESIS DEVELOPMENT

This research uses legitimacy theory and disclosure theory. Legitimacy theory is a social contract between two parties, namely the company and society where the company uses resources and carries out its operations (Deegan, 2014). Companies use human and natural resources to produce products and services (Mousa, G. A., dan Hasan, 2015). Companies must be able to be responsible for all the resources used and make efforts to maintain environmental and social conditions. Companies can try to do the right activities and avoid getting involved in the wrong activities. Companies need to ensure that the activities carried out are acceptable to society, therefore companies are encouraged to be accountable for their operations, which is by doing sustainability reporting. The company's activities need to be disclosed in the sustainability report as evidence that the company has carried out its activities under the values that are applicable in society (Bukhori, M. R. T., dan Sopian, 2017).

Conceptual disclosure is an integral part of financial reporting. Technical disclosure is the last step in the accounting process by presenting information in the form of financial statements. The right level of disclosure is needed because too much information (excess information) is not profitable as well as too little information (Suwardjono, 2014). Disclosure is divided into two, namely mandatory disclosure and voluntary disclosure. Mandatory disclosures are disclosures that are required by supervisory bodies or accounting standards to be made by companies, while voluntary disclosures are other disclosures that are not required or beyond what is required (Suwardjono, 2014). Sustainability reporting is a mandatory disclosure for Financial Service

Institution, issuers, and public companies which has been regulated in POJK No. 51/POJK.03/2017. Sustainability reports can be prepared as an integral part of the annual report or separately from the annual report.

Sustainability reporting is a company's process of reporting sustainability in the form of a sustainability report. Sustainability reports are reports that contain not only financial information but also non-financial information (Elkington, 1998). OJK has issued a sustainability report regulation in POJK No. 51/ POJK.03/2017 which is divided into a general section and a content section of the sustainability report. Sustainability reports are prepared using Indonesian or Indonesian and English and may use pictures, graphs, tables, and diagrams with descriptions to facilitate understanding. In addition to POJK, sustainability report standards are regulated by GRI.

Financial performance is a description of the company's financial condition during the funding period which can be measured by liquidity and other profitability indicators (Wibowo, I., dan Faradiza, 2016). The company's financial performance can be seen from the ratio analysis which describes the relationship between the data in the financial statements in percent, level, or proportion. Financial ratios are divided into four, namely: liquidity ratios, solvency ratios, activity ratios, and profitability ratios (Kieso, D. E., Weygandt, J. J., dan Warfield, 2014).

Good corporate governance is a principle needed by companies to bridge the interests of principals and agents so that company goals are achieved. The company has obligations and responsibilities to stakeholders. Therefore, the company needs to be regulated under applicable laws and consider the interests of stakeholders and shareholders.

The Effect of Sustainability Reporting on Economic, Environmental, and Social Dimensions on Financial Performance

A sustainability report is expected to be a shred of evidence that the company's operating processes are not only focused on profit, but the company also pays attention to environmental and social issues. Disclosure of such information is expected to increase the trust of stakeholders who have an important influence on the company. The influence given by these stakeholders can be through increasing the number of stakeholders' investments in the company so that the company's funding will increase. Increased company funding allows companies to optimize their operations to generate higher profits. Sustainability reports can improve financial performance by increasing income and ensuring the security of shareholders' investments (Kasbun, N. F., Teh, B. H., & Ong, 2016). Disclosure in the sustainability report is divided into three dimensions, namely the economic dimension, the environmental dimension, and the social dimension (Global Reporting Initiative, 2013).

Companies that contribute to economic growth will attract investors and customers. Investors' interest in investing is increasing in companies that implement transparency and disclose information that has lower asymmetry (Ernst dan Young, 2013). The high trust and interest of investors in the company will also increase the company's funding sources. Sufficient funding sources from investors can be managed by the company for operational efficiency so that the company's financial performance increases (Bukhori, M. R. T., dan Sopian, 2017). In addition, the public will also appreciate the company's products and services more so they buy the company's products and services (Nofianto, E., dan Agustina, 2014). The high demand from customers has an impact on increasing the company's income so that the company's financial performance increases.

Companies that can contribute to environmental activities can increase the reputation and trust of stakeholders (Ernst dan Young, 2013). Companies with a good image will be admired by investors and the public. Investors will feel the need to invest in companies that care about the environment. Companies that care about the environment can be judged as responsible companies. People who are aware of the importance of the environment will prefer to use company products that are environmentally responsible (Bukhori, M. R. T., dan Sopian, 2017).

Public trust is needed to support the company's operations. By conducting and communicating social activities, the company will gain legitimacy from society. Companies that care about social conditions will get sympathy from society. Society's sympathy can make people support the company's operations and be loyal to the company. Customer loyalty is very important to support the company's finances (Jusmarni, 2016). Companies will be able to survive if customers have high loyalty. Internally, employees will feel comfortable and loyal to a company that has a social spirit. Employees will believe in the company and work sincerely for the progress of the company (Nofianto, E., dan Agustina, 2014). With the support from society and employees, the company will operate better and can achieve optimal financial performance. From this explanation, the following hypotheses can be formulated:

H1: Sustainability reporting has a positive effect on financial performance.

H1a: Sustainability reporting economic dimensions has a positive effect on financial performance.

H1b: Sustainability reporting environmental dimensions have a positive effect on financial performance.

H1c: Sustainability reporting social dimensions have a positive effect on financial performance.

The Effect of Sustainability Reporting on Financial Performance in Economic, Environmental, and Social Dimensions with Good Corporate Governance as Moderation

Good corporate governance is one of the things that investors consider to invest (Panjaitan, 2017). Good corporate governance can serve as a guarantee for investors to benefit from the funds invested. Investors pay considerable attention to the implementation of good corporate governance as well as their attention to the company's financial performance. As a form of accountability to stakeholders, companies need to disclose their economic, environmental and social activities in the form of a sustainability report (Panjaitan, 2017). With the existence of GCG, it is expected to increase the disclosures made by the company both in the economic, environmental, and social dimensions so that the company is more transparent (Clarissa, S. V., dan Rasmini, 2018). Investors believe that companies that implement good corporate governance can minimize the risks of decisions that only benefit the company. Investors will tend to avoid investing in companies that have a bad corporate governance image. The implementation of good corporate governance can make the company get many sources of funding from investors that can be used to improve the company's operations so that the company's financial performance increases (Panjaitan, 2017).

Investors will be attracted to companies that describe their economic value in the sustainability report compared to companies that only provide numbers in the financial statements. Not only that, but investors will also be interested in companies that implement GCG because it indicates that the company's operations are running better. A good GCG company will have a more efficient and effective supervisory system (Clarissa, S. V., dan Rasmini, 2018). Good corporate governance can encourage the achievement of corporate sustainability (Agusyana, 2018). A sustainable company will pay attention to long-term strategies so that financial performance will increase.

With the implementation of good corporate governance, companies can avoid a bad image or reputation because the company has followed the applicable regulations. The implementation of good corporate governance can also encourage efforts to preserve the environment, especially the environment around the company's operations (Agusyana, 2018). Good corporate governance will monitor and control environmental activities more effectively and efficiently (Clarissa, S. V., dan Rasmini, 2018). The company becomes more transparent in making environmental disclosures so that stakeholders understand what efforts are being made by the company to protect the environment. The company will get legitimacy and support from stakeholders so that the company's operations can run more optimally.

The implementation of good corporate governance can further encourage corporate awareness to be involved in social aspects. In addition, good corporate governance also increases competitiveness so that it can also increase the inflow of investment flows into the company. The existence of good corporate governance practices makes companies carry out more social activities and more can be disclosed in the sustainability report so that stakeholders understand that the company pays attention to the common welfare not only the welfare of the company itself (Clarissa, S. V., dan Rasmini, 2018). The company's image has improved both in the eyes of investors, employees, and the public, thereby increasing their loyalty to the company. The legitimacy of these various parties can increase the company's productivity to increase company profits (Agusyana, 2018). From this explanation, the following hypotheses can be formulated:

H2: GCG strengthens the positive effect of sustainability reporting on financial performance.

H2a: GCG strengthens the positive effect of sustainability reporting on the economic dimension on financial performance.

H2b: GCG strengthens the positive influence of environmental dimension sustainability reporting on financial performance.

H2c: GCG strengthens the social dimension of sustainability reporting on financial performance

RESEARCH METHODOLOGY

The design of this study is quantitative research with a hypothesis that aims to test and analyze the effect of sustainability reporting on financial performance with good corporate governance as moderation. The research period is five years, namely 2013-2017. The variables used in this study consisted of three variables, including the dependent variable, namely financial performance (ROA); independent variable, namely Sustainability Reporting (SR) which includes: economic dimension (EC), environmental dimension (EN), social dimension (SO); moderating variables, namely: good corporate governance (GCG); and the control variable, namely: firm size (SIZE).

Variable measurement is formulated as follows:

$$\mathrm{ROA} = \frac{\text{Net Profit}}{\text{Average Total Asset}} \times 100\%$$

$$\mathrm{SR} = \frac{n}{91} \times 100\% \qquad \mathrm{EN} = \frac{n}{34} \times 100\%$$

$$\mathrm{SO} = \frac{n}{48} \times 100\% \qquad \mathrm{EC} = \frac{n}{9} \times 100\%$$

The measurement of GCG uses the published CGPI score by assessing four stages, namely, self-assessment, documentation system, paper assessment, and observation. SIZE = Ln (Total Assets)

The types of data used are quantitative and qualitative secondary data in the form of sustainability reports, CGPI scores, and company annual reports. The sustainability report used is the 2013-2017 period, which is obtained from the website of each company. The CGPI score for the period 2013-2017 is obtained from the CGPI score report. The annual report for the 2014-2018 period was obtained from the Indonesia Stock Exchange (IDX) website, namely www.idx.co.id or the websites of each company. There is a period time of a year due to the need for time for stakeholders in assessing sustainability reports and good corporate governance which will affect future financial performance.

The data collection method is the documentation method. Documentation is done by collecting sustainability reports, CGPI score reports, and annual reports. The sustainability report is used for the 2013-2017 period, the CGPI score report is used for the 2013-2017 period, while the annual report is used for the 2014-2018 period. Data from the annual report uses the 2014-2018 period because the year lag is used to capture the effect of the sustainability report and CGPI.

The research population is all companies that participated in the CGPI research and ranking program published in 2013-2017. From this population, samples were taken using a purposive sampling method, with the criteria of companies issuing sustainability reports in 2013-2017 with GRI G4 standards, company annual reports available on the IDX and each company's website in 2014-2018, and the company's Return on Assets. positive value.

Data analysis was carried out using simple linear regression, multiple linear regression, and moderated linear regression using the Statistical Package for Social Science (SPSS) version 23 software. Descriptive statistics are general descriptions of data including the average (mean), minimum, and maximum values. , standard deviation, variance, sum, range, kurtosis and skewness or skewness of the distribution. Descriptive statistics aim to provide a description of the distribution and behavior of sample data so that it becomes information that is easy to understand (Ghozali, 2016).

The classical assumption test was carried out in research using regression analysis. Classical assumption test includes normality test, heteroscedasticity test, multicollinearity test, and autocorrelation test (Ghozali, 2016). The Model Feasibility Test was conducted to test whether the regression function was appropriate in measuring an actual value statistically. The feasibility test of the model consists of 2, namely the coefficient of determination test (R2) and the F test. Hypothesis testing is done by using the t-test. The t-test explains how far the influence of the independent variables individually is to explain the dependent variable.

FINDINGS AND DISCUSSION

Overview of Research Objects

The research object used is the company that participated in the CGPI research and ranking program during 2013-2017. Based on the predetermined criteria, a sample of 55 samples was obtained. The number of samples each year is different because the number of companies participating in the CGPI program is not the same every year and by considering the sustainability report and financial performance. Sample selection criteria can be seen in table 1.

Table 1. Sample Selection Criteria

Description	2013	2014	2015	2016	2017
Population: All companies participating in the CGPI research and rating program	31	23	30	34	38
Companies that do not meet the criteria:					
1. Companies that publish sustainability reports in 2013-2017 with GRI G4 standards	(23)	(12)	(11)	(14)	(35)
2. The company's annual report is available on the Indonesia Stock Exchange (IDX) website as well as on the website of each company in 2014-2018	(0)	(0)	(0)	(0)	(0)
3. The company's return on assets is positive.	(1)	(2)	(2)	(1)	(0)
Total sample	7	9	17	19	3
			55		

Sources: CGPI reports, website BEI, and company's website (processed)

Data Description

The data used in this study are sustainability reporting (SR), economic dimension sustainability reporting (EC), environmental dimension sustainability reporting (EN), social dimension sustainability reporting (SO), company size (SIZE), return on assets (ROA), and good corporate governance (GCG). The results of descriptive statistics can be seen in table 2.

Table 2. Descriptive Statistics Results

Variable	N	*Minimum*	*Maximum*	*Mean*	*Std. Deviation*
SR	55	3,297	94,505	32,36763	20,226081
EC	55	11,111	100	51,91919	21,707469
EN	55	0	97,059	22,99465	21,420248
SO	55	0	91,667	35,34091	21,996699
SIZE	55	27,24	34,83	31,9698	1,82889
GCG	55	78,13	93,32	85,4722	3,33828
ROA	55	0,215	22,321	3,95439	4,254435

Source: processed by the writer (2020)

Table 2. describes the minimum value, maximum value, average, and standard deviation of sustainability reporting (SR), economic dimension of sustainability reporting (EC), environmental dimension of sustainability reporting (EN), social dimension of sustainability reporting (SO), company size (SIZE), return on assets (ROA), and good corporate governance (GCG). The following is an explanation of each variable used:

Sustainability reporting (SR)

The highest sustainability reporting was carried out by Bukit Asam Persero Tbk (PTBA) in 2015 which was 94.505, while the lowest sustainability reporting was carried out by Bank Central Asia Tbk (BBCA) in 2016 and Mandiri Tunas Finance (MTF) in 2017 which was 3,297. The average value of sustainability reporting is 32.36763 with a standard deviation of 20.226081. This shows that on average, companies carry out sustainability reporting only 29 to 30 items out of a total of 91 disclosure items.

Sustainability reporting economic dimension (EC)

The highest sustainability reporting on the economic dimension (EC) was carried out by Bukit Asam Persero Tbk (PTBA) in 2015 which amounted to 100, while the lowest sustainability reporting on the economic dimension (EC) was carried out by Bank Central

Asia Tbk (BBCA) in 2016 and Mandiri Tunas Finance (MTF) in 2015 amounted to 11,111. The average value of the economic dimension of sustainability reporting is 51.91919 with a standard deviation of 21.707469. This shows that on average, companies carry out sustainability reporting on the economic dimension of 4 to 5 items out of a total of 9 disclosure items.

Sustainability reporting environmental dimension (EN)

The highest sustainability reporting on the environmental dimension (EN) was carried out by Bukit Asam Persero Tbk (PTBA) in 2015 which amounted to 97.059, while the lowest sustainability reporting on the environmental dimension (EN) was carried out by six companies including Bank Central Asia Tbk (BBCA) in 2016, Mandiri Tunas Finance (MTF) in 2015 and 2017, Bank Rakyat Indonesia (Persero) Tbk (BBRI) in 2016, Bank Syariah Mandiri (BSM) in 2016, and Wijaya Karya Persero Tbk (WIKA) in 2016 amounting to 0.000. The average value of environmental sustainability reporting is 22.99465 with a standard deviation of 21.420248. This shows that the average company doing sustainability reporting on environmental dimensions is only 7 to 8 items out of a total of 34 disclosure items.

Sustainability reporting social dimension (SO)

The highest sustainability reporting on the social dimension (SO) was carried out by Bukit Asam Persero Tbk (PTBA) in 2015 which was 91,667, while the lowest sustainability reporting on the social dimension (SO) was carried out by Mandiri Tunas Finance (MTF) in 2017 which was 0.000. The average value of sustainability reporting on the social dimension is 35.34091 with a standard deviation of 21.996699. This shows that the average company doing sustainability reporting on the social dimension is only 16 to 17 items out of a total of 48 disclosure items.

Company size (SIZE)

Firm size (SIZE) is measured by the natural logarithm of total assets. The highest company size (SIZE) was owned by PLN (Persero) (PLN) in 2016 which was 34.83, while the lowest company size (SIZE) was owned by Bank Central Asia Tbk (BBCA) in 2015 which was 27.24. The average value of the company size is 31.9698 with a standard deviation of 1.82889.

Return on assets (ROA)

The highest return on assets (ROA) was owned by Bukit Asam Persero Tbk (PTBA) in 2016 which was 22,321, while the lowest return on assets (ROA) was owned by Aneka Tambang Persero Tbk (ANTM) in 2015 which was 0.215. The average value of return on assets is 3.95439 with a standard deviation of 4.254435.

Good corporate governance (GCG)

The highest good corporate governance (GCG) was owned by Bank Mandiri (Persero) Tbk (BMRI) in 2016 which was 93.32, while the lowest good corporate governance (GCG) was owned by Mandiri Tunas Finance (MTF) in 2014 which was 78, 13. The average value of good corporate governance is 85.5459 with a standard deviation of 3.41860. The predicate of the assessment of good corporate governance is divided into three, namely the predicate “Quite Trusted” with a score of 55-69.99, the predicate “Trusted” with a score of 70-84.99, and the predicate “Very Trusted” with a score of 85-100. The average shows that some companies have implemented good corporate governance by getting the title of "Highly Trusted".

Data Analysis Results

Classic Assumption Test

Classical assumption test consists of normality test, heteroscedasticity test, multicollinearity test, and autocorrelation test. The results of the normality test showed that the significance values for equation 1, equation 3, and 4 were respectively 0.164, 0.073, and 0.109. The results of the normality test show that the significance values for equation 2, equation 5, and equation 6 are 0.145, 0.109, and 0.182, respectively. This means that the sample data is normally distributed because the significance value is 0.05.

The results of the heteroscedasticity test show that the regression model has heteroscedasticity because the significance value is below 0.05, while equations 2 and 5 occur heteroscedasticity because the significance value is below 0.05.

The results of the multicollinearity test show that for equations 1 and 3 all independent variables have a tolerance value > 0.1, which means that there is no correlation between independent variables. In equation 4, the SIZE and GCG variables have no correlation, while for the SR and SR*GCG variables there is multicollinearity because the tolerance value is > 0.1 and the VIF value is < 10. Testing the moderating variable with this interaction test has a tendency for high multicollinearity to occur between an independent variables and would violate classical assumptions. The results of the multicollinearity test show that for equations 2 and 5 all independent variables have a tolerance value > 0.1, which means that there is no correlation between independent variables. In equation 6, the SIZE and GCG variables have no correlation, while for the variables EC, EN, SO, EC* GCG, EN*GCG, and SO*GCG have multicollinearity because the tolerance value is > 0.1 and the VIF value is < 10. Testing the moderating variable with this interaction test has a tendency to have high multicollinearity between independent variables and will violate classical assumptions.

The results of the autocorrelation test show that the Durbin-Watson (DW) value is 2.078 for equation 1, 2.128 for equation 3, and 2.129 for equation 4 where this value is compared with the table value with a sample size of 55 and the number of independent variables for each equation using a significance value. 5%. The results of the autocorrelation test show that the Durbin-Watson (DW) value is 2.169 for equation 2, 2.182 for equation 5, and 2.176 for equation 6 where this value is compared with the table value with the number of samples 55 and the number of independent variables for each equation using a significance value. 5%. For equation 6, there is autocorrelation.

Model Feasibility Test

Coefficient of Determination Test

The test results of the coefficient of determination R2 show 0.141 for equation 1, this means that the independent variable (SR) and control variable (SIZE) can explain the dependent variable (ROA) of 14.1%, while the remaining 85.9% is explained by other variables. outside the model. The test results of the coefficient of determination R2 show 0.147 for equation 3 and 0.154 for equation 4.

The result of testing the coefficient of determination R2 shows 0.233 for equation 2, this means that the independent variables (EC, EN, and SO) and the control variable (SIZE) can explain the dependent variable (ROA) of 23.3%, while the remaining 76.7 % is explained by other variables outside the model. The results of testing the coefficient of determination R2 show 0.220 for equation 5 and 0.266 for equation 6.

F Test

The results of the F test show that the significance value of F is 0.007 for equation 1, 0.011 for equation 3, and 0.014 for equation 4. This indicates that the regression model used in this study is feasible to test the hypothesis of the influence of independent variables (SR, SIZE, GCG, and SR*GCG) on the dependent variable (ROA) because of the significance value of F is below 0.05.

The results of the F test show that the significance value of F is 0.002 for equation 2, 0.004 for equation 5, and 0.003 for equation 6. This indicates that the regression model used in this study is feasible to test the hypothesis of the influence of independent variables (EC, EN, SO, SIZE, GCG, EC*GCG, EN*GCG, and SO*GCG) on the dependent variable (ROA) because the significance value of F is below 0.05.

Hypothesis Test (t-test)

The results of the t-test can be seen in tables 3 and 4 as follows:

Table 3. Simple Regression Analysis t-test Results

Variable	Coefficients are not standardized		T	Sig	Description
	B	*Std. Error*			
			Equation 1		
Constanta	24,150	9,402	2,569	0,013	

SR	0,064	0,027	2,413	0,019	Significant, positive
SIZE	-0,697	0,294	-2,371	0,021	Significant, negative
Equation 3					
Constanta	36,793	14,226	2,586	0,013	
SR	0,070	0,027	2,601	0,012	Significant, positive
SIZE	-0,217	0,183	-1,181	0,243	Not significant
GCG	-0,519	0,329	-1,578	0,121	Not significant
Equation 4					
Constanta	10,871	26,242	0,414	0,680	
SR	0,941	0,743	1,267	0,211	Not significant
SIZE	0,080	0,312	0,258	0,798	Not significant
GCG	-0,504	0,328	-1,536	0,131	Not significant
SR*GCG	-0,010	0,009	-1,174	0,246	Not significant

Source: processed by the writer (2020)

Testing the research model in table 3 produces the following regression equation:
Equation 1: ROA = 24.150 + 0.064SR - 0.697SIZE + e
Equation 3: ROA = 36,793 + 0,070SR - 0,217SIZE – 0,519GCG + e
Equation 4: ROA = 10,871 + 0,941SR + 0,080SIZE – 0,504GCG – 0.010SR*GCG + e

Table 4. Multiple Regression Analysis t-test results

Variable	Coefficients are not standardized		T	Sig	Description
	B	*Std. Error*			
Equation 2					
Constanta	10,861	9,150	1,974	0,054	
EC	0,059	0,038	1,574	0,122	Not significant
EN	0,106	0,039	2,703	0,009	Significant, positive
SO	-0,087	0,044	-1,965	0,055	Not significant
SIZE	-0,517	0,288	-1,793	0,079	Not significant
Equation 5					
Constanta	22,831	14,678	1,555	0,126	Not significant
EC	0,055	0,039	1,407	0,166	Not significant
EN	0,105	0,040	2,631	0,011	Significant, positive
SO	-0,080	0,048	-1,684	0,098	Not significant
SIZE	-0,459	0,322	-1,425	0,160	Not significant
GCG	-0,077	0,185	-0,418	0,678	Not significant
Equation 6					
Constanta	27,648	32,873	0,841	0,405	Not significant
EC	-0,154	0,993	-0,155	0,877	Not significant
EN	3,065	1,228	2,497	0,016	Significant, positive
SO	-1,501	0,948	-1,584	0,120	Not significant
SIZE	-0,617	0,321	-1,919	0,061	Not significant
GCG	-0,073	0,377	-0,192	0,848	Not significant
EC*GCG	0,002	0,012	0,193	0,848	Not significant
EN*GCG	-0,035	0,014	-2,414	0,020	Significant, negative
SO*GCG	0,017	0,011	1,524	0,134	Not significant

Source: processed by the writer (2020)

Testing the research model in table 4. produces the following regression equation:
Equation 2: ROA = 10.861 + 0.059EC + 0.106EN – 0.087SO - 0.517SIZE
Equation 5: ROA = 22.831 + 0.055EC + 0.105EN – 0.080SO - 0.459SIZE -0.077GCG
Equation 6: ROA = 27.648 - 0.154EC + 3.065EN – 1.501SO - 0.617SIZE -0.073GCG + 0.002EC*GCG – 0.035EN*GCG + 0.017SO*GCG

The Effect of Sustainability Reporting on Financial Performance

The results of hypothesis testing indicate that sustainability reporting (SR) has a positive effect on financial performance (ROA). Sustainability reporting (SR) affects financial performance (ROA) because this company's sustainability reporting provides information about the company's performance for a period to stakeholders. Sustainability reporting is a form of responsibility carried out by the company to continue to survive without harming the environment and the surrounding society. People become interested in the company so it increases the desire to buy the company's products and services. The public will also have more confidence in companies that carry out sustainability reporting so that they can upgrade consumer trust and loyalty. Consumer satisfaction can bring in new consumers so that the company's income increases.

The results of this study are in line with (Panjaitan, 2017) which states that sustainability reporting (SR) affects financial performance. However, this research is not in line with the research by Sejati, B. P., dan Prastiwi (2015) which states that sustainability reporting (SR) not affect financial performance. The results of this study are in accordance with the legitimacy theory and the disclosure theory in which the company's sustainability reporting provides a positive correlation with its financial performance.

The Effect of Economic Dimensions of Sustainability Reporting on Financial Performance

The results of hypothesis testing indicate that the economic dimension of sustainability reporting (EC) not affect financial performance (ROA). The results of this study are not in line with the research of Wijayanti (2016), Kasbun, N. F., Teh, B. H., & Ong (2016), and Bukhori, M. R. T., dan Sopian (2017) which state that the economic dimension of sustainability reporting (EC) affects financial performance. However, this study supports the research of Nofianto, E., dan Agustina (2014) which state that the economic dimension of sustainability reporting (EC) not affect financial performance.

The economic dimension of sustainability reporting (EC) not affect financial performance (ROA). On the other hand, if the research is conducted in the long term, it is likely to have a significant effect. The results of this study are not in accordance with the legitimacy theory and disclosure theory where the sustainability reporting of the economic dimension by the company is still minimal, only 4 to 5 items out of a total of 9 items. Sustainability reporting on the economic dimension by the company has received less attention from the public so that it does not affect the company's financial performance. Investors tend to pay more attention to the numbers in the financial statements.

The Effect of Environmental Dimensions of Sustainability Reporting on Financial Performance

The results of hypothesis testing indicate that the environmental dimension of sustainability reporting (EN) has a positive effect on financial performance (ROA). The environmental dimension of sustainability reporting (EN) has a positive effect on financial performance (ROA). This can be due to the environmental dimension of sustainability reporting that will affect the public's response to the company. Companies that show concern for the environment, including making efforts to preserve the environment, will have added value in the eyes of society. People are increasingly aware of the importance of protecting the environment so they will prefer to use environmentally friendly products and appreciate companies that are trying to manage the environment. The more positive public reaction, because the company carries out sustainability reporting on the environmental dimension, the company's financial performance will also increase.

The results of this study support the research of Bukhori, M. R. T., dan Sopian, (2017); Kasbun, N. F., Teh, B. H., & Ong, (2016); Wijayanti (2016) which state that the environmental dimension of sustainability reporting (EN) has a positive effect on financial performance. However, this study is not in line with the research of (Nofianto, E., dan Agustina, 2014) which stated that the environmental dimension of sustainability reporting (EN) not affect financial performance. The results of this study are in accordance with the legitimacy theory and the disclosure theory, although the sustainability reporting of environmental dimensions by the company is still minimal, only 7 to 8 items out of a total of 34 items. Sustainability reporting on environmental dimensions by the company has received enough attention from the public so that it affects the company's financial performance.

The Effect of Sustainability Reporting Social Dimensions on Financial Performance

The results of hypothesis testing indicate that the social dimension of sustainability reporting (SO) not affect financial performance (ROA). The social dimension of sustainability reporting (SO) not affect financial performance (ROA) because the public is not aware of the social dimension of sustainability reporting. Another thing can be because the social dimension affects the value of the company gradually. After affecting the value of the company, the new social dimension of sustainability reporting affects public reactions which will affect the company's financial performance (Nofianto, E., dan Agustina, 2014). The process of forming society reaction takes a long time so that the effect cannot be seen in the short term.

The results of this study are not in line with the research of Kasbun, N. F., Teh, B. H., & Ong, (2016); Wijayanti, (2016) which states that the social dimension of sustainability reporting (SO) has a positive effect on financial performance. The results of this study support the research of (Bukhori, M. R. T., dan Sopian, 2017) which states that the sustainability reporting of the social dimension (SO) not affect financial performance. The results of this study are not in accordance with the legitimacy theory and the disclosure theory in which the sustainability reporting of the social dimension by the company is still minimal, only 16 to 17 items out of a total of 48 items and there are even companies that do not disclose the environmental dimension at all.

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

The results of hypothesis testing indicate that good corporate governance does not moderate the effect of sustainability reporting on financial performance. Good corporate governance in this study cannot weaken or strengthen the effect of sustainability reporting on financial performance. The implementation of good corporate governance in a company cannot ensure that the company will disclose more items in sustainability reporting so that it affects financial performance that increases. This can be because the company manages its responsibilities in terms of the existing economic, environmental, and social aspects as much as possible, but does not ensure that the company will carry out and disclose all disclosure items in the sustainability report. In addition, GCG does not guarantee the loss of opportunistic management which can be one of the reasons the company does not disclose sustainability reporting as much as possible. Management opportunistic behavior is a condition in which management chooses policies and decisions that benefit them personally and are not necessarily in line with the interests of the company. The more disclosures made, the more costs the company needs, especially in the economic dimension.

The results of this study are in line with the research of (Clarissa, S. V., dan Rasmini, 2018) which states that good corporate governance cannot moderate the effect of sustainability reporting on financial performance. The results of this study are not in accordance with the legitimacy theory and disclosure theory in which the sustainability reporting by the company is still minimal, even though the company's good corporate governance is good, namely many companies that get the "Very Trusted" predicate. However, the company has not fully carried out sustainability reporting to gain legitimacy from society. The average company only discloses less than half of the disclosure standards.

The Effect of Economic Dimensions of Sustainability Reporting on Financial Performance with Good Corporate Governance as Moderation

The results of hypothesis testing indicate that good corporate governance does not moderate the effect of sustainability reporting on the economic dimension of financial performance. Good corporate governance does not moderate the effect of sustainability reporting on the economic dimension on financial performance. GCG in this study cannot weaken or strengthen the effect of sustainability reporting on financial performance. This is because the economic dimension of sustainability reporting in this study not affect financial performance so that good corporate governance cannot be moderated. The implementation of good corporate governance in the company is not enough to encourage companies to do more and more sustainability reporting on the economic dimension. The implementation of GCG does not focus on increasing sustainability reporting on the economic dimension that will affect financial performance, but rather on achieving compliance with applicable laws and the interests of shareholders and stakeholders.

The results of this study are not in line with the research of Clarissa, S. V., dan Rasmini, (2018) which states that good corporate governance weakens the effect of sustainability reporting on the economic dimension of financial performance. The results of this study are not in accordance with the legitimacy theory and disclosure theory where the sustainability reporting of the economic dimensions of the company is still minimal. However, the company has not fully carried out sustainability reporting to gain legitimacy from society. The average company only discloses less than half of the disclosure standards.

The Effect of Environmental Dimensions of Sustainability Reporting on Financial Performance with Good Corporate Governance as Moderation

The results of hypothesis testing indicate that good corporate governance does not moderate the effect of environmental sustainability reporting on financial performance. Although sustainability reporting on the environmental dimension has a positive effect on financial performance, good corporate governance cannot moderate the effect of sustainability reporting on the environmental dimension on financial performance. This can be because the implementation of good corporate governance does not fully guarantee that the company will make all efforts to environmental performance and disclose it in the sustainability report. The company may make continuous efforts to increase its environmental and social concerns in the long term. GCG is not directly oriented towards environmental sustainability, but rather ensures the alignment of the company's system with the company's norms, ethics, and values.

The results of this study are not in line with the research of (Clarissa, S. V., dan Rasmini, 2018) which states that good corporate governance weakens the effect of environmental sustainability reporting on financial performance. The results of this study are not in accordance with the legitimacy theory and the disclosure theory where the sustainability reporting of environmental dimensions by the company is still minimal, even though the company's good corporate governance is good. However, the company has not fully carried out sustainability reporting to gain legitimacy from society. The average company only discloses less than half of the disclosure standards.

The Effect of Sustainability Reporting Social Dimensions on Financial Performance with Good Corporate Governance as Moderation

The results of hypothesis testing indicate that good corporate governance does not moderate the effect of social dimension sustainability reporting on financial performance. This is because the social dimension of sustainability reporting not affect financial performance so that good corporate governance cannot be moderated. The implementation of GCG in the company is not enough to encourage companies to carry out sustainability reporting on the social dimension. One of the organs in GCG is the audit committee. According to the KNKG (2006), the main objective of the audit committee is to maximize the quality of a financial report. Therefore, GCG prioritizes financial statements over and overrides corporate social activities.

The results of this study are in line with the research of Clarissa, S. V., dan Rasmini (2018) where good corporate governance cannot moderate the effect of social dimension sustainability reporting on financial performance. The results of this study are not in accordance with the legitimacy theory and the disclosure theory in which the sustainability reporting of the social dimensions of the company is still minimal, even though the company's good corporate governance is good. However, the company has not fully implemented sustainability reporting. The average company only discloses less than half of the disclosure standards.

CONCLUSIONS AND SUGGESTIONS

Based on the results of the analysis and discussion, it can be concluded that overall sustainability reporting has a positive effect on the company's financial performance. This can be because sustainability reporting provides information for stakeholders including society so that people pay more attention to the company. Good corporate governance in this study cannot moderate overall sustainability reporting.

If viewed per dimension, the environmental dimension of sustainability reporting has a positive effect on the company's financial performance, while the economic and social dimensions of sustainability reporting have no effect on the company's financial performance. Sustainability reporting that the environmental dimension has a positive effect on financial performance can be because people are now starting to realize the importance of protecting the environment. The economic dimension of sustainability reporting not affect financial performance, it can be due to a short period of time so that there is no significant effect. Sustainability reporting the social dimension not affect financial performance because the new social dimension affects people's reactions in the long term. However, in the short term, this impact has not been seen so it cannot affect financial performance. Good corporate governance in this study cannot moderate sustainability reporting on economic, environmental, and social dimensions. This is because most of the hypotheses have no effect, only the environmental dimension of sustainability reporting that has a positive influence on financial performance.

This research cannot be separated from the limitations of the study where the sample used is too few to represent the company as a whole. Companies that follow the Corporate Governance Perception Index (CGPI) are relatively few and are still inconsistent every year. Based on the conclusions and limitations of the study, there are several suggestions needed to expand further research as detailed below:

1. Academic suggestions: for further research, it is recommended to use other moderating variables such as firm value, earnings management, audit quality that might moderate the effect of sustainability reporting on the company's financial performance. In addition, further research can use different GCG measurement methods such as the Corporate Governance Disclosure Index (IPCG);
2. Practical suggestions: for management to pay attention to the level of sustainability reporting because it is expected to have a positive impact on the company in the long term. In addition, investors are expected to consider sustainability reporting in making investment decisions because it reflects the company's performance in maintaining its business continuity by paying attention to economic, environmental, and social aspects that are not reflected in the financial statements.

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