CATRA RESEARCH INSTITUTE
JISDB
P-ISSN - 2962-8849 (PRINT)
E-ISSN - 2963-0819 (ONLINE)
JOURNAL OF INFORMATION SYSTEMS, DIGITIZATION AND BUSINESS
Indexed By :

THE IMPACT OF SUSTAINABILITY REPORTING ON COMPANY FINANCIAL PERFORMANCE: A LITERATURE STUDY

Volume: 3
Number: 3
Page: 01 - 09

Ni Wayan APRIYANI[1], Ni Putu Angelita Yudia MAHARANI[2], Ni Komang ASTINI[3], Ni Made Ari PARTIWI[4]
[1,2,3]Accounting Study Program, Faculty of Economics and Business, Warmadewa University
Corresponding author: Ni Wayan Apriyani
E-mail: adikurniawan523@gmail.com

Article History:
Received: 2024-08-29
Revised: 2024-09-29
Accepted: 2024-10-15

Abstract:
This study aims to examine the impact of sustainability reporting on corporate financial performance through a Systematic Literature Review (SLR) approach. Amidst the increasing demands for non-financial transparency and accountability, sustainability reporting is considered an important instrument to reflect corporate responsibility towards economic, social, and environmental aspects. The analysis was conducted on 10 selected articles published between 2020 and 2025. The research findings show that the economic dimension in sustainability reporting consistently has a positive and significant effect on financial performance, especially return on assets (ROA) and return on equity (ROE). However, the social and environmental dimensions produce inconsistent effects, even tending to be negative. Factors such as corporate governance efficiency and geographic context also moderate the relationship between sustainability reporting and financial performance. These results confirm that sustainability reporting plays a role as part of a broader corporate strategy, and its effectiveness is greatly influenced by the quality of disclosure and stakeholders' willingness to value non-financial information.
Keywords: Sustainability reporting and financial performance

INTRODUCTION

Financial performance is an evaluation process that aims to determine the extent to which a company manages its financial activities in accordance with applicable financial principles and standards. This assessment is very important because it is used as an indicator of the efficiency and effectiveness of the company's operations. Through measuring financial performance, management can assess how resources are utilized in each production process, as well as measure the amount of profit that has been achieved. Companies with good financial performance are generally better able to realize their vision and mission. However, there are quite a few companies that experience serious challenges in this regard. Weak financial performance is often the main factor in liquidation. This situation results in a decline in public trust, so companies have difficulty obtaining external funding, either through bank loans or investors. In fact, in some extreme conditions, companies with declining financial conditions are forced to be taken over by other parties that have better financial stability.

Changes in financial performance, both increases and decreases, can be influenced by a number of factors, such as business scale, company age, liquidity level, macroeconomic situation, and social and environmental dimensions. These factors are increasingly relevant because stakeholders realize that financial performance does not solely depend on the numbers in the financial statements but is also influenced by the company's relationship with the environment and surrounding communities. Therefore, additional reporting is needed that provides a comprehensive picture of the company's condition. One form of reporting in question is the sustainability report, which presents information on the company's performance in economic, social, and environmental

JISDB
• P-ISSN - 2962-8849 (PRINT)
• E-ISSN - 2963-0819 (ONLINE)
JOURNAL OF INFORMATION SYSTEMS, DIGITIZATION AND BUSINESS
Indexed By :

aspects. This sustainability reporting also serves to support the principle of business continuity or going concern (Utariyani & Wirajaya, 2023).

Sustainability reports aim to demonstrate a company's responsibility for its business activities, which not only focus on achieving profits but also reflect concern for the environment and society. This view is in line with Elkington's (2013) idea in his book "Cannibals with Forks: The Triple Bottom Line in 21st-Century Business", which emphasizes that business activities should not only prioritize profit but also pay attention to the welfare of society (people) and environmental sustainability (planet). Therefore, sustainability reports need to cover non-financial information comprehensively, covering three main dimensions: economic, social, and environmental (Pratiwi et al., 2022).

Based on the 2020 Global Reporting Initiative (GRI) and global survey, public trust in sustainability reports has increased significantly, with the global average reaching 51%, up from 30% in 2003. Indonesia even recorded the highest figure of 81%, surpassing China, which fell from 80% to 73%. This figure also increased from 2016, which was 79%. This finding shows that the public increasingly values transparency of information on sustainability issues, in line with the increasing attention of investors and stakeholders to corporate social responsibility practices.

This condition shows the urgency to integrate sustainability reports into the company's reporting system. This report is no longer considered as a complement but rather as a strategic part of building transparency, accountability, and the company's reputation in the eyes of the public. National and international regulations also encourage sustainability reporting practices, such as Law No. 23 of 1997 concerning Environmental Management, the Indonesia Stock Exchange regulations regarding stock listing, and PSAK No. 57, which regulates corporate social responsibility reporting (Lestari & Irma, 2021).

As the demand for disclosure of non-financial information increases, concerns have arisen regarding the impact of sustainability reporting on corporate performance, particularly in the financial aspect. Therefore, this study aims to analyze how sustainability reporting affects corporate financial performance. The study was conducted using the Systematic Literature Review (SLR) method sourced from scientific publications in Google Scholar and Scopus in the last five years. The aim is to identify patterns and trends in literature that have not been highlighted so far. The results of this study are expected to contribute to broadening the understanding of the relationship between sustainability reporting and financial performance, as well as demonstrating the relevance of the bibliometric approach in academic studies in this field.

Stakeholder Theory. Stakeholder theory is one of the main approaches often used in studies on sustainability reporting. This theory refers to the existence of groups or individuals who have a significant influence on the success or failure of an organization in achieving its goals or, conversely, parties who are also affected by the activities of the organization. In this context, stakeholder theory is seen as a form of managerial response to the dynamics and pressures that exist in the business environment. In addition to stakeholder theory, another approach that influences sustainability reporting is legitimacy theory. This theory highlights the conditions that must be met for a norm or rule to be considered legitimate and appropriate to be enforced in society, including the possibility of forced implementation if necessary (Nugrahanti, 2020).

Legitimacy Theory. Legitimacy theory focuses on the relationship between business and society. This approach is used to understand and analyze organizational behavior, especially in the context of how companies seek to gain social recognition. In this perspective, companies are encouraged to display their intellectual capacity and credibility through financial reports in an effort to gain legitimacy from the public. This social acceptance is considered important so that companies can maintain their existence in the community in which they operate. The main basis of legitimacy

CATRA RESEARCH INSTITUTE
JISDB
P-ISSN - 2962-8849 (PRINT)
E-ISSN - 2963-0819 (ONLINE)
JOURNAL OF INFORMATION SYSTEMS, DIGITIZATION AND BUSINESS
KSI
Indexed By :
GARUDA Google DOI Crossref INDEX COPERNICUS ROAD ISJD OneSearch EBSCO

theory is the concept of a social contract, which is an unwritten agreement between companies and society in which companies use economic resources from the social environment and, in return, are expected to provide benefits back to society. In a changing society, there is no absolute institutional power, so the sustainability of a company's operations is highly dependent on its ability to meet social expectations and needs. Therefore, an organization must be able to pass the legitimacy test by proving that its existence and services are indeed needed by society and that the groups that benefit from the imbalance gain approval and acceptance from the public (Putra & Subroto, 2022).

Financial performance. Financial performance reflects the financial condition of a company over a certain period of time and is generally evaluated through indicators such as capital adequacy, liquidity level, and profitability. This assessment aims to assess the extent to which the company is able to implement financial management principles effectively. In this study, financial performance was identified using three main indicators, namely return on assets (ROA), return on equity (ROE), and liquidity ratio (LR). ROA measures how much net profit is generated against the total assets owned by the company. ROE indicates the rate of return on owner's equity based on net income. Meanwhile, LR describes the company's ability to meet its short-term obligations by comparing current assets to current liabilities (Putra & Subroto, 2022).

Sustainability Report. According to the Global Reporting Initiative (2019) (Putra & Subroto, 2022), a sustainability report is a document prepared and published by a company or organization to describe the impact of its operational activities on economic, environmental, and social aspects. This report not only covers these impacts but also reflects the core values and governance systems of the organization and shows the link between the company's strategy and its commitment to sustainable global economic development. Measurement of the variables in this report is carried out using the GRI-G4 guidelines and the GRI Sustainability Standards. According to the guidelines from the Global Reporting Initiative (GRI), sustainability reports cover three main aspects, namely economic, environmental, and social. GRI-G4 has a total of 91 specific indicators used for reporting, while the newer GRI Standards include 77 indicators. In measuring corporate sustainability disclosure, the SRDI (Sustainability Reporting Disclosure Index) is used, which gives a value of 1 for each disclosed element and a value of 0 if not disclosed. The total score for each company is then obtained by adding up all the values of the elements that have been assessed.

METHODS

This study adopted the Systematic Literature Review (SLR) method, which is an approach that aims to identify, organize, and synthesize relevant research results to answer research questions in a structured and precise manner. SLR provides a reliable method for obtaining objective, logical, and unbiased information about a research topic. Although systematic, this process follows certain guidelines and protocols and introduces elements of subjectivity depending on the focus of the research (Nuraini et al., 2024).

The sample in this study consisted of scientific articles published in the last five years, namely between 2020 and 2025. The articles were obtained through a search using the keywords "sustainability reporting" and "financial performance" and utilizing the Google Scholar and Scopus databases with the help of the Publish or Perish application. From the initial search results, 40 articles were obtained. After going through a selection process based on certain criteria, 10 articles were selected to be analyzed in this study. The data analysis technique in this study was carried out through the following stages.:

CATRA RESEARCH INSTITUTE
JISDB
P-ISSN - 2962-8849 (PRINT)
E-ISSN - 2963-0819 (ONLINE)
JOURNAL OF INFORMATION SYSTEMS, DIGITIZATION AND BUSINESS
KSI
Indexed By : GARUDA, Google Scholar, Crossref, Index Copernicus International, ROAD, ISJD, Indonesia OneSearch, EBSCO

1. The data obtained were analyzed manually using Microsoft Excel to group and map articles based on year of publication, journal name, author, and institution of origin.
2. In addition, a thorough review of each article was conducted, including the title, abstract, and conclusion, to identify the main themes related to sustainability reporting and financial performance. This process allows researchers to understand the focus of the research and the approach used in each study.
3. Furthermore, the articles were classified and tabulated according to the main topic of discussion, research methods, and findings to obtain an overview of trends and contributions to the literature over the past five years.
4. The results of the analysis were interpreted to identify patterns of relationships and research trends related to sustainability reporting and its impact on financial performance.

RESULT AND DISCUSSION

This study analyzes 10 scientific articles relevant to the research question and objectives on the impact of sustainability reporting on corporate financial performance. These articles come from various academic journals indexed by Scopus, Google Scholar, and Publish or Perish. From the 40 articles found in the initial stage, 10 were selected through a screening process based on inclusion criteria such as recent publication (2020–2025), relevance to the topic, and sufficient number of citations. Table 1 presents key descriptive information for each article, including the article title, author names, methodological approach used, theoretical framework underlying the analysis, and key findings related to the impact of sustainability reporting on corporate financial performance. This information is organized to facilitate the process of identifying patterns of findings across studies while providing an initial overview of the consistency of previous research results.

Table 1. Description of Search Journal Articles

AUTHOR	TITLE	YEAR	RESULT	Cite
Martha Angelina, Enggar Nursasi	The effect of green accounting implementation and environmental performance on company financial performance	2021	The results of the analysis show that the company's financial performance is not influenced by environmental performance and green accounting.	212
A Buallay, SM Fadel, J Alajmi dan Saudagaran S	Sustainability reporting and bank performance after financial crisis: Evidence from developed and developing	2021	ESG disclosure improves bank accounting and market performance in developed countries, supporting the value creation theory. On the other hand, in developing countries, ESG has a positive impact on financial results but does not significantly affect market performance.	134

CATRA RESEARCH INSTITUTE
JISDB
P-ISSN - 2962-8849 (PRINT)
E-ISSN - 2963-0819 (ONLINE)
JOURNAL OF INFORMATION SYSTEMS, DIGITIZATION AND BUSINESS
Indexed By : GARUDA, Google Scholar, doi Crossref, Index Copernicus International, ROAD, ISJD, Indonesia OneSearch, EBSCO

AUTHOR	TITLE	YEAR	RESULT	Cite
Virgoria Dwi Pujiningsih	The Influence of Sustainability Report on Company Value with Good Corporate Governance as a Moderating Variable	2020	The results of this study indicate that the Sustainability Report has a significant influence on company value. Information on the economic dimension in the Sustainability Report has a negative and significant influence on company value. Meanwhile, information related to the environmental dimension in the Sustainability Report does not affect company value, and information related to the social dimension in the Sustainability Report also does not affect company value.	117
Nana Sutisna	The Influence of Sustainability Report on Company Value with Good Corporate Governance as a Moderating Variable	2020	The Board of Directors influences the Company's Financial Performance (ROA), the Audit Committee does not influence the Company's Financial Performance (ROA), and Corporate Social Responsibility does not influence the Company's Financial Performance (ROA).	61
Barraq Mellina Zahroh, Hersugondo	The influence of environmental, social, and governance performance on financial performance with CEO power as a moderating variable	2021	The results of this study indicate that social performance, governance performance, and ESG performance have a positive and significant impact on financial performance, while environmental performance has a negative and insignificant impact on financial performance. In addition, CEO power does not act as a moderator for the influence of environmental performance, social performance, governance performance, and ESG performance on financial performance.	39

CATRA RESEARCH INSTITUTE
JISDB
P-ISSN - 2962-8849 (PRINT)
E-ISSN - 2963-0819 (ONLINE)
JOURNAL OF INFORMATION SYSTEMS, DIGITIZATION AND BUSINESS
Indexed By :

AUTHOR	TITLE	YEAR	RESULT	Cite
Surya Irma dan Nanik Lestari	The influence of sustainability reports on the company's financial performance	2021	The research results indicate that there is an impact of the disclosure of economic aspects (EC) in sustainability reports on the company's financial performance. Meanwhile, social and environmental aspects in sustainability reports do not affect the company's financial performance.	36
Ana Pratiwi, Kuni Zakiyyatul Laila, Daru Anondo	The influence of sustainability report disclosure on the financial performance of banking companies in Indonesia	2022	The results of the study indicate that simultaneously, disclosure of sustainability reports covering economic, environmental, and social factors has a positive impact on the company's financial performance as measured by the profitability ratio using Return On Equity (ROE). However, when viewed separately, only the economic performance factor shows a significant impact. Meanwhile, environmental and social performance factors do not have an effect on the company's financial performance as measured by the profit ratio using Return on Equity (ROE).	31
Paschalis Hendy Isa Pradipta, Octaviano Yudistira Pratama, Alfina Khairunnisa, Drs. H Lutfi Baradja ,Ak,Mba	The influence of sustainability reports, board of directors size, company size and leverage on the financial performance of banking companies listed on the Indonesian Stock Exchange in 2018-2020	2020	The results of the study indicate that sustainability reports, board size, and leverage do not affect the financial performance of banking companies, while company size has a positive impact on the financial performance of banking companies.	30
Ainaya Al Fatihah, Jacobus Widiatmoko	The influence of corporate governance efficiency on sustainability report disclosure and its impact on financial performance	2022	The results of the study prove that corporate governance efficiency has a positive effect on the disclosure of sustainability reports. Disclosure of sustainability	25

CATRA RESEARCH INSTITUTE
JISDB
P-ISSN - 2962-8849 (PRINT)
E-ISSN - 2963-0819 (ONLINE)
JOURNAL OF INFORMATION SYSTEMS, DIGITIZATION AND BUSINESS
KSI
Indexed By :
GARUDA Google doi Crossref INDEX COPERNICUS ROAD ISJD OneSearch EBSCO

AUTHOR	TITLE	YEAR	RESULT	Cite
			reports has a positive effect on financial performance.	
Komang Nayantara Arya Dinatha, Nyoman Ari Surya Darmawan	The Influence of Sustainability Report Disclosure on the Financial Performance of LQ45 Companies (Study of Companies Listed on the Indonesia Stock Exchange (IDX) for the 2017-2021 Period)	2023	The results of the study show that the submission of sustainability reports and economic performance has a positive impact, although not significant, on the company's financial performance; environmental performance has a significant negative implication on the company's financial performance, while social performance shows an insignificant negative impact on the company's financial performance.	6

The results of the study of the ten articles examined in this study show that the relationship between sustainability reporting and corporate financial performance varies greatly and depends on the context. Overall, the economic aspects of sustainability reporting have been shown to have a positive and significant impact on financial performance, especially on measures such as Return on Equity (ROE) and Return on Assets (ROA). This is reflected in the findings of (Pratiwi et al., 2022) and (Lestari and Irma, 2021), which emphasize that disclosure of economic information can strengthen investor perceptions of sustainable business prospects, thereby improving corporate financial performance.

However, inconsistencies arise in the social and environmental dimensions. Several studies, such as those conducted by (Pujiningsih, 2020) and (Dinatha & Darmawan, 2023), actually found that disclosure of social and environmental information had no significant effect or even had a negative impact on financial results. The reason is the lack of company attention to reports on environmental and social aspects, especially when compared to developed countries, so the information received by related parties is limited. In addition, stakeholders do not consider the company's actions related to social issues important, and this does not affect the decision-making process (Pratiwi et al., 2022). Stakeholders still prioritize economic performance as the main indicator of the Company's assessment (Dinatha & Darmawan, 2023).

In addition, the role of moderating variables such as corporate governance efficiency and CEO power also influences the relationship between sustainability reporting and financial performance. (Al Fatihah & Widiatmoko, 2022) Stated that the effectiveness of corporate management contributes to increasing the transparency of sustainability reports and has a positive impact on financial results. On the other hand, (Zahroh and Hersugondo, 2015) found that CEO power cannot affect the relationship between ESG performance and financial performance, indicating that leadership is not always a key element in the success of sustainability reporting.

CATRA RESEARCH INSTITUTE
JISDB
P-ISSN - 2962-8849 (PRINT)
E-ISSN - 2963-0819 (ONLINE)
JOURNAL OF INFORMATION SYSTEMS, DIGITIZATION AND BUSINESS
KSI
Indexed By :
GARUDA Google doi Crossref INDEX COPERNICUS ROAD ISJD OneSearch EBSCO

Geographic context is also an important factor in determining the effectiveness of sustainability reporting. (Buallay et al., 2021) compared developed and developing countries and found that ESG disclosure had a more significant impact on market performance in developed countries than in developing countries. This suggests that the level of market maturity, regulation, and investor awareness of sustainability issues also influence the extent to which sustainability reporting can be translated into economic value. Overall, this discussion emphasizes that sustainability reporting is not the sole determinant of a company's financial performance but rather part of a broader corporate strategy. Its effectiveness is highly dependent on the quality of reporting, corporate governance, and the readiness of the market and stakeholders to appreciate non-financial information.

CONCLUSION

This study reveals that sustainability reporting has various impacts on a company's financial results. The economic aspect of the sustainability report always has a positive and significant effect on financial performance, especially on the ROA and ROE indicators. This is because economic data is considered important and sends a good signal to investors. On the other hand, the social and environmental aspects show unstable results and even tend to be negative in several studies. This is due to the lack of company attention to disclosing these aspects, as well as the minimal positive response from stakeholders to social and environmental information. In addition to the dimensions of the report, the relationship between sustainability reporting and financial performance is also influenced by moderating factors such as corporate governance efficiency and CEO power. Effective governance strengthens sustainability disclosure and has a positive impact, while CEO leadership does not necessarily strengthen the relationship significantly.

REFERENCES

Al Fatihah, A., & Widiatmoko, J. (2022). Pengaruh Corporate Governance Efficiency Terhadap Pengungkapan Sustainability Report Dan Dampaknya Terhadap Kinerja Keuangan. *KRISNA: Kumpulan Riset Akuntansi*, *14*(1), 80–92. https://doi.org/10.22225/kr.14.1.2022.80-92

Arienata, K. Y. W., Saputra, K. A. K., & Manuaba, I. M. P. (2024). The Influence of Corporate Social Responsibility and Environmental Management Accounting on the Sustainability Performance of the Patra Bali Resort and Villas. *Journal of Tourism Economics and Policy*, *4*(1), 102-108.

Buallay, A., Fadel, S. M., Alajmi, J., & Saudagaran, S. (2020). Sustainability reporting and bank performance after financial crisis: Evidence from developed and developing countries. *Competitiveness Review*, *30*(2), 123–147. https://doi.org/10.1108/MBE-09-2018-0078.

Dinatha, K. N. A., & Darmawan, N. A. S. (2023). Pengaruh Pengungkapan Sustainability Report Terhadap Kinerja Keuangan Perusahaan LQ45 (Studi Pada Perusahaan Yang Terdaftar Di Bursa Efek Indonesia (BEI) Periode 2017-2021). *Jurnal Akuntansi Profesi*, *14*(03), 523–533. https://doi.org/10.23887/jap.v14i03.61486

Lestari, N., & Irma, S. (2021). Pengaruh Sustainability Report Terhadap Kinerja Keuangan Perusahaan. *Journal of Applied Managerial Accounting*, *5*(2), 34–44.

Nugrahanti, T. P. (2020). *Pengaruh sustainability reporting terhadap nilai perusahaan dengan kinerja keuangan sebagai variabel intervening*.

Nuraini, P. K., Diana, S. I. M., & Prasetyono, P. (2024). SUSTAINABILITY REPORTING DAN KINERJA KEUANGAN PERUSAHAAN: SYSTEMATIC LITERATURE REVIEW. *Neo-Bis*, *13*(2), 122–145.

Pratiwi, A., Laila, K. Z., & Anondo, D. (2022). Pengaruh pengungkapan sustainability report terhadap kinerja keuangan perusahaan perbankan di Indonesia. *Jurnal Akuntansi Terapan Dan Bisnis*, *2*(1), 60–71.

Pujiningsih, V. D. (2020). Pengaruh Sustainability Report Terhadap Nilai Perusahaan dengan Good Corporate Governance sebagai Variabel Pemoderasi. *Jurnal Riset Akuntansi Dan Keuangan*, *8*(3), 579–594. https://doi.org/10.17509/jrak.v8i3.22841

Putra, Y. P., & Subroto, T. A. (2022). Pengaruh Pengungkapan Sustainability Report Terhadap Kinerja Keuangan Perusahaan. *EKOMBIS REVIEW: Jurnal Ilmiah Ekonomi Dan Bisnis*, *10*(2), 1327–1338. https://doi.org/10.37676/ekombis.v10i2.2272

Saputra, K. A. K., Subroto, B., Rahman, A. F., & Saraswati, E. (2023). Mediation role of environmental management accounting on the effect of green competitive advantage on sustainable performance. *Journal of Sustainability Science and Management*, *18*(2), 103-115.

Utariyani, N. P. A., & Wirajaya, I. G. A. (2023). Intensitas Pengungkapan Sustainability Report pada Kinerja Keuangan. *E-Jurnal Akuntansi*, *33*(1), 17. https://doi.org/10.24843/eja.2023.v33.i01.p02

Zahroh, B. M., & Hersugondo. (2015). Jurusan Manajemen Fakultas Ekonomika dan Bisnis Universitas Diponegoro Jl. Prof. Soedharto SH Tembalang, Semarang 50239, Phone: +622476486851. *Journal of Management ISSN (Online): 2337-3792*, *4*(2), 1–12.