

Research Article

The Impact of Financial Performance, Corporate Governance, and Environmental Performance on SDG Implementation through Firm Value: Evidence from Indonesia's Food and Beverage Industry

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Abstract: This study aims to prove and analyze "The Analysis of the Influence of Financial Performance, Good Corporate Governance, and Environmental Performance on SDGs Implementation through Firm Value in Food and Beverage Companies on the Indonesia Stock Exchange for the 2020-2024 Period." This study uses a quantitative approach utilizing annual reports. The population in this study consists of food and beverage sector companies listed on the Indonesia Stock Exchange, comprising 30 companies. The sampling technique used was purposive sampling, obtaining a sample of 18 food and beverage sector companies over 5 years of observation. Data processing was carried out using the Structural Equation Modeling (SEM) method with the assistance of Partial Least Square (PLS) 4.0 software. The results of this study indicate that: 1). Financial Performance does not have a significant influence on Firm Value. 2). Financial Performance does not have a significant influence on SDGs Implementation. 3). Good Corporate Governance (GCG) has a positive and significant influence on Firm Value. 4). Good Corporate Governance (GCG) does not have a significant influence on SDGs Implementation. 5). Environmental Performance has a positive and significant influence on Firm Value. 6). Environmental Performance does not have a significant influence on SDGs Implementation. 7). Firm Value does not have a significant influence on SDGs Implementation. 8). Firm Value fails to mediate the influence of Financial Performance on SDGs Implementation. 9). Firm Value fails to mediate the influence of GCG on SDGs Implementation. 10). Firm Value fails to mediate the influence of Environmental Performance on SDGs Implementation. The recommendation of this study is to utilize superior Environmental Performance (through PROPER and certification) as the main foundation for SDGs implementation. Furthermore, management must transform GCG from administrative compliance into a strategic corporate culture and view sustainability as a long-term risk management investment, considering that profitability is not a prerequisite for initiating SDGs initiatives.

Keywords: Financial Performance; Good Corporate Governance; Environmental Performance; Firm Value; Sustainable Development Goals (SDGs).

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Introduction

In the contemporary era of globalization and digital transformation, the paradigm of corporate management has shifted from a purely profit-oriented perspective to one that embraces sustainable and responsible business practices. The concept of the *Triple Bottom Line* introduced by Elkington (1997) emphasizes that corporate success must balance economic, social, and environmental performance to ensure long-term sustainability. In alignment with this paradigm, the United Nations launched the *Sustainable Development Goals* (SDGs) in 2015, setting forth a universal agenda aimed at eradicating poverty, promoting social equity, and protecting the environment by 2030. Within this global context, corporations are increasingly

expected to integrate sustainability into their business strategies and operational models as part of their contribution to the achievement of SDGs (Janah et al., 2024).

In Indonesia, the food and beverage (F&B) sector plays a pivotal role in supporting national food security, public health, and environmental sustainability. As a vital component of the manufacturing industry, this sector is strategically positioned to contribute to multiple SDGs, such as SDG 2 (Zero Hunger), SDG 3 (Good Health and Well-Being), and SDG 12 (Responsible Consumption and Production). Companies listed on the Indonesia Stock Exchange (IDX) face mounting pressures not only to maintain sound financial performance but also to demonstrate accountability through environmental, social, and governance (ESG) disclosures aligned with global sustainability standards (Paranita et al., 2025). The Indonesia Stock Exchange reported a significant increase in sustainability reporting, with 882 listed firms publishing sustainability reports by December 2024, highlighting that ESG and SDG alignment has become a corporate necessity rather than a voluntary practice.

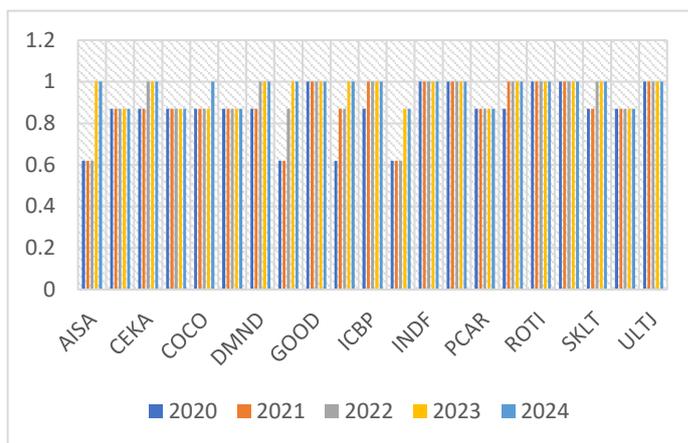


Figure 1. SDGs Implementation in Food and Beverage Companies (2020–2024)

The figure shows a steady rise in SDG implementation scores among 21 food and beverage companies on the Indonesia Stock Exchange from 2020 to 2024. Most firms improved from around 0.6–0.9 to nearly 1.0, reflecting stronger sustainability commitments. Major companies like ICBP, INDF, ROTI, STIP, SKLT, and ULTJ remained consistent, while AISA, HOKI, and COCO showed recovery after fluctuations. Progress mainly relates to SDG 2, 3, 8, 12, and 13, indicating growing integration of sustainability into corporate governance and competitiveness.

Despite this progress, disparities persist in the depth and quality of SDG implementation among F&B companies. The empirical evidence indicates that while leading firms such as Indofood CBP (ICBP), Indofood Sukses Makmur (INDF), and Ultrajaya Milk (ULTJ) consistently perform well in sustainability reporting, others show fluctuating or limited progress. These variations suggest differing levels of corporate commitment to sustainable practices, despite similar regulatory and market pressures. The implementation of SDGs within the corporate sphere can be understood through three theoretical lenses—legitimacy theory, stakeholder theory, and signaling theory—which collectively elucidate how financial performance, governance quality, and environmental management affect firm value and sustainability outcomes (Arofah & Khomsiyah, 2023; Ross, 2017; Anggiasari et al., 2025).

From the legitimacy perspective, companies seek social acceptance by demonstrating their commitment to sustainability through responsible environmental and social practices (Putra et al., 2025). Stakeholder theory emphasizes that a company's long-term viability depends on its ability to meet the expectations of diverse stakeholders, including investors, employees, regulators, and communities, through transparent and ethical conduct (Freeman, 1984). Meanwhile, signaling theory posits that corporate disclosure of sustainability and SDG-related achievements acts as a positive signal to the market, reflecting the firm's credibility and long-term vision (Ross, 2017). These frameworks collectively underscore the strategic importance of integrating financial soundness, governance integrity, and environmental stewardship to enhance corporate legitimacy and market value.

Financial performance represents the company's capacity to generate sustainable profits while managing resources efficiently (Rahmiyati, 2025). A strong financial position enables companies to allocate resources toward sustainability initiatives such as green innovation, renewable energy adoption, and community development (Febriyani & Kusumawardhani,

2025). Similarly, good corporate governance (GCG) ensures that managerial decisions align with long-term stakeholder interests and sustainability objectives (Runfeng et al., 2025; Ramadan et al., 2025). GCG practices—rooted in transparency, accountability, and fairness—are essential for fostering trust among investors and enhancing disclosure quality.

Environmental performance, on the other hand, reflects the firm's commitment to managing its ecological footprint through efficient resource use, pollution control, and compliance with environmental standards such as ISO 14001 and Indonesia's PROPER rating (Devi Puspita Sari, 2025; Pamudya & Sumaryati, 2025). Companies with superior environmental performance not only demonstrate regulatory compliance but also reinforce their alignment with global sustainability frameworks, directly contributing to environmental-related SDGs. As such, environmental excellence has emerged as a key determinant of both corporate reputation and sustainable value creation.

However, empirical findings regarding the interrelationships among financial performance, GCG, environmental performance, firm value, and SDG implementation remain inconclusive. Previous studies report conflicting results—some indicating that financial performance significantly influences firm value (Utari & Khomsiyah, 2024), while others find no such relationship (Cecilia et al., 2025). Similarly, the impact of GCG and environmental performance on firm value and SDG implementation has been shown to vary across industries and time periods (Arofah & Khomsiyah, 2023; Choiriyah & Handayani, 2024; Pratama et al., 2025). These inconsistencies suggest a research gap in understanding how internal corporate mechanisms collectively shape sustainability implementation, particularly within the Indonesian F&B sector.

To address these empirical discrepancies, this study investigates the simultaneous influence of financial performance, good corporate governance, and environmental performance on SDG implementation, with firm value as a mediating variable among food and beverage companies listed on the Indonesia Stock Exchange during 2020–2024. Unlike previous studies that examined these relationships separately, this research employs an integrative framework linking internal financial and non-financial factors to sustainability outcomes. Moreover, it captures post-pandemic dynamics that have reshaped corporate sustainability priorities and stakeholder expectations.

This study contributes to the literature in several ways. Theoretically, it integrates multidimensional corporate performance factors into the SDG implementation framework, enriching the discourse on sustainable finance and corporate governance in emerging markets. Empirically, it provides evidence from Indonesia's strategic F&B sector, illustrating how firms translate sustainability commitments into measurable performance outcomes. Practically, the findings offer insights for managers, investors, and regulators to strengthen sustainability-oriented decision-making, promote transparent reporting, and enhance firm value through environmental and governance excellence.

2. Preliminaries or Related Work or Literature Review

2.1 Theoretical Foundations

Corporate financial management refers to a set of activities related to obtaining, allocating, and managing corporate funds to achieve organizational objectives. Fahmi (2018) defines corporate financial management as both a science and an art of using financial resources effectively to create shareholder value and ensure corporate sustainability. Similarly, Kasmir (2020) emphasizes that financial management involves the acquisition, funding, and administration of assets to maximize corporate efficiency and profitability. Hence, financial management represents the strategic process through which companies generate and utilize funds to support long-term value creation.

Three fundamental theories provide the conceptual framework for this study: legitimacy theory, stakeholder theory, and signalling theory. Legitimacy theory posits that organizations operate within a social contract, where their existence depends on societal approval. To maintain legitimacy, firms must align their activities with societal norms and values (Deegan, 2014). When discrepancies arise, companies often engage in socially responsible activities and environmental disclosures to restore legitimacy (Reutzel, 2018). Within this research, legitimacy theory explains how food and beverage companies strive to obtain public acceptance through sustainability initiatives and alignment with the SDGs.

Stakeholder theory, introduced by Freeman (1984), asserts that corporate success depends not only on shareholder returns but also on the firm's ability to address the expectations of all stakeholders — including customers, employees, governments, and local

communities. In this context, implementing environmental performance, sound corporate governance, and sustainable practices represents a company's responsibility to balance stakeholder interests (Anggiafani et al., 2025). Meanwhile, signaling theory (Spence, 1973; Ross et al., 2017) explains that firms send positive signals to the market through transparent disclosure of financial results, governance quality, and sustainability performance. Credible signals, such as strong environmental records and comprehensive sustainability reports, enhance investor confidence, corporate reputation, and ultimately firm value (Reutzel, 2018).

2.2 Sustainable Development Goals and Corporate Sustainability

The *Sustainable Development Goals* (SDGs), established by the United Nations in 2015, comprise 17 global objectives that promote economic, social, and environmental balance under the principle of "leaving no one behind" (United Nations, 2015; Bappenas, 2020). Sachs (2015) highlights that SDGs seek to harmonize economic growth, social inclusion, and ecological sustainability. For corporations, implementing SDGs means integrating sustainability principles into business operations through responsible financial management, good governance, and environmentally conscious practices. The corporate contribution to SDGs is often evaluated using sustainability reporting frameworks such as the *Global Reporting Initiative* (GRI) and performance indices reflecting disclosure across relevant SDGs (e.g., SDG 2, 3, 6, 8, 9, 12, 13, and 17 for food and beverage firms).

2.3 Key Constructs and Measurement Indicators

Financial performance reflects a firm's efficiency in utilizing assets and resources to generate profits. Harahap (2018) and Kasmir (2019) emphasize that profitability ratios such as *Return on Assets* (ROA), *Debt-to-Equity Ratio* (DER), and *Firm Size* are common indicators used to evaluate financial effectiveness and sustainability.

Good Corporate Governance (GCG), defined by the Forum for Corporate Governance in Indonesia (FCGI, 2019), is a system of principles ensuring transparency, accountability, responsibility, independence, and fairness. According to Effendi (2018) and Wibowo (2020), GCG enhances investor trust and mitigates managerial risk. Its indicators include *board size*, *institutional ownership*, and *managerial ownership*, which collectively ensure ethical and effective decision-making.

Environmental performance denotes a company's commitment to managing its ecological impact. Hariyanto (2019) and Suryani (2018) define it as the extent to which firms implement eco-friendly practices such as emission reduction, waste management, and resource efficiency. In Indonesia, environmental performance is assessed through the government's *PROPER* program, which ranks companies based on compliance and environmental excellence (Ministry of Environment, 2013). Complementary indicators include GRI-G4 environmental disclosure metrics.

Firm value represents market perception of a company's performance and prospects, typically measured by market-based ratios such as *Price-to-Book Value* (PBV), *Price-to-Earnings Ratio* (PER), or *Tobin's Q* (Brigham & Houston, 2020; Wibowo, 2020). A higher firm value signifies investor confidence and the successful alignment of corporate strategy with sustainability principles.

2.4 Empirical Evidence

Prior research has produced mixed findings on the interrelationships among financial performance, GCG, environmental performance, firm value, and SDG implementation. Utari and Khomsiyah (2024) found that financial performance positively affects firm value, whereas Cecilia et al. (2025) reported no significant effect. Arofah and Khomsiyah (2023) observed a significant positive relationship between GCG and firm value, but Choiriyah and Handayani (2024) found otherwise. Similarly, Audika and Maushufi (2024) demonstrated that environmental performance significantly enhances firm value, while Pratama et al. (2025) revealed its non-significance on financial outcomes. In the context of SDGs, Paranita et al. (2025) concluded that firm value significantly influences SDG implementation, yet Choiriyah and Handayani (2024) found no such linkage.

These inconsistencies indicate the absence of a unified model explaining how internal corporate variables jointly affect sustainability outcomes in emerging markets. Moreover, limited studies have examined the mediating role of firm value in linking financial, governance, and environmental dimensions with SDG implementation, particularly in Indonesia's post-pandemic context.

The conceptual framework in Figure 2 illustrates the relationships between Financial Performance (X1), Good Corporate Governance (X2), and Environmental Performance (X3)

on the Implementation of SDGs (Y), both directly and indirectly through Firm Value (Z) as a mediating variable.

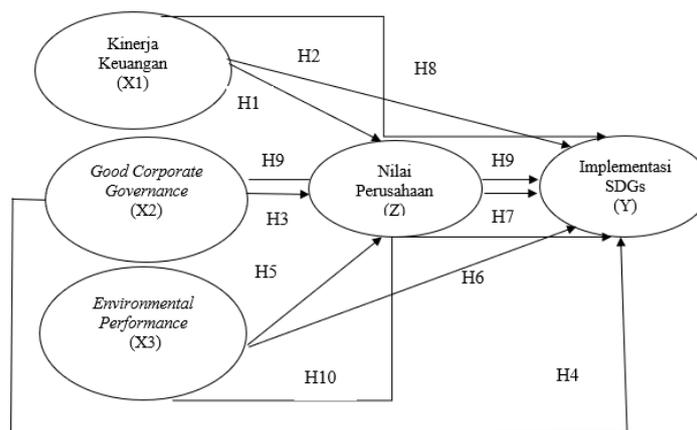


Figure 2. Conceptual Research Framework

Based on the problem formulation, literature review, and conceptual framework, the research hypotheses are formulated as follows:

1. H1: Financial Performance significantly affects Firm Value in food and beverage companies listed on the IDX.
2. H2: Financial Performance significantly affects SDGs Implementation in food and beverage companies listed on the IDX.
3. H3: Good Corporate Governance (GCG) significantly affects Firm Value in food and beverage companies listed on the IDX.
4. H4: Good Corporate Governance (GCG) significantly affects SDGs Implementation in food and beverage companies listed on the IDX.
5. H5: Environmental Performance significantly affects Firm Value in food and beverage companies listed on the IDX.
6. H6: Environmental Performance significantly affects SDGs Implementation in food and beverage companies listed on the IDX.
7. H7: Firm Value significantly affects SDGs Implementation in food and beverage companies listed on the IDX.
8. H8: Firm Value significantly mediates the relationship between Financial Performance and SDGs Implementation in food and beverage companies listed on the IDX.
9. H9: Firm Value significantly mediates the relationship between Good Corporate Governance (GCG) and SDGs Implementation in food and beverage companies listed on the IDX.
10. H10: Firm Value significantly mediates the relationship between Environmental Performance and SDGs Implementation in food and beverage companies listed on the IDX.

3. Materials and Method

This study employs a quantitative explanatory design grounded in a positivist philosophy, aiming to test causal relationships among financial performance, good corporate governance (GCG), environmental performance, firm value, and the implementation of Sustainable Development Goals (SDGs). The research focuses on food and beverage companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. A purposive sampling technique was used to select 18 firms that consistently published audited financial, annual, and sustainability reports, resulting in 90 firm-year observations. This approach allows for robust longitudinal analysis and ensures the inclusion of companies actively disclosing sustainability practices. Data were obtained from secondary sources, primarily annual and sustainability report accessible through the IDX's official website (www.idx.co.id). The study measured five constructs: financial performance (Return on Assets, Debt-to-Equity Ratio, Firm Size), GCG (institutional and managerial ownership, board size), environmental performance (PROPER ratings and GRI-G4 environmental disclosure index), firm value (Price-to-Book Value and Tobin's Q), and SDG implementation (SDG Disclosure Index based on relevant goals for the sector such as SDGs 2, 3, 6, 8, 9, 12, 13, and 17). Data collection was carried out through structured observation and document

analysis to ensure reliability and objectivity. Data analysis was conducted using Structural Equation Modeling (SEM) with the Partial Least Squares (PLS) approach via SmartPLS 4.0 software.

4. Results and Discussion

Result

Validity

The validity test in the PLS method includes two main parameters: **convergent validity** and **discriminant validity**. Convergent validity is achieved when the loading factor of each indicator exceeds the threshold value of **0.7**, as suggested by Ghozali (2019:24).

The results of the **convergent validity** test for each research variable are presented in **Table 1**. Indicators are considered valid if the loading factor is at least **0.7**.

Table 1. Initial Convergent Validity Test (Outer Loading)

| | Financial Performance | Good Corporate Governance | Environmental Performance | Nilai Perusahaan | Implementation SDGs |
|------|-----------------------|---------------------------|---------------------------|------------------|---------------------|
| X1.1 | -0,193 | | | | |
| X1.2 | 0,975 | | | | |
| X1.3 | 0,583 | | | | |
| X2.1 | | 0,926 | | | |
| X2.2 | | -0,734 | | | |
| X3.1 | | | 0,884 | | |
| X3.2 | | | 0,821 | | |
| Y | | | | 1,000 | |
| Z1 | | | | | -0,264 |
| Z2 | | | | | 0,893 |

Source: Output SmartPLS 2025

The results show that not all outer loading values exceed 0.7, indicating that several indicators do not meet the convergent validity criteria. Therefore, indicators with loading values below 0.7 were removed, and the test was repeated until all indicators met the required threshold.

Table 2. Corrected Convergent Validity Test (Outer Loading)

| | Financial Performance | Good Corporate Governance | Environmental Performance | Firm Value | Implementation SDGs |
|------|-----------------------|---------------------------|---------------------------|------------|---------------------|
| X1.2 | 0,975 | | | | |
| X2.1 | | 0,926 | | | |
| X3.1 | | | 0,884 | | |
| X3.2 | | | 0,821 | | |
| Y | | | | 1,000 | |
| Z2 | | | | | 0,893 |

Source: Output SmartPLS 2025

After model correction, all outer loading values exceed 0.7, confirming that all research indicators now satisfy the convergent validity criteria.

Reliability

According to Ghozali (2019:25), composite reliability evaluates the internal consistency of indicators measuring a construct. If the composite reliability value exceeds 0.70, the construct is deemed reliable (Ghozali, 2019:43). Reliability can also be assessed using Cronbach’s Alpha values above 0.70 indicate good reliability.

a. Average Variance Extracted (AVE)

The AVE value measures the degree of variance captured by a construct relative to measurement error. A minimum recommended AVE value is 0.50.

Table 3. Results of Average Variance Extracted (AVE)

| | Average variance extracted (AVE) |
|---------------------------|----------------------------------|
| Good Corporate Governance | 0,834 |
| Firm Value | 0,862 |

| | |
|---------------------------|-------|
| SDGs Implementation | 0,874 |
| Financial Performance | 0,887 |
| Environmental Performance | 0,975 |

Source: Output SmartPLS 2025

All AVE values exceed 0.50, indicating that all constructs meet the required criteria and are reliable for further analysis.

b. Composite Reliability and Cronbach’s Alpha

Table 4. Composite Reliability and Cronbach’s Alpha Test

| | Cronbach's Alpha | rho_A | Composite Reliability |
|---------------------------|------------------|-------|-----------------------|
| Good Corporate Governance | 0,876 | 0,958 | 0,838 |
| Firm Value | 0,865 | 0,861 | 0,847 |
| SDGs Implementation | 0,976 | 0,896 | 0,837 |
| Financial Performance | 0,898 | 0,867 | 0,823 |
| Environmental Performance | 0,867 | 0,926 | 0,817 |

Source: Output SmartPLS 2025

Both reliability parameters Composite Reliability and Cronbach’s Alpha consistently produce values above 0.70, confirming that all measurement instruments are stable and reliable.

To provide a more comprehensive overview of the validity and reliability of the measurement model, a graphical representation of the Outer Model analysis results is presented in Figure 3.

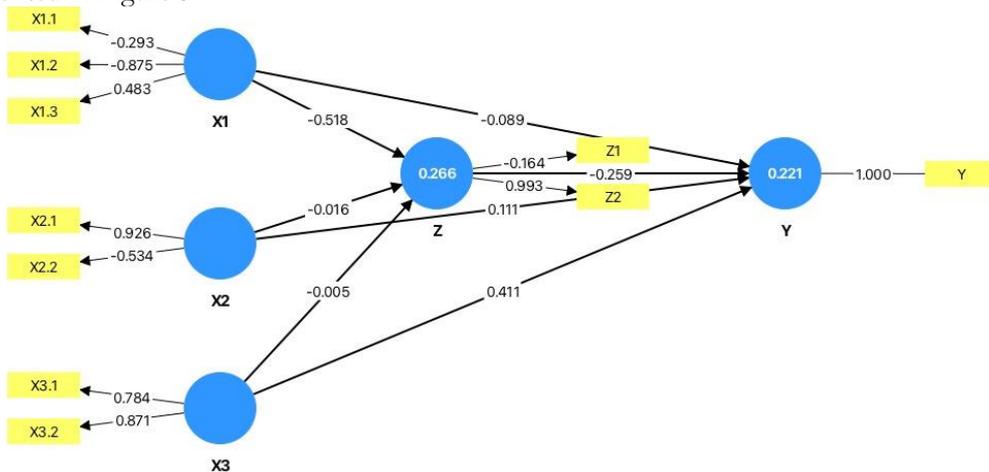


Figure 3. Results of Outer Model Analysis

Structural Model Evaluation (Inner Model)

After the outer model met the evaluation criteria, analysis proceeded to the inner model (structural model) testing phase. This stage verifies the relationships among latent constructs based on theoretical and conceptual frameworks, focusing on the significance of independent variables’ effects on dependent ones. Comprehensive evaluation involves R-square, Q-square, and hypothesis testing.

R-Square

Table 5. R-Square Results

| | R-square | R-square adjusted |
|---------------------|----------|-------------------|
| SDGs Implementation | 0,019 | -0,027 |
| Firm Value | 0,333 | 0,310 |

Source: Output SmartPLS 2025

1. SDGs Implementation

$R^2 = 0.019$ (Adjusted = -0.027), meaning that 1,9% of SDG Implementation variance is explained by exogenous predictors, with the remaining 98,1% explained by other factors. The explanatory power is weak to moderate but still meaningful.

2. Firm Value
 $R^2 = 0.333$ (Adjusted = 0,310), indicating that 33,3% of Firm Value variance is explained by predictors within the model, showing a moderate predictive strength. The remaining 66,7% of variance is attributable to factors beyond the proposed model.

Q-square

Table 6. Q-Square Test Results

| | SSO | SSE | Q ² (=1-SSE/SSO) |
|-------------------|---------|---------|-----------------------------|
| Implementasi SDGs | 90,000 | 95,553 | -0,062 |
| Nilai Perusahaan | 180,000 | 154,769 | 0,140 |

Source: Output SmartPLS 2025

Both Q² values (-0.062 and 0.14) are greater than 0, demonstrating that the structural model has good predictive relevance for both SDGs Implementation and Firm Value.

f² Effect Size

The **f² value** measures each predictor’s partial effect on endogenous variables:

- $f^2 \geq 0.35 \rightarrow$ Strong
- $0.15 \leq f^2 < 0.35 \rightarrow$ Moderate
- $0.02 \leq f^2 < 0.15 \rightarrow$ Weak

Table 7. f² Effect Size

| Relationship | f ² |
|---|----------------|
| Financial Performance → Firm Value | 0.349 |
| Financial Performance → SDGs Implementation | 0.007 |
| Good Corporate Governance → Firm Value | 0.000 |
| Good Corporate Governance → SDGs Implementation | 0.015 |
| Environmental Performance → Firm Value | 0.000 |
| Environmental Performance → SDGs Implementation | 0.210 |
| SDGs Implementation → Firm Value | 0.063 |

Source: Output SmartPLS 2025

1. **Effect of Environmental Performance on SDGs Implementation.** With an f² value of 0.001, which is smaller than 0.02 (0.001 < 0.02), it can be interpreted that the predictor variable *Environmental Performance* has a very weak or negligible effect on the endogenous variable *SDGs Implementation* within the structural model.
2. **Effect of Environmental Performance on Firm Value.** With an f² value of 0.169, which falls within the range of $0.15 \leq f^2 < 0.35$, it can be concluded that *Environmental Performance* exerts a moderate effect on *Firm Value*.
3. **Effect of Good Corporate Governance (GCG) on SDGs Implementation.** With an f² value of 0.008, which is below 0.02 (0.008 < 0.02), it can be interpreted that *Good Corporate Governance (GCG)* has a very small or negligible effect on *SDGs Implementation*.
4. **Effect of Good Corporate Governance (GCG) on Firm Value.** With an f² value of 0.212, which falls within the range of $0.15 \leq f^2 < 0.35$, it can be interpreted that *Good Corporate Governance (GCG)* has a moderate effect on *Firm Value*.
5. **Effect of Financial Performance on SDGs Implementation.** With an f² value of 0.012, which is below 0.02 (0.012 < 0.02), it can be concluded that *Financial Performance* exerts a very weak or negligible effect on *SDGs Implementation*.
6. **Effect of Financial Performance on Firm Value.** With an f² value of 0.012, which is smaller than 0.02 (0.012 < 0.02), it can be interpreted that *Financial Performance* has a very weak or negligible effect on *Firm Value*.

7. **Effect of Firm Value on SDGs Implementation.** With an f^2 value of 0.000, which is below 0.02, it can be concluded that *Firm Value* has no substantive or meaningful effect on *SDGs Implementation* in this model.

Hypothesis Testing Results (Path Coefficient Estimation)

The significance testing of the path coefficients was conducted by comparing the p -value with a significance level of 5% ($\alpha = 0.05$). If the p -value is smaller than 0.05, the corresponding path coefficient is considered statistically significant. The results of this analysis are presented in **Table 8**.

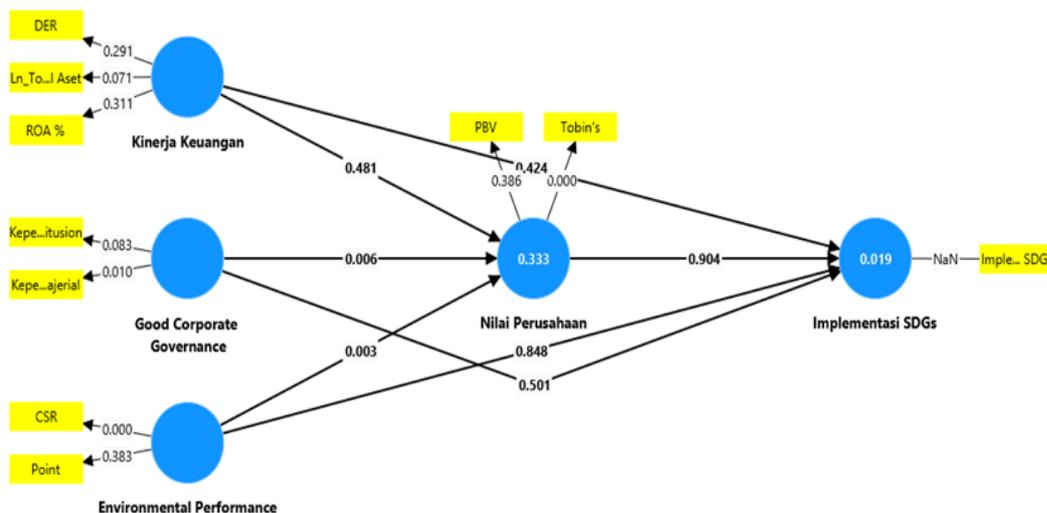


Figure 8. Inner Model Analysis Test

Table 5.14. Hypothesis Testing Results

| Relationship / Path | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (O/STDEV) | P Values | Remarks |
|---|---------------------|-----------------|----------------------------|--------------------------|----------|--------------------|
| Pengaruh Langsung (Direct Effects) | | | | | | |
| Kinerja Keuangan -> Nilai Perusahaan | -0,092 | -0,089 | 0,131 | 0,705 | 0,481 | Not Significant |
| Kinerja Keuangan -> Implementasi SDGs | -0,109 | -0,094 | 0,137 | 0,799 | 0,424 | Not Significant |
| Good Corporate Governance -> Nilai Perusahaan | 0,383 | 0,367 | 0,139 | 2,758 | 0,006 | Significant |
| Good Corporate Governance -> Implementasi SDGs | 0,102 | 0,087 | 0,152 | 0,672 | 0,501 | Not Significant |
| Environmental Performance -> Nilai Perusahaan | 0,347 | 0,353 | 0,117 | 2,964 | 0,003 | Significant |
| Environmental Performance -> Implementasi SDGs | -0,029 | -0,045 | 0,150 | 0,192 | 0,848 | Not Significant |
| Nilai Perusahaan -> Implementasi SDGs | -0,015 | -0,003 | 0,122 | 0,120 | 0,904 | Not Significant |
| Pengaruh Tidak Langsung (Indirect Effects) | | | | | | |
| Kinerja Keuangan -> Nilai Perusahaan -> Implementasi SDGs | 0,001 | 0,001 | 0,020 | 0,068 | 0,946 | Not Significant |
| Good Corporate Governance -> Nilai | -0,006 | -0,002 | 0,049 | 0,115 | 0,909 | Not Significant |

Perusahaan -> Implementasi
SDGs

| | | | | | | |
|--|--------|-------|-------|-------|-------|--------------------|
| Environmental Performance -> Nilai Perusahaan -> Implementasi SDGs | -0,005 | 0,000 | 0,045 | 0,113 | 0,910 | Not Significant |
|--|--------|-------|-------|-------|-------|--------------------|

Source: Output SmartPLS 2025

Interpretation of Hypothesis Testing Results

- Financial Performance → Firm Value:**
The path coefficient (-0.092), t-statistic (0.705 < 1.96), and p-value (0.481 > 0.05) indicate that *financial performance* does not have a significant effect on *firm value*.
- Financial Performance → SDG Implementation:**
The coefficient (-0.109), t-statistic (0.799 < 1.96), and p-value (0.424 > 0.05) show that *financial performance* has no significant influence on *SDG implementation*.
- Good Corporate Governance → Firm Value:**
With a coefficient of 0.383, t-statistic of 2.758 (> 1.96), and p-value of 0.006 (< 0.05), *good corporate governance (GCG)* has a positive and significant effect on *firm value*.
- Good Corporate Governance → SDG Implementation:**
The coefficient (0.102), t-statistic (0.672 < 1.96), and p-value (0.501 > 0.05) reveal that *good corporate governance* does not significantly affect *SDG implementation*.
- Environmental Performance → Firm Value:**
The coefficient (0.347), t-statistic (2.964 > 1.96), and p-value (0.003 < 0.05) indicate that *environmental performance* has a positive and significant effect on *firm value*.
- Environmental Performance → SDG Implementation:**
The coefficient (-0.029), t-statistic (0.192 < 1.96), and p-value (0.848 > 0.05) demonstrate that *environmental performance* does not have a significant effect on *SDG implementation*.
- Firm Value → SDG Implementation:**
The coefficient (-0.015), t-statistic (0.120 < 1.96), and p-value (0.904 > 0.05) indicate that *firm value* does not significantly influence *SDG implementation*.
- Financial Performance → SDG Implementation via Firm Value:**
The indirect coefficient (0.001), t-statistic (0.068 < 1.96), and p-value (0.946 > 0.05) show that *firm value* does not mediate the relationship between *financial performance* and *SDG implementation*.
- Good Corporate Governance → SDG Implementation via Firm Value:**
The coefficient (-0.006), t-statistic (0.115 < 1.96), and p-value (0.909 > 0.05) confirm that *firm value* does not mediate the relationship between *good corporate governance* and *SDG implementation*.
- Environmental Performance → SDG Implementation via Firm Value:**
The coefficient (-0.005), t-statistic (0.113 < 1.96), and p-value (0.910 > 0.05) indicate that *firm value* does not mediate the relationship between *environmental performance* and *SDG implementation*.

Discussion

4.1 The Effect of Financial Performance on Firm Value in Food and Beverage Companies Listed on the IDX

Based on the hypothesis testing results, this study provides empirical evidence that financial performance does not have a significant effect on firm value. This finding presents an intriguing anomaly, as it contradicts general economic logic, which assumes that an increase in corporate profits should always be followed by a rise in stock prices. Moreover, the negative coefficient value, although not statistically significant, suggests a nonlinear market response to the company's income statement during the observation period.

This insignificance phenomenon can be explained through the Signaling Theory perspective. The findings indicate a signaling failure, in which information about profit growth or financial performance is not positively perceived by the market as an indicator of increased firm value. Such failure is likely caused by high levels of information asymmetry or market noise, particularly since the observation period covers 2020–2024, a time of uncertainty due to the pandemic and subsequent economic recovery. Under high volatility, investors tend to behave skeptically and perceive short-term profits as unsustainable, shifting

their focus toward non-financial aspects such as environmental, social, and governance (ESG) issues and global macroeconomic sentiment rather than financial figures alone.

These findings are consistent with prior research conducted during similar periods of economic volatility. Octavia and Hermi (2020) found that profitability (ROE) does not significantly influence firm value, arguing that investors consider not only profitability ratios but also business risks and macroeconomic conditions when making investment decisions. Similarly, Situmorang (2020), in his study of manufacturing firms, reported that ROA had no significant effect on firm value, attributing this to irrational or speculative investor behavior that overlooks fundamental financial analysis. Further empirical support is provided by Hidayat and Khotimah (2022), who suggested that financial performance may not affect firm value because profits are often allocated as retained earnings rather than dividends, thereby reducing short-term investor appeal. Lastly, Lestari and Solikhah (2021) demonstrated that profitability failed to significantly predict firm value during the pandemic, as the market was more responsive to news sentiment and government policy interventions than to internal company fundamentals.

In conclusion, high financial performance does not necessarily enhance firm value during periods of market volatility, as profit information loses its relevance as a positive signal to investors.

4.2 The Effect of Financial Performance on SDG Implementation in Food and Beverage Companies Listed on the IDX

The statistical testing results reveal empirical evidence that financial performance does not have a significant effect on the implementation of the Sustainable Development Goals (SDGs). This finding indicates that the level of corporate profitability is not a key determinant in management's decision to adopt or strengthen SDG-related initiatives. In other words, highly profitable firms do not necessarily demonstrate better SDG implementation than less profitable ones, thus the proposed hypothesis is rejected.

This result can be comprehensively explained through the Legitimacy Theory perspective. According to this theory, corporate engagement in SDG practices is not primarily driven by internal financial capacity (as assumed in the *slack resources* hypothesis), but rather by regulatory compliance motives and the pursuit of social legitimacy. Companies recognize legitimacy as a critical "license to operate" that ensures long-term sustainability. Therefore, regardless of profitability level, firms tend to engage in SDG-related practices to maintain a positive public image and avoid regulatory sanctions. Consequently, SDG implementation has become a mandatory compliance standard, rather than a voluntary activity contingent on financial availability.

This result aligns with several empirical studies. Indraswari and Mimba (2020) found that profitability does not affect corporate social responsibility (CSR) disclosure, as companies perceive CSR as both an ethical and regulatory obligation independent of profit levels. Similarly, Kurniawati and Yuniati (2020) stated that profitability (ROA) does not significantly influence sustainability reporting because such activities are often viewed as short-term expenses to be minimized during efficiency periods or as standard procedures regardless of profit fluctuations. Purwanto and Nando (2021) further observed that financial performance is not the primary determinant of sustainability policies since investor and public pressure for SDG transparency persists in both profit and loss conditions. Lastly, Saputra (2022) confirmed that profitability does not affect carbon emission disclosure, as companies tend to report sustainability metrics primarily due to external and regulatory pressures rather than internal financial strength.

In summary, SDG implementation in contemporary firms primarily represents a strategic response to social contract obligations and legitimacy maintenance, rather than being significantly dependent on the firm's financial performance fluctuations.

4.3 The Effect of Good Corporate Governance (GCG) on Firm Value in Food and Beverage Companies Listed on the IDX

The hypothesis testing results provide empirical evidence that Good Corporate Governance (GCG) has a positive and significant effect on firm value. This finding demonstrates that the market perceives GCG practices as crucial factors that can enhance firm value. Investors interpret the existence of effective governance mechanisms not merely as compliance with regulations but as an assurance of growth prospects and investment security. Strong GCG implementation effectively builds market trust, reflected in higher stock prices and improved firm valuation ratios.

This phenomenon can be explained through the lens of Agency Theory. The significant results indicate that governance mechanisms such as the presence of independent commissioners and the effectiveness of audit committees successfully mitigate conflicts of interest between principals (shareholders) and agents (management). Enhanced oversight reduces managerial opportunism and agency costs, ultimately improving operational efficiency. From the Signaling Theory perspective, transparent GCG disclosure acts as a credible positive signal to investors. During the observation period, which included the pandemic and subsequent economic recovery, investors sought companies with transparent and accountable governance as a form of risk management. Consequently, firms with robust GCG structures received premium valuations due to their perceived stronger fundamentals and lower risk of managerial misconduct.

These findings are supported by prior studies. Dewi and Sanjaya (2022) found that corporate governance mechanisms positively affect firm value, as GCG improves investor confidence in financial reporting transparency. Similarly, Putra and Nuzula (2021) revealed that consistent adherence to GCG principles provides legal certainty and business continuity signals, leading to positive market responses through an increase in Tobin's Q ratios. Sari and Priyadi (2021) also showed that effective internal control systems within GCG frameworks reduce information asymmetry, directly optimizing firm value from shareholders' perspectives.

Thus, it can be concluded that Good Corporate Governance is a strategic and essential element, where capital markets visibly reward firms committed to transparency and accountability, establishing GCG as a key driver of firm value enhancement.

4.4 The Effect of Good Corporate Governance (GCG) on SDG Implementation in Food and Beverage Companies Listed on the IDX

The statistical analysis indicates that Good Corporate Governance (GCG) does not have a significant effect on the implementation of Sustainable Development Goals (SDGs). This suggests that governance mechanisms such as the proportion of independent commissioners or the existence of audit committees have not yet become effective drivers for embedding sustainability objectives into corporate strategies. The GCG structures within the sampled firms appear to be suboptimal in directing corporate focus toward sustainability.

This outcome can be explained through Agency Theory. The lack of significance reflects persistent conflicts of interest between management (agents) and shareholders (principals). Management tends to prioritize short-term financial performance for compensation or bonuses, whereas SDG implementation requires long-term investment with delayed returns. Although GCG mechanisms (e.g., independent boards) are established to monitor management, such oversight often functions administratively rather than substantively, allowing managers to disregard SDG initiatives perceived as cost burdens. From the Legitimacy Theory viewpoint, corporate governance practices in Indonesia are often interpreted as rule-based compliance with Financial Services Authority (OJK) regulations rather than principles-based ethical governance aimed at achieving true corporate legitimacy through sustainability practices.

These findings are consistent with several empirical studies. Sari and Priyadi (2021) reported that GCG mechanisms—particularly independent commissioners—do not affect sustainability disclosure because their oversight is limited to financial reporting and lacks expertise in environmental and social issues. Similarly, Putri and Gunawan (2022) concluded that corporate governance is not a primary determinant of CSR or SDG implementation, as companies respond more to external pressures from local communities and regulators than to internal board directives. Furthermore, Wahyuni et al. (2023) found that audit committees do not significantly influence SDG disclosure, as their primary focus remains on financial compliance and internal control rather than sustainability performance auditing.

In conclusion, Good Corporate Governance (GCG) is not a significant determinant in promoting SDG implementation. The findings suggest that existing governance structures still operate symbolically and administratively (rule-based) for compliance purposes rather than substantively addressing short-term managerialism issues highlighted in Agency Theory. This ineffectiveness is further reinforced by the limited sustainability-related competence among commissioners and audit committees, preventing GCG from functioning as a strong internal driver of SDG integration within corporate strategy.

4.5 The Effect of Environmental Performance on Firm Value in Food and Beverage Companies Listed on the IDX

The hypothesis testing results provide empirical evidence that Environmental Performance has a positive and significant effect on firm value. This finding underscores that strong environmental performance—such as achieving high PROPER ratings or ISO 14001 certification—is positively perceived by the capital market as a key determinant of firm value. The result implies that capital market participants no longer view environmental stewardship as a cost center but as an intangible asset investment capable of generating long-term value creation.

This positive and significant effect can be comprehensively explained through Signaling Theory, which emphasizes the role of information in reducing information asymmetry between corporate management (insiders) and investors (outsiders). In this context, superior environmental performance, demonstrated through high PROPER ratings or ISO 14001 certification, acts as a credible positive signal sent by management to the market. The signaling mechanism operates effectively because investors often face uncertainty about future corporate quality. Strong environmental performance is not only perceived as regulatory compliance but also interpreted as an indicator of managerial efficiency and superior resource management capability. It signals robust risk management, efficient production systems, and a clear long-term sustainability vision. Conversely, firms with poor environmental records tend to withhold such disclosures, sending negative signals interpreted by the market as potential future risks.

These findings are supported by several recent empirical studies. Anggraini and Wulandari (2021) found that environmental performance positively influences firm value, as environmental disclosure enhances corporate reputation among globally ESG-conscious investors. Similarly, Pratama and Rahayu (2022) concluded that PROPER ratings correlate positively with Tobin's Q, with firms rated "Green" or "Gold" exhibiting more stable and growing stock prices. Further, Santoso and Lestari (2023) reported that modern capital markets are increasingly efficient in integrating sustainability information, recognizing environmentally responsible companies as having strategic competitive advantages that warrant higher market valuation.

In summary, Environmental Performance serves as a crucial determinant of Firm Value. Capital markets provide tangible rewards to firms that integrate environmental responsibility into their operations, interpreting it as a positive signal of sound governance, effective future risk mitigation, and sustainable long-term business continuity.

4.6 The Effect of Environmental Performance on SDG Implementation in Food and Beverage Companies Listed on the IDX

The hypothesis testing results reveal that *Environmental Performance* does not have a significant effect on the *Implementation of Sustainable Development Goals (SDGs)*. This indicates that environmental achievements—such as PROPER ratings or ISO 14001 certifications—do not necessarily determine the extent to which companies integrate the SDG agenda into their broader strategic framework. The finding suggests that technical environmental excellence does not automatically translate into holistic sustainability management covering the 17 SDG dimensions.

This non-significant relationship can be interpreted through the lens of **Legitimacy Theory**, particularly emphasizing *coercive isomorphism*. Corporate motivation in improving environmental performance tends to focus on compliance with government regulations and maintaining their social license to operate, rather than on voluntary transformation toward comprehensive sustainability. Once companies achieve satisfactory environmental ratings (e.g., Blue or Green PROPER), they often perceive their legitimacy as sufficiently secured, diminishing the incentive to pursue further SDG integration beyond mandatory requirements.

The result supports the notion that corporate sustainability practices in Indonesia remain fragmented and compartmentalized (*siloed*). As argued by Gunawan et al. (2021), many firms prioritize the *Environmental* aspect due to its regulatory visibility and clear sanction mechanisms, while neglecting the *Social* and *Governance* components that lack equivalent legitimizing incentives. Similarly, Kurniawati and Raharja (2021) highlight that strong environmental performance does not necessarily signify a company's commitment to global sustainability objectives. Rather, firms often limit their environmental efforts to local operational compliance. Hapsoro and Fadhillah (2022) further reinforce that these initiatives remain reactive and regulation-driven rather than transformative.

Hence, the evidence suggests that *Environmental Performance* alone does not significantly drive the *Implementation of SDGs*. Corporate environmental achievements are primarily interpreted as minimal compliance efforts to maintain operational legitimacy, rather than as a strategic foundation for broad-based sustainability transformation. This reflects a regulatory-driven sustainability model, where companies act defensively rather than proactively in embedding SDGs into their corporate strategy.

4.7 The Effect of Firm Value on SDG Implementation in Food and Beverage Companies Listed on the IDX

Statistical analysis reveals that *Firm Value* has no significant effect on *SDG Implementation*. This finding contradicts the assumption that companies with higher market valuations would demonstrate stronger sustainability commitments. Instead, the results suggest that market valuation is not a key determinant influencing management's decision to engage with or expand SDG-related activities.

From a theoretical standpoint, this outcome reinforces **Legitimacy Theory**, emphasizing *coercive isomorphism*. The adoption of SDGs is driven primarily by the pursuit of social legitimacy and compliance with external regulatory pressures rather than market-based motivations. Consequently, both high-value and low-value firms face similar institutional and societal expectations to implement SDG-related initiatives. This leads to a relatively uniform level of SDG engagement across firms, regardless of their market capitalization or stock price fluctuations.

Empirical evidence from prior studies supports this argument. Mukhtaruddin et al. (2020) demonstrated that firm value does not determine sustainability disclosure, noting that corporate social activities are largely mandated by the Company Law rather than driven by market valuation. Sari and Marsono (2021) also found that firm value (PBV) had no significant relationship with SDG disclosure, suggesting that highly valued companies may perceive themselves as already possessing a favorable reputation, reducing the incentive to disclose sustainability information more extensively. Dewi and Sedana (2022) further observed that firms with high valuations often prioritize maintaining financial performance to satisfy shareholders, relegating SDG investment to a secondary concern.

In summary, *Firm Value* is not a determining factor influencing the *Implementation of SDGs*. The findings indicate that managerial decisions to adopt sustainability practices are driven by compliance and legitimacy motives rather than market appreciation. Thus, SDG implementation functions more as a standardized regulatory obligation applicable to all firms, while high-valued firms remain more focused on preserving shareholder wealth than deepening their sustainability commitments.

4.8 The Effect of Financial Performance on SDG Implementation through Firm Value

The mediation analysis demonstrates that *Firm Value* fails to mediate the relationship between *Financial Performance* and *SDG Implementation*. This result implies that corporate profitability does not translate into higher market valuation that could subsequently encourage greater SDG engagement. The causal chain between financial performance, firm value, and sustainability adoption appears disconnected.

From the perspective of **Signaling Theory**, this outcome reflects a *signaling failure*. In efficient markets, improved profitability should send a positive signal, raising firm value and incentivizing management to invest in long-term reputational assets such as SDG programs. However, during the volatile period of 2020–2024, market uncertainty and investor caution diluted these signaling effects. Consequently, increased profits were not effectively converted into intangible capital or higher valuations that could motivate sustainability investments.

Furthermore, under **Stakeholder Theory**, this finding highlights a divergence between capital market investors and social/environmental stakeholders. Many investors in emerging markets, including Indonesia, remain short-term oriented, prioritizing immediate dividends over long-term sustainability returns. As a result, firm value fails to act as a meaningful bridge between profitability and sustainability strategy. The focus on short-term financial outcomes prevents the development of a wealth effect that could support broader sustainability initiatives.

These findings align with Lestari and Solikhah (2021) and Hidayat and Khotimah (2022), who found that the link between profitability, firm value, and sustainability is often broken in developing markets. They argue that investors reward short-term financial performance rather than social reinvestment, thereby limiting the role of market valuation in sustainability promotion. Overall, the lack of mediation underscores that Indonesia's capital market mechanisms have yet to evolve as effective catalysts for advancing corporate SDG agendas.

4.9 The Effect of Good Corporate Governance (GCG) on SDG Implementation through Firm Value

The mediation analysis for the second indirect pathway reveals that *Good Corporate Governance (GCG)* does not significantly influence *SDG Implementation* through *Firm Value*. The findings indicate a disconnect between governance improvement, market valuation, and sustainability outcomes. Enhancing governance structures does not necessarily trigger a market-based response that motivates management to escalate sustainability initiatives.

Within the **Agency Theory** framework, this phenomenon reflects a decoupling of compliance mechanisms. GCG and SDG activities appear to operate as parallel but unlinked compliance routines. Investors often perceive governance mechanisms—such as independent commissioners or audit committees—as minimal regulatory requirements rather than strategic differentiators. Consequently, GCG improvements fail to generate premium valuations, weakening their potential to create financial incentives for sustainability investment.

Investor rationality further explains this mediation failure. During the 2020–2024 economic volatility, investors regarded GCG as a “hygienic factor”—necessary for stability but not a driver of aggressive profit growth. Therefore, governance quality did not produce the wealth effect necessary to justify discretionary spending on SDG programs. The absence of such a financial linkage renders firm value ineffective as a mediator between governance and sustainability outcomes.

This finding is consistent with Kurniawan et al. (2022) and Putri and Gunawan (2022), who argue that firm value rarely mediates the governance–sustainability relationship. They note that emerging markets have yet to integrate governance quality fully into asset valuation models. As long as GCG remains perceived as regulatory compliance rather than a value-creating signal, the pathway from governance improvement to sustainability enhancement will remain weak.

Thus, *Firm Value* fails to mediate the GCG–SDG nexus. The market’s inability to reward governance quality with higher valuation weakens the economic incentives for sustainability, causing GCG and SDG implementation to remain administratively decoupled rather than strategically integrated.

4.10 The Effect of Environmental Performance on SDG Implementation through Firm Value

The third mediation test confirms that *Environmental Performance* does not have a significant indirect effect on *SDG Implementation* through *Firm Value*. This finding implies that high environmental achievements—such as Green or Gold PROPER ratings—do not translate into stronger market valuations, thereby failing to create a financial or reputational incentive for management to deepen SDG initiatives.

Within the framework of **Signaling Theory**, this outcome suggests another case of *signaling failure*. In an efficient market, superior environmental performance should send a credible positive signal to investors, leading to higher stock valuations that reinforce sustainability commitments. However, the capital market seems to disregard environmental information as immaterial or “noisy,” resulting in a disconnect between non-financial achievements and market rewards.

Alternatively, this phenomenon aligns with **Legitimacy Theory**, particularly *coercive isomorphism*. Companies tend to engage in environmental management and SDG activities primarily to comply with government regulations and maintain their license to operate, rather than to gain market appreciation. Both activities are pursued as regulatory obligations rather than market-driven strategies, creating parallel compliance routines that are detached from valuation dynamics.

These findings are consistent with Deswanto and Siregar (2022) and Al-Fatany and Mutmainah (2021), who found that the Indonesian capital market still largely ignores non-financial disclosures in asset pricing. They emphasize that environmental and sustainability information has yet to be integrated effectively into investor valuation models, rendering firm value a weak mediator in linking non-financial performance to sustainability policy.

In conclusion, *Firm Value* fails to mediate the relationship between *Environmental Performance* and *SDG Implementation*. The results reaffirm the presence of market inefficiency and signaling failure, indicating that sustainability practices in Indonesia remain *regulatory-driven* rather than *market-driven*. Environmental excellence enhances legitimacy but does not yet yield measurable financial rewards in capital markets, limiting its role as a strategic driver of SDG implementation.

5. Comparison

This study's findings contribute to the evolving discourse on corporate finance, governance, and sustainability in emerging markets, particularly in Indonesia's food and beverage sector during the volatile 2020–2024 period. The insignificant impact of financial performance on firm value challenges traditional finance theories, aligning instead with recent empirical evidence that highlights investor skepticism and information asymmetry in uncertain times (Octavia & Hermi, 2020; Situmorang, 2020). Similarly, the lack of influence of financial performance and good corporate governance (GCG) on SDGs implementation confirms that internal profitability and governance are not primary drivers of sustainability initiatives, which are more strongly shaped by regulatory pressures and legitimacy concerns (Indraswari & Mimba, 2020; Sari & Priyadi, 2021). The findings also reveal that environmental performance positively affects SDGs implementation but fails to increase firm value or act as a mediating factor, highlighting market inefficiencies in valuing non-financial environmental information (Pujianti & Wibowo, 2020; Al-Fatany & Mutmainah, 2021). Furthermore, the consistent failure of firm value to mediate the relationships between financial, governance, and environmental variables toward sustainability implementation underscores the dominance of coercive and normative pressures over market-based incentives in Indonesian corporate sustainability (Mukhtaruddin et al., 2020; Dewi & Sedana, 2022). Overall, this study advances the academic conversation by exposing the contextual limitations of market mechanisms in fostering sustainable development in emerging economies, emphasizing the need for frameworks that incorporate institutional, legitimacy, and stakeholder dimensions beyond conventional financial metrics.

6. Conclusion

This study investigates the influence of financial performance, good corporate governance (GCG), and environmental performance on Sustainable Development Goals (SDGs) implementation, mediated by firm value, in food and beverage companies listed on the Indonesia Stock Exchange during 2020–2024. The findings provide several important insights into the dynamics between financial, governance, and sustainability factors in emerging markets.

Empirical findings demonstrate that financial performance has no significant impact on either firm value or SDG implementation, indicating that profitability alone is insufficient to drive corporate sustainability adoption. This outcome reflects a *signaling failure*, where investors remain skeptical toward short-term accounting profits and instead prioritize macroeconomic and non-financial risk factors. The insignificance of financial performance toward SDG implementation further implies that companies engage in sustainability primarily for *legitimacy purposes*—to comply with regulatory expectations—rather than due to resource availability, rendering the *Slack Resources Theory* inapplicable within this context.

Conversely, Good Corporate Governance (GCG) and environmental performance both exhibit a positive and significant effect on firm value, suggesting that the market rewards effective governance and superior environmental management as credible signals of reduced agency risk and enhanced business resilience. However, only environmental performance significantly drives SDG implementation, confirming its role as a core internal capability under the *Resource-Based View (RBV)* framework. Meanwhile, GCG fails to influence SDG implementation, reflecting its administrative and compliance-oriented nature, which limits its ability to function as a strategic enabler of sustainability transformation.

Finally, firm value does not significantly affect SDG implementation and fails to mediate the relationships between financial performance, GCG, and environmental performance with SDG outcomes. This suggests that the capital market does not yet serve as an effective mechanism linking financial or governance improvements with sustainability initiatives. Overall, SDG implementation in Indonesia's food and beverage sector remains *regulatory-driven rather than market-driven*, shaped primarily by coercive institutional pressures and government mandates rather than investor preferences or market valuation dynamics.

Theoretically, this research contributes to the intersection of legitimacy theory, stakeholder theory, and resource-based view, by revealing how sustainability adoption is shaped by institutional pressures rather than internal performance incentives. Practically, the findings suggest that managers should reframe sustainability from a compliance-based cost to a strategic investment in long-term legitimacy and risk management. Firms are encouraged to strengthen environmental capabilities as the foundation of SDG implementation, while

transforming GCG into a proactive corporate culture that embeds sustainability at the strategic level.

From a policy perspective, regulators such as the Financial Services Authority (OJK) and the Ministry of Environment should consider providing tangible incentives such as tax benefits or access to green financing to reward firms demonstrating strong environmental and SDG performance. For investors, this study highlights the importance of integrating ESG and SDG indicators into investment decisions as forward-looking measures of corporate resilience and sustainability value. Finally, this research acknowledges its limitations regarding the scope of variables and sample coverage. Future studies are recommended to incorporate additional predictors such as green innovation, CEO characteristics, or media exposure, and to perform comparative analyses across high-profile industries such as energy and mining. Expanding corporate governance measurements using comprehensive instruments like the ASEAN Corporate Governance Scorecard (ACGS) would also enhance analytical robustness. Overall, this study enriches the growing body of literature on corporate sustainability by empirically demonstrating that environmental performance remains the strongest internal driver of SDG implementation in emerging market contexts.

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