

The Effect of Sustainability Report Disclosure and Sustainable Growth on Firm Value: The Moderating Role of CEO Power

Dicky Rizky Ramadhan Effendi ^{1✉}, Ernie Hendrawaty², Igo Febrianto³

^{✉1,2,3} Universitas Lampung, Indonesia

Abstract

Environmental issues have become a global concern, with the energy sector identified as the most significant contributor to greenhouse gas emissions. This study provides a novel contribution by examining the moderating role of CEO power, measured by CEO ownership, in strengthening the effects of sustainability reporting disclosure and sustainable growth on firm value. Focusing on Indonesia's energy sector during the crisis and post-pandemic recovery period (2019–2023), the study employs a Random Effects GLS model with White two-way cluster robust standard errors. Firm value is measured using Tobin's Q; sustainability disclosure is proxied by the Global Reporting Initiative (GRI) index; sustainable growth by the Sustainable Growth Rate (SGR); and CEO power by CEO ownership (CEOP). The results indicate that GRI has no significant impact on firm value, while SGR has a positive effect and CEOP has an adverse impact. However, the interaction terms GRICEOP and SGRCEOP exhibit significantly positive effects on firm value. These findings suggest that CEO ownership strengthens the relationship between corporate sustainability initiatives and firm value creation.

Keywords: sustainability report, sustainable growth, CEO power, firm value, energy.

Copyright (c) 2025 Dicky Rizky Ramadhan Effendi

✉ Corresponding author: Dicky Rizky Ramadhan Effendi

Email Address: effendicky2012@gmail.com

INTRODUCTION

Environmental issues and climate change have become urgent global concerns, primarily driven by human activities, including the burning of fossil fuels. In Indonesia, the energy sector was the most significant contributor to greenhouse gas (GHG) emissions in 2019, accounting for 43.83% of the country's total national emissions. (Pusdatin ESDM, 2020). This positions energy companies strategically in advancing sustainability practices. Although the COVID-19 pandemic temporarily reduced energy consumption, the post-lockdown period witnessed a sharp rebound in energy demand, resulting in substantial gains for both global and domestic energy firms.

Amid increasing global pressure to transition toward clean and low-carbon energy, companies are expected to demonstrate social and environmental accountability through sustainability reporting. In Indonesia, such reporting has been mandatory for publicly listed companies since 2020, although adherence to the Global Reporting Initiative (GRI) standards remains voluntary (as stipulated in POJK No. 51/POJK.03/2017). These reports serve as a benchmark for non-financial performance

and a medium of communication between companies and their stakeholders (Manisa & Defung, 2018). However, the effectiveness of sustainability reporting in enhancing firm value remains a topic of debate. Several studies have reported a positive influence (Kuzey & Uyar, 2017; Suharyono & Zarefar, 2024; Widyastuti, 2021), while others have found no significant effect (Astuti, 2024; Elbardan et al., 2023). In addition, companies face the challenge of maintaining sustainable growth, which reflects the ability to grow independently without relying excessively on external financing (Amouzesh et al., 2015).

Sustainable growth serves as a signal of long-term stability and internal efficiency. (Gumanti, 2012) and is perceived by investors as an indicator of corporate competitiveness (Donaldson & Preston, 1995). Several studies have found a positive relationship between sustainable growth and firm value. (Listiani & Supramono, 2020; Rinaldo, 2022; Sutjiati, 2017) Although other research has reported insignificant results (Ariesa et al., 2023). The Chief Executive Officer (CEO), as the holder of strategic power within the company, plays a critical role. CEO power, particularly when measured by equity ownership (CEO ownership), provides financial incentives for acting in the firm's long-term interest (Sudana & Aristina, 2017; Suharyono & Zarefar, 2024). However, the impact of CEO power is not always linear; at low levels of ownership, there is a risk of low alignment incentive, while at high levels, there is a risk of managerial entrenchment. (Morck et al., 1988). (Fan & Wong, 2002) Further, they argue that concentrated ownership structures in East Asian firms tend to exacerbate agency conflicts.

This study is grounded in stakeholder theory. (Hörisch et al., 2020) This posits that firms have responsibilities not only to shareholders but to all stakeholders. Legitimacy theory (Deegan, 2004), emphasizes the role of sustainability reporting as a tool for gaining social acceptance, while agency theory (Jensen & Meckling, 2012) Explains how CEO ownership can align the interests of managers with those of owners. The primary issue addressed in this study is the unclear effectiveness of sustainability disclosure and sustainable growth in influencing firm value, as well as whether CEO power strengthens these relationships. Accordingly, this research aims to examine (1) the effect of sustainability disclosure on firm value. (2) The effect of sustainable growth on firm value. (3) The effect of CEO power on firm value. (4) The moderating role of CEO power in the relationship between sustainability disclosure and firm value. (5) The moderating role of CEO power in the relationship between sustainable growth and firm value.

This study offers a novel contribution by exploring the moderating role of CEO power (through CEO ownership) in strengthening the impact of sustainability reporting disclosure and sustainable growth on firm value. Focusing on the energy sector in Indonesia during the crisis and post-pandemic recovery period (2019–2023), this research is strategically relevant, supported by an integrated approach combining stakeholder, legitimacy, and agency theories. This study is expected to provide both theoretical and practical contributions. Theoretically, it enriches the literature on corporate sustainability in the context of emerging markets. Practically, the findings may offer insights for corporate management in strategic decision-making and inform investors in assessing the long-term sustainability and prospects of listed companies.

The Effect of Sustainability Disclosure on Firm Value

In an era of increasing attention to Environmental, Social, and Governance (ESG) issues, sustainability disclosure has become a crucial instrument for enhancing corporate transparency. According to stakeholder theory (Hörisch et al., 2020) Firms that meet stakeholder expectations are more likely to gain legitimacy and public trust. (Kuzey & Uyar, 2017; Suharyono & Zarefar, 2024). Sustainability reports based on the Global Reporting Initiative (GRI) standards reflect a company's commitment to social and environmental responsibility. Sustainability disclosure also functions as a mechanism for corporate accountability and a strategy to gain social legitimacy. (Widyastuti, 2021). Transparently communicating sustainability information enhances the company's reputation and improves investor perception of its long-term performance, ultimately contributing to increased market value. (Sevnia & Mulyani, 2023). Previous studies support this positive relationship, such as research by (Kuzey & Uyar, 2017) In emerging markets (Widyastuti, 2021) In the Indonesian context.

H1: Sustainability reporting disclosure has a positive effect on firm value

The Effect of Sustainable Growth on Firm Value

Stakeholder theory posits that long-term operational sustainability is part of a company's managerial responsibility to all parties affected by its activities. One of the indicators of this is the Sustainable Growth Rate (SGR), which reflects a firm's ability to grow without over-reliance on external financing. (Amouzesh et al., 2015). SGR indicates internal efficiency and financial stability, which investors highly value. Firms with high SGR are viewed as having promising long-term prospects and are perceived as capable of striking a balance between financial performance and social responsibility. (Listiani & Supramono, 2020). Consistent growth also strengthens a firm's position in the eyes of the public and regulators, while reducing the potential for agency conflict. Research by (Rinaldo, 2022) Demonstrated a significant influence of SGR on firm value in the Sri Kehati index. Similarly, studies by (Listiani & Supramono, 2020; Sutjiati, 2017) Affirm that SGR enhances market value through efficient asset utilization.

H2: Sustainable growth has a positive effect on firm value

The Effect of CEO Power on Firm Value

CEO power, particularly measured through CEO ownership, serves as an indicator of managerial incentives and control. From the perspective of agency theory, CEO share ownership aligns managerial interests with those of shareholders (Jensen & Meckling, 2012), while stakeholder theory emphasizes the CEO's strategic role in realizing the long-term interests of all stakeholders (Triyani et al., 2020). CEOs with ownership stakes are more motivated to make decisions that increase firm value, as they have a direct financial stake in corporate performance. (Fadilah & Venusita, 2024). However, excessive CEO power without accountability may lead to conflicts of interest. (Suharyono & Zarefar, 2024) Note that while CEO power may not always serve as a strong moderator, it remains a significant influence in determining a firm's overall performance.

H3: CEO power has a positive effect on firm value

CEO Power as a Moderator in the Relationship Between Sustainability Disclosure and Firm Value

The credibility of sustainability disclosure is enhanced when supported by strong CEO commitment. CEOs who hold equity stakes demonstrate a genuine commitment to sustainability, beyond regulatory compliance. (Triyani et al., 2020). In this context, CEO power functions as a quasi-moderator, exerting both moderating and direct effects on firm value. Agency theory suggests that equity ownership provides CEOs with the incentive to reduce agency conflicts. Meanwhile, stakeholder theory argues that a CEO's commitment to sustainability improves investor and public trust in the corporation. Prior studies confirm that CEO characteristics such as tenure, experience, and ownership can influence the success of sustainability strategies. (Fadilah & Venusita, 2024; Triyani et al., 2020)

H4: CEO power strengthens the effect of sustainability disclosure on firm value

CEO Power as a Moderator in the Relationship Between Sustainable Growth and Firm Value

Sustainable growth becomes more valuable when supported by strong and visionary leadership. CEOs who own shares are more likely to direct corporate strategy toward responsible and efficient growth, thereby enhancing the synergy between short-term growth and long-term value creation. According to stakeholder theory, sustainable growth strategies fulfill the long-term expectations of stakeholders. From an agency theory perspective, CEOs with significant ownership stakes are more motivated to achieve stable performance in order to maintain their reputation and increase firm value. (Fadilah & Venusita, 2024). Research by (Rinaldo, 2022; Sutjiati, 2017) Emphasizes the role of sustainable growth in enhancing market value. CEO power can amplify the influence of SGR on firm value by providing strategic direction and consistent decisions aligned with sustainability goals.

H5: CEO power strengthens the effect of sustainable growth on firm value.

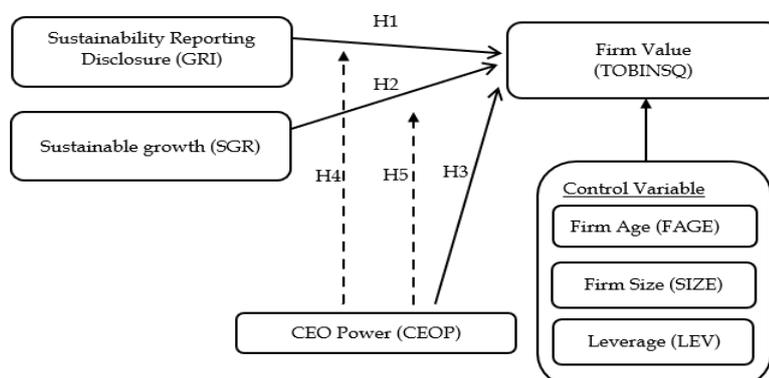


Figure 1. Conceptual Framework

METHODOLOGY

This study employs a quantitative approach with a causal-associative design to examine the relationships between variables. The primary objective is to analyze the

effect of Firm value is measured using Tobin's Q, sustainability report disclosure is proxied by the Global Reporting Initiative (GRI) index, sustainable growth is measured by the Sustainable Growth Rate (SGR), and CEO power is proxied by CEO ownership as a moderating variable and firm age, firm size, and leverage as control variables. The research focuses on energy sector companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023. The study uses secondary data collected through documentation methods, including annual reports and sustainability reports obtained from the official IDX website and the respective companies' websites. Data analysis was conducted using descriptive statistics and panel data regression techniques.

RESULT AND DISCUSSION

Result

This study employed three main stages of data analysis. First, a descriptive statistical analysis was conducted to provide an overview of the data characteristics, including the mean, maximum, minimum, and standard deviation for each research variable. Second, the best panel data model was selected through a series of tests, namely the Chow Test, the Hausman Test, and the Lagrange Multiplier (LM) Test. The results indicated that the Random Effect model was the most appropriate for this study. Third, hypothesis testing was conducted using panel regression with the Random Effects GLS method, accompanied by White two-way cluster-robust standard errors to address potential heteroscedasticity and autocorrelation, thereby ensuring more reliable estimation results in explaining the relationships between variables.

Table 1. Statistical Descriptive Analysis

| Variable | N | Mean | Maximum | Minimum | Std. Dev. |
|----------|----|--------|---------|---------|-----------|
| TOBINSQ | 79 | 1.030 | 2.351 | 0.212 | 0.378 |
| GRI | 79 | 0.542 | 0.959 | 0.000 | 0.281 |
| SGR | 79 | 0.023 | 0.522 | -2.543 | 0.328 |
| CEOP | 79 | 0.009 | 0.075 | 0.000 | 0.023 |
| FAGE | 79 | 16.937 | 33.000 | 2.000 | 8.462 |
| SIZE | 79 | 30.242 | 32.758 | 27.566 | 1.464 |
| LEV | 79 | 1.445 | 24.849 | 0.001 | 2.951 |

Source: Eviews Output, 2025

Based on Table 1, the average firm value (*Tobin's Q*) in the energy sector during the 2019–2023 period was 1.03, indicating an *overvalued* condition where the market value exceeds the book value of the firm. This suggests efficient asset management and strong investment growth potential. The minimum value of 0.21 reflects an *undervalued* firm, while the maximum reached 2.35.

The average level of sustainability disclosure, measured using the Global Reporting Initiative (GRI) standards, was 54.15%, which is categorized as insufficiently informative. The disclosure levels varied widely across firms, ranging from 0% to 95.9%, reflecting significant heterogeneity in sustainability reporting practices. The Sustainable Growth Rate (SGR) averaged 2.32%, indicating relatively weak growth. The minimum SGR value of -254% reflects substantial losses, while the maximum of 52.2% indicates robust growth in certain firms. CEO power, proxied by CEO ownership, was found to be very low, with an average of only 0.91%, ranging from 0%

to 7.5%. This suggests a low alignment incentive between CEOs and shareholders, which may impact managerial motivation for creating long-term value.

The average firm age was 16.94 years since being listed on the stock exchange, with a range from 2 to 33 years. Firm size, calculated using the natural logarithm of total assets, had an average value of 30.24, indicating that most firms in the sample possessed relatively large asset bases. Meanwhile, leverage, proxied by the debt-to-equity ratio (DER), averaged 144.5%, with values ranging from 0.1% to 248.49%. This implies that most energy firms in the sample rely heavily on external financing to support both operational activities and business expansion.

Table 2. Panel Regression Model Specification Tests

| | Chow Test | Hausman Test | Lagrange Multiplier (LM) Test |
|-------|-----------|--------------|-------------------------------|
| Prob. | 0.000 | 0.419 | 0.000 |

Source: Eviews Output, 2025

In this study, a series of panel data model specification tests were conducted to determine the most appropriate estimation model. First, the Chow Test was performed to compare the Common Effect Model (CEM) and the Fixed Effect Model (FEM). The test produced a p-value of 0.000, which is below the 5% significance level, indicating that the null hypothesis should be rejected. Thus, the FEM is preferred over the CEM. Next, the Hausman Test was used to compare the FEM and the Random Effect Model (REM). The resulting p-value of 0.419 exceeds the 5% threshold, suggesting that the null hypothesis cannot be rejected. Therefore, the REM is more appropriate than the FEM. Finally, the Lagrange Multiplier (LM) Test was applied to compare the CEM with the REM. The test yielded a p-value of 0.000, which confirms that the REM is superior to the CEM. Based on the results of all three tests, the Random Effect Model (REM) is deemed the most suitable model for this study.

Table 3. Hypothesis Testing Results

Dependent Variable = TOBINSQ

| Variabel | N | Coefficient | t-Statistic | Prob | Prob(F-statistic) | Adjusted R-squared |
|----------|----|-------------|-------------|----------|-------------------|--------------------|
| C | 79 | -0.006 | -0.190 | 0.858 | | |
| GRI | 79 | 0.071 | 0.364 | 0.734 | | |
| SGR | 79 | 0.216 | 2.633 | 0.058* | | |
| CEOP | 79 | -9.128 | -4.192 | 0.0138** | | |
| GRICEOP | 79 | 12.729 | 4.018 | 0.016** | 0.005 | 0.174 |
| SGRCEOP | 79 | 17.543 | 4.878 | 0.008*** | | |
| FAGE | 79 | -0.005 | -0.415 | 0.700 | | |
| SIZE | 79 | -0.026 | -0.441 | 0.682 | | |
| LEV | 79 | 0.009 | 0.755 | 0.492 | | |

* prob < 0.10; ** prob < 0.05; *** prob < 0.01

Source: Eviews Output, 2025

Based on Table 3, the panel data regression equation can be constructed as follows:

$$TOBINSQ = -0.006 + 0.071*GRI + 0.216*SGR - 9.128*CEOP + 12.729*GRICEOP + 17.543*SGRCEOP - 0.005*FAGE - 0.026*SIZE + 0.009*LEV + e_{it}$$

The regression results using a random effects panel model with robust standard errors on 79 observations from energy sector firms listed on the Indonesia Stock Exchange during the 2019–2023 period indicate an adjusted R-squared value of 0.174, suggesting that approximately 17.4% of the variation in firm value (Tobin's Q) is explained by the independent, interaction, and control variables included in the model. The probability value of the F-statistic is 0.005, indicating that the model is jointly significant at the 1% level. Thus, the set of explanatory variables collectively explains firm value variation in a statistically significant manner.

The sustainability disclosure variable, as proxied by the Global Reporting Initiative (GRI) index, has a p-value of 0.734, which exceeds the conventional significance thresholds of 1%, 5%, and 10%. Therefore, Hypothesis 1 (H1) is not supported in this study. Meanwhile, the Sustainable Growth Rate (SGR) variable yields a p-value of 0.058, which is significant at the 10% level, supporting Hypothesis 2 (H2). The CEO power (CEOP) variable, measured using CEO ownership, has a significant adverse effect on firm value, with a p-value of 0.014, meeting the 5% significance level. The negative coefficient indicates that greater CEO ownership is associated with lower firm value, contradicting the initial theoretical expectation of a positive effect. Hence, Hypothesis 3 (H3) is not supported due to the inverse relationship observed.

The interaction term between sustainability disclosure (GRI) and CEO power (GRICEOP) is statistically significant ($p = 0.016$) at the 5% level. It has a positive coefficient, indicating that CEO ownership strengthens the positive relationship between GRI disclosure and firm value. Thus, Hypothesis 4 (H4) is supported. Furthermore, the interaction between SGR and CEO power (SGRCEOP) is the most significant in the model, with a p-value of 0.008, statistically significant at the 1% level. This result confirms that Hypothesis 5 (H5) is supported, implying that CEO power positively moderates the relationship between sustainable growth and firm value.

Regarding control variables, firm age (FAGE), firm size (SIZE), and leverage (LEV) are all found to be statistically insignificant, with p-values of 0.700, 0.682, and 0.492, respectively. This suggests that, in the context of Indonesia's energy sector, traditional firm characteristics – such as size, age, and capital structure – are not the dominant determinants of firm value. This can be attributed to the capital-intensive nature of the industry, its high exposure to external volatility, and its dependence on government regulations and global commodity price dynamics.

The results suggest that CEO power plays a strategic role in enhancing corporate sustainability efforts, both in terms of disclosure and internal growth. However, CEO ownership alone, without a precise alignment to sustainability strategies, may have a detrimental effect on firm value. Therefore, the synergy between managerial ownership and sustainability strategy is essential for creating and enhancing long-term firm value in Indonesia's energy sector.

Discussion

Hypothesis 1 (H1) posits that Sustainability Report Disclosure (GRI) has a positive effect on firm value. However, the regression results show that the GRI variable has a positive but statistically insignificant coefficient of 0.071 ($p = 0.734$). This finding suggests that, although theoretically sustainability disclosure should send a positive signal to the market and enhance firm value, such an effect is not observed in practice among energy sector firms in Indonesia. According to stakeholder theory (Hörisch et al., 2020) Transparency toward stakeholders should increase trust and enhance the firm's reputation, ultimately creating value. Nevertheless, the results appear more consistent with legitimacy theory. (Sampong et al., 2018) This suggests that sustainability reporting may be used as a symbolic tool to gain social acceptance without being truly integrated into corporate strategy.

The weak impact may be explained by the relatively moderate GRI disclosure level, with firms disclosing only an average of 54.15% of the total GRI indicators. This implies that most firms in the sample still present uninformative reports and have not yet adopted sustainability reporting as a strategy for value creation. This is consistent with (Widyastuti, 2021) Who found that ESG disclosure in Indonesia remains a secondary concern among investors due to poor information quality and the absence of robust external oversight standards. (Suharyono & Zarefar, 2024) It was also emphasized that the effectiveness of sustainability disclosure in influencing firm value strongly depends on internal management support, especially in developing countries like Indonesia, where sustainability regulations remain weak. Consequently, current GRI disclosures in Indonesia are not yet sufficiently credible to influence market perceptions. They will only become effective if supported by high-quality reporting, robust regulatory frameworks, and increased ESG literacy among domestic investors.

Hypothesis 2 (H2) proposes that Sustainable Growth Rate (SGR) has a positive effect on firm value. The regression results indicate that SGR has a positive coefficient of 0.216 and is statistically significant at the 10% level ($p = 0.058$). This suggests that firms capable of financing internal growth without relying on external funding are more likely to be valued higher by the market. This finding aligns with stakeholder theory, which emphasizes that sustainable and stable growth reflects a firm's responsibility not only to shareholders but also to employees, communities, and the environment.

Internally financed growth reflects operational efficiency, earnings stability, and long-term viability – qualities highly valued by investors. This is reinforced by Rinaldo, who found a positive relationship between SGR and firm value in capital-intensive sectors. Similarly, studies by Listiani and Supramono (2020) and Sutjiati (2017) have demonstrated that firms with consistent internal growth performance tend to exhibit better market performance than those that rely on debt financing. However, the 10% significance level also suggests that Indonesia's capital market has not fully recognized sustainable growth as a key valuation metric. The limited sustainability literacy and lack of awareness among domestic investors regarding non-financial

indicators, such as SGR, may contribute to this situation. (Widyastuti, 2021). In contrast, investors in developed countries pay greater attention to sustainability indicators such as organic growth, resource efficiency, and profit reinvestment when assessing long-term firm value.

Hypothesis 3 (H3) posits that CEO power has a positive effect on firm value. However, the regression results reveal a significant adverse effect of CEO power (CEOP) at the 5% level (coefficient = -9.128; $p = 0.0138$). This contradicts the expectations of agency theory. (Jensen & Meckling, 2012), which suggests that managerial ownership aligns interests between managers and shareholders (alignment of interest), thereby motivating decisions that enhance firm value. In the context of emerging markets like Indonesia, where average CEO ownership is extremely low (less than 1%), such small equity stakes may signal weak long-term financial incentives or low alignment between the interests of the CEO and those of the company. When ownership is too minimal, CEOs retain managerial power without sufficient economic motivation to prioritize long-term firm value. This opens the door to agency problems, as CEOs may act in their own interest, such as preserving their position, engaging in excessive risk-taking, or avoiding transparency. (Jensen & Meckling, 2012).

This finding is consistent with (Fadilah & Venusita, 2024) It has been noted that low CEO ownership in Indonesian public firms does not sufficiently encourage value-enhancing behavior. Moreover, Indonesia's concentrated ownership structure, often dominated by family or controlling shareholders, limits the CEO's role to that of a professional manager rather than an owner with a long-term strategic vision. This contrasts with developed markets like the US and the UK, where CEO equity ownership is typically more substantial and is often incorporated into long-term incentive schemes. In this context, the adverse effect of CEOP may reflect the weaknesses of the corporate governance system, which fails to provide effective incentive structures and monitoring mechanisms. As a result, CEO power without substantial ownership may increase the risk of interest misalignment between management and capital owners.

Hypothesis 4 (H4) posits that CEO power amplifies the impact of sustainability disclosure on firm value. The results show that the interaction term (GRICEOP) has a positive and statistically significant coefficient of 12.729 ($p = 0.016$), indicating significance at the 5% level. This implies that CEOs who hold even a small share of equity and actively engage in sustainability reporting can strengthen the positive impact of such disclosure on firm value. It emphasizes that the credibility of sustainability reporting depends heavily on the communicator's ability to convey it effectively.

Within the stakeholder theory framework (Hörisch et al., 2020) Stakeholders' trust in corporate information depends on their perception of the communicator's integrity and commitment. If the CEO of the firm's strategic actor is directly involved in disclosure, then the sustainability report is viewed as more credible, rather than

merely a regulatory compliance measure. Legitimacy theory also explains that symbolic actions, such as sustainability reporting, only generate impact when accompanied by personal and organizational legitimacy, which can be demonstrated through CEO equity ownership and a commitment to sustainability as part of the business strategy. This finding aligns with (Suharyono & Zarefar, 2024; Widyastuti, 2021) who observed that top management support significantly enhances the effectiveness of sustainability practices in influencing market value. In Indonesia, where sustainability disclosure is often perceived as symbolic, even a small equity stake held by the CEO may serve as a signal that the disclosure is part of a long-term strategic orientation rather than mere compliance. Therefore, the role of the CEO as a quasi-moderator strengthens the link between sustainability and value, particularly in the energy sector, which is under growing global pressure to transition toward sustainability.

Hypothesis 5 (H5) posits that CEO power amplifies the impact of sustainable growth on firm value. This interaction term (SGRCEOP) exhibits the strongest significance in the model, with a coefficient of 17.543 and a p-value of 0.008, which is significant at the 1% level. This suggests that internally generated growth is more highly valued by the market when the CEO also holds shares, reflecting a commitment to and long-term incentives. According to stakeholder theory (Hörisch et al., 2020) Managerial actions supported by ownership are considered more credible and reflect a genuine commitment to creating long-term value for all stakeholders, including shareholders, employees, communities, and the environment. CEO involvement in ownership enhances market perceptions that growth is part of an integrated, long-term strategy, rather than merely short-term outcomes. This is consistent with findings by (Rinaldo, 2022; Sutjiati, 2017) Research has found that CEOs who actively support internal growth significantly enhance firm value by sending positive signals to investors. In emerging markets like Indonesia, where average CEO ownership remains below 1%, even small equity stakes serve as a strategic signal, reinforcing the credibility of growth strategies.

Agency theory (Jensen & Meckling, 2012) suggests that managerial ownership reduces agency conflicts by aligning incentives. When sustainable growth is combined with CEO ownership, this alignment becomes stronger. This finding is also supported by Kuzey & Uyar (2017), who found that firms in emerging markets that combine internal growth with strategic leadership tend to have superior market performance. Therefore, in the context of the Just Energy Transition Partnership (JETP) and the increasing investment in green energy in Indonesia's energy sector, the CEO's role in championing sustainable growth strategies is vital and receives positive recognition from the market.

CONCLUSION

Based on the result and discussion, it can be concluded that sustainability disclosure (GRI) does not have a significant impact on firm value. Although

stakeholder theory posits that transparent sustainability reporting can foster trust and legitimacy among stakeholders, the data reveal that in Indonesia, the average level of disclosure remains relatively low (54.15%) and lacks complete standardization. This suggests that sustainability reports are often perceived as a formality or merely a means of compliance with regulations, rather than a strategic tool to influence investor perception and enhance firm value.

In contrast, sustainable growth (SGR) has a positive and statistically significant effect on firm value at the 10% significance level. This finding suggests that investors respond favorably to companies that can grow efficiently through internal financing without increasing their debt burdens. It reinforces the role of SGR as an indicator reflecting long-term business continuity and sound managerial performance, aligning with stakeholder expectations for corporate stability and accountability to all interested parties.

Surprisingly, CEO power (CEOP) demonstrates a significant negative impact on firm value. This finding contradicts both agency and stakeholder theories, which suggest that CEOs with equity ownership are more likely to act in alignment with the company's long-term interests. The extremely low average CEO ownership (<1%) in the sample indicates that financial incentives are insufficient to align interests, potentially increasing the risk of agency conflicts, particularly in firms with concentrated ownership structures.

Interestingly, CEO power strengthens the effect of both GRI and SGR on firm value when acting as a moderating variable. The interaction terms between CEOP and both GRI and SGR yield positive and statistically significant results. This suggests that although CEOP alone has an adverse effect, the CEO's equity involvement sends a positive signal to the market, indicating that the commitment to sustainability and internal growth is not merely symbolic but part of a serious long-term strategic direction. In this context, CEOP acts as a *quasi-moderator*, capable of reversing the adverse direct effect when combined with effective sustainability strategies.

Overall, this study demonstrates that the success of sustainability strategies in creating firm value does not rely solely on the quality of reporting or growth performance, but also critically depends on *who* drives the strategic decisions. In emerging markets like Indonesia, the presence of CEOs with even minimal equity ownership can serve as a key factor in convincing investors of the firm's credibility and long-term orientation towards sustainability.

Reference :

- Amouzesh, N., Zahra, M., & Zahra, M. (2015). Sustainable Growth Rate and Firm Performance: Evidence From Iran Stock Exchange. *International Journal of Business and Social Science*, 23(2), 249-255.
https://ijbssnet.com/journals/Vol_2_No_23_Special_Issue_December_2011/30.pdf
- Ariesa, Y., Putra Hulu, W., antonio, K., & Prima Indonesia, U. (2023). The Effect of Sustainable Growth Rate, Research and Development on Company Value Through Variable Moderating Profitability in Start Up Companies in The World Pengaruh Sustainable

- Growth Rate, Research and Development Terhadap Nilai Perusahaan Melalui Vari. Management Studies and Entrepreneurship Journal, 4(2), 1858–1870. <http://journal.yrpiipku.com/index.php/msej>
- Astuti, M. (2024). The Effect of Sustainability Report Disclosure on Company Value 2017-2019 (The Effect of Sustainability Report Disclosure on Firm Value). Budapest International Research and Critics Institute-Journal (BIRCI-Journal), 7(2), 371–388. <https://doi.org/https://doi.org/10.33258/birci.v7i2.7889>
- Deegan, C. (2004). Environmental disclosures and share prices - A discussion about efforts to study this relationship. Accounting Forum, 28(1), 87–97. <https://doi.org/10.1016/j.accfor.2004.04.007>
- Donaldson, T., & Preston, L. E. (1995). The Stakeholder Theory of the Corporation: Concepts, Evidence and Implications. Academy of Management Review, 20(1), 65–91. <https://doi.org/10.3138/9781442673496-011>
- Elbardan, H., Uyar, A., Kuzey, C., & Karaman, A. S. (2023). CSR reporting, assurance, and firm value and risk: The moderating effects of CSR committees and executive compensation. Journal of International Accounting, Auditing and Taxation, 53(September), 100579. <https://doi.org/10.1016/j.intaccaudtax.2023.100579>
- Fadilah, S. N., & Venusita, L. (2024). CEO Power dalam Kaitannya dengan Nilai Perusahaan. Jurnal Akuntansi AKUNESA, 12(3), 226–236. <https://doi.org/10.26740/akunesa>
- Fan, J. P. H., & Wong, T. J. (2002). Corporate ownership structure and the informativeness of accounting earnings in East Asia. Journal of Accounting and Economics, 33, 401–425. [https://doi.org/https://doi.org/10.1016/S0165-4101\(02\)00047-2](https://doi.org/https://doi.org/10.1016/S0165-4101(02)00047-2)
- Gumanti, T. A. (2012). Teori Sinyal Dalam Manajemen Keuangan. Manajemen Usahawan Indonesia, 38(December 2014), 0–29.
- Hörisch, J., Schaltegger, S., & Freeman, R. E. (2020). Integrating stakeholder theory and sustainability accounting: A conceptual synthesis. Journal of Cleaner Production, 275. <https://doi.org/10.1016/j.jclepro.2020.124097>
- Jensen, M., & Meckling, W. (2012). Theory of the firm: Managerial behavior, agency costs, and ownership structure. The Economic Nature of the Firm: A Reader, Third Edition, 283–303. <https://doi.org/10.1017/CBO9780511817410.023>
- Kuzey, C., & Uyar, A. (2017). Determinants of sustainability reporting and its impact on firm value: Evidence from the emerging market of Turkey. Journal of Cleaner Production, 143, 27–39. <https://doi.org/10.1016/j.jclepro.2016.12.153>
- Listiani, N., & Supramono, S. (2020). Sustainable Growth Rate: Between Fixed Asset Growth and Firm Value. Management and Economics Review, 5(1), 147–159. <https://doi.org/10.24818/mer/2020.06-12>
- Manisa, D. E., & Defung, F. (2018). Pengaruh Pengungkapan Sustainability Report terhadap Kinerja Keuangan Perusahaan Infrastruktur yang Terdaftar di Bursa Efek Indonesia. Forum Ekonomi, 19(2), 174. <https://doi.org/10.29264/jfor.v19i2.2124>
- Morck, R., Shleifer, A., & Vishny, R. W. (1988). Management ownership and market valuation. An empirical analysis. Journal of Financial Economics, 20(C), 293–315. [https://doi.org/10.1016/0304-405X\(88\)90048-7](https://doi.org/10.1016/0304-405X(88)90048-7)
- Pusdatin ESDM. (2020). Inventarisasi Emisi GRK Bidang Energi.
- Rinaldo, A. (2022). Pengaruh Sustainable Growth Rate dan Intellectual Capital Terhadap Nilai Perusahaan: Studi Pada Perusahaan Indeks Sri Kehati Periode 2016-2020. Program Pascasarjana Magister Ilmu Administrasi Fakultas Ilmu Sosial Dan Ilmu Politik Universitas Lampung, 2020. <https://digilib.unila.ac.id/63450/3/3> TESIS FULL TANPA BAB PEMBAHASAN.pdf
- Sampong, F., Song, N., Boahene, K. O., & Wadie, K. A. (2018). Disclosure of CSR performance and firm value: New evidence from South Africa on the basis of the GRI guidelines for sustainability disclosure. Sustainability (Switzerland), 10(12). <https://doi.org/10.3390/su10124518>

- Sevnia, R., & Mulyani, S. D. (2023). Pengaruh Pengungkapan Sustainability Report, Kinerja Lingkungan, Dan Struktur Modal Terhadap Nilai Perusahaan Dengan Ukuran Perusahaan Sebagai Variabel Moderasi. *Jurnal Ekonomi Trisakti*, 3(2), 3813–3822. <https://doi.org/10.25105/jet.v3i2.18195>
- Sudana, I. M., & Aristina, N. P. N. (2017). Chief Executive Officer (Ceo) Power, Ceo Keluarga, Dan Nilai Ipo Premium Perusahaan Keluarga Di Indonesia. *Jurnal Akuntansi*, 21(2), 219. <https://doi.org/10.24912/ja.v21i2.196>
- Suharyono, S., & Zarefar, A. (2024). Sustainability Disclosure And Firm Performance: The Role Of CEO Power As Moderation. *ABEC*. <https://doi.org/10.4108/eai.21-9-2023.2342974>
- Sutjiati, R. (2017). Role of sustainable growth rate to increase company's value. *Proceeding 14th International Annual Symposium on Management Tanjung Pinang, Riau Islands, Indonesia March 3rd-4rd, 2017*, 53(9), 1689–1699.
- Triyani, A., Setyahuni, S. W., & Kiryanto, K. (2020). The Effect Of Environmental, Social and Governance (ESG) Disclosure on Firm Performance: The Role of Ceo Tenure. *Jurnal Reviu Akuntansi Dan Keuangan*, 10(2), 261. <https://doi.org/10.22219/jrak.v10i2.11820>
- Widyastuti, L. (2021). Hubungan Pengungkapan Corporate Social Responsibility (CSR) Terhadap Nilai Perusahaan Dengan Earnings Management Sebagai Variabel Moderasi (Studi Pada Perusahaan Manufaktur yang Terdaftar di BEI Tahun 2016-2019). *Fakultas Ekonomi Dan Bisnis Universitas Gadjah Mada*, 6.