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The Effect of Sustainability Reporting and Operational Efficiency on Firm Value in Consumer Non-Cyclicals Manufacturing Companies Listed on the IDX for the 2020–2024 Period

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Keywords

sustainability reporting,
operational efficiency,
firm value,
tobin's q

Abstract

This study aims to analyze the effect of sustainability reporting and operational efficiency on firm value in manufacturing companies within the consumer non-cyclicals sub-sector listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. This study employs a quantitative approach using secondary data obtained from companies' annual reports and sustainability reports. The research sample was selected using a purposive sampling method, resulting in a number of firms that met the research criteria. The analytical method used is panel data regression by incorporating control variables in the form of firm size and leverage to control the influence of other factors on firm value. Firm value is measured using Tobin's Q, sustainability reporting is measured based on the GRI disclosure index, and operational efficiency is measured using net profit margin. The results indicate that sustainability reporting and operational efficiency have an effect on firm value. Simultaneously, both independent variables play a role in increasing firm value. The findings of this study are expected to contribute to companies in improving the quality of sustainability disclosure and the management of operational efficiency, as well as to serve as a consideration for investors in making investment decisions.

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INTRODUCTION

Firm value is a critical indicator reflecting a business's performance and success. It serves as a primary measure for investors to evaluate a company's long-term prospects and performance (Shalihin et al., 2020). A higher firm value signifies stronger shareholder confidence in the business's future. One commonly used indicator to evaluate firm value is Tobin's Q, which represents the ratio between the company's market value and the replacement cost of its assets.

The consumer non-cyclical sector provides essential goods and services with relatively stable demand. In this context, sustainability reporting plays a strategic role as corporate activities are closely linked to social and environmental issues. Sustainability disclosure demonstrates a company's commitment to responsible business practices and transparency toward stakeholders. Furthermore, operational efficiency is a vital factor as it reflects the company's ability to manage costs and resources optimally (Situmorang & Setyawan, 2023).

One factor expected to influence firm value is the implementation of sustainability reporting. This reporting serves as a tool for companies to communicate their environmental, social, and governance (ESG) performance to stakeholders. In Indonesia, the obligation to submit sustainability reports is regulated by the Financial Services Authority (OJK) through POJK No. 51/POJK.03/2017 and SEOJK No. 16/SEOJK.04/2021, requiring companies listed on the Indonesia Stock Exchange (IDX) to disclose their sustainability reports.

The Business of Sustainability Index (BOSI) survey by PDI Technologies (2023) indicates that 68% of consumers in the United States, with similar trends worldwide, are willing to pay more for environmentally friendly products compared to non-sustainable competitors, an increase from 66% in 2022. Consumer interest in eco-friendly products continues to rise, as revealed by PwC (2024), which reports a global willingness to pay a premium of up to 9.7% for sustainable goods. This indicates the strategic importance of sustainability for companies in strengthening their market position.

In the consumer non-cyclical manufacturing sector, major companies such as PT Unilever Indonesia Tbk and PT Indofood CBP Sukses Makmur Tbk have integrated sustainability strategies into their business operations. These implementations include initiatives such as reducing single-use plastics through refill stations and utilizing certified sustainable raw materials, such as RSPO (Roundtable on Sustainable Palm Oil) and ISPO (Indonesian Sustainable Palm Oil), as a form of commitment to sustainable business practices (PT Unilever Indonesia Tbk, 2023; PT Indofood CBP Sukses Makmur Tbk, 2023).

The Indonesia Stock Exchange, together with the Financial Services Authority, officially launched the ESG reporting module on January 22, 2025, to improve the quality and standards of public companies' sustainability reporting. This module adopts the ASEAN Exchanges Common ESG Metrics and has been aligned with POJK No. 51/POJK.03/2017 regarding the Implementation of Sustainable Finance and SEOJK No. 16/SEOJK.04/2021 regarding the form and content of annual reports. This launch reflects the regulator's commitment to enhancing the quality, consistency, and comparability of sustainability reports in Indonesia (Indonesia Stock Exchange, 2025).

Research on the impact of sustainability reporting on firm value has shown mixed results.

Suhartini et al. (2024) found that sustainability reporting has no significant effect on firm value. Conversely, Rahmawati & Suwarno (2025) found that sustainability reporting has a significant negative effect on firm value. Meanwhile, Puspita & Jasman (2022) indicated that sustainability reporting has a significant positive effect on firm value.

Operational efficiency serves as a crucial foundation for increasing firm value, encompassing the maximal use of resources, expenditure control, and productivity. Companies operating effectively tend to have higher profitability, demonstrating the capacity to adapt to challenges such as rising operating costs and supply chain constraints, which are highly relevant in the post-COVID-19 pandemic era.

In Indonesia, particularly in the consumer non-cyclical subsector listed on the IDX, rising imported raw material costs, the weakening of the Rupiah exchange rate, and commodity price fluctuations have driven companies to improve operational efficiency to maintain margins and firm value. These conditions require companies to manage resources and production processes optimally, minimize waste, and maintain competitiveness amidst cost pressures and economic dynamics (BEI,2026).

In the first half of 2023, PT Unilever Indonesia Tbk experienced a 19.5% decline in net profit to IDR 2.8 trillion. To maintain performance, the company implemented several strategies, such as strengthening core brands, expanding the portfolio into premium and value segments, and conducting operational efficiency through cost control and optimization of production and distribution processes to safeguard profitability and firm value (Binekasri, 2023).

Empirically, several previous studies on the impact of operational efficiency on firm value have shown varied results. Pramono & Bustaman (2025) found that operational efficiency has a significant positive effect on firm value. In contrast, Wildan & Yulianti (2021) found a significant negative effect. Wati & Hwihanus (2023) showed that operational efficiency has a positive but insignificant effect. Meanwhile, Nadira Amalia & Adrie Putra (2024) indicated that operational efficiency simultaneously has a significant effect, but partially shows no significant effect on firm value.

Based on the background above and the inconsistencies in previous research results regarding the influence of sustainability reporting and operational efficiency on firm value, this study aims to analyze the impact of these variables on consumer non-cyclical companies listed on the Indonesia Stock Exchange for the 2020-2024 period. Aligning sustainability reporting and operational efficiency as independent variables is considered relevant as both reflect the balance between internal performance and external responsibility, which can shape positive investor perceptions and potentially increase firm value. Additionally, this study considers firm size and leverage as control variables to explain the relationship between sustainability practices, operational efficiency, and firm value enhancement. This research is expected to provide empirical evidence and contribute to the development of literature related to factors influencing firm value.

LITERATURE REVIEW AND DEVELOPMENT OF A HYPOTHESIS

Signaling Theory

Signaling theory was first introduced by Michael Spence (1973), explaining that parties with more information provide signals to others to reduce information asymmetry. In this study, sustainability reporting and operational efficiency are viewed as signals reflecting the quality of a company's performance to investors. Sustainability reporting demonstrates a company's commitment to transparency and sustainable responsibility, while operational efficiency reflects management's ability to effectively manage resources through cost control and performance optimization. Both aspects signal stability, economic value creation, and competitiveness, which potentially enhance firm value. Companies consistently providing positive signals through transparent sustainability reports and high operational efficiency gain greater investor trust, achieve better market valuations, and create sustainable corporate value.

Resource Based Theory

Resource-Based Theory (RBT), introduced by Jay Barney (1991), explains that a company's advantage is determined by its ability to manage internal resources (such as assets, capabilities, organizational processes, information, and knowledge) to enhance performance and firm value. According to RBT, resources that create a sustained competitive advantage must meet the VRIN criteria (valuable, rare, inimitable, and non-substitutable). In the context of this study, sustainability reporting and operational efficiency are viewed as strategic capabilities reflecting the management of the company's internal resources. Sustainability reporting represents the utilization of intangible resources (such as reputation, stakeholder trust, and the capability to manage social and environmental aspects that are difficult for competitors to replicate) (McLachlan & Sanders, 2023). Meanwhile, operational efficiency reflects the company's ability to optimize resources through cost control and productivity enhancement as a source of internal competitive advantage (Saragih, 2024). Thus, RBT asserts that the company's capability to manage these strategic resources can create a sustained competitive advantage, which ultimately enhances firm value.

Firm Value

Firm value is a dynamic concept reflecting market perceptions of a company's performance and prospects throughout its lifecycle. Valuation is conducted by adjusting models to consider growth factors in the early stages and performance decline risks at maturity; thus, firm value reflects not only financial conditions but also managerial decisions and investment strategies (Damodaran, 2024). Generally, valuation is performed through several approaches: the asset approach, income approach, and market approach. The asset approach emphasizes total corporate wealth, while the income approach focuses on the company's ability to generate future income (Yulianti, 2024).

Sustainability Reporting

Sustainability reporting is a primary tool for companies to communicate sustainability performance and the impact of business activities on the environment and society. It plays a crucial role in developing and communicating the link between sustainability and business by periodically collecting and updating data to generate positive impacts (Hanggraeni, 2023). Sustainability reporting includes disclosures of non-financial information related to

Environmental, Social, and Governance (ESG) aspects, requiring large companies to report on issues such as carbon emissions, human rights, and business ethics (Câmara & Morais, 2022). In this study, sustainability reporting is used as an independent variable representing the level of corporate transparency regarding sustainability activities. More comprehensive and transparent reporting enhances investor trust and positive perceptions, which ultimately increases firm value. Therefore, sustainability reporting is not merely a reporting obligation but a vital strategy for creating competitive advantage and long-term value.

Operational Efficiency

Operational efficiency is defined as a competitive advantage obtained through rapid responses to market dynamics and continuous improvement of production systems for goods and services (Slack & Brandon-Jones, 2021). It is the company's ability to manage available resources to generate the greatest output with the smallest possible input (Datar et al., 2020). Operational efficiency involves avoiding resource waste to optimize the use of labor, machinery, and raw materials. It plays an essential role in determining investor perceptions of a company's financial health. The more efficient a company is in its operations, the greater the profit generated without increasing capital or cost burdens. In this study, operational efficiency is a critical factor influencing firm value as it demonstrates management effectiveness in resource management.

Firm Size

Firm size is an indicator representing the scale of resources owned by an entity. Large-scale companies generally have broader access to capital, better operational stability, and more organized reporting systems compared to smaller firms (Brigham & Houston, 2021). Due to superior resources in capital, infrastructure, and reporting systems, large companies tend to be more capable of producing comprehensive and consistent sustainability reports. In market valuation, investors often perceive large companies as having lower risks and better prospects, resulting in higher valuations. Therefore, firm size potentially influences the relationship between sustainability reporting, operational efficiency, and firm value. If this variable is not controlled, research results may be biased, as an increase in firm value might not be caused solely by sustainability or efficiency, but rather by the large scale of the company.

Leverage

Leverage is a measure used in financial analysis to describe the extent to which a company uses debt in its funding structure compared to its own capital (equity). Leverage involves the use of assets and sources of funds that carry fixed costs to increase shareholder returns (Rustiana, Maryati, & Dyarini, 2022). Leverage serves as a crucial control variable in this study. This is because differing capital structures between companies can affect the estimated relationship between the variables under study. By controlling for leverage, the research results are expected to be more accurate in describing the influence of independent variables on firm value without being distorted by differences in corporate capital structures.

Hypothesis Development

The Effect of Sustainability Reporting on Firm Value

Sustainability reporting is a form of corporate information disclosure that encompasses

environmental, social, and governance (ESG) aspects. Its objective is to provide transparency to stakeholders regarding the company's commitment to ethical and sustainable business practices (Hanggraeni, 2023). Previous research on the impact of sustainability reporting on firm value has yielded mixed findings. Rahmawati & Suwarno (2025) reported a significant negative effect. Conversely, Puspita & Jasman (2022) demonstrated that sustainability reporting has a positive and significant effect on firm value.

H1: Sustainability reporting influences firm value.

The Effect of Operational Efficiency on Firm Value

Operational efficiency reflects a business's capability to utilize resources maximally to generate optimal results with minimal expenditure. More efficient companies generally enhance profitability, cash flow stability, and market competitiveness. Previous studies on the impact of operational efficiency on firm value have shown varied results; for instance, Pramono & Bustaman (2025) found that operational efficiency has a significant positive effect on firm value. In contrast, Wildan & Yulianti (2021) found that operational efficiency has a significant negative effect on firm value.

H2: Operational efficiency influences firm value.

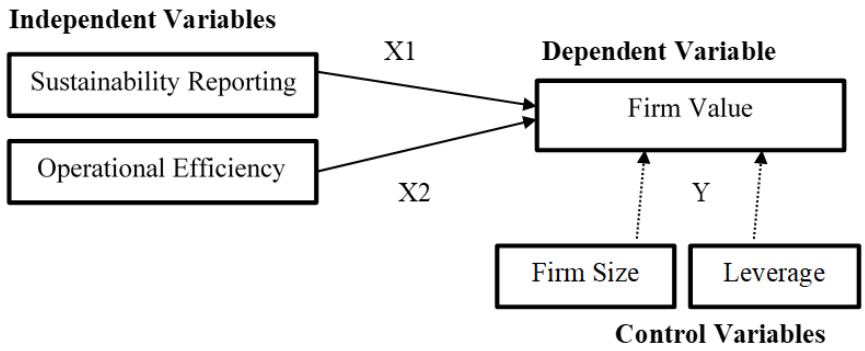
Research Framework

The conceptual framework of this study is designed to illustrate the conceptual relationship between the variables under study: sustainability reporting and operational efficiency as independent variables, firm value as the dependent variable, and firm size and leverage as control variables (Suhartini, et. Al., 2024).

METODE PENELITIAN

This study employs a quantitative approach with a panel data regression design as the research method. The data used are secondary data obtained from the companies' annual reports and sustainability reports, as well as the official Indonesia Stock Exchange (IDX) website. Sampling was conducted using a purposive sampling method based on predefined criteria. The criteria for sample selection in this study are as follows:

1. Manufacturing companies included in the consumer non-cyclical subsector and listed consecutively on the IDX during the 2020–2024 period.



Ficture 1. Research Framework
Source: (Suhartini, et. Al., 2024)

2. Companies that published complete annual reports and sustainability reports throughout the observation period.
3. Companies that used the Rupiah (IDR) currency in their annual reports during the 2020–2024 period.
4. Consumer non-cyclical companies with complete stock price data throughout the observation period.

Operational Definition of Variables

Dependent Variable (Firm Value)

In this study, firm value is measured using the Tobin's Q indicator, which was first introduced by James Tobin in 1969. Previous studies, such as Suhartini et al. (2024) and Pramono et al. (2025), have also utilized Tobin's Q to proxy firm value. The Tobin's Q ratio is calculated as follows:

$$Tobin's\ Q = \frac{Market\ Value\ of\ Equity + Total\ Liabilitas}{Total\ Assets}$$

Independent Variable (Sustainability Reporting)

The sustainability reporting variable is measured based on the GRI Standards. Each indicator is scored 1 if disclosed and 0 if not. The total score is divided by the number of relevant indicators to produce an index ranging from 0 to 1. A higher Sustainability Reporting Disclosure Index (SRDI) indicates a greater level of transparency in the company's sustainability disclosures. The calculation formula for sustainability reporting is expressed as follows:

$$SRDI = \frac{\mathrm{K}}{\mathrm{N}}$$

Where:

SRDI: Sustainability Reporting Disclosure Index
K: Number of items disclosed
N: Number of items expected to be disclosed

Independent Variable (Operational Efficiency)

Operational efficiency is measured using the Net Profit Margin (NPM), which demonstrates a company's ability to manage costs to generate net profit. A higher NPM reflects more efficient operational performance. The formula for Net Profit Margin is as follows:

$$Net\ Profit\ Margin = \frac{Net\ Income}{Net\ Sales} \times 100$$

Control Variable (Firm Size)

Firm size is used as a control variable and is measured using the natural logarithm of total assets (Ln Total Assets). This study aims to ensure that the interaction between the independent and dependent variables is not biased due to differences in company scale. The formula for firm size is as follows:

Firm Size = ln (Total Asset)

Control Variable (Leverage)

Leverage is employed as a control variable to manage the influence of the company's capital structure on firm value. Leverage is proxied by the Debt to Equity Ratio (DER), which compares total debt to total equity. The formula for leverage is as follows:

$$Debt\ Equity\ Ratio\ (\text{DER}) = \frac{\text{Total Liabilities}}{\text{Total } Equity}$$

Data Analysis Techniques

The data analysis methods employed include descriptive statistics, classical assumption tests, and hypothesis testing. EViews 12 is used for the analysis, serving to analyze the data and perform statistical calculations.

RESULTS AND DISCUSSION

Research Object

In this study, the sample consists of consumer non-cyclicals sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. Based on the sample selection criteria, 20 companies within the consumer non-cyclicals sector met the research requirements. With an observation period spanning from 2020 to 2024, the initial number of observations totaled 100. Following outlier testing, one data point was removed due to extreme values that could potentially affect model stability. Consequently, the final number of observations analyzed in this study is 99.

Descriptive Statistical Analysis

Descriptive statistics is a method used in research to provide a general overview of the research data and the relationships between the variables under study. The results of the descriptive statistical analysis for the variables used in this study are presented in Table 1.

The table presents the descriptive statistical test results for the 99 observations. The analysis of the descriptive statistics can be detailed as follows:

Firm Value

The firm value variable shows a minimum value of -0.666895, recorded by Salim Ivomas Pratama Tbk in 2024, and a maximum value of 2.668249, recorded by Unilever Indonesia Tbk

Table 1. Results of Descriptive Statistical Analysis

Variable	N	*Maximum*	*Minimum*	*Mean*	Std Dev
Firm Value	99	2.668249	-0.666895	0.317250	0.728967
Sustainability Reporting	99	0.965800	0.418800	0.662354	0.140254
Operational Efficiency	99	0.938900	-0.504100	0.075026	0.156233
Firm Size	99	31.44510	27.96650	29.89401	1.080021
Leverage	99	6.465900	0.072000	1.385092	1.454733

Source: Data processed by the author

in 2020. The mean value for firm value is 0.317250, with a standard deviation of 0.728967. This indicates that the firm value of companies within the consumer non-cyclicals sub-sector of the manufacturing industry during the 2020–2024 period averages 0.317250.

Sustainability Reporting

The independent variable, sustainability reporting, shows a minimum value of 0.418800, recorded by Uni Charm Indonesia Tbk in 2020, and a maximum value of 0.965800, achieved by Smart Tbk in both 2023 and 2024. The mean value for sustainability reporting is 0.662354, with a standard deviation of 0.140254. This explains that the disclosure level of sustainability reporting among companies in the consumer non-cyclicals sub-sector of the manufacturing industry during the 2020–2024 period averages 0.662354.

Operational Efficiency

The independent variable, operational efficiency, exhibits a minimum value of -0.504100, recorded by Eagle High Plantations Tbk in 2020, and a maximum value of 0.938900, recorded by FKS Food Sejahtera Tbk in 2020. The mean value for operational efficiency is 0.075026, with a standard deviation of 0.156233. This demonstrates that the operational efficiency level of companies within the consumer non-cyclicals sub-sector of the manufacturing industry during the 2020–2024 period averages 0.075026.

Firm Size

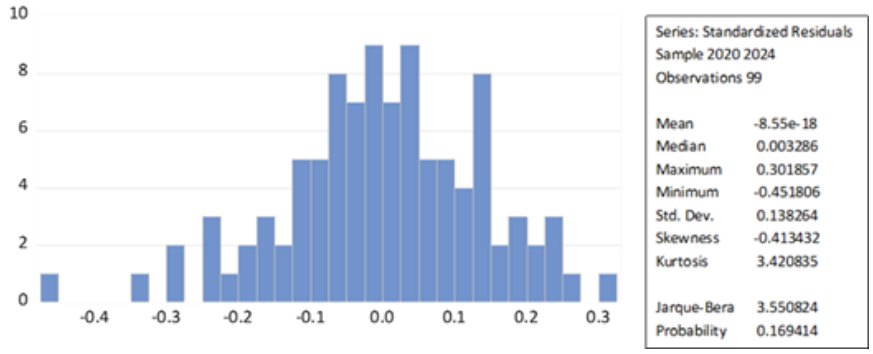
The control variable, firm size, shows a minimum value of 27.96650, recorded by Cisadane Sawit Raya Tbk in 2020, and a maximum value of 31.44510, recorded by Smart Tbk in 2024. The mean value for firm size is 29.89401, with a standard deviation of 1.080021. This indicates that the firm size of companies within the consumer non-cyclicals sub-sector of the manufacturing industry during the 2020–2024 period averages 29.89401.

Leverage

The leverage variable shows a minimum value of 0.072000, recorded by BISI International Tbk in 2024, and a maximum value of 6.465900, recorded by Unilever Indonesia Tbk in 2024. The mean value for leverage is 1.385092, with a standard deviation of 1.454733. This explains that the leverage level of companies within the consumer non-cyclicals sub-sector of the manufacturing industry during the 2020–2024 period averages 1.385092.

Normality Test

Based on the results of the normality test, the obtained probability value (p-value) is 0.169414. Since this probability value is greater than the 5% (0.05) significance level, it can be concluded that the residuals in the regression model are normally distributed, and the regression model satisfies the criteria for normality.



Ficture 2: Normality test
Source: EViews 12 outputs

Multicollinearity Test

The multicollinearity test aims to determine whether there is high correlation among the explanatory variables, which consist of independent variables and control variables. A sound regression model should be free from multicollinearity. In this study, the multicollinearity test was conducted by examining the correlation values among the explanatory variables (independent and control variables); the regression model is considered free from multicollinearity if the correlation values between variables are below 0.80. The results of the multicollinearity test for this study are presented in the table 2.

Based on Table 2, all inter-variable correlation values are below 0.80. Consequently, the regression model is free from multicollinearity and is viable for further analysis.

Heteroskedasticity Test

The heteroskedasticity test aims to determine whether there is unequal residual variance across periods or observations within the regression model. A well-specified regression model is characterized by the absence of heteroskedasticity. In this study, the heteroskedasticity test was conducted using the Glejser method at a significance level of 5% (0.05); the regression model is considered free from heteroskedasticity if the probability values for the independent and control variables exceed 0.05. The results of the heteroskedasticity test for this study are presented in the table 3.

Table 2. Multicollinearity Test Results

	SR	EFOP	SIZE	LEV
SR	1.000000	0.002146	0.284526	0.248156
EFOP	0.002146	1.000000	-0.200924	-0.305475
SIZE	0.284526	-0.200924	1.000000	-0.024536
LEV	*0.248156*	*-0.305475*	*-0.024536*	*1.000000*

Source: EViews 12 outputs

Table 3. Heteroskedasticity Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Sustainability Reporting	-0.153649	0.106556	-1.441954	0.1535
Operational Efficiency	-0.014036	0.068388	-0.205242	0.8379
Firm Size	-0.128579	0.065958	-1.949413	0.0550
Leverage	0.008044	0.011356	0.708341	0.4809

Source: EViews 12 outputs

Based on the heteroskedasticity test (Glejser) in Table 3, all variables have a probability value greater than 0.05. Consequently, the regression model is free from heteroskedasticity and is suitable for hypothesis testing.

Autocorrelation Test

Based on the results of the autocorrelation test using the Durbin-Watson test, the Durbin-Watson statistic is 1.59. Generally, statistical literature suggests a rule-of-thumb criterion where a Durbin-Watson value ranging from 1.5 to approximately 2.5 indicates an acceptable category, signifying the absence of serious autocorrelation in the regression model (Field, 2024; Statology, 2024). Consequently, the model exhibits no evidence of autocorrelation.

Multiple Linear Regression Analysis

Based on the data processing results using multiple linear regression with a panel data Fixed Effect Model (FEM) approach, the regression equation is obtained as follows:

$$Tobin's\ Qi,t\ =\ \beta 0 +\ \beta 1\ SRi,t\ +\ \beta 2\ EFOPi,t\ +\ \beta 3\ SIZEi,t\ +\ \beta 4\ LEVi,t\ +\ e$$

$$Tobin's\ Qi,t\ =\ -\ 6.006067\ -\ 1.503498\ SRi,t\ +\ 0.387600\ EFOPi,t\ +\ 0.244290\ SIZEi,t\ -\ 0.009186\ LEVi,t\ +\ e$$

The explanation of the multiple linear regression test results is as follows:

The constant value of -6.006067 indicates that if the variables of sustainability reporting, operational efficiency, firm size, and leverage are equal to zero, the predicted Tobin's Q value is -6.006067.

The regression coefficient for the sustainability reporting variable is -1.503498, indicating that sustainability reporting has a negative effect on firm value. This implies that an increase in sustainability reporting disclosure tends to decrease the Tobin's Q value, assuming other variables remain constant (*ceteris paribus*).

The regression coefficient for operational efficiency is 0.387600, showing that operational efficiency has a positive effect on firm value. The more efficient a company is in managing its operational activities, the more its Tobin's Q value (firm value) tends to increase, as the company is capable of generating more optimal performance.

In this study, firm size and leverage are utilized as control variables to control for the influence of other factors outside the main research variables on firm value, which is proxied

by Tobin's Q.

Coefficient of Determination Test

The coefficient of determination is used to measure the extent to which the independent variables in a regression model explain the variation in the dependent variable. In this study, the Adjusted R-squared is used to measure the coefficient of determination because the regression model incorporates multiple independent variables as well as control variables. The use of Adjusted R-squared is considered more appropriate as it accounts for the number of variables included in the model, thereby providing a more accurate representation of the regression model's explanatory power. The results of the coefficient of determination test for this study are presented in the table 4.

Based on Table 4, the Adjusted R^2 value is 0.952992, indicating that 95.30% of the variation in firm value can be explained by sustainability reporting and operational efficiency, with firm size and leverage as control variables. Meanwhile, the remaining 4.70% is influenced by other factors outside the model. Consequently, the model exhibits high explanatory power and strong relevance.

F-Test (Simultaneous Test)

The F-test is used to determine whether all independent variables in the regression model simultaneously influence firm value, as proxied by Tobin's Q. In this study, the variables tested simultaneously include sustainability reporting, operational efficiency, and the control variables of firm size and leverage. The decision-making criteria for the F-test are as follows:

Based on the F-test in Table 5, the obtained F-statistic value is 87.38085 with a Prob(F-statistic) of 0.000000, which is less than 0.05. This indicates that the regression model is statistically significant and meets the goodness-of-fit criteria. These results demonstrate that sustainability reporting, operational efficiency, firm size, and leverage simultaneously exert a significant effect on firm value.

Table 4. Coefficient of Determination Test Results

R-squared	0.964025
Adjusted R-squared	0.952992

Source: EViews 12 outputs

Table 5. Results of the Simultaneous F-Test

F-statistic	87.38085
Prob(F-statistic)	0.000000

Source: EViews 12 outputs

Table 6. Results of the Partial t-Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-6.006067	4.242074	-1.415833	0.1610
SR	-1.503498	0.232531	-6.465807	0.0000
EFOP	0.387600	0.149238	2.597187	0.0113
SIZE	0.244290	0.143936	1.697215	0.0938
LEV	-0.009186	0.024782	-0.370661	0.7119

Source: EViews 12 outputs

t-Test (Partial Test)

The t-test is used to determine the individual effect of each independent variable on the dependent variable while controlling for other variables in the model, including control variables. The test is conducted at a significance level of 5% (0.05). The decision-making criterion for the t-test involves comparing the probability value (p-value) with the significance level of 0.05. The t-test results for this study are as follows:

Sustainability Reporting Affects Firm Value

Based on the panel data regression estimation results using the fixed effect model in Table 6, the t-test results show that the regression coefficient for sustainability reporting (SR) is -1.503498 with a probability value of 0.0000, which is less than 0.05. This result indicates that sustainability reporting has a significant negative effect on firm value. This implies that investors have not fully responded to sustainability disclosures as a fundamental basis for assessing firm value. Therefore, it can be concluded that sustainability reporting has a significant negative impact on firm value among consumer non-cyclicals sub-sector manufacturing companies listed on the Indonesia Stock Exchange for the 2020–2024 period. This demonstrates that the first hypothesis (H1) of this study is accepted.

However, this result does not necessarily imply that sustainability reporting is unimportant or detrimental to the company. The positive impacts of sustainability initiatives typically do not manifest immediately but rather materialize over the long term. When a company consistently and genuinely implements sustainability practices, it can strengthen its reputation, enhance public trust, and cultivate positive relationships with various stakeholders. In the long run, these factors can help stabilize and sustainably increase firm value. Consequently, the observed negative relationship likely reflects a short-term situation where the market's primary focus remains heavily oriented toward financial returns rather than sustainability benefits.

This finding aligns with the studies by Rahmawati & Suwarno (2025) and Hisamuddin et al. (2025), which also found that sustainability reporting exerts a significant negative effect on firm value. These findings suggest that an increase in sustainability reporting is not yet fully perceived by investors as a factor that provides immediate value added to the company's market performance. Overall, these results indicate that sustainability reporting has not been fully valued by the market. Therefore, improvements in the quality and transparency of sustainability

disclosures are necessary to help investors understand its long-term benefits for future firm value.

Operational Efficiency Affects Firm Value

Based on the panel data regression estimation results using the fixed effect model in Table 6, the t-test results indicate that operational efficiency (EFOP) has a regression coefficient of 0.387600 with a probability value of 0.0113, which is less than 0.05. This demonstrates that operational efficiency has a significant positive effect on firm value. This implies that the more efficient a company is in managing its operational activities, the more its firm value tends to increase, as the company is capable of generating more optimal performance. Therefore, it can be concluded that operational efficiency has a significant positive impact on firm value among consumer non-cyclicals sub-sector manufacturing companies listed on the Indonesia Stock Exchange for the 2020–2024 period. This indicates that the second hypothesis (H2) of this study is accepted.

This finding aligns with the studies by Pramono & Bustaman (2025) and Kaujan & Andriyani (2025), which also found that operational efficiency exerts a significant positive effect on firm value. These findings suggest that a company's ability to manage costs and resources efficiently can create a competitive advantage and enhance value for shareholders.

Managerial Implications Analysis

The results of this study indicate that sustainability reporting has a negative impact on firm value. This implies that sustainability-related disclosures made by companies have not fully received a positive response from investors during the research period. Therefore, corporate management must pay closer attention to market needs by fulfilling the Global Reporting Initiative (GRI) standards to improve both the strategic direction and disclosure quality of sustainability reports. Such disclosures should not merely focus on fulfilling regulatory reporting obligations but should also effectively communicate relevant, transparent information that reflects tangible impacts on the company's performance and long-term prospects, thereby enhancing investor confidence.

The findings reveal that operational efficiency exerts a positive impact on firm value. This indicates that companies succeeding in effectively managing their operational activities tend to achieve higher firm value. Consequently, management needs to prioritize enhancing operational efficiency through measures such as cost control, production process optimization, productivity enhancement, and efficient resource allocation. These continuous improvements in operational efficiency are expected to increase firm value and strengthen investor perception of the company's performance.

Overall, the insights from this study imply that maximizing firm value is not solely determined by sustainability disclosures but is also heavily driven by management's capability to enhance operational efficiency. Therefore, corporate management is expected to utilize these empirical findings as strategic considerations in corporate decision-making processes.

CONCLUSIONS, LIMITATIONS, AND SUGGESTIONS

Conclusions

Sustainability reporting affects firm value. This indicates that good sustainability

information disclosure can enhance investor and stakeholder trust, thereby impacting the increase in firm value.

Operational efficiency affects firm value. Companies capable of managing operational costs efficiently tend to possess better financial performance, which ultimately increases firm value in the eyes of investors.

Simultaneously, sustainability reporting and operational efficiency affect firm value, making both essential factors in enhancing firm value.

Limitations

Sectoral Scope and Generalizability: This study only utilizes a sample of manufacturing companies within the consumer non-cyclicals sub-sector listed on the Indonesia Stock Exchange during the 2020–2024 period. This restriction was applied to ensure a more focused and in-depth analysis of the operational characteristics within this specific sector. However, this limitation means that the findings are exclusively applicable to this sector and may not be generalizable to other industries that possess distinct operational characteristics, sustainability strategies, and firm value structures.

Observation Period: The data used in this study spans from 2020 to 2024 to maintain relevance and ensure the timeliness of the data. Nevertheless, this limited timeframe implies that the study may not fully capture long-term trends, as shifts in economic conditions, government policies, sustainability practices, and industrial dynamics occurring before or after this period are not accounted for. Consequently, the results should be interpreted with caution regarding this observational timeframe, particularly when used as a baseline for long-term trend analysis or comparisons.

Variable Selection: This study focuses strictly on two independent variables—sustainability reporting and operational efficiency—as the primary factors influencing firm value. While this selection maintains a clear research focus and facilitates manageable data collection, it excludes other potential determinants of firm value, such as profitability, corporate governance, and corporate risk. Thus, while the findings specifically reflect the impacts of these two main variables, they do not provide a comprehensive overview of all factors driving firm value, thereby presenting an opportunity for future research to expand the analytical model.

Disclosure Standards and Methodology: This research is constrained by the low level of tax disclosure based on the GRI 207 standards within the consumer non-cyclicals sector, where most companies have not yet fully disclosed this information, leading to limited data variation. Furthermore, the GRI 207 standard, which was relatively recently implemented in 2021, has not been fully adopted by companies in Indonesia. This study is also limited by a relatively small sample size, a short observation period, and the use of content analysis methods that heavily depend on the transparency of information provided in corporate sustainability reports.

Methodological Issues in Measurement: A methodological limitation exists in measuring the market value of equity within the Tobin's Q ratio, which relies on the closing stock prices at the end of the fiscal year. Utilizing this specific data point potentially introduces a time-lag bias, as annual financial performance information may not have been fully received and processed by the market on that exact date. Consequently, the market value may not entirely capture the comprehensive and aggregated response of investors.

Suggestions for Future Research

Based on the limitations identified in this study, the following suggestions are proposed for future research:

Expanding Research Scope: Future researchers are encouraged to expand the empirical scope by incorporating other industrial sectors beyond the consumer non-cyclicals manufacturing sub-sector, such as services, banking, or mining. This expansion will enhance the generalizability of the findings and provide a broader perspective on how sustainability reporting and operational efficiency influence firm value across diverse industries.

Extending the Observation Period: Subsequent studies should utilize a longer observation period to facilitate a more comprehensive analysis of long-term trends. By extending the timeframe, future researchers can explore the evolving patterns of firm value in relation to sustainability disclosures and operational efficiency in a more profound and holistic manner.

Incorporating Additional Variables: Future studies are advised to introduce other relevant control or independent variables into the empirical model, such as profitability, capital structure, corporate governance, and corporate risk. Incorporating these metrics will yield a more comprehensive analysis and provide a deeper understanding of the multifaceted determinants driving firm value.

Enhancing Tax Disclosure Analysis and Methodology: Future research should broaden the sample size across various sectors and extend the observation period to fully capture the development of tax disclosure standards. Additionally, future studies could adopt a qualitative approach, such as conducting interviews, to investigate the underlying reasons behind low corporate tax transparency. From a practical standpoint, companies are expected to enhance tax disclosure as a form of stakeholder accountability, while regulators like the OJK and IDX need to reinforce tax reporting guidelines within sustainability reports to improve the quality of public information.

Refining Market Value Measurement: To mitigate time-lag bias, future research should utilize stock prices recorded after the official publication date of the annual financial statements. Technically, it is recommended to use the average closing stock price over five trading days following the earnings announcement. This adjustment will yield a more accurate Tobin's Q ratio that faithfully represents the actual firm value based on the most recent capital market reactions.

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