International Journal of Innovative Research and Scientific Studies, 8(6) 2025, pages: 252-258

IJIRSS International Journal of Innovative Research & Scientific Studies

ISSN: 2617-6548

URL: www.ijirss.com

The link between CEO compensation, environment, social, governance disclosure on firm value is mediated by integrated reporting

Dwiarso Utomo[1], Zaky Machmuddah[2*], Abdul Rohman[3]

[1,2]Accounting Department, Universitas Dian Nuswantoro, Indonesia.
[3]Accounting Department, Universitas Diponegoro, Indonesia.

Corresponding author: Zaky Machmuddah (*Email: zaky.machmuddah@dsn.dinus.ac.id*)

Abstract

Exploring directly the influence of CEO compensation, environmental, social, and governance disclosure on firm value and exploring indirectly through integrated reporting is the aim of this research. All Asian companies that have registered accounts in the database of integrated reporting examples make up the study's population. The study observes data from 2019 to 2023. Based on the data obtained and after going through the sample selection process, a total of 225 data points were analyzed. A tool for data analysis used is WarpPLS version 7.0. The study's findings indicate that CEO compensation, environmental, social, and governance disclosure directly affect firm value. Indirectly, integrated reporting disclosure mediates the influence of environmental, social, and governance disclosures on firm value. However, integrated reporting does not mediate the effect of CEO compensation on firm value. The R-squared value for the direct effect is very low, at only 4%. The practical implications of this research highlight the importance of integrated reporting disclosure, environmental, social, and governance disclosures, and CEO compensation in influencing firm value, as disclosure enhances the company's image among stakeholders. Additionally, disclosure can serve as an indicator of the company's sustainability performance in implementing strategies or policies, including those from regulators.

Keywords: CEO compensation, ESG disclosures, Firm values, Integrated reporting.

DOI: 10.53894/ijirss.v8i6.9559
Funding: This study received no specific financial support.
History: Received: 23 June 2025 / **Revised:** 25 July 2025 / **Accepted:** 28 July 2025 / **Published:** 29 August 2025

Competing Interests: The authors declare that they have no competing interests.
Authors' Contributions: All authors contributed equally to the conception and design of the study. All authors have read and agreed to the published version of the manuscript.
Transparency: The authors confirm that the manuscript is an honest, accurate, and transparent account of the study; that no vital features of the study have been omitted; and that any discrepancies from the study as planned have been explained. This study followed all ethical practices during writing.
Acknowledgments: The authors would like to thank the Ministry of Education, Culture, Research and Technology of the Republic of Indonesia and Dian Nuswantoro University.
Publisher: Innovative Research Publishing

1. Introduction

The International Monetary Fund (IMF) has released its latest economic report, which revised up its 2023 global economic growth projection to 3.1% from the previous projection of 2.9%. This economic growth remains relatively low, still below the average economic growth in 2000-2019, which was at the level of 3.8%. Amidst weakening global economic growth, the region of the Asia-Pacific is considered better than developed countries. This is because the economic growth in Asia-Pacific is expected to be more stable, while developed countries have experienced a deeper slowdown. Additionally, the Asian region is a key driver of the global economy, and its role is becoming increasingly important. Therefore, to attract investor interest in companies going public, these companies must demonstrate their value through good corporate governance and performance.

According to Fama [1] the value of a company is reflected in its share price. A high stock price indicates a high company value, whereas a low stock price indicates the opposite. Companies can attempt to enhance their value by providing positive signals to investors, encouraging investment. These signals can take the form of good news or information, such as increased sales, a higher number of company assets, increased profits, and strong financial performance, all of which are reflected in the company's financial statements. Currently, investors are becoming more discerning in their investment decisions; they not only analyze financial reports but also study non-financial reports, including sustainability reporting, corporate governance reporting, and corporate social responsibility reporting. However, not all companies in Asia present integrated reports that combine financial and non-financial information. Integrated reporting (IR), developed by the International Integrated Reporting Council in 2013, refers to reports that integrate both financial and non-financial data [2]. But until now, not all companies have implemented IR. South Africa is the only country that obliges every company to implement IR [3].

According to IIRC [2] the goal of IR is to provide insight into the relationships and resources that the organization uses and is impacted by, collectively known as capital in the conceptual framework of integrated reporting. Even though IR has benefits, there are two different views on IR. According to Lee and Yeo [3], one view explains that IR can provide complete information so that information asymmetry can be reduced; this can later increase firm value. This view further explains that IR can provide benefits for companies and stakeholders. This is in accordance with studies [4, 5]. Meanwhile, another view explains that IR is a burden that must be borne by the company because the information provided by the company helps competitors read the company's strategy, which can impact the company's value negatively. This view supports a study by Landau et al. [6] which provides an explanation that market value is negatively affected by IR.

The explanation above indicates that the study of IR still requires further exploration. Regarding the implementation of IR, this may depend on the policies issued by the Chief Executive Officer (CEO), because the CEO has duties and responsibilities in developing the company. If the manager does not maximize the company’s value, the CEO can provide input to the manager because one of the CEO's tasks is to evaluate the manager's tasks. One of the inputs that the CEO gives to managers is to implement IR. IR is believed to be capable of increasing a company's value [3]. The management makes decisions regarding the application of IR. The CEO only offers advice to the manager. On the other hand, the CEO has a claim to payment from the business. The CEO's salary impacts strategic choices, which can, therefore, influence the company's value. This is in accordance with Park and Byun [7] and Velte and Stawinoga [8], which clarify the favorable association between manager compensation and business value. However [9] stated a different matter, CEO compensation and firm value had no effect.

In addition to CEO compensation, there are non-financial factors that can impact firm value, namely other company reporting disclosures. These disclosures are considered important because including and using ESG performance in company management strategies can attract investment and increase company value Habib [10] and Rezaee [11]. This explanation is confirmed by Eccles et al. [12], that in order for businesses to draw in long-term investors, ESG data must be disclosed to stakeholders.

In addition, Rezaee [11], Malik [13] and Eccles et al. [12] also explained that analysis of ESG provides an overall view of potential environmental and social risk areas. It also offers opportunities for companies in changing markets quickly. Companies that concentrate on investments in ESG can reduce costs, increase productivity, reduce potential risks, provide opportunities to generate income, and increase revenue and long-term sustainability. This is in accordance with the study Siew et al. [14] which explains that non-financial reporting has an effect on the financial performance of construction companies. Likewise with Habib and Mourad [15], Ademi and Klungseth [16], Ahmad et al. [17], Adegbite et al. [18], Zhao et al. [19], Hu et al. [20], Qiu et al. [21], Han et al. [22] and Barnett and Salomon [23] which asserts that financial performance and ESG disclosure are positively correlated, so that it can provide benefits to decision makers, companies, and managers. However, studies Wasiuzzaman et al. [24], Chen et al. [25] and Smith et al. [26] demonstrate the link between environmental disclosure and poor financial results. Likewise with Velte [27], Sassen et al. [28] and Elsayed and Paton [29] which stated that there was no significant impact of ESG disclosure on Tobin's Q.

Based on the previous elaboration, studies related to this matter are still important to explore. The research attempts to answer whether CEO compensation, environmental, social, and governance disclosures affect company value, either directly or indirectly through IR.

2. Literature Review

2.1. Stakeholder Theory

The pioneers of stakeholder theory are [30]. Stakeholder theory explains that a standing company must share benefits with all its stakeholders because companies operate not only to fulfill their own interests. Stakeholder theory emerged to understand and fix problems. Therefore, companies need support from stakeholders to maintain their existence. When a company discloses information through non-financial reports, such as social and environmental responsibility, stakeholders are considered the main focus in order to maintain the relationship between stakeholders and the company. This is in line with Hill and Jones [31] which explains information that must be received in the relationship between stakeholders. Likewise, [32] who managed to provide evidence, companies must try and be serious in building and maintaining these relationships, because they are social and environmental elements of the company. Stakeholder theory argues that corporate social responsibility practices can help organizations improve their relationships with stakeholders [33-35].

2.2. Signaling Theory

The purpose of company reports is to provide information related to the activities of companies and to send signals to stakeholders about other aspects, such as the company's concern for the surrounding environment, social responsibility, and so on. These signals are expected to be positively received by the market. In turn, they influence the market performance of a company, which is reflected in the company's stock price. Thus, signal theory emphasizes that companies are likely to present more complete information to gain a reputation and, consequently, better profits than companies that do not disclose such information. This transparency can attract investors. Investors require complete and accurate information to make informed investment decisions. Pragmatic accounting theory underpins signaling theory. The disclosure of non-financial reports is one of the signals conveyed by companies. The disclosure of non-financial reports is expected to result in changes in the company's stock price.

2.3. Direct and Indirect Effects of CEO Compensation on Firm Value

Stakeholder theory provides an explanation that companies operate not only to fulfill their own interests. So they need support from their stakeholders. For this reason, the company must provide information to stakeholders, which can later be used as the main consideration in order to maintain the relationship between stakeholders and the company. The information provided is not only in the form of financial reports but also in non-financial reports. This information is expected to provide a signal to stakeholders to make investment decisions. The information submitted by the company depends on the company's management policy. This is in accordance with Simnett and Huggins [36] which explains that managerial decisions affect company performance. Meanwhile, the decision quality taken does not only depend on the ability of the company's management. Compensation given to management also affects decision-making. In turn, it will create value for shareholders. The indication is in accordance with Park and Byun [7] explaining that manager compensation positively affects company value. Likewise with Velte and Stawinoga [8] found that CSR positively affects financial performance, which is more prominent due to CEO power.

Indirectly, the effect of CEO compensation and firm value can also be mediated by corporate reporting. The reporting that combines financial and non-financial information is called IR. IR is believed to provide company information, both financial and non-financial, which is used as a signal for its stakeholders, potentially leading to an increase in company value. This explanation is in accordance with Shim and Kim [37], which explains that the SOX Law has an impact on reliable financial reporting because it requires a stronger internal control system that it encourages CEOs to increase shareholder value. Therefore, in implementing integrated reporting, a reliable financial reporting system can be a proxy.

Then the hypothesis is:

H_1: CEO compensation has a significant effect on firm value.

H_2: The effect of CEO compensation on firm value is mediated by integrated reporting.

2.4. Direct and Indirect Effects of Environment, Social, and Governance Disclosure on Corporate Values

Companies are encouraged to perform financial reporting. This financial reporting includes not only financial reports but also non-financial reports. The market is increasingly paying attention to environmental issues, prompting companies to disclose environmental information that can signal their commitment to stakeholders. Publishing ESG reports enhances the company's accountability and positively influences investor and stakeholder perceptions. According to stakeholder theory, high compliance with environmental disclosure requirements improves the company's reputation, which is associated with increased efficiency. Consequently, this leads to better environmental sustainability performance [38] and can ultimately increase company value. Additionally, disclosing environmental information through IR can further enhance company valuation, as IR includes environmental data that contributes to the overall perception of the company's value.

Social performance reflects how and to what extent a company has translated its social objectives into practices. The theoretical framework used to determine the association between ESG and social sustainability performance is stakeholder theory, which aims to provide signals to its stakeholders. A company integrates ESG into its operating policies and practices to achieve or sustain legitimacy. They recognize that conforming to stakeholder norms and expectations will result in better access to resources. Having good relationships with various stakeholder groups can improve long-term social sustainability performance by helping to develop and maintain valuable intangible assets [38], which can later increase corporate value.

In addition, a company is also encouraged to disclose governance information because, currently, the market is paying more and more attention to governance issues. Therefore, companies must carry out organizational transparency. It is related to shareholders and the board of directors, compensation of executives, and diversity of the board. Voluntary issuance of ESG reports, in addition to their mandatory financial reports, can reduce information asymmetry and lessen investors' and stakeholders' positive perceptions of corporate accountability. Based on stakeholder theory and to provide a signal to its stakeholders, the more transparent and accountable the company, the higher the compliance with governance disclosures. It can improve the company's reputation, which is associated with high corporate efficiency, thereby increasing its governance performance, which has an impact on firm value. This explanation is used as the basis for building a hypothesis, so the hypothesis is:

H_3: Environment disclosure has a significant effect on company value.
H_4: The effect of environmental disclosure on firm value is mediated by integrated reporting
H_5: Social disclosure significantly affects firm value.
H_6: The effect of social disclosure on firm value mediated by integrated reporting.
H_7: Governance disclosure significantly affects on firm value.
H_8: The effect of governance disclosure on firm value is mediated by integrated reporting.

3. Method

This type of research is quantitative; secondary data is used as a source of information. The secondary data was obtained from Bloomberg (www.bloomberg.com). All go-public companies located in Asia are used as research objects. However, the sampling process uses predetermined criteria, namely, go-public companies registered in the integrated reporting database (https://examples.integratedreporting.org/ir-reporters/?app_region=24), and provides complete data successively from 2019 to 2023. WarpPLS is used as a data analysis tool. Testing the goodness of fit of the structural model is one of the stages used in testing the hypothesis.

Measurement of each variable of CEO compensation, environmental disclosure, social disclosure, governance disclosure, IR, and company value proxied by Tobin's Q is: for CEO compensation, it is measured by using the natural logarithm. It is the total annual salary plus bonuses earned in the fiscal year Javeed and Lefen [39] and Shim and Kim [37]. The variables of environmental disclosure, social disclosure, and governance disclosure are based on scores obtained from Bloomberg [40]. Environmental disclosure is measured from environmental data, taking into account various inputs including emissions, materials, and water pollution [40]. The social disclosure score is used to measure social performance. These data include employee policies, products, and social impacts [40]. Data containing information, among other things, about the structure and operations of the board, executive salaries, and board committee activities are used to measure governance disclosure [40].

The IR is measured by a measurement index by assigning a score, which is the proportion of disclosed items in the IR divided by the total items in the IR. Firm value is proxied by Tobin's Q. The formula is (MVS + D) / TA [41]. MVS is the market value of all outstanding shares, calculated as the company's share price multiplied by the number of outstanding shares. TA represents the company's total assets, and D is the company's total debt.

4. Results and Discussion

Data that passed the selection to be used as research samples totaled 225 observational data points. The data were obtained from companies registered in the integrated reporting database (https://examples.integratedreporting.org/ir-reporters/?app_region=24). The years of observation for the data used are 2019-2023. To process the data for analysis of research findings using WarpPLS, the processing results of the tool are presented in Table 1.

Table 1.
Goodness of fit model struktural.

Criteria	Parameter	Annotation
APC	0.229 P<0.001	Accepted
ARS	0.512 P<0.001	Accepted
AARS	0.501 P<0.001	Accepted
AVIF	1.319	Ideally
GoF	0.716	Large
SPR	0.778	Accepted
RSCR	0.961	Accepted
SSR	0.889	Accepted
NLBCDR	0.778	Accepted

Source: Processed secondary data, 2024.

APC value is 0.229 with a P value < 0.001 according to fit criteria < 0.05, so it is said that this result is accepted because it meets the established fit criteria. The Average R-squared (ARS) value is 0.512 with a P value < 0.001, indicating that the result is accepted. Similarly, the Average Adjusted R-squared (AARS) is 0.501 with a P value < 0.001, which, according to the criteria of p < 0.05, means that this result is accepted. The Average block VIF (AVIF) value shows a result of 1.319, with fit criteria accepted if <= 5, and ideally if <= 3.3, indicating that the result is ideally acceptable. The Tenenhaus GoF (GoF) value in this model is 0.716, with fit criteria classified as large (>= 0.36), since the value exceeds this threshold. The R-squared contribution ratio (RSCR) value is 0.979, with fit criteria accepted if >= 0.9, and ideally if equal to 1, so this result is accepted. The following is the result of research data processing, which can be indicated in Figure 1.

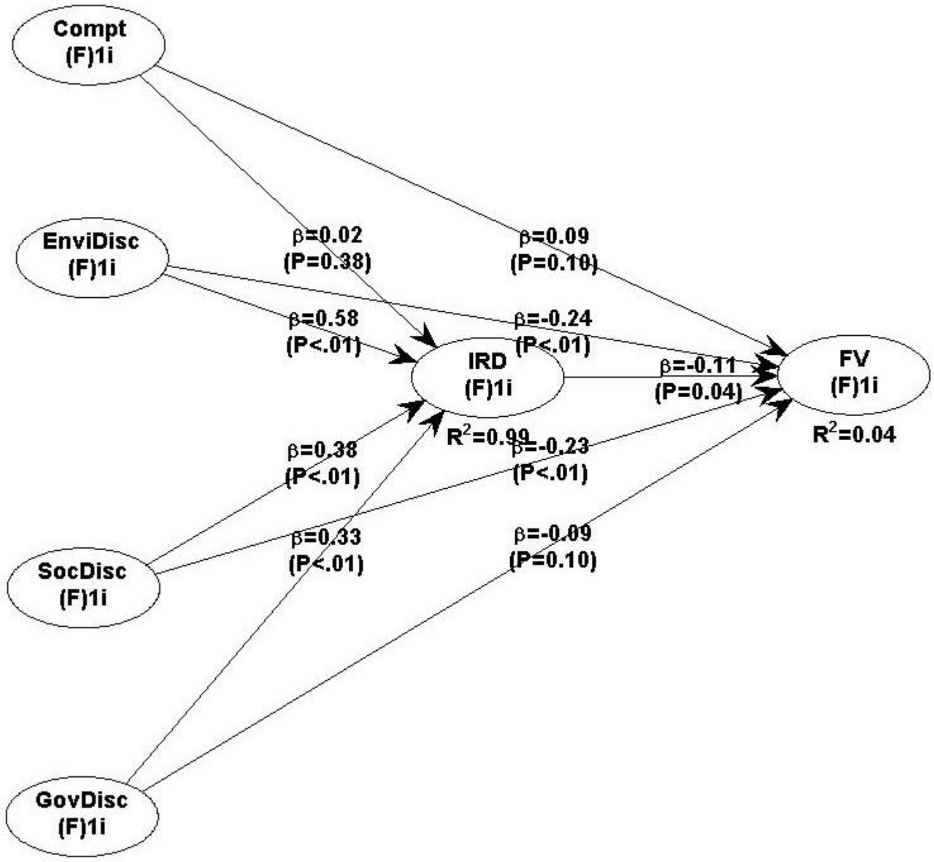

Figure 1.
Research result.

Figure 1 shows that firm value is affected by CEO compensation, meaning that firm value will increase if CEO compensation is high, and vice versa, firm value will decrease if CEO compensation is low. This argument is in accordance with Simnett and Huggins [36], which states that managerial decisions can affect company performance. This means that quality managerial decisions do not only depend on the capability of the company's management, but compensation will stimulate the CEO to make the right decisions to create shareholder value. This aligns with stakeholder theory, which states that companies must provide information to their stakeholders because companies cannot operate without stakeholders. The information submitted by the company is expected to signal to its stakeholders. This study is in line with Park and Byun [7], which in their study stated that there was an effect of manager compensation and company value. Likewise, [8] his study states that there is an influence between CSR and positive financial performance that is more prominent by CEO power. However, the results of this research are not the same as the study by Basuroy et al. [9], which states that CEO compensation has no effect on firm value.

While CEO compensation can also be indirectly related to firm value, this relationship is mediated by IR. IR is a tool that integrates multiple reports involving organizational strategy, governance, performance, and prospects. It operates within the context of the external environment, contributing to value creation in the short, medium, and long term. The relationship between CEO compensation and firm value can be mediated by IR, aligning with signaling theory. IR serves as a signal from the company to its stakeholders, providing information that assists in investment decision-making. It reduces information asymmetry between principals and agents, supporting [37] empirical evidence indicating that CEO compensation largely influences market-based performance in the pre-SOX period. This study confirms the impact of the Sarbanes-Oxley (SOX) Act, which mandates a stronger internal control system and reliable financial reporting. Consequently, a framework exists linking CEO compensation to corporate value, mediated by stronger internal controls and a reliable financial reporting system.

This study also shows that non-financial reporting, including environmental disclosure, social disclosure, and governance disclosure, also has a direct impact on company value and indirectly through IR. This means that the importance of non-financial reporting is to increase company value. Stakeholders, especially investors, are becoming smarter and more discerning in making investment decisions. The basis for their decision-making is not only based on financial reports but also on non-financial reports disclosed by companies, including environmental disclosures, social disclosures, and governance disclosures. This explanation is in accordance with Siew et al. [14] that non-financial reporting has an impact on company performance. The results of this study are the same as Habib and Mourad [15], Ademi and Klungseth [16] and Ahmad et al. [17] which state that ESG disclosure affects the financial performance of a company. Moreover, this explanation also supports stakeholder theory and signaling theory. Stakeholder theory explains that companies cannot operate in isolation; therefore, companies must provide information to their stakeholders. The information conveyed by the company is used as a corporate signal for its stakeholders, and it is hoped that, with the signal given by the company, the market will react in a way that can increase the company's value. However, the study is not the same as Velte [27], Sassen et al. [28] and Elsayed and Paton [29], which state that ESG performance has no effect on firm value. It is proxied by Tobin's Q.

4. Conclusion

This study emphasizes the importance of non-financial reporting in enhancing company value. Whether directly or indirectly, disclosures related to the environment, social issues, governance, and CEO compensation can influence a company's value. Indirect effects occur through investor relations, where these disclosures impact perceptions and decision-making. Consequently, all companies should prioritize non-financial reporting, as it significantly affects company value.

The R-squared value in direct testing is very low, at only 4%, which is a limitation of this study. Suggestions for further research include modifying the research model and, if necessary, adding moderating variables such as national culture, since each country has a different culture in implementing IR. Additionally, analysis tools can be developed using SEM to obtain better results. The practical implications of the study for companies emphasize the importance of non-financial reporting to reduce information asymmetry, thereby providing signals to stakeholders that can help increase company value. For regulators, this research can contribute ideas for formulating policies to improve the non-financial reporting of companies in Asia.

References

[1] E. F. Fama, "The effects of a firm's investment and financing decisions on the welfare of its security holders," *The American Economic Review,* vol. 68, no. 3, pp. 272-284, 1978.

[2] IIRC, "The international (IR) framework," The International Integrated Reporting Council, 2013. https://www.integratedreporting.org/wp-content/uploads/2013/12/13-12-08-THE-INTERNATIONAL-IR-FRAMEWORK-2-1.pdf

[3] K.-W. Lee and G. H.-H. Yeo, "The association between integrated reporting and firm valuation," *Review of Quantitative Finance and Accounting,* vol. 47, no. 4, pp. 1221-1250, 2016. https://doi.org/10.1007/s11156-015-0536-y

[4] M. S. Islam, "Investigating the relationship between integrated reporting and firm performance in a voluntary disclosure regime: Insights from Bangladesh," *Asian Journal of Accounting Research,* vol. 6, no. 2, pp. 228-245, 2021. https://doi.org/10.1108/AJAR-06-2020-0039

[5] V. A. Obeng, K. Ahmed, and S. Miglani, "Integrated reporting and earnings quality: The moderating effect of agency costs," *Pacific-Basin Finance Journal,* vol. 60, p. 101285, 2020. https://doi.org/10.1016/j.pacfin.2020.101285

[6] A. Landau, J. Rochell, C. Klein, and B. Zwergel, "Integrated reporting of environmental, social, and governance and financial data: Does the market value integrated reports?," *Business Strategy and the Environment,* vol. 29, no. 4, pp. 1750-1763, 2020. https://doi.org/10.1002/bse.2467

[7] W. Park and C. Byun, "Effect of SME's managerial ability and executive compensation on firm value," *Sustainability,* vol. 13, no. 21, p. 11828, 2021. https://doi.org/10.3390/su132111828

[8] P. Velte and M. Stawinoga, "Integrated reporting: The current state of empirical research, limitations and future research implications," *Journal of Management Control,* vol. 28, no. 3, pp. 275-320, 2017. https://doi.org/10.1007/s00187-016-0235-4

[9] S. Basuroy, K. C. Gleason, and Y. H. Kannan, "CEO compensation, customer satisfaction, and firm value," *Review of Accounting and Finance,* vol. 13, no. 4, pp. 326-352, 2014. https://doi.org/10.1108/RAF-11-2012-0120

[10] A. M. Habib, "Does the efficiency of working capital management and environmental, social, and governance performance affect a firm's value? Evidence from the United States," *Financial Markets, Institutions and Risks,* vol. 6, no. 3, pp. 18–25, 2022. https://doi.org/http://doi.org/10.21272/fmir.6(3).18-25.2022

[11] Z. Rezaee, "Business sustainability research: A theoretical and integrated perspective," *Journal of Accounting Literature,* vol. 36, no. 1, pp. 48-64, 2016. https://doi.org/10.1016/j.acclit.2016.05.003

[12] R. G. Eccles, I. Ioannou, and G. Serafeim, "The impact of corporate sustainability on organizational processes and performance," *Management Science,* vol. 60, no. 11, pp. 2835-2857, 2014. https://doi.org/10.1287/mnsc.2014.1984

[13] M. Malik, "Value-enhancing capabilities of CSR: A brief review of contemporary literature," *Journal of Business Ethics,* vol. 127, no. 2, pp. 419-438, 2015. https://doi.org/10.1007/s10551-014-2051-9

[14] R. Y. Siew, M. C. Balatbat, and D. G. Carmichael, "The relationship between sustainability practices and financial performance of construction companies," *Smart and Sustainable Built Environment,* vol. 2, no. 1, pp. 6-27, 2013. https://doi.org/10.1108/20466091311325827

[15] A. M. Habib and N. Mourad, "The influence of environmental, social, and governance (ESG) practices on US firms' performance: Evidence from the coronavirus crisis," *Journal of the Knowledge Economy,* vol. 15, no. 1, pp. 2549-2570, 2024. https://doi.org/10.1007/s13132-023-01278-w

[16] B. Ademi and N. J. Klungseth, "Does it pay to deliver superior ESG performance? Evidence from US S&P 500 companies," *Journal of Global Responsibility,* vol. 13, no. 4, pp. 421-449, 2022. https://doi.org/10.1108/JGR-01-2022-0006

[17] N. Ahmad, A. Mobarek, and N. N. Roni, "Revisiting the impact of ESG on financial performance of FTSE350 UK firms: Static and dynamic panel data analysis," *Cogent Business & Management,* vol. 8, no. 1, p. 1900500, 2021. https://doi.org/10.1080/23311975.2021.1900500

[18] E. Adegbite, Y. Guney, F. Kwabi, and S. Tahir, "Financial and corporate social performance in the UK listed firms: The relevance of non-linearity and lag effects," *Review of Quantitative Finance and Accounting,* vol. 52, no. 1, pp. 105-158, 2019. https://doi.org/10.1007/s11156-018-0705-x

[19] C. Zhao *et al.*, "ESG and corporate financial performance: Empirical evidence from China's listed power generation companies," *Sustainability,* vol. 10, no. 8, p. 2607, 2018. https://doi.org/10.3390/su10082607

[20] Y. Hu, S. Chen, Y. Shao, and S. Gao, "CSR and firm value: Evidence from China," *Sustainability,* vol. 10, no. 12, p. 4597, 2018. https://doi.org/10.3390/su10124597

[21] Y. Qiu, A. Shaukat, and R. Tharyan, "Environmental and social disclosures: Link with corporate financial performance," *The British Accounting Review,* vol. 48, no. 1, pp. 102-116, 2016. https://doi.org/10.1016/j.bar.2014.10.007

[22] J.-J. Han, H. J. Kim, and J. Yu, "Empirical study on relationship between corporate social responsibility and financial performance in Korea," *Asian Journal of Sustainability and Social Responsibility*, vol. 1, no. 1, pp. 61-76, 2016. https://doi.org/10.1186/s41180-016-0002-3

[23] M. L. Barnett and R. M. Salomon, "Does it pay to be really good? Addressing the shape of the relationship between social and financial performance," *Strategic Management Journal*, vol. 33, no. 11, pp. 1304-1320, 2012.

[24] S. Wasiuzzaman, S. A. Ibrahim, and F. Kawi, "Environmental, social and governance (ESG) disclosure and firm performance: Does national culture matter?," *Meditari Accountancy Research*, vol. 31, no. 5, pp. 1239-1265, 2023. https://doi.org/10.1108/MEDAR-06-2021-1356

[25] L. Chen, T. Yuan, R. J. Cebula, W. Shuangjin, and M. Foley, "Fulfillment of ESG responsibilities and firm performance: A zero-sum game or mutually beneficial," *Sustainability*, vol. 13, no. 19, p. 10954, 2021. https://doi.org/10.3390/su131910954

[26] M. Smith, K. Yahya, and A. Marzuki Amiruddin, "Environmental disclosure and performance reporting in Malaysia," *Asian Review of Accounting*, vol. 15, no. 2, pp. 185-199, 2007. https://doi.org/10.1108/13217340710823387

[27] P. Velte, "Does ESG performance have an impact on financial performance? Evidence from Germany," *Journal of Global Responsibility*, vol. 8, no. 2, pp. 169-178, 2017. https://doi.org/10.1108/JGR-11-2016-0029

[28] R. Sassen, A.-K. Hinze, and I. Hardeck, "Impact of ESG factors on firm risk in Europe," *Journal of Business Economics*, vol. 86, no. 8, pp. 867-904, 2016. https://doi.org/10.1007/s11573-016-0819-3

[29] K. Elsayed and D. Paton, "The impact of environmental performance on firm performance: Static and dynamic panel data evidence," *Structural Change and Economic Dynamics*, vol. 16, no. 3, pp. 395-412, 2005. https://doi.org/10.1016/j.strueco.2004.04.004

[30] R. E. Freeman and D. L. Reed, "Stockholders and stakeholders: A new perspective on corporate governance," *California Management Review*, vol. 25, no. 3, pp. 88-106, 1983. https://doi.org/10.2307/41165018

[31] C. W. Hill and T. M. Jones, "Stakeholder-agency theory," *Journal of Management Studies*, vol. 29, no. 2, pp. 131-154, 1992. https://doi.org/10.1111/j.1467-6486.1992.tb00657.x

[32] R. E. Freeman and J. McVea, "A stakeholder approach to strategic management," *Blackwell Handbook of Strategic Management*, pp. 183-201, 2005. https://doi.org/10.2139/ssrn.263511

[33] A. Bitektine and P. Haack, "The “macro” and the “micro” of legitimacy: Toward a multilevel theory of the legitimacy process," *Academy of Management Review*, vol. 40, no. 1, pp. 49-75, 2015. https://doi.org/10.5465/amr.2013.0318

[34] J.-C. Tu and H.-S. Huang, "Analysis on the relationship between green accounting and green design for enterprises," *Sustainability*, vol. 7, no. 5, pp. 6264-6277, 2015. https://doi.org/10.3390/su7056264

[35] A. Russo and F. Perrini, "Investigating stakeholder theory and social capital: CSR in large firms and SMEs," *Journal of Business Ethics*, vol. 91, no. 2, pp. 207-221, 2010. https://doi.org/10.1007/s10551-009-0079-z

[36] R. Simnett and A. L. Huggins, "Integrated reporting and assurance: Where can research add value?," *Sustainability Accounting, Management and Policy Journal*, vol. 6, no. 1, pp. 29-53, 2015. https://doi.org/10.1108/SAMPJ-09-2014-0053

[37] E. D. Shim and E. Kim, "An empirical examination of the relationship between top executive compensation and firm performance in the post sarbanes-oxley period," *Advances in Management Accounting*, vol. 25, pp. 207–228, 2015. https://doi.org/10.1108/S1474-787120150000025007

[38] M. F. Alsayegh, R. Abdul Rahman, and S. Homayoun, "Corporate economic, environmental, and social sustainability performance transformation through ESG disclosure," *Sustainability*, vol. 12, no. 9, p. 3910, 2020. https://doi.org/10.3390/su12093910

[39] S. A. Javeed and L. Lefen, "An analysis of corporate social responsibility and firm performance with moderating effects of CEO power and ownership structure: A case study of the manufacturing sector of Pakistan," *Sustainability*, vol. 11, no. 1, p. 248, 2019. https://doi.org/10.3390/su11010248

[40] I. Ioannou and G. Serafeim, "The consequences of mandatory corporate sustainability reporting," *SSRN Electronic Journal*, pp. 1–49, 2019. https://doi.org/10.2139/ssrn.1799589

[41] E. B. Lindenberg and S. A. Ross, "Tobin's q ratio and industrial organization," *Journal of Business*, pp. 1-32, 1981.