ABSTRACT

This study aims to analyze the effect of sustainability report disclosure on corporate financial performance. It also examines the role of CEO power in moderating the relationship between sustainability report disclosure and corporate financial performance. The study sample consists of 217 manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2019–2023 period. Secondary data were obtained from annual reports, financial statements, and the Bloomberg database. The analysis of data was conducted using moderation regression analysis to examine the direct and interaction effects among variables. Sustainability report disclosure is measured using the ESG Disclosure Score, while corporate financial performance is proxied by Return on Assets (ROA), and CEO power, as a moderating variable, is represented by CEO tenure.

The results show that sustainability report disclosure has a significant effect on corporate financial performance. This finding indicates that companies with higher transparency in sustainability disclosure tend to experience a short-term decline in profitability. The analysis also reveals that CEO power does not significantly moderate the relationship between sustainability report disclosure and financial performance. This suggests that CEO tenure neither strengthens nor weakens the impact of sustainability disclosure on financial outcomes. This literature contributes to managerial decision-making and investment considerations by highlighting the potential financial consequences of sustainability disclosure, particularly in the context of emerging markets like Indonesia, where sustainability practices are still evolving.

Keywords: Sustainability report disclosure, ESG Disclosure Score, financial performance, ROA, CEO power, CEO tenure.