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The Effect of Sustainability Reporting and Foreign Ownership on Firm Value: the Mediating Role of Financial Performance

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ABSTRACT: This research examines the impact of sustainability reporting and foreign ownership on firm value, with financial performance as a mediating variable, in manufacturing companies listed on the Indonesia Stock Exchange (IDX). Utilizing a quantitative approach, the study employs purposive sampling to select 16 companies within 5 years observations. Data analysis is conducted using multiple linear regression and path analysis. The findings indicate that only foreign ownership significantly influences financial performance, measured by Return on Assets (ROA), while sustainability reporting show no effect. Additionally, sustainability reporting does not affect firm value, whereas foreign ownership and financial performance (ROA) have a significant impact. Mediation analysis reveals that financial performance mediates the relationship between foreign ownership and firm value but does not mediate the effect of sustainability reporting on firm value.

KEYWORDS: Sustainability reporting, Foreign Ownership, Firm Performance, Firm Value

I. INTRODUCTION

Firm value is an important indicator for investors in investing their capital, because it reflects the sustainability and prospects of the company in the future. A company with a high value shows the ability to provide optimal profits, while a low value can raise investors' concerns about investment risk. For investors, careful evaluation and analysis before investing is crucial, considering that the higher the value of the company, the less risk it bears (R.D.P et al., 2022; Parrino et al., 2022; Mudjijah, 2019). Profitability is one of the important aspects that affect firm value in a competitive business competition. According to Fernando & Setiawan (2021) and Gustyana et al. (2021), profitability is the company's ability to generate profits in the long term. Companies that can generate significant profits consistently every year tend to have higher company values. Research by Karyatun & Ardhana (2022) and Setiawan & Venona (2023) shows that there is a positive relationship between profitability (ROA) and firm value (Tobins'Q). This confirms that good financial performance has a direct impact on market perception and increases firm value.

In Indonesia, Law No. 32 of 2009 on Environmental Protection and Management requires companies to carry out social and environmental responsibilities, supported by Law No. 40 of 2007 which requires disclosure of social responsibility in financial reports. Sustainability reporting is important to report economic, social, and environmental activities, and strengthen trust with stakeholders (Shafina et al., 2021). Disclosure of sustainability reports has increased globally, several studies show that increased disclosure of sustainability reports is positively related to firm value (Budiana & Budiasih, 2020; Jawas & Sulfitri, 2022; Lovely Sanjaya Putra & Irene Natalia, 2023; Roro Dyah Puspita Sari et al., 2022). However, several studies have also found that sustainability reporting has no significant effect on firm value (Amin et al., 2023; Febriyanti, 2021; Mendra et al., 2021; Nur Ratih Widya Ningrum et al., 2021).

Foreign ownership is considered as one of the determinants of firm value stability. According to Sadya (2022), Indonesia is the country with the second largest foreign investment in Southeast Asia in 2021, which provides benefits for investors and the economy. High foreign ownership in a company can increase investor confidence in company performance, reduce the opportunistic potential of managers, and increase management efficiency, which has a positive impact on firm value (Ramadhani Arum & Andayani Sari, 2024; Roberto Hendratno & Wisnu Mawardi, 2021; Santoso & Muda, 2020). Other studies show mixed results on the impact of foreign ownership on firm value. Rahayu & Wirakusuma (2019) found that foreign ownership has a positive effect on the value of manufacturing companies on the IDX as measured by Tobin's Q, due to the ability of foreign investors to assess and supervise management. However, Haryo Suparmun (2019) revealed that foreign ownership has no significant effect on firm value with Price to Book Value (PBV) as a proxy.

This study will analyzing the effect of sustainability reporting and foreign ownership on firm value in the manufacturing sector, where this sector is the main driver of Indonesia's economic growth, contributing more than 19% to national GDP in 2024 and becoming one of the largest sectors in the capital market. The Indonesian government targets to increase the sector's contribution to 20% through optimization, efficiency, and foreign investment. Foreign investors play a role in improving corporate governance and efficiency through international standards. In addition, Indonesia's manufacturing industrial confidence index (IKI) and Purchasing Manager's Index (PMI) show an expansion trend for 20 consecutive months until 2023, reflecting the optimism and stability of the sector (source: Indonesia.go.id, January 26, 2024). Thus, the manufacturing sector is a relevant object of study in analysing firm value and the factors that influence it.

II. LITERATURE REVIEW AND RESEARCH HYPOTHESIS

A. Sustainability Reporting and Firm Performance

Stakeholder theory posits that stakeholders perceive sustainability reporting to assess company performance. Strong stakeholder relationships and trust enhance investment potential, productivity, and sales, ultimately improving profitability and financial performance (Sabrina & Lukman, 2019). Thus, business sustainability is influenced not only by profitability but also by the company's ability to meet stakeholder expectations. Empirical findings by Sholikhah & Khusnah (2020) indicate that sustainability reporting positively impacts financial performance, measured by Return on Assets (ROA). Similarly, Yulianty & Nugrahanti (2020) highlight the significant positive effect of the economic dimension in sustainability reporting on ROA. However, studies by Wartabone et al. (2023) and Pratiwi et al. (2022) suggest that social performance disclosure in sustainability reports does not significantly influence financial performance. Referring to the proposition of previous research, a research hypothesis can be formulated, namely:

H1: Sustainability reporting affects firm performance

B. Foreign Ownership and Firm Performance

Agency theory explains that conflicts between shareholders and managers can reduce company performance, but if managed properly, company performance tends to increase. Foreign ownership is often accompanied by the appointment of foreign representatives in strategic positions, which can help resolve agency conflicts through more transparent and shareholder-oriented management standards (R. Sari & Artikle, 2020). In addition, foreign ownership contributes positively to company profitability because it brings experience, managerial expertise, and significant capital (Mallinguh et al., 2020). Previous research also shows that companies with foreign ownership, especially from the USA and Europe, tend to be more profitable than domestic companies (Grasseni, 2010). Referring to the proposition of previous research, a research hypothesis can be formulated, namely:

H2: Foreign Ownership affects firm performance

C. Sustainability Reporting and Firm Value

Sustainability reporting is a report that integrates economic, environmental, and social aspects as a form of commitment to sustainable development. This report not only complements financial reporting but also improves the company's image in the eyes of investors, thereby attracting more investment and strengthening business sustainability in the future (Pramita et al., 2021). Empirical research shows that sustainability reporting has a positive effect on firm value. Jawas & Sulfitri (2022) and Pramita et al. (2021) found that sustainability reports have a significant impact on firm value. Similar results were reported by Pujiningsih (2020), who emphasized that sustainability reporting increases firm value. In addition, Hilwa (2020) showed that sustainability reporting has a simultaneous influence on firm value, emphasizing its role in creating long-term value. Referring to the proposition of previous research, a research hypothesis can be formulated, namely:

H3: Sustainability Reporting affects firm value

***D.* Foreign Ownership and Firm Value**

Foreign ownership in the company plays a role in improving management oversight and information transparency to stakeholders (Wardoyo et al., 2022). Foreign shareholders who have stable and long-term ownership have been shown to have a positive impact on firm value (Santoso & Muda, 2020). In addition, the proportion of foreign ownership contributes to the effectiveness of management monitoring, which leads to an increase in firm value (Roberto Hendratno & Wisnu Mawardi, 2021). Other studies also support this finding, where foreign shareholders bring valuable knowledge and experience, thus increasing firm value (Ramadhani & Andayani, 2024). Referring to the proposition of previous research, a research hypothesis can be formulated, namely:

H4: Foreign Ownership affects firm value

E. Firm Performance and Firm Value

Return on Assets (ROA) is a profitability ratio that measures the company's effectiveness in generating profits through asset management (Rifqiah, 2020). A high ROA shows the productivity of assets in creating net income, thereby increasing the attractiveness of the company to investors. An increase in ROA contributes to an increase in company value, considering that the company's ability to utilize assets greatly affects market value (Mumtazah & Purwanto, 2020). In the context of Signaling Theory, financial reports that show good financial performance serve as a positive signal to investors. Companies with high ROA indicate good financial prospects, attract investment interest, and increase company value. This finding is supported by Anggraini & Rahayu (2020) and Jawas & Sulfitri (2022) research, which shows that ROA has a significant and positive effect on firm value). Referring to the proposition of previous research, a research hypothesis can be formulated, namely:

H5: Firm performance affects firm value

F. Firm Performance mediates the effect of Sustainability Reporting on Firm value

Financial performance acts as a mediating variable in the relationship between sustainability reporting and firm value (Sholikhah & Khusnah, 2020). This finding is in line with Utami & Muslichah's (2019) research, which shows that financial performance can mediate the relationship between economic sustainability and firm value. Based on the Variance Accounted For (VAF) analysis, the mediation that occurs is partial, indicating that economic sustainability still has a direct influence on firm value without having to go through financial performance. In addition, the economic sustainability implemented by the company can increase stakeholder confidence, attracting investor interest. Referring to the proposition of previous research, a research hypothesis can be formulated, namely:

H6: Firm performance mediates the effect of sustainability reporting on firm value

G. Firm Performance mediates the effect of Sustainability Reporting on Firm value

Research on financial performance proxied by profitability is still limited. P. R. Sari & Purwanti (2024) found that profitability acts as an indicator of the company's ability to generate profits and is often used to bridge the influence of ownership structure-managerial, institutional, and foreign-on firm value. However, the results showed that profitability could not mediate the relationship between the three ownership structures and firm value. This indicates that managerial, institutional, and foreign shareholders do not always make profitability the only main factor in making investment decisions. This finding is consistent with the research of Nurkhin et al. (2017), which also concluded that profitability is unable to mediate the relationship between managerial ownership and firm value. Referring to the proposition of previous research, a research hypothesis can be formulated, namely:

H7: Firm performance mediates the effect of sustainability reporting on firm value

Based on the research hypothesis formulation, the research conceptual framework can be described as follows:

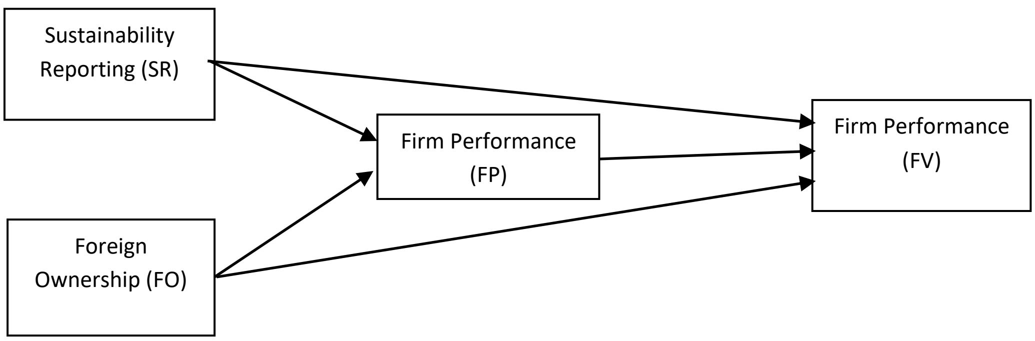

Figure 1: Integrated Research Model (Developed by the author, 2025)

III. RESEARCH METHOD

This research uses a quantitative approach with an explanatory research design that explains the causal relationship between independent variables including sustainability reporting (SR) and foreign ownership (FO) and the dependent variable, namely firm value (FV), with financial performance (FP) as a mediating variable. The population of this study are manufacturing companies listed on the Indonesia Stock Exchange for the 2019-2022 period. By using purposive sampling technique, 14 companies were obtained that met the criteria as samples in the study, with an observation period of 5 years, 70 observation data were obtained from the annual reports and sustainability reports of the selected companies.

The data analysis technique used in this research is multiple regression analysis using SPSS software. The analysis model can be explained as follows:

Y1 (FP): α +β1 (SR) + β2 (FO) + ∑ei Equation (1)
Y2 (FV): α +β3 (SR) + β4 (FO) + β5 (ROA) + ∑ei Equation (2)
Description:
Y1 (FP) : Firm Performance (ROA)
Y2 (FV) : Firm Value (Tobins'Q)
SR : Sustainability Reporting
FO : Foreign Ownership
B1-β5 : Regression Coefficient
α : Constant

For more detail, the variable measurements can be explained in table 1 below:

Table 1: Variables Measurement

Variable	Description	Notation
Dependent Variabel		
Firm Value (FV)	Market Value of Equity (MVE) + Liability / total Assets	Tobins'Q
Independent Variable		
Sustainability Reporting	Ratio sustainability disclosure / total maximum disclosure	SR
Foreign Ownership (FO)	Ratio Total Shares owned by foreigners/ Total shares outstanding	FO
Mediation Variable		
Firm Performance (FP)	Net income / total assets	ROA

Source: Data Processed, 2025

IV. RESULT

A. Descriptive statistics

Table 2: Descriptive statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
SR	80	0,308	0,897	0,562	0,134
FO	80	0,001	0,941	0,347	0,341
FP	80	0,001	41,621	8,006	9,945
FV	80	0,476	12,917	2,548	2,753

Source: Data Processed, 2025

Based on Table 2, the average value of the dependent variable, firm value as measured by Tobin's Q, is 2.548, with a standard deviation of 2.753. The minimum value of 0.476 and the maximum value of 12.917 indicate that some firms have a significantly higher market value compared to their book value. For the independent variables, the average sustainability reporting (SR) score is 0.562, with a standard deviation of 0.134. The minimum value of 0.308 and the maximum value of 0.897 suggest considerable variation in sustainability reporting practices among the sampled firms. Similarly, foreign ownership (FO) exhibits an average value of 0.347 with a standard deviation of 0.341. The minimum value of 0.001 and the maximum value of

0.941 highlight the presence of firms with minimal foreign ownership, while others are nearly entirely owned by foreign investors.

Regarding the mediating variable, financial performance (FP), the average Return on Assets (ROA) is 8.006, with a standard deviation of 9.945, reflecting substantial variation in firms' financial performance. The minimum value of 0.001 and the maximum value of 41.621 indicate that while some firms demonstrate high efficiency in utilizing their assets to generate profits, others exhibit considerably lower efficiency.

B. Hypothesis Test Result

This research employs a t-test to determine whether each independent variable has a significant partial effect on the dependent variable. As presented in Table 3, sustainability reporting (SR) does not significantly influence financial performance (FP), as indicated by a significance value of 0.580 (> 0.05). In contrast, foreign ownership (FO) has a positive and significant effect on financial performance (FP), with a significance value of 0.000 (< 0.05).

Furthermore, sustainability reporting (SR) does not have a significant impact on firm value (FV), as evidenced by a significance value of 0.494 (> 0.05). Conversely, foreign ownership (FO) exerts a positive and significant influence on firm value (FV), with a significance value of 0.009 (< 0.05). Additionally, financial performance (FP) positively affects firm value (FV), as reflected by a significance value of 0.000 (< 0.05).

Table 3: Multiple Regression Analysis Result

Relationship	Standardized Coefficients Beta	t	Sig	Description
SR- FP	-0,054	-0,556	0,580	Not Significant
FO - FP	0,529	5,492	0,000	Significant
SR- FV	0,044	0,687	0,494	Not Significant
FO - FV	0,205	2,691	0,009	Significant
FP - FV	0,702	9,206	0,000	Significant

Source: Data Processed, 2025

Furthermore, this research examines both direct and indirect effects to determine which variable has the most significant influence on firm value. Based on the results of the path analysis model, the calculation of indirect effects and the total effects of each variable under investigation is presented in Table 4.

Table 4: Indirect Effect and Total Effect

Influence Type	Variable Relationship	Standardized Coefficients Beta
Direct Effect (DE)	SR- FV	0,044
	FO - FV	0,205
	FP - FV	0,702
Indirect Effect (IE)	SR- FP - FV	-0,038
	FO - FP -FV	0,371
Total Effect	SR- FP - FV	0,007
	FO - FP -FV	0,576
Indirect Relationship Result	SR- FP - FV	IE < DE
	FO - FP -FV	IE > DE

Source: Data Processed, 2025

C. DISCUSSION

1. Sustainability Reporting and Firm Performance

The findings of this research indicate that sustainability reporting does not significantly influence financial performance, as measured by profitability (ROA), leading to the rejection of the first hypothesis (H1). This result aligns with previous research (Mengko et al., 2022; Putra & Natalia, 2023), which suggests that sustainability disclosure does not necessarily enhance corporate profitability. Stakeholders tend to prioritize tangible actions over the mere publication of sustainability reports, which are often perceived as supplementary information with limited impact on strategic business decisions.

Moreover, these findings contradict stakeholder theory and several prior studies (Aydoğmuş et al., 2022; Dincer et al., 2023; Khunkaew et al., 2023; Sholikhah & Khusnah, 2020; Yulianty & Nugrahanti, 2020), which have found that sustainability reporting positively affects corporate profitability. This discrepancy may stem from the capital-intensive nature of the manufacturing industry, where the impact of sustainability initiatives on asset management efficiency and profit generation takes longer to materialize. Furthermore, the limited stakeholder awareness of sustainability reports and the tendency of companies to focus more on regulatory compliance rather than integrating sustainability into their core business strategy may hinder the positive effects of sustainability reporting on financial performance. Consequently, while sustainability reporting plays a role in enhancing transparency and accountability, its effectiveness in improving profitability depends on the extent to which companies strategically implement and utilize it.

2. Foreign Ownership and Firm Performance

The findings of this research indicate that foreign ownership has a positive and significant effect on financial performance, as proxied by profitability (ROA), with a significance value of 0.000 (< 0.05), leading to the acceptance of the second hypothesis (H2). The average foreign ownership in Indonesian manufacturing firms is recorded at 35%, suggesting that the presence of foreign investors in the ownership structure contributes to improved asset management efficiency, ultimately enhancing profitability. With a relatively substantial proportion of foreign ownership, its influence on corporate policies and managerial practices becomes more pronounced in driving financial performance improvements.

These results are consistent with previous studies (R. Sari & Artikle, 2020), which found that foreign ownership positively affects financial performance, as measured by Return on Assets (ROA). Foreign investors often possess superior managerial expertise and greater access to capital, enabling firms to implement more effective financial strategies. Their involvement allows companies to enhance competitiveness through improved corporate governance practices and greater operational efficiency. However, these findings contradict those of Ivan & Raharja (2021), who argued that foreign ownership does not significantly impact financial performance. In the context of Indonesia, the positive effect of foreign ownership on financial performance underscores the critical role of foreign investors in enhancing the competitiveness of domestic firms, particularly in the manufacturing sector, which demands high levels of efficiency. Therefore, the presence of foreign investors not only provides capital but also introduces more professional management practices and competitive business strategies, ultimately contributing to increased corporate profitability.

3. Sustainability Reporting and Firm Value

The findings of this research indicate that sustainability reporting does not significantly influence firm value, as proxied by Tobin's Q, with a significance value of 0.494 (> 0.05), leading to the rejection of H3. This result is consistent with previous studies (Octalia & Retnani, 2024; Putra & Natalia, 2023), which suggest that investors in Indonesia prioritize financial returns over sustainability disclosures. This implies that sustainability reporting has not yet become a key determinant in investors' assessments of firm value. Additionally, these findings align with those of Nur Ratih Widya Ningrum et al. (2021), who assert that sustainability disclosure does not have a significant impact on firm value. While sustainability reporting reflects a company's commitment to economic, environmental, and social aspects, its effects are more long-term and may not be immediately apparent. From an agency theory perspective, sustainability reporting may be perceived as an additional cost burden that does not directly benefit shareholders, while management may gain from enhanced personal reputation. Moreover, the tendency of domestic investors to focus on short-term financial gains further limits the influence of sustainability reporting on firm value.

However, these findings contradict previous studies (Dincer et al., 2023; Khunkaew et al., 2023; Rochmah et al., 2021; Sholikhah & Khusnah, 2020), which found that sustainability reporting positively affects firm value. Based on legitimacy theory, firms need to align with societal norms and expectations to maintain acceptance and long-term survival in the business environment. However, within the context of this study, sustainability reporting has not yet demonstrated a significant impact on firm value, suggesting that market appreciation for sustainability practices in Indonesia requires further time and deeper understanding before yielding a tangible effect on firm value.

4. Foreign Ownership and Firm Value

The research's findings reveal that foreign ownership significantly influences firm value, as proxied by Tobin's Q, with a significance value of 0.009 (< 0.05), leading to the acceptance of the fourth hypothesis (H4). These results align with previous studies (Wardoyo et al., 2022; Rahayu & Wirakusuma, 2019; Rahmayanti & Handoko, 2022; Roberto Hendratno & Wisnu Mawardi, 2021), which assert that foreign ownership plays a crucial role in enhancing firm value. With an average foreign ownership of 33% among the sampled firms, the presence of foreign investors has been shown to contribute significantly to strengthening market perceptions of firm value. Beyond providing additional capital, foreign investors also drive the implementation of better corporate governance practices, enhance operational efficiency, and increase accountability. These findings support the argument that firms with higher levels of foreign ownership tend to adopt more disciplined and strategic managerial approaches, ultimately leading to improved performance and competitiveness in the capital market. As investor confidence rises, firms with greater foreign ownership are generally perceived as more stable and promising in the long run.

According to Djuitaningsih and Ristiawati (2015), as cited in Rahayu & Wirakusuma (2019), firms with a dominant foreign ownership structure exhibit stricter managerial control and greater operational discipline. Foreign investors are also considered more adept at assessing a company's potential and directing business strategies toward increased competitiveness. Therefore, their presence in the ownership structure provides substantial added value, both in terms of financial performance and corporate reputation in the capital market.

5. Firm Performance and Firm Value

The research's findings indicate that financial performance, as proxied by Return on Assets (ROA), has a positive effect on firm value, as measured by Tobin's Q, with a significance value of 0.000 (< 0.05). Consequently, the fifth hypothesis (H5) is accepted. This result suggests that the more efficiently a company manages its resources to generate profits, the more attractive it becomes to investors. Investors tend to assign higher valuations to firms with strong financial performance, as it reflects their ability to generate sustainable earnings. These findings align with agency theory, which posits that strong financial performance reduces conflicts of interest between management and shareholders, thereby enhancing investor confidence. Additionally, the results are consistent with previous studies (Setiawan & Venona, 2023; Walkomaroh & Rosini, 2022), which demonstrate that profitability positively contributes to firm value. A higher return on invested assets leads to greater net profits, ultimately enhancing firm value. Moreover, strong financial performance strengthens public confidence in the company, as reflected in rising stock prices.

However, these findings contrast with the results of prior studies (Ramadhana & Januarti, 2022; Syam & Mas'ud, 2022), which suggest that financial performance does not influence firm value. Despite this discrepancy, the present study underscores that financial performance remains a key factor in attracting shareholders and investors. The evaluation of financial performance enables investors to assess a firm's future prospects and make informed investment decisions. Therefore, the stronger a company's financial performance, the higher its perceived value among stakeholders.

6. Firm Performance mediates the effect of Sustainability Reporting on Firm value

The findings of this research indicate that financial performance does not have a direct impact on firm value, nor does sustainability reporting indirectly influence firm value through financial performance. In other words, financial performance does not mediate the relationship between sustainability reporting and firm value, as evidenced by the smaller coefficient of indirect influence compared to the direct effect. Consequently, the sixth hypothesis (H6) is rejected. These results are consistent with previous studies (Yulianty & Nugrahanti, 2020; Anna & Dwi, 2019), which suggest that social sustainability does not always significantly impact firm value through financial performance. These findings suggest that although sustainability reporting reflects a company's commitment to economic, social, and environmental aspects, it does not automatically enhance firm value, either directly or through financial performance. One key reason is that sustainability reporting is often perceived as supplementary information with limited influence on short-term financial or operational decision-making. Investors tend to prioritize primary financial indicators, such as profitability, over sustainability reports, particularly when such reports are not fully integrated into the company's business strategy.

However, these findings contradict prior research (Sholikhah & Khusnah, 2020), which found that financial performance can mediate the relationship between sustainability reporting and firm value. The lack of mediation in this study may be attributed to low investor awareness regarding the importance of sustainability or the minimal integration of sustainability practices into corporate operational strategies. Investors with a short-term financial performance focus may overlook the long-term benefits of sustainability reporting, resulting in its limited impact on enhancing financial performance and firm value.

7. Firm Performance mediates the effect of Foreign Ownership on Firm value

The findings of this research indicate that foreign ownership has both a direct impact on firm value and an indirect effect through financial performance as a mediating variable. The larger coefficient of the indirect effect compared to the direct effect suggests that financial performance partially mediates this relationship. This implies that foreign ownership enhances firm value both directly and through improved financial performance. Additionally, foreign ownership provides intrinsic benefits such as enhanced global reputation, technology transfer, and strengthened corporate governance, all of which contribute directly to firm value. These results align with previous research (Sugosha, 2020), which posits that profitability serves as a bridge in the relationship between ownership structure—including managerial, institutional, and foreign ownership—and firm value. However, this study also highlights that factors beyond profitability influence foreign investors' decisions. Foreign investors are not solely profit-driven; they also consider strategic factors such as corporate stability and long-term market prospects when making investment decisions.

The presence of foreign investors brings various advantages to firms, including greater access to capital, advanced technology, and expanded business networks. These factors contribute to enhanced operational efficiency, profitability, and overall business competitiveness. Furthermore, foreign ownership directly impacts firm value by increasing market confidence, driving stock price appreciation, and attracting additional investors. Therefore, foreign investor involvement not only improves financial performance but also plays a crucial role in directly enhancing firm value.

V. CONCLUSIONS

Based on the analysis of the mediating role of financial performance in the relationship between sustainability reporting and foreign ownership on firm value, this study concludes that sustainability reporting has no significant effect on either financial performance or firm value. These findings indicate that investors tend to prioritize key financial indicators when assessing a company's prospects, while sustainability disclosure is still perceived as supplementary information rather than a primary factor in investment decision-making. Furthermore, the study reveals that foreign ownership has a positive impact on both financial performance and firm value. Additionally, financial performance partially mediates the relationship between foreign ownership and firm value. This provides evidence that, beyond enhancing financial performance, foreign ownership also offers intrinsic benefits that directly contribute to firm value, such as global reputation, technology transfer, and improved corporate governance.

This research is limited to manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the period 2019–2023. The inherently conservative nature of the manufacturing sector may have influenced the results, implying that these findings may not be generalizable to other industries with different sustainability reporting characteristics and foreign ownership structures. Future researchers are encouraged to expand the scope of their studies to include other industries, which may exhibit distinct sustainability reporting practices and ownership structures.

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