The Effect of Good Corporate Governance, Sustainability Reporting, and Profitability on Firm Value in the Energy Sector Listed on the Indonesia Stock Exchange for the 2020–2024 Period

Neni Sarbinny[1], Iwan setiadi[2]
[1,2]Institut Teknologi Dan Bisnis Ahmad Dahlan, Jakarta
Email: neni.sarbinny@gmail.com[1], setiadi_0700@yahoo.com[2]

This study aims to analyze the effect of Good Corporate Governance, Sustainability Reporting, and Profitability on Firm Value in energy sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period. Good Corporate Governance is proxied by Independent Commissioners, Audit Committee, and Institutional Ownership, while Profitability is proxied by Return on Assets (ROA), and Firm Value is measured using Price to Book Value (PBV). This study employs a quantitative approach using secondary data in the form of annual reports and sustainability reports. The analytical method used is panel data regression with the assistance of EViews software. The results show that partially, Independent Commissioners have a significant effect on Firm Value, whereas the Audit Committee, Institutional Ownership, Profitability (ROA), and Sustainability Reporting do not have a significant effect on Firm Value. Simultaneous testing results indicate that Good Corporate Governance, Sustainability Reporting, and Profitability collectively have a significant effect on Firm Value. The coefficient of determination (R-Square) is 0.657480, indicating that the research model explains 65.75% of the variation in Firm Value, while the remaining 34.25% is influenced by other factors outside the model. These findings indicate that in energy sector companies, corporate governance mechanisms particularly the role of independent commissioners are the most important factors considered by investors in assessing firm value. Meanwhile, profitability and sustainability reporting aspects have not been fully responded to by the market as determinants of firm value in the short term.
Keywords: Good Corporate Governance, Sustainability Reporting, Profitability, Firm Value, Energy Sector Companies

Corresponding Author:
Neni Sarbinny
Institut Teknologi Dan Bisnis Ahmad Dahlan, Jakarta
neni.sarbinny@gmail.com

1. Introduction

Firm value is widely recognized as a central indicator in evaluating managerial performance and corporate attractiveness from an investor's perspective. It reflects the ability of management to efficiently allocate resources in order to maximize shareholder wealth, both in the short and long term. A higher firm value indicates stronger market confidence in the company's growth prospects and earnings sustainability. This view is consistent with Tri Astuti and MM (2025), who argue that firm value integrates both financial and non-financial dimensions, including investor trust, corporate reputation, and future business outlook.

In the energy sector, the concept of firm value becomes more strategic and complex compared to other industries. The sector plays a critical role in supporting national economic activities, as it supplies essential resources for industrial production and household consumption (Nasional, 2019). However, energy companies are currently facing increasing global pressure to transition toward cleaner energy sources and reduce carbon emissions, which significantly influences how investors assess their long-term value (Lubis et al., 2025).

In recent years, sustainability issues have emerged as a crucial determinant of firm value. Investors are no longer solely focused on financial performance indicators such as profitability, but also evaluate how

companies implement Good Corporate Governance and disclose sustainability-related information through Sustainability Reports (Kristin & Anik, 2025). According to Fahmi (2018), strong governance practices combined with transparent sustainability disclosures can enhance corporate reputation, improve access to financing, and reduce perceived investment risk. Furthermore, fluctuations in global commodity prices, including oil, gas, and coal, have a direct impact on the valuation of energy companies. The volatility observed after the COVID-19 pandemic, exacerbated by geopolitical conflicts such as the Russia–Ukraine war, has created uncertainty in corporate revenues and profitability (Lasuardhi et al., 2024). This condition illustrates that firm value in the energy sector is not only determined by internal financial performance but also influenced by external macroeconomic dynamics and market sentiment (Wardani et al., 2023).

The global shift toward sustainable development has also placed energy companies in a more demanding position. Firms are expected not only to generate financial returns but also to demonstrate responsibility toward social and environmental issues. This perspective aligns with stakeholder theory, which emphasizes that corporate success is determined by the ability to create value for all stakeholders, not just shareholders (Freeman, 2010). Therefore, firm value is increasingly interpreted as a reflection of the balance between economic performance, governance quality, and environmental sustainability.

Empirical evidence in the Indonesian capital market shows that energy sector stocks have experienced significant fluctuations in recent years. Declining global commodity prices have weakened stock performance, highlighting the sector's sensitivity to external shocks (Bloomberg Technoz, 2024). At the same time, variations in corporate governance practices and sustainability disclosures contribute to differences in firm valuation across companies (Kristin & Anik, 2025).

Investor preferences have also shifted toward sustainability-oriented investment decisions. Companies with strong governance mechanisms and comprehensive sustainability reporting tend to attract greater investor confidence (Fahmi, 2018). However, despite regulatory encouragement, the level of sustainability disclosure among energy companies remains uneven, indicating that the adoption of sustainability practices is still at a transitional stage (Khasanah & Sucipto, 2020). From a governance perspective, mechanisms such as independent commissioners, audit committees, and institutional ownership play a significant role in strengthening monitoring functions and reducing agency conflicts (Jensen & Meckling, 2019). The presence of independent commissioners, in particular, has been shown to improve accountability and enhance firm value (Setiawan & Setiadi, 2020; Wardani & Machdar, 2023). Nevertheless, some studies indicate that governance mechanisms such as audit committees and institutional ownership do not always have a significant impact, suggesting that effectiveness depends on implementation quality (Nuraeni et al., 2024; Nuraisah & Laily, 2022).

In addition to governance, sustainability reporting has become an essential element in evaluating modern firms. Sustainability Reports provide information on economic, social, and environmental performance based on established standards such as the Global Reporting Initiative (Rahmawati & Prastiwi, 2021). While some studies find that sustainability disclosure positively influences firm value (Kristin & Anik, 2025; Nuraeni et al., 2024), others report insignificant effects, indicating that the market is still adapting to the relevance of sustainability information (Puspita & Jasman, 2022). Profitability remains a fundamental factor in shaping investor perception. High profitability reflects efficient resource utilization and strong managerial performance, which in turn enhances firm value (Kadir & Malik, 2024). However, empirical findings on the relationship between profitability and firm value are not always consistent, as external factors may weaken this relationship in certain sectors (Jemunu et al., 2020; Lestari, 2023; Nuraisah & Laily, 2022).

Based on prior studies, inconsistencies in empirical findings indicate the existence of a research gap regarding the influence of Good Corporate Governance, Sustainability Reporting, and Profitability on firm

value. Differences in industrial sectors, research periods, and measurement indicators are considered the main sources of these inconsistencies (Wardani et al., 2023; Kristin & Anik, 2025).

This study addresses this gap by focusing on energy sector companies during the 2020–2024 period, which represents a critical phase of post-pandemic recovery and the transition toward sustainable economic practices. The novelty of this research lies in the simultaneous integration of governance, sustainability, and profitability variables within the context of Indonesia's energy sector. The findings of this study are expected to contribute theoretically by enriching the literature on firm value determinants in the sustainability era. Practically, the results provide insights for corporate management to strengthen governance structures and sustainability disclosures in order to enhance investor trust and long-term firm value. For investors and policymakers, this study offers a relevant basis for decision-making in supporting sustainable development within the energy sector.

2. Method

This study employs a quantitative research approach to examine the relationship between Good Corporate Governance, Sustainability Reporting, and Profitability on Firm Value in energy sector companies. A quantitative approach is considered appropriate as it allows for the systematic analysis of numerical data and the testing of causal relationships between variables through statistical techniques (Pandiangan & Albina, 2025). In line with this, Setiawati (2024) defines research design as a structured strategy used to obtain relevant data in order to test hypotheses objectively and accurately.

The type of research used in this study is causal associative research, which aims to identify and analyze the influence of independent variables on a dependent variable. This approach is relevant when the objective is to determine cause-and-effect relationships between variables using inferential statistical methods (Santoso & Madiistriyatno, 2021). Additionally, this study adopts a documentary research design, as the data utilized are derived from publicly available corporate documents, including annual reports, sustainability reports, and financial statements (Masnoni et al., 2024).

The object of this research consists of energy sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. The selection of the energy sector is based on its strategic role in economic development and its high exposure to governance and sustainability issues. According to Rusli et al. (2025), research objects represent specific attributes or characteristics that are systematically analyzed to generate valid findings. The observation period of five years is considered sufficient to capture consistent patterns in financial performance, governance implementation, and sustainability practices (Bajwa et al., 2025).

The variables in this study consist of independent variables and a dependent variable. The independent variables include Good Corporate Governance, Sustainability Reporting, and Profitability, while the dependent variable is Firm Value. Good Corporate Governance is measured using three proxies: the proportion of independent commissioners, the size of the audit committee, and institutional ownership (Setiawan & Setiadi, 2020; Primadona et al., 2024; Imansyah et al., 2025). Sustainability Reporting is measured using the Sustainability Report Disclosure Index (SRDI) based on the Global Reporting Initiative framework, which evaluates the extent of disclosure across economic, social, and environmental aspects (Fadilla & Yuliandhari, 2018). Profitability is proxied by Return on Assets (ROA), which reflects the company's ability to generate earnings from its assets (Priatna, 2016). Meanwhile, Firm Value is measured using Price to Book Value (PBV), which represents market perception of the company's value relative to its book value (Gunawan et al., 2025).

The data used in this study are secondary data obtained through documentation techniques. Secondary data are defined as data collected by other parties for specific purposes and reused for research analysis (Cooper et al., 2003). The data sources include annual reports, sustainability reports, and audited financial statements published by energy sector companies, as well as stock price data obtained from the official IDX website. The use of documentary data ensures that the information is standardized, verifiable, and suitable for financial research (Sekaran & Bougie, 2016).

The sampling technique applied in this study is purposive sampling, which involves selecting samples based on specific criteria relevant to the research objectives (Sugiyono, 2019). This method is used because not all energy sector companies consistently publish complete data, particularly sustainability reports and governance-related information. Therefore, only companies that meet the completeness criteria for the 2020–2024 period are included in the sample. The data analysis technique employed in this study includes descriptive statistics and panel data regression analysis using EViews software. Descriptive statistics are used to provide an initial overview of data distribution, including mean, minimum, maximum, and standard deviation values (Sugiyono, 2016). Panel data regression is selected because it combines cross-sectional and time-series data, allowing for more comprehensive analysis and improved estimation accuracy (Basuki & Prawoto, 2016).

To determine the most appropriate regression model, several model selection tests are conducted, including the Chow test, Hausman test, and Lagrange Multiplier test. The Chow test is used to choose between the Common Effect Model and the Fixed Effect Model, while the Hausman test determines whether the Fixed Effect Model or Random Effect Model is more suitable. The Lagrange Multiplier test is applied to compare the Common Effect Model and Random Effect Model (Basuki & Prawoto, 2016). The regression model used in this study can be formulated as follows:

$$PBV = \alpha + \beta_1 GCG + \beta_2 SR + \beta_3 ROA + \varepsilon$$

Where PBV represents Firm Value, GCG represents Good Corporate Governance, SR represents Sustainability Reporting, ROA represents Profitability, α is the constant, β_1–β_3 are regression coefficients, and ε is the error term. Furthermore, classical assumption tests are conducted to ensure the validity of the regression model, including tests for multicollinearity, heteroscedasticity, and autocorrelation (Ghozali, 2018). Hypothesis testing is performed using the t-test to examine the partial effects of each independent variable, and the coefficient of determination (R^2) is used to assess the explanatory power of the model.

3. Results and Discussion

Descriptive Statistics

The descriptive statistical analysis of the firm value variable using EViews version 12 is presented in the following table.

Table 1. Descriptive Statistics

		Statistics					
		PBV	GCG1	GCG2	GCG3	SR	ROA
N	Valid	155	155	155	155	155	155
	Missing	0	0	0	0	0	0
Mean		.443158	.422519	3.000000	21.71357778000	.454964	.216579
Median		.089025	.400000	3.000000	74.990000	.493506	.074468
Mode		.0000[a]	.3333	3.0000000	74.9900	.0000	.5687
Minimum		.0000	.2000	2.0000000	4.7600	.0000	-.6487
Maximum		9.0000	.6667	5.0000000	87.595000	.9610	6.6000

Statistics						
	PBV	GCG1	GCG2	GCG3	SR	ROA
Sum	68.6895	65.4905	484.0000000	33.65604555900	70.5195	33.5698

a. Multiple modes exist. The smallest value is shown

Descriptive statistical analysis was conducted to provide a general overview of the characteristics of the research data. The variables examined include Firm Value (PBV) as the dependent variable, Good Corporate Governance (proxied by Independent Commissioners, Audit Committee, and Institutional Ownership), as well as Sustainability Reporting (SR) and Profitability (ROA) as independent variables. The study utilized a total of 155 observations, all of which were complete without missing values.

The results indicate that firm value exhibits a relatively wide distribution, reflected by the difference between the mean and median, suggesting the presence of several firms with higher PBV values. This condition implies that market perceptions of energy sector companies vary significantly. In terms of corporate governance, the proportion of independent commissioners and the number of audit committee members show relatively stable and consistent patterns across firms, indicating general compliance with governance standards. However, institutional ownership displays a highly uneven distribution, suggesting that only a limited number of firms are dominated by institutional investors. Furthermore, sustainability reporting shows a moderate level of disclosure, with noticeable variation among firms, indicating that the implementation of sustainability practices is still evolving within the energy sector. Profitability, as measured by ROA, also demonstrates substantial variation, reflecting differences in financial performance, including both highly profitable firms and those experiencing losses.

Classical Assumption Test

Panel regression analysis requires classical assumption testing to ensure that the estimated model meets the Best Linear Unbiased Estimator (BLUE) criteria. The primary assumptions tested in this study include multicollinearity, heteroscedasticity, and autocorrelation.

a. Normality Test

The normality test is conducted to determine whether the residuals in the regression model are normally distributed (Ghozali, 2018). Normality can be assessed through graphical methods, such as histogram distribution, or through statistical testing. In this study, the Jarque-Bera test is applied using the Histogram Normality Test in EViews version 12. The data are considered normally distributed if the significance value exceeds the threshold level, indicating that the residuals follow a normal distribution (Ghozali, 2011).

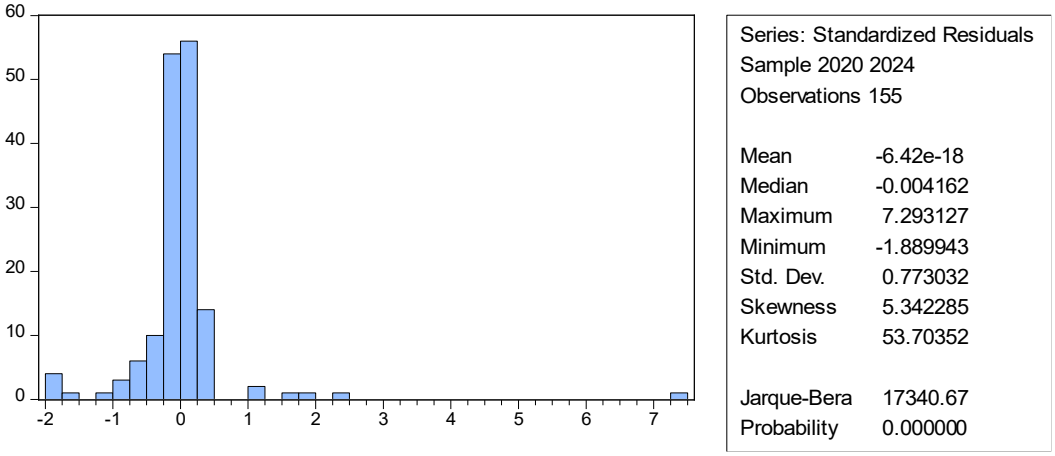

Figure 1. Normality Test

Based on the normality test results presented in Figure 4.1, the Histogram Normality Test indicates that the data are not normally distributed. This is reflected in the Jarque-Bera value of 173.4067 and a probability

value of 0.000, which is below the significance level (0.000 < 0.05). Therefore, the residuals do not follow a normal distribution. However, according to Ajija et al. (2011), normality testing is not required in panel data analysis with more than 30 observations, as the sampling distribution of the error term tends to approximate normality. Since this study uses more than one hundred observations, the normality assumption is considered acceptable.

b. Multicollinearity Test

Multicollinearity is examined using the correlation matrix of independent variables.

Table 2. Multicollinearity Test

	GCG1	GCG2	GCG3	ROA	SR
GCG1	1.000000	0.026835	-0.111323	0.060144	-0.155560
GCG2	0.026835	1.000000	0.081816	-0.052693	0.057795
GCG3	-0.111323	0.081816	1.000000	-0.056363	0.222866
ROA	0.060144	-0.052693	-0.056363	1.000000	0.188220
SR	-0.155560	0.057795	0.222866	0.188220	1.000000

The results show that all correlation coefficients are below the threshold of 0.8, indicating that there is no multicollinearity problem in the regression model. This suggests that the independent variables are not highly correlated with each other.

c. Heteroscedasticity Test

The heteroscedasticity test is conducted using the Glejser method to determine whether the variance of residuals is constant.

Table 3. Heteroscedasticity Test

Dependent variable: ABSRES

Method: Panel EGLS (Cross-section *Random Effect*s)
Date: 01/26/26 Time: 06:23
Sample: 2020 2024
Periods included: 5
Cross-sections included: 31
Total panel (balanced) observations: 155
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.314971	0.521848	-0.603569	0.5470
GCG1	0.418062	0.595936	0.701521	0.4841
GCG2	0.000162	0.000116	1.390154	0.1666
GCG3	-1.62E-06	4.06E-06	-0.399050	0.6904
ROA	-0.201638	0.347250	-0.580671	0.5623
SR	0.171523	0.208617	0.822190	0.4123

Effects Specification

	S.D.	Rho
Cross-section random	0.545258	0.5366
Idiosyncratic random	0.506702	0.4634

Weighted Statistics

Root MSE	0.491926	R-squared	0.022017
Mean dependent var	0.120991	Adjusted R-squared	-0.010801
S.D. dependent var	0.499045	S.E. of regression	0.501733

Sum squared resid	37.50869	F-statistic	0.670892
Durbin-Watson stat	2.300616	Prob(F-statistic)	0.646126
Unweighted Statistics			
R-squared	-0.001760	Mean dependent var	0.315270
Sum squared resid	76.75571	Durbin-Watson stat	1.124256

The results indicate that all probability values exceed the significance level of 0.05, suggesting that the model is free from heteroscedasticity issues.

Autocorrelation Test

The autocorrelation test is conducted to examine whether there is a correlation between residuals across observations. In this study, the Durbin-Watson test is used to detect autocorrelation in the regression model. Autocorrelation occurs when the error terms of one observation are correlated with those of another.

Table 4. Autocorrelation Test

Dependent variable: PBV			
Method: Panel EGLS (Cross-section *Random Effect*s)			
Date: 01/25/26 Time: 22:56			
Sample: 2020 2024			
Periods included: 5			
Cross-sections included: 31			
Total panel (balanced) observations: 155			
Swamy and Arora estimator of component variances			
Weighted Statistics			
Root MSE	0.854247	R-squared	0.657480
Mean dependent var	0.237229	Adjusted R-squared	0.625851
S.D. dependent var	0.882762	S.E. of regression	0.871277
Sum squared resid	113.1095	F-statistic	1.817352
Durbin-Watson stat	2.325405	Prob(F-statistic)	0.112771
Unweighted Statistics			
R-squared	0.058471	Mean dependent var	0.420065
Sum squared resid	156.1984	Durbin-Watson stat	1.683918

The test results show a Durbin-Watson value of 1.683918. Based on the Durbin-Watson table with five independent variables and a sample size of one hundred fifty-five observations, the lower bound value is 1.602 and the upper bound value is 1.7296. Since the Durbin-Watson value is higher than the lower bound and falls within the acceptable range, it can be concluded that the regression model is free from autocorrelation problems.

Panel Data Model Selection

Panel regression was estimated using Common Effect (CEM), Fixed Effect (FEM), and Random Effect (REM) models.

Table 5. Model Comparison Summary

Model	R^2	Prob(F)
CEM	0.064	0.076
FEM	0.445	0.000
REM	0.657	0.113

Table 6. Model Comparison Summary

Test	Result	Conclusion
Chow Test	Prob < 0.05	FEM preferred over CEM
Hausman Test	Prob > 0.05	REM preferred over FEM
LM Test	Prob < 0.05	REM preferred over CEM

Based on the Chow, Hausman, and Lagrange Multiplier tests, the Random Effect Model (REM) is selected as the most appropriate model. This indicates that REM provides the most efficient estimation for the panel data in this study.

Panel Data Analysis

This study employs the Random Effect Model, as determined by the results of the Hausman test and the Lagrange Multiplier test. The results of the selected Random Effect Model are presented in the following table.

Table 7. Random Effect Models

Dependent variable: PBV

Method: Panel EGLS (Cross-section *Random Effect*s)
Date: 01/25/26 Time: 22:56
Sample: 2020 2024
Periods included: 5
Cross-sections included: 31
Total panel (balanced) observations: 155
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.835903	0.743514	-1.124260	0.2627
GCG1	2.239764	0.920850	2.432278	0.0162
GCG2	0.000135	0.000172	0.784344	0.4341
GCG3	1.04E-06	5.09E-06	0.203829	0.8388
ROA	-0.186011	0.549592	-0.338453	0.7355
SR	-0.336273	0.333108	-1.009502	0.3144

Effects Specification

	S.D.	Rho
Cross-section random	0.574702	0.2993
Idiosyncratic random	0.879396	0.7007

Weighted Statistics

Root MSE	0.854247	R-squared	0.657480
Mean dependent var	0.237229	Adjusted R-squared	0.625851
S.D. dependent var	0.882762	S.E. of regression	0.871277
Sum squared resid	113.1095	F-statistic	1.817352
Durbin-Watson stat	2.325405	Prob(F-statistic)	0.112771

Unweighted Statistics

R-squared	0.058471	Mean dependent var	0.420065
Sum squared resid	156.1984	Durbin-Watson stat	1.683918

The partial regression analysis using the t-test is conducted to examine the individual effect of each independent variable on firm value (PBV). As presented in Table 7, the results show that only the independent commissioner variable (GCG1) has a significant effect, with a t-statistic of 2.432278 and a

probability value of 0.0162, which is below the significance level of 0.05. This indicates that independent commissioners positively influence firm value. In contrast, the audit committee (GCG2) has a t-statistic of 0.784344 with a probability of 0.4341, institutional ownership (GCG3) has a t-statistic of 0.203829 with a probability of 0.8388, profitability (ROA) shows a t-statistic of -0.338453 with a probability of 0.7355, and sustainability reporting (SR) has a t-statistic of -1.009502 with a probability of 0.3144. All these probability values exceed 0.05, indicating that these variables do not have a significant effect on firm value.

The simultaneous test is used to determine whether all independent variables jointly affect firm value. Referring to Table 7, the F-statistic is 1.817352 with a probability value of 0.112771, which is greater than the significance level of 0.05. This result indicates that the independent variables GCG1, GCG2, GCG3, SR, and ROA do not simultaneously have a significant effect on firm value. Based on Table 7, the coefficient of determination (R^2) is 0.657480, indicating that approximately 65.75% of the variation in firm value can be explained by the independent variables included in the model. The remaining 34.25% is influenced by other factors outside the model, such as macroeconomic conditions, commodity price fluctuations, and industry-specific characteristics.

The findings indicate that only independent commissioners have a statistically significant effect on firm value, while other variables do not show significant relationships. Despite the relatively high explanatory power of the model, firm value in the energy sector is still influenced by various external factors beyond governance, sustainability reporting, and profitability.

Research Discussion

The empirical findings indicate that independent commissioners have a significant positive effect on firm value. This result supports prior studies demonstrating that effective corporate governance mechanisms enhance investor confidence and improve firm valuation (Siallagan & Machfoedz, 2006; Nuraisah & Laily, 2022). The presence of independent commissioners strengthens oversight functions and reduces agency conflicts, consistent with Agency Theory (Jensen & Meckling, 1976). In the context of energy sector companies, which are characterized by high operational risk and exposure to environmental issues, independent commissioners also serve as a positive signal of governance quality, aligning with Signaling Theory (Spence, 1973). These findings are further reinforced by Fama and Jensen (1983), who emphasize that board independence improves monitoring effectiveness and corporate value. However, this result contrasts with studies such as Diandra (2023) and Wati et al. (2024), which report insignificant effects. This discrepancy suggests that the influence of independent commissioners is highly contextual, depending on industry characteristics, regulatory environment, and investor sensitivity toward governance issues.

In contrast, the audit committee variable does not show a significant effect on firm value. This finding is consistent with Wulandari and Budiartha (2014) and Putra and Nuzula (2017), who argue that audit committees primarily function as internal control mechanisms rather than direct drivers of market value. From a theoretical perspective, the role of audit committees is more preventive and administrative, focusing on financial reporting quality rather than external market perception (Sulistyanto, 2018). Additionally, the relatively uniform structure of audit committees across public companies reduces its explanatory power in distinguishing firm value (Prastuti & Budiasih, 2015).

Similarly, institutional ownership is found to have no significant impact on firm value. Although Agency Theory suggests that institutional investors enhance monitoring effectiveness (Jensen & Meckling, 1976), this study indicates that their influence depends on the level of active engagement. Passive or short-term oriented institutional investors may not effectively contribute to value creation. This finding aligns with Nuraisah and Laily (2022) and Aisiya (2025), but differs from studies reporting positive effects (Wardani &

Machdar, 2023). In the energy sector, external factors such as commodity price volatility and regulatory changes tend to dominate investor considerations (Lubis et al., 2025; Wardani et al., 2023).

The results further show that sustainability reporting does not significantly influence firm value. This finding is consistent with Sari and Marsono (2013) and Putri and Mutumanikam (2022), suggesting that sustainability disclosure has not yet been fully internalized by investors as a value-relevant factor. According to Gray et al. (1995), the impact of sustainability reporting depends on investor awareness and market maturity regarding environmental and social issues. In emerging markets, such as Indonesia, sustainability disclosure is often perceived as a compliance mechanism rather than a strategic value driver (Rupley et al., 2012). However, contradictory findings from Kristin and Anik (2025) indicate that sustainability reporting may become more relevant as ESG awareness increases. Furthermore, profitability, as measured by ROA, is found to have no significant effect on firm value. This result supports previous studies (Nuraisah & Laily, 2022; Aisiya, 2025), indicating that short-term profitability is not always reflected in market valuation, particularly in capital-intensive industries such as energy. The volatility of commodity prices and external economic conditions often distort the relationship between profitability and firm value (Lubis et al., 2025). Investors tend to focus more on long-term sustainability, risk management, and strategic positioning rather than temporary earnings performance (Ross et al., 2016).

These findings highlight that firm value in the energy sector is influenced more by governance quality particularly the effectiveness of independent commissioners than by profitability or sustainability disclosure. The results also confirm that external factors, such as market dynamics and regulatory changes, play a significant role in shaping investor perception. Therefore, the determinants of firm value are not only financial but also contextual and industry-specific, especially in sectors undergoing structural transformation such as energy.

4. Conclusion

This study analyzes the influence of Good Corporate Governance, Sustainability Reporting, and Profitability on firm value in energy sector companies listed on the Indonesia Stock Exchange during the observation period. The findings indicate that independent commissioners are the only governance mechanism that significantly enhances firm value, confirming the importance of effective monitoring in reducing agency conflicts and strengthening investor confidence. In contrast, audit committee, institutional ownership, profitability, and sustainability reporting do not show significant effects, suggesting that these factors are not yet fully internalized by the market as key determinants of firm value in the energy sector. Simultaneously, the results demonstrate that all independent variables do not significantly influence firm value, indicating that firm valuation in this sector is shaped by more complex dynamics beyond internal corporate factors. External elements such as commodity price volatility, regulatory shifts, and global energy transition trends appear to play a more dominant role. Although the model explains a substantial portion of firm value variation, a considerable proportion remains influenced by variables outside the model.

From a practical perspective, companies are encouraged to strengthen the effectiveness of independent commissioners by ensuring active and objective oversight. Management should also improve the substantive quality of governance practices and sustainability disclosures, rather than merely fulfilling regulatory requirements. For investors, a more comprehensive evaluation approach is needed by considering governance quality and industry risks beyond short-term profitability. Meanwhile, regulators are advised to enhance the quality and standardization of sustainability reporting to increase its relevance for decision-making. Future research is recommended to incorporate additional variables, extend the observation period, and explore different industry sectors to provide a more comprehensive understanding of firm value determinants.

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