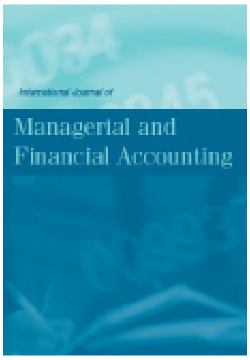

International Journal of Managerial and Financial Accounting

ISSN online: 1753-6723 - ISSN print: 1753-6715
https://www.inderscience.com/ijmfa

When political embeddedness shapes ESG practice corporate governance

Fajar Kholillulloh, Nandya Octanti Pusparini, Bella Ananda Chairunnisa, Santi Putriani, Charbel Salloum

DOI: 10.1504/IJMFA.2026.10079729

Article History:

Received:	11 March 2026
Last revised:	27 April 2026
Accepted:	05 May 2026
Published online:	14 July 2026

When political embeddedness shapes ESG practice corporate governance

Fajar Kholillulloh*, Nandya Octanti Pusparini

Department of Accounting,
Faculty of Economics and Business,
Universitas Muhammadiyah Surakarta, Indonesia
Email: fk999@ums.ac.id
Email: nop545@ums.ac.id
*Corresponding author

Bella Ananda Chairunnisa

Department of Management,
Faculty of Economics and Business,
Universitas Muhammadiyah Surakarta, Indonesia
Email: bac476@ums.ac.id

Santi Putriani

Department of Accounting,
Faculty of Economics and Business,
Universitas Muhammadiyah Surakarta, Indonesia
Email: sp846@ums.ac.id

Charbel Salloum

Métis Lab,
EM Normandie Business School.
30-32 Rue Henri Barbusse, 92110 Clichy, France
Email: csalloum@em-normandie.fr

Abstract: This study examines how corporate governance mechanisms relate to ESG practice in Indonesian listed firms and asks a narrower question: why do governance tools that should strengthen ESG oversight appear to lose force once firms are politically embedded. Drawing on agency theory, the study focuses on five governance dimensions: audit committee characteristics, external audit quality, board size, board independence, and board gender diversity. Using a balanced panel of 42 firms listed on the Indonesia Stock Exchange from 2017 to 2022, the analysis covers 210 firm year observations and uses Bloomberg ESG scores as the outcome measure. The evidence shows that board size, board independence, and board gender diversity are positively associated with ESG practice, whereas audit committee characteristics are negatively associated with it and external audit quality is not consistently significant. Political embeddedness is positively associated with ESG practice and conditions selected governance relationships, most clearly by weakening the effect of board independence and, more cautiously, board gender diversity. These findings are best read as conditional evidence from a small pooled panel setting rather than as universal governance effects.

Keywords: ESG practice; corporate governance; political embeddedness.

Reference to this paper should be made as follows: Kholillulloh, F., Pusparini, N.O., Chairunnisa, B.A., Putriani, S. and Salloum, C. (2026) ‘When political embeddedness shapes ESG practice corporate governance’, *Int. J. Managerial and Financial Accounting*, Vol. 18, No. 9, pp.1–20.

Biographical notes: Fajar Kholillulloh is a Lecturer in the Department of Accounting at Universitas Muhammadiyah Surakarta and a member of the Accounting Research Center. His work focuses on accounting, auditing, finance, taxation, and information systems. His recent projects include ESG performance, governance determinants, and enterprise resource planning.

Nandya Octanti Pusparini is a Permanent Lecturer in the Department of Accounting at Universitas Muhammadiyah Surakarta. Her academic work focuses on corporate governance, disclosure, and sustainability issues.

Bella Ananda Chairunnisa is a Lecturer in the Department of Management at Universitas Muhammadiyah Surakarta and serves as the Head of the Management Laboratory. Her work focuses on management, finance, fintech-related topics, and ESG research.

Santi Putriani is a Permanent Lecturer in the Department of Accounting at Universitas Muhammadiyah Surakarta and a member of the Accounting Research Center. Her work focuses on accounting information systems, sustainability reporting, and financial accounting. Her recent publications address digital technostress, fintech use, and online mutual fund platforms in Indonesia.

Charbel Salloum is a Professor of Finance at EM Normandie Business School in France. His research interests cover a broad range of topics, including sustainable finance, and entrepreneurship.

1 Introduction

Environmental, social, and governance practices now sit near the centre of how listed firms are judged. What once looked like a reporting add-on is increasingly treated as a signal of accountability, legitimacy, and long-term resilience. In Indonesia, that pressure is especially visible as listed firms face stronger scrutiny from investors, regulators, and the public over the credibility of their sustainability commitments (Carolina et al., 2023; Singh et al., 2023; Tyan et al., 2024; de Almeida Barbosa Franco et al., 2024; Saraswati et al., 2024; Sugiarto et al., 2023; Itan et al., 2025). Recent comparative work also links sustainability performance to payout policy shifts and CSR implementation, which underlines the practical and strategic salience of ESG related governance choices (Matuszewska-Pierzynka and Pieloch-Babiarz, 2025; Zvarikova et al., 2024).

Corporate governance is often presented as the mechanism that should make ESG practice more credible. Independent boards, audit oversight, and external assurance are expected to improve monitoring, constrain symbolic disclosure, and push managers toward more accountable sustainability decisions. Yet, the empirical record is mixed. Some studies report positive governance effects, whereas others find weaker, inconsistent, or even contradictory results, suggesting that governance tools do not travel evenly across settings (Chen, 2024; Dandapani and Shahrokhi, 2022; Brogi and Lagasio, 2025; Adegboye et al., 2020; Appuhami and Tashakor, 2017; Kholillulloh et al., 2025; Pernamasari and Chariri, 2024; Pozzoli et al., 2022; Gebrayel et al., 2018). Related work on circular economy governance, digitalisation, and AI driven sustainability transitions also shows that governance quality shapes whether strategic sustainability claims translate into credible organisational action (Batlles-delaFuente et al., 2024; Waqas et al., 2025; Saiyed et al., 2025).

Agency theory helps explain why these mechanisms should matter, as ESG practice can be part of the broader monitoring system through which shareholders seek to limit information asymmetry and managerial self-interest (Pinto and Gaio, 2025). Still, agency theory also raises a sharper puzzle in emerging markets: monitoring devices may appear independent in their formal structure yet become less independent in practice. Once oversight is filtered through informal influence, privileged access, and politically shaped incentives, the same board or audit arrangement may no longer operate as intended.

Political embeddedness is therefore not just a background condition. It may create a context of privileged access and selective responsiveness that alters how governance works in practice. Political ties can offer legitimacy, regulatory access, and resource support, but they can also soften monitoring, reshape board incentives, reduce substantive autonomy, and encourage symbolic rather than disciplinary compliance (Belghitar and Clark, 2016; Berkman et al., 2010; El Nayal et al., 2021; Gao et al., 2023; Rocca et al., 2022; Xiaomei et al., 2021; Rossi et al., 2025a). What matters here is not simply whether governance exists on paper, but whether politically embedded firms allow those mechanisms to function with real independence.

This issue is especially salient in Indonesia, where ESG expectations are rising within an institutional setting still marked by enduring political ties. Existing studies have examined governance quality, board structure, audit arrangements, and sustainability outcomes, yet much less is known about why governance mechanisms that appear beneficial in general may weaken once political embeddedness enters the picture. That unresolved tension is the central puzzle of this paper.

Against this backdrop, this study examines whether audit committee characteristics, external audit quality, board size, board independence, and board gender diversity influence ESG practice in Indonesian listed firms, and whether political embeddedness conditions those relationships. The contribution is deliberately narrower than a general claim that governance drives ESG. Instead, the paper argues that governance effects are conditional and uneven because political embeddedness can distort monitoring, reshape incentives, and weaken the practical independence of formal governance tools in an emerging market setting.

2 Theoretical background and hypothesis formulation

2.1 Theoretical background

As stakeholders place greater weight on environmental protection, employee welfare, and community well-being, ESG practices have become more central to corporate evaluation (Senadheera et al., 2022). Research consistently shows that governance can improve the credibility and integration of sustainability-related action and disclosure (Brogi and Lagasio, 2025; Ed-Dafali et al., 2025). Agency theory offers the starting logic: governance mechanisms exist to reduce information asymmetry and managerial opportunism, so stronger oversight should, in principle, reduce selective sustainability signalling and improve accountability (Pinto and Gaio, 2025; Sari et al., 2019). Yet, that logic is incomplete in settings where firms are not monitored only through formal internal structures. In Indonesia and similar emerging markets, political embeddedness can redirect the incentives of managers and directors, blur the boundary between formal independence and practical dependence, and change whether monitoring mechanisms discipline or merely legitimise managerial behaviour (Rochmatullah et al., 2024; Belghitar and Clark, 2016; El Nayal et al., 2021; Gao et al., 2023; Rocca et al., 2022). In that sense, political embeddedness is theorised here as a mechanism that can distort monitoring, reshape incentives, and weaken substantive independence rather than as a simple contextual label. Broader work on green economy progress and greenwashing points in the same direction, because firms can project sustainability intent without equivalent substantive change when governance and accountability are weak (Niță et al., 2024; Raman et al., 2025; Gebrayel et al., 2018).

Table 1 Research related to environmental, social, governance performance

Authors	*Result*
Chebbi and Ammer (2022)	Strengthened corporate governance enhances organisational performance. Particularly, ESG disclosure practices.
Masud et al. (2025)	The growing demand for a comprehensive ESG framework adapted to regional contexts to support sustainable corporate governance.
Ab Wahab et al. (2024)	Sustainability performance within ASEAN firms improves with the increased of female directors at the board level.
Elamer and Boulhaga (2024)	These findings demonstrate strategic insights for regulators, business leaders, and shareholders, underscoring the pivotal role of governance in addressing LST controversies while strengthening organisational resilience and adaptive capacity.
Pernamasari and Chariri (2024)	ESG practices tend to improve when the audit committee demonstrates strong composition and professional competence.
Narullia et al. (2024)	ESG implementation is significantly reinforced by effective internal auditing and audit committee expertise.

Source: Table created by the authors

Table 1 summarises prior studies on key predictors of ESG practices and shows that the literature mainly emphasises governance quality, board structure, audit quality, and sustainability reporting quality (Chebbi and Ammer, 2022; Elamer and Boulhaga, 2024; Masud et al., 2025; Pernamasari and Chariri, 2024; Narullia et al., 2024; Ab Wahab et al., 2024). Building on that work, the present study brings these governance dimensions into one framework and places political embeddedness at the centre of the explanation. The aim is not simply to test direct effects, but to explain why apparently sound governance may become less effective when firms are tied to political networks.

2.2 Hypothesis development

The audit committee is expected to support compliance, reporting quality, and the credibility of internal control processes (Ha Vo and Tran Ngoc, 2024; Rossi et al., 2025a). From an agency perspective, stronger audit committee characteristics should improve monitoring and reduce managerial room for selective sustainability reporting. Prior studies therefore tend to associate stronger audit committees with stronger ESG outcomes, although this expectation depends on whether the committee has substantive influence rather than a formal monitoring label.

H1 The characteristics of the audit committee have a positive impact on ESG practice.

Large public accounting firms, especially the Big Four, are usually viewed as more capable of supporting reporting credibility and constraining manipulation (Fernandez-Feijoo et al., 2018; Susanto et al., 2025). In the ESG setting, stronger external audit quality may increase confidence that sustainability disclosure is not detached from underlying practice. The expected relationship is therefore positive, although it may remain limited when ESG oversight is driven more by internal incentives than by external assurance alone.

H2 The quality of external audits has a positive impact on ESG practice.

Board size reflects the range of expertise, monitoring capacity, and advisory resources available to the firm (Tjahjadi et al., 2021; Zulfikar et al., 2020). A larger board can widen deliberation and strengthen oversight of sustainability issues, though only up to the point where coordination remains workable (Hu and Loh, 2018; Ahrens et al., 2025). On balance, the expectation in this study remains positive because broader board capacity should support more developed ESG practice.

H3 Board size has a positive impact on ESG practice.

Board independence matters because agency theory assumes that directors who are less tied to management can challenge self-serving decisions and strengthen oversight. In the ESG context, more independent commissioners should improve the credibility of sustainability related monitoring and reporting (Napitupulu et al., 2023; Susbiyani et al., 2023). This prediction is especially important here because political embeddedness may erode the practical force of formal independence even when the board appears independent by composition.

H4 The independence of the board of commissioners has a positive impact on ESG practice.

Boards with greater gender diversity are often associated with broader deliberation, stronger attention to stakeholder issues, and greater sensitivity to social and environmental concerns (Abbas and Frihatni, 2023; Hadisurya et al., 2025; Syamsudin et al., 2017). Gender diversity may therefore strengthen ESG practice by widening perspectives and reducing homogeneous board thinking (Hadisurya et al., 2025; Izmaylova et al., 2023). At the same time, a coarse binary measure captures only board presence rather than the depth of influence, so any estimated effect should be interpreted cautiously.

H5 Gender diversity on the board has a positive impact on ESG practice.

Political embeddedness can either reinforce or dilute governance effectiveness in ESG implementation. Political ties may deliver access, protection, and institutional coordination. They may also reduce board autonomy, soften monitoring incentives, and encourage selective responsiveness to sustainability pressure (Chi et al., 2019; Dicko and Khemakhem, 2014; Mohammed et al., 2017; Tessema et al., 2024; Ullah and Kamal, 2022; Cheng et al., 2015; Jamil, 2018; Murti, 2024; Wati et al., 2020; Rossi et al., 2025b; Salloum et al., 2015, 2025). The moderation hypotheses therefore follow the paper's core logic that political embeddedness changes how governance mechanisms operate rather than assuming those mechanisms retain the same force across firms.

H6 Political embeddedness moderates the impact of audit committee characteristics on ESG practice.

H7 Political embeddedness moderates the impact of external audit quality on ESG practice.

H8 Political embeddedness moderates the impact of board size on ESG practice.

H9 Political embeddedness moderates the impact of board independence on ESG practice.

H10 Political embeddedness moderates the impact of board gender diversity on ESG practice.

3 Methodology

3.1 Data and samples

This study uses a quantitative design to examine how governance mechanisms relate to ESG practice and whether political embeddedness moderates those relationships. The dataset is a balanced firm-year panel covering 42 firms listed on the Indonesian Stock Exchange from 2017 to 2022. A panel structure is appropriate because the research question concerns both differences across firms and variation over time. At the same time, the sample is limited to firms with complete Bloomberg ESG coverage and complete annual report disclosures for all study variables. That selection improves comparability, but it may also tilt the sample toward larger or better-governed firms and introduces a possible survivorship or data availability bias that should be kept in view when interpreting the results.

3.2 Variable measurements

Table 2 presents the operational definitions and measurement tools for the research variables, based on previous studies used as references.

Table 2 Variables measurement

Types of variables	*Name of variable*	*Proxy measure*	*References*
Dependent	ESG practice	Y = ESG scores published by Bloomberg.	Chebbi and Ammer (2022), Masud et al. (2025)
Independent variable	Characteristics of the audit committee	X1 = (Number of characteristic indicators met)/(Total indicator)	Al-ahdal and Hashim (2022)
	Audit quality	X2 = (Number of audit quality indicators met)/(Total indicator)	Al-ahdal and Hashim (2022)
	Size of the board	X3 = Total board size commissioners	Lagasio and Cucari (2019)
	Board independence	X4 = (Number of independence indicators met)/(Total indicator)	Birindelli et al. (2018), Hossain and Reaz (2007)
	Gender diversity	X5 = dummy; 1 = there is at least one female commissioner, 0 = there are none. This captures presence rather than the degree of gender diversity.	Ginglinger and Raskopf (2020)
Moderating variable	Political embeddedness	Z = count measure ranging from 0 to 6 that captures disclosed political ties through the board, commissioners, or senior management, including political office, family ties to officials, or prior service in state institutions; 0 = no identified tie.	Asmoro et al. (2024)

Source: Table created by the authors

3.3 Model development and econometric estimation procedures

The empirical analysis was conducted in Stata using pooled panel regressions with interaction terms to test moderation. The panel structure motivates the design, but the present estimates should be read as pooled associations rather than as firm specific causal effects. In substantive terms, Model 1 estimates the direct associations between governance variables and ESG practice. Model 2 adds political embeddedness as a direct predictor. Model 3 includes the interaction terms between governance variables and political embeddedness to test whether governance effects vary across politically embedded firms.

Diagnostic tests were used as preliminary checks on the pooled specification. Residual normality was examined with skewness and kurtosis and the Kolmogorov Smirnov test (Bommert et al., 2020). Heteroskedasticity was assessed with the Breusch Pagan Cook Weisberg test, and multicollinearity was evaluated through VIF statistics. These checks help describe the behaviour of the pooled model, but they do not remove broader concerns about omitted variables, reverse causality, or unobserved firm heterogeneity, which remain important limitations of the study.

Three regression equations were constructed. The first estimates the direct associations of the governance variables with ESG practice. The second adds political embeddedness. The third is the integrated moderation equation in which all interaction terms are introduced together so that moderation is evaluated within one common specification rather than through unrelated standalone interpretations. The separate interaction tables that follow are reported only to make the coefficients easier to read variable by variable.

- Main model:

$$Y = b_o + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + e \qquad \text{(Model 1)}$$

- Model with moderating variables:

$$Y = b_o + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6Z + e \qquad \text{(Model 2)}$$

- Model regression analysis:

$$\begin{aligned} Y = {} & b_o + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6Z + b_7X_1Z + b_8X_2Z \\ & + b_9X_3Z + b_{10}X_4Z + b_{11}X_5Z + e \end{aligned} \qquad \text{(Model 3)}$$

4 Results

4.1 Statistical description of the research variables

Table 3 reports 210 firm-year observations. The mean ESG score of 52.97 suggests a moderate average level of ESG practice, while the standard deviation of 20.54 indicates substantial variation across firms. The descriptive statistics also show that political embeddedness ranges from 0 to 6 in the sample. This pattern clarifies that political embeddedness is treated empirically as an intensity count rather than a simple binary indicator, and the wording of the measurement description should be read accordingly.

Table 3 Descriptive

Variable	*Obs.*	*Mean*	*Std. dev.*	*Min*	*Max*
Y	210	52.97467	20.54477	0	87.17
X1	210	0.93	0.0725806	0.8	1
X2	210	0.6404762	0.131352	0.3	1
X3	210	6.4	2.374506	03	15
X4	210	0.442381	0.1343567	0.3	0.8
X5	210	0.4761905	0.5006262	0	1
Z	210	2.404762	1.380998	0	6

Source: Table created by the authors

4.2 Normality test

The skewness and kurtosis test in Table 4 yields a probability of 0.0513, which is just above the conventional 5% threshold. This suggests that the residuals of the pooled specification do not depart sharply from normality. The result is reported as a diagnostic check rather than as a decisive basis for model validity.

Table 4 Skewness and kurtosis

Variable	*Obs.*	*Pr (skewness)*	*Pr (kurtosis)*	*Adj chi2 (2)*	*Prob>chi2*
Res	210	0.0190	0.4441	5.94	0.0513

Source: Table created by the authors

The Kolmogorov-Smirnov result in Table 5 points in the same direction. A significance value of 0.740 does not indicate a meaningful divergence between the residual distribution and the theoretical normal distribution.

Table 5 Kolmogorov-Smirnov

Standardised residual	
Kolmogorov-Smirnov Z	0.683
Asymp. Sig. (2-tailed)	0.740

Source: Table created by the authors

4.3 Heteroscedasticity test

Table 6 shows a Breusch-Pagan-Cook-Weisberg probability of 0.7311. This suggests no strong evidence of heteroskedasticity in the pooled residuals.

Table 6 Breusch-Pagan/Cook-Weisberg

chi2(1) = 0.12
Prob > chi2 = 0.7311

Source: Table created by the authors.

4.4 Multicollinearity test

The VIF values in Table 7 range from 1.00 to 1.06, well below common thresholds. On that basis, problematic multicollinearity does not appear to drive the estimates.

Table 7 VIF test results

Variable	*VIF*	*1/VIF*
X3	1.06	0.944804
X2	1.06	0.947183
X5	1.05	0.951971
X4	1.01	0.988470
X1	1.00	0.995405
Mean VIF	1.04	

Source: Table created by the authors

4.5 *Autocorrelation test*

Autocorrelation was assessed with the Durbin-Watson statistic after setting the panel structure. The reported value of 2.092 is close to 2, so serial correlation does not appear pronounced in this pooled diagnostic. Even so, this check should not be treated as a substitute for a fuller panel specification.

Table 8 Durbin-Watson

Std. error of the estimate	14.30421
Durbin-Watson	2.092

Source: Table created by the authors

4.6 *Simultaneous test*

Table 9 shows that the governance variables are jointly significant in explaining ESG practice in the baseline pooled specification, with F = 13.010 and p = 0.000. The R squared of 0.242 indicates that the model explains 24.2% of the variation in ESG practice. This provides a workable baseline, but not a complete account of firm level ESG differences.

Table 9 Simultaneous test of model 1

Model 1	*Coefficient*	*Std. error*	*t_Stat*	*P>|t|*
X1	–17.45681	17.29729	–1.01	0.314
X2	45.64229	9.798162	4.66	0.000
X3	2.57104	0.5426933	4.74	0.000
X4	29.0008	10.0422	2.89	0.004
X5	3.35642	2.564325	1.31	0.192
Cons	8.85741	18.07217	0.49	0.625
Number of obs.		210		
F. statistics		13.010		
Prob > F		0.000		
R-squared		0.242		
Adj R-squared		0.223		

Source: Table created by the authors

Table 10 shows that the moderated specification is also jointly significant, with F = 14.750 and p less than 0.001. Its R squared rises to 0.304, suggesting that political embeddedness and the interaction terms add explanatory value. That said, the increase in fit should be read as supportive rather than conclusive evidence because the model remains a pooled specification with limited controls.

4.7 *Partial test*

Table 11 shows that audit committee characteristics are negatively associated with ESG practice in this specification, with a coefficient of minus 116.1311 and p = 0.001. This directly contradicts the hypothesised positive effect. A more careful reading is therefore needed. One possibility is that formal audit committee structures do not translate into substantive ESG oversight in all firms. Another is that the coefficient is picking up unobserved governance differences that the pooled model does not fully absorb. Political embeddedness is negative in this specification, while the interaction term is positive and significant. Taken together, the pattern suggests not that audit committees are uniformly effective, but that their association with ESG practice changes once firms are politically embedded.

Table 10 The result of model 2

Model 2	*Coefficient*	*Std. error*	*t_Stat*	*P>|t|*
X1	–5.764061	16.84362	–0.34	0.733
X2	30.88357	10.03373	3.08	0.002
X3	2.368611	0.5235276	4.52	0.000
X4	12.23146	10.4239	1.17	0.242
X5	1.754663	2.492188	0.70	0.482
Z	4.33921	1.021584	4.25	0.000
Cons	6.614726	17.36957	0.38	0.704
Number of obs.		210		
F. statistics		14.750		
Prob > F		0.000		
R-squared		0.304		
Adj R-squared		0.283		

Source: Table created by the authors

Table 11 The result of model 3 (X1)

Model 3 (X1)	*Coefficient*	*Std. error*	*t_Stat*	*P>|t|*
X1	–116.1311	35.87267	–3.24	0.001
Z	–34.52295	11.07281	–3.12	0.002
X1_Z	44.36915	11.98108	3.70	0.000
Cons	145.3697	33.51931	4.34	0.000
Number of obs,		210		
F. statistics		20.840		
Prob > F		0.000		
R-squared		0.233		
Adj R-squared		0.222		

Source: Table created by the authors

Table 12 indicates that external audit quality is not significantly associated with ESG practice in this specification, with a coefficient of 4.902595 and p = 0.821. Political embeddedness is also not significant here, and the interaction term remains insignificant. The result suggests that external audit quality, as measured in this study, does not consistently explain ESG differences across firms.

Table 12 The result of model 3 (X2)

Model 3 (X2)	*Coefficient*	*Std. error*	*t_Stat*	*P>|t|*
X2	4.902595	21.65071	0.23	0.821
Z	–1.828647	4.757562	–0.38	0.701
X2_Z	11.11103	7.250416	1.53	0.127
Cons	36.48623	13.44559	2.71	0.007
Number of obs.		210		
F. statistics		20.950		
Prob > F		0.000		
R-squared		0.234		
Adj R-squared		0.223		

Source: Table created by the authors

Table 13 shows that board size is positively associated with ESG practice, with a coefficient of 3.376269 and p = 0.002. Political embeddedness is also positive and significant in this specification, whereas the interaction term is negative but not significant. The evidence, therefore, supports a positive association for board size, but not a moderated one.

Table 13 The result of model 3 (X3)

Model 3 (X3)	*Coefficient*	*Std. error*	*t_Stat*	*P>|t|*
X3	3.376269	1.073328	3.15	0.002
Z	7.620846	2.404837	3.17	0.002
X3_Z	–0.3152212	0.3717005	–0.85	0.397
Cons	18.03423	6.732871	2.68	0.008
Number of obs.		210		
F. statistics		25.590		
Prob > F		0.000		
R-squared		0.272		
Adj R-squared		0.261		

Source: Table created by the authors

Table 14 shows that board independence is positively associated with ESG practice, with a coefficient of 61.06779 and p = 0.012. Yet, the more informative result is the negative and significant interaction term between board independence and political embeddedness, with a coefficient of minus 19.85132 and p = 0.007. This is consistent with the paper's core argument: board independence appears useful in general, but its practical effectiveness weakens when firms are politically embedded.

Table 15 shows that board gender diversity is positively associated with ESG practice, with a coefficient of 10.48187 and p = 0.045. However, the interaction term with political embeddedness is negative and only marginally significant (p = 0.053). This shift matters because gender diversity is not significant in the baseline model but becomes significant here. The sensible reading is therefore cautious: the positive association appears specification sensitive, and the evidence for moderation is suggestive rather than definitive.

Table 14 The result of model 3 (X4)

Model 3 (X4)	*Coefficient*	*Std. error*	*t_Stat*	*P>|t|*
X4	61.06779	24.07005	2.54	0.012
Z	16.11265	3.765385	4.28	0.000
X4_Z	–19.85132	7.319138	–2.71	0.007
Cons	9.420248	11.13607	0.85	0.399
Number of obs.		210		
F. statistics		18.280		
Prob > F		0.000		
R-squared		0.210		
Adj R-squared		0.199		

Source: Table created by the authors

Table 15 The result of model 3 (X5)

Model 3 (X5)	*Coefficient*	*Std. error*	*t_Stat*	*P>|t|*
X5	10.48187	5.209114	2.01	0.045
Z	8.046976	1.310812	6.14	0.000
X5_Z	–3.637795	1.872159	–1.94	0.053
Cons	33.11885	3.422747	9.68	0.000
Number of obs.		210		
F. statistics		16.960		
Prob > F		0.000		
R-squared		0.198		
Adj R-squared		0.186		

Source: Table created by the authors

5 Implications

This study offers one main theoretical insight and one practical one. Theoretically, it suggests that agency based governance arguments travel imperfectly in politically embedded settings. Board independence and, more tentatively, board gender diversity are associated with stronger ESG practice under ordinary conditions, yet those advantages weaken once political embeddedness constrains substantive autonomy. In other words, political embeddedness is not merely a backdrop. It helps explain why governance structures that look credible on paper may deliver uneven ESG outcomes in practice (Pinto and Gaio, 2025; Shrivastava and Addas, 2014; Nguyen, 2025; Guedes and Grübler, 2025; Brogi and Lagasio, 2025; Remo-Diez et al., 2024; Belghitar and Clark, 2016; El Nayal et al., 2021; Gao et al., 2023; Wati et al., 2020). This broader interpretation also aligns with recent evidence showing that CSR adoption, ethical sustainability attitudes, cash governance, green innovation, circular economy practice, gendered participation in management, and eco innovation links to development goals remain conditional on institutional and organisational settings rather than automatic outcomes of formal structures alone (Gavurova et al., 2022; Belas et al., 2022; Hussain et al., 2023; Takyi et al., 2024a, 2024b; Skare et al., 2025; Arilla-Llorente et al., 2024). From a managerial and policy perspective, the implication is concrete. Regulators and investors should look beyond formal board composition when evaluating ESG credibility in politically embedded firms. Nomination committees should protect the substantive independence of commissioners rather than only meeting formal independence thresholds. Firms should also treat gender diversity as a matter of voice and influence, not merely of board presence. That practical focus is consistent with evidence that managerial decision making during organisational change can shape competitiveness when firms face shifting institutional and strategic demands (Vrtana et al., 2025).

This study shows that the relationship between corporate governance and ESG practice in Indonesian listed firms is conditional rather than uniform. Board size and board independence are positively associated with ESG practice, audit committee characteristics are negatively associated with it, and external audit quality is not consistently significant. Political embeddedness matters because it weakens the apparent benefit of board independence and may also weaken the contribution of board gender diversity. The more modest conclusion, then, is not that governance mechanisms universally drive ESG practice in Indonesia, but that their effects are uneven and partly shaped by political ties.

These findings should be interpreted within clear limits. The sample covers only 42 firms and 210 firm-year observations, and it includes only firms with complete Bloomberg ESG data, which may bias the sample toward firms with stronger disclosure systems. The analysis relies on pooled panel regressions, so unobserved firm heterogeneity, reverse causality, and omitted variables remain live concerns. The gender diversity measure is coarse, and the political embeddedness measure captures observable ties more readily than their quality or intensity in practice.

Future research would benefit from a fuller panel specification with firm, year, and industry controls, more granular governance measures, and a richer treatment of political embeddedness. Comparative work across sectors or emerging markets could also help clarify when governance mechanisms retain substantive force and when they become more symbolic than effective.

This study answers the research question by demonstrating that corporate governance mechanisms influence ESG practices in Indonesian listed firms, although their effects vary because political embeddedness alters the strength of specific relationships. Board size, board independence, and board gender diversity are associated with stronger ESG practices, whereas audit committee characteristics show a negative association, and external audit quality is not consistently significant. Political embeddedness also plays a direct role and acts as a moderator, particularly by weakening the impact of board independence and, to a lesser extent, board gender diversity, while enhancing the relationship with the audit committee. Overall, the findings suggest that ESG practices are shaped by both internal governance structures and the political environment surrounding the firm.

This study has several limitations. First, the sample is limited to 42 Indonesian listed firms from 2017 to 2022, which restricts the generalisability of the findings. Second, ESG practices are measured using Bloomberg scores, which may not fully capture the substance of firm-level sustainability actions. Third, political embeddedness is measured quantitatively, so the analysis cannot fully reflect variation in the intensity, nature, or quality of political ties.

Future research could expand the sample across different countries or industries, use alternative ESG indicators, and explore political embeddedness more deeply, such as by differentiating between direct political appointments and family or institutional ties. Qualitative or mixed-methods research may also help explain why some governance mechanisms remain effective while others weaken in politically embedded firms.

Acknowledgements

This research was supported by the Funding and Implementation of RIKOM: Riset Kompetitif Batch I 2024/2025 scheme by the Universitas Muhammadiyah Surakarta. We would like to express our deepest gratitude for the support, which has made an important contribution to the smooth running of this research process. We also express our appreciation to all those who have helped and provided direction during the implementation of this research.

Declarations

All authors declare that they have no conflicts of interest.

References

Ab Wahab, S.N.A., Azman, N.H.N. and Ahmad, Z. (2024) 'Environmental, social, and governance (ESG) and corporate governance in ASEAN: a threshold effects of corporate strategy', *International Journal of Business and Society*, Vol. 25, No. 2, pp.660–695, https://doi.org/10.33736/ijbs.8349.2024.

Abbas, A. and Frihatni, A.A. (2023) 'Gender diversity and firm performances suffering from financial distress: evidence from Indonesia', *Journal of Capital Markets Studies*, Vol. 7, No. 1, pp.91–107, https://doi.org/10.1108/JCMS-12-2022-0045.

Adegboye, A., Ojeka, S., Alabi, O., Alo, U. and Aina, A. (2020) 'Audit committee characteristics and sustainability NPerformance in Nigerian listed banks', *Business: Theory and Practice*, Vol. 21, No. 2, pp.469–476, https://doi.org/10.3846/btp.2020.10463.

Ahrens, F.K., Veltrop, D.B., Mulder, L.B. and Rink, F. (2025) 'Board size in context: a meta-analysis on the relationship between board size and firm performance', *Corporate Governance: An International Review*, https://doi.org/10.1111/corg.12664.

Al-ahdal, W.M. and Hashim, H.A. (2022) 'Impact of audit committee characteristics and external audit quality on firm performance: evidence from India', *Corporate Governance (Bingley)*, Vol. 22, No. 2, pp.424–445, https://doi.org/10.1108/CG-09-2020-0420.

Appuhami, R. and Tashakor, S. (2017) 'The impact of audit committee characteristics on CSR disclosure: an analysis of Australian firms', *Australian Accounting Review*, Vol. 27, No. 4, pp.400–420, https://doi.org/10.1111/auar.12170.

Arilla-Llorente, R., Gavurova, B., Rigelsky, M. and Ribeiro-Soriano, D. (2024) 'Quantifying the dynamics of relationships between eco-innovations and SDG 8', *Energy Economics*, Vol. 130, p.107280.

Asmoro, P.S., Ramakrishnan, S., Arsyanda, S., Alfandia, N.S., Ningsih, D.N.C., Rokhimakhumullah, D.N.F. and Hidayat, K. (2024) 'ESG disclosure, governance, political connection, and tax aggressiveness: what information is critical, and is more information always forceful?', *Cogent Business and Management*, Vol. 11, No. 1, https://doi.org/10.1080/23311975.2024.2435600.

Batlles-delaFuente, A., Franco-García, M.L., Castillo-Díaz, F.J. and Belmonte-Ureña, L.J. (2024) 'Governance challenges and strategic opportunities for implementing circular economy in greenhouse horticulture: a case study from the Netherlands', *Equilibrium. Quarterly Journal of Economics and Economic Policy*, Vol. 19, No. 4, pp.1229–1271.

Belas, J., Škare, M., Gavurova, B., Dvorsky, J. and Kotaskova, A. (2022) 'The impact of ethical and CSR factors on engineers' attitudes towards SMEs sustainability', *Journal of Business Research*, Vol. 149, pp.589–598.

Belghitar, Y. and Clark, E. (2016) 'Political connections and corporate financial decision making', *SSRN Electronic Journal*, https://doi.org/10.2139/ssrn.2821123.

Berkman, H., Cole, R.A. and Fu, L.J. (2010) 'Political connections and minority-shareholder protection: evidence from securities-market regulation in China', *Journal of Financial and Quantitative Analysis*, Vol. 45, No. 6, pp.1391–1417, https://doi.org/10.1017/S0022109010000608.

Birindelli, G., Dell'Atti, S., Iannuzzi, A.P. and Savioli, M. (2018) 'Composition and activity of the board of directors: impact on ESG performance in the banking system', *Sustainability (Switzerland)*, Vol. 10, No. 12, https://doi.org/10.3390/su10124699.

Bommert, A., Sun, X., Bischl, B., Rahnenführer, J. and Lang, M. (2020) 'Benchmark for filter methods for feature selection in high-dimensional classification data', *Computational Statistics & Data Analysis*, Vol. 143, p.106839, https://doi.org/10.1016/j.csda.2019.106839.

Brogi, M. and Lagasio, V. (2025) 'Do corporate governance frameworks affect sustainability reporting?', *Corporate Social Responsibility and Environmental Management*, Vol. 32, No. 3, pp.3928–3943, https://doi.org/10.1002/csr.3159.

Carolina, V., Gunawan, Y., Tedya, R., Program, B. and Accounting, I. (2023) 'Can ESG performance moderate the effect of can ESG performance moderate the effect of tax avoidance on corporate risk? Tax avoidance on corporate risk?', *JURNAL Riset Akuntansi Dan Keuangan Indonesia*, Vol. 8 [online] http://journals.ums.ac.id/index.php/reaksi/index (accessed 15 December 2025).

Chebbi, K. and Ammer, M.A. (2022) 'Board composition and ESG disclosure in Saudi Arabia: the moderating role of corporate governance reforms', *Sustainability (Switzerland)*, Vol. 14, No. 19, https://doi.org/10.3390/su141912173.

Chen, X.Y. (2024) 'A literature review of corporate governance', *Edelweiss Applied Science and Technology*, Vol. 8, No. 6, pp.8945–8949, https://doi.org/10.55214/25768484.v8i6.3916.

Cheng, C-L., Hsu, C-S. and Kung, F-H. (2015) 'Political connections, managerial incentives and auditor choice: evidence from China', *Pacific Accounting Review*, Vol. 27, No. 4, pp.441–465, https://doi.org/10.1108/PAR-10-2013-0096.

Chi, H-Y., Weng, T-C., Chen, G-Z. and Chen, S-P. (2019) 'Do political connections affect the conservative financial reporting of family firms?', *Sustainability*, Vol. 11, No. 20, p.5563, https://doi.org/10.3390/su11205563.

Dandapani, K. and Shahrokhi, M. (2022) 'Guest editorial: historical perspectives on corporate governance debate and introduction to the special issue on corporate governance and sustainability', *Managerial Finance*, Vol. 48, No. 8, pp.1117–1122, https://doi.org/10.1108/MF-05-2022-0237.

de Almeida Barbosa Franco, J., Franco Junior, A., Battistelle, R.A.G. and Bezerra, B.S. (2024) 'Dynamic capabilities: unveiling key resources for environmental sustainability and economic sustainability, and corporate social responsibility towards sustainable development goals', *Resources*, Vol. 13, No. 2, p.22, https://doi.org/10.3390/resources13020022.

Dicko, S. and Khemakhem, H. (2014) 'S&P/TSX 300 companies' political connections, compliance with board of directors regulations and financial performance', *International Journal of Business and Management*, Vol. 10, No. 1, https://doi.org/10.5539/ijbm.v10n1p14.

Ed-Dafali, S., Adardour, Z., Derj, A., Bami, A. and Hussainey, K. (2025) 'A PRISMA-based systematic review on economic, social, and governance practices: insights and research agenda', *Business Strategy and the Environment*, Vol. 34, No. 2, pp.1896–1916, https://doi.org/10.1002/bse.4069.

El Nayal, O., van Oosterhout, J. and van Essen, M. (2021) 'Ties that bind and grind? Investor reactions to politician appointments to corporate boards', *Journal of Management*, Vol. 47, No. 2, pp.456–487, https://doi.org/10.1177/0149206319869440.

Elamer, A.A. and Boulhaga, M. (2024) 'ESG controversies and corporate performance: the moderating effect of governance mechanisms and ESG practices', *Corporate Social Responsibility and Environmental Management*, Vol. 31, No. 4, pp.3312–3327, https://doi.org/10.1002/csr.2749.

Fernandez-Feijoo, B., Romero, S. and Ruiz, S. (2018) 'Financial auditor and sustainability reporting: does it matter?', *Corporate Social Responsibility and Environmental Management*, Vol. 25, No. 3, pp.209–224, https://doi.org/10.1002/csr.1449.

Gao, R., Martin, G., Hu, H.W. and Lu, J.W. (2023) 'Why embrace a double-edged sword? A behavioral theory of board political capital building', *Strategic Organization*, Vol. 21, No. 4, pp.933–960, https://doi.org/10.1177/14761270221134985.

Gavurova, B., Schonfeld, J., Bilan, Y. and Dudas, T. (2022) 'Study of the differences in the perception of the use of the principles of corporate social responsibility in micro, small and medium-sized enterprises in the V4 countries', *Journal of Competitiveness*, Vol. 14, No. 2, pp.23–40.

Gebrayel, E., Jarrar, H., Salloum, C. and Lefebvre, Q. (2018) 'Effective association between audit committees and the internal audit function and its impact on financial reporting quality: empirical evidence from Omani listed firms', *International Journal of Auditing*, Vol. 22, No. 2, pp.197–213.

Ginglinger, E. and Raskopf, C. (2020) 'Are women directors inherently ESG friendly? Evidence from board gender quotas * are women directors inherently ESG friendly? Evidence from board gender quotas' [online] https://www.unpri.org/pri (accessed 15 December 2025).

Guedes, M.J. and Grübler, A.S. (2025) 'Balanced gender boards and environmental, social, and governance performance', *Risk Governance and Control: Financial Markets and Institutions*, Vol. 15, No. 1, special issue, p.174, https://doi.org/10.22495/rgcv15i1sip3.

Ha Vo, T. and Tran Ngoc, H. (2024) 'Improving financial reporting standards in Vietnam's public companies: the crucial role of audit committees', *Investment Management and Financial Innovations*, Vol. 21, No. 4, pp.361–370, https://doi.org/10.21511/imfi.21(4).2024.29.

Hadisurya, J., Joni, J., En, T.K. and Setiana, S. (2025) 'How <scp>ESG</scp> and gender diversity affect firm performance', *Corporate Social Responsibility and Environmental Management*, Vol. 32, No. 3, pp.3181–3192, https://doi.org/10.1002/csr.3122.

Hossain, M. and Reaz, M. (2007) 'The determinants and characteristics of voluntary disclosure by Indian banking companies', *Corporate Social Responsibility and Environmental Management*, Vol. 14, No. 5, pp.274–288, https://doi.org/10.1002/csr.154.

Hu, M. and Loh, L. (2018) 'Board governance and sustainability disclosure: a cross-sectional study of Singapore-listed companies', *Sustainability*, Vol. 10, No. 7, p.2578, https://doi.org/10.3390/su10072578.

Hussain, A., Gavurova, B., Ahmed, M., Khan, M.A. and Popp, J. (2023) 'What matters for corporate cash holdings: board governance, financial constraints, or interactions?', *SAGE Open*, Vol. 13, No. 4, p.21582440231210618.

Itan, I., Sylvia, S., Septiany, S. and Chen, R. (2025) 'The influence of environmental, social, and governance disclosure on market reaction: evidence from emerging markets', *Discover Sustainability*, Vol. 6, No. 1, p.347, https://doi.org/10.1007/s43621-025-01085-0.

Izmaylova, M. A., Korneva, E., Ziganshin, B., Dmitriev, A. and Mardanov, R. (2023) 'The impact of gender diversity on the quality of management decisions in the corporate sector', *Vestnik of Kazan State Agrarian University*, Vol. 18, No. 3, pp.154–162, https://doi.org/10.12737/2073-0462-2023-154-162.

Jamil, N.N. (2018) 'The effects of politically connected audit committees on the audit process: evidence in Malaysia', *SSRN Electronic Journal*, https://doi.org/10.2139/ssrn.3241994.

Kholillulloh, F., Wardana, C.K., Fatchan, F.H. and Aji, N.P. (2025) 'Committee audit characteristics, external audit quality and ESG performance', *Jurnal Akademi Akuntansi*, Vol. 8, No. 3, pp.434–445, https://doi.org/10.22219/jaa.v8i3.39350.

Lagasio, V. and Cucari, N. (2019) 'Corporate governance and environmental social governance disclosure: a meta-analytical review', in *Corporate Social Responsibility and Environmental Management*, Vol. 26, No. 4, pp.701–711, John Wiley and Sons Ltd., https://doi.org/10.1002/csr.1716.

Masud, M.A.K., Sahara, J., Maola, M. and Rahman, M. (2025) 'Enhancing ESG performance through corporate governance: insights from emerging markets', *International Journal of Energy Economics and Policy*, Vol. 15, No. 1, pp.47–58, https://doi.org/10.32479/ijeep.17717.

Matuszewska-Pierzynka, A. and Pieloch-Babiarz, A. (2025) 'Effect of corporate sustainability performance on the changes in payout policy of the top global companies', *Equilibrium. Quarterly Journal of Economics and Economic Policy*, Vol. 20, No. 1, pp.357–388.

Mohammed, N.F., Ahmed, K. and Ji, X-D. (2017) 'Accounting conservatism, corporate governance and political connections', *Asian Review of Accounting*, Vol. 25, No. 2, pp.288–318, https://doi.org/10.1108/ARA-04-2016-0041.

Murti, A.A.G.K. (2024) 'Expertise on politically connected board and firm performance', *Jurnal Bisnis Dan Akuntansi*, Vol. 26, No. 2, pp.377–392, https://doi.org/10.34208/jba.v26i2.2636.

Napitupulu, I.H., Situngkir, A., Basuki, F.H. and Nugroho, W. (2023) 'Optimizing good corporate governance mechanism to improve performance: case in Indonesia's manufacturing companies', *Global Business Review*, Vol. 24, No. 6, pp.1205–1226, https://doi.org/10.1177/0972150920919875.

Narullia, D., Maha Putri, D., Teguh Prastyaji, Y. and Fadhilah, N. (2024) 'Connection between the audit characteristics and corporate ESG performance in Indonesia', *Journal of Economics, Finance and Management Studies*, Vol. 7, No. 1, https://doi.org/10.47191/jefms/v7-i1-01.

Nguyen, L-T. (2025) 'Does a board of directors enhance sustainable development? Evidence from emerging economies in Southeast Asia', *Accounting Research Journal*, Vol. 38, No. 2, pp.230–244, https://doi.org/10.1108/ARJ-03-2024-0115.

Niță, D., Stoicuța, N., Nițescu, A., Dobre-Baron, O. and Isac, C. (2024) 'Constructing a quantification tool of the progress towards the green economy: aggregation perspective', *Equilibrium. Quarterly Journal of Economics and Economic Policy*, Vol. 19, No. 4, pp.1139–1184.

Pernamasari, R. and Chariri, A. (2024) *Characteristics of the Audit Committee and the Environmental, Social, Governance (ESG) Performance in Indonesian Companies*, KnE Social Sciences, https://doi.org/10.18502/kss.v9i21.16716.

Pinto, I. and Gaio, C. (2025) '<scp>ESG</scp> performance and information asymmetry: the moderating role of ownership concentration', *Corporate Social Responsibility and Environmental Management*, Vol. 32, No. 5, pp.5747–5759, https://doi.org/10.1002/csr.3260.

Pozzoli, M., Pagani, A. and Paolone, F. (2022) 'The impact of audit committee characteristics on ESG performance in the European Union member states: empirical evidence before and during the COVID-19 pandemic', *Journal of Cleaner Production*, Vol. 371, https://doi.org/10.1016/j.jclepro.2022.133411.

Raman, R., Das, P., Nedungadi, P. and Dávid, L.D. (2025) 'Greenwashing in the context of responsible consumption and production SDG 12: a cross-sectoral analysis of sustainability', *Equilibrium. Quarterly Journal of Economics and Economic Policy*, Vol. 20, No. 4, pp.1387–1423.

Remo-Diez, N., Mendaña-Cuervo, C. and Arenas-Parra, M. (2024) 'A fuzzy-set qualitative comparative analysis for understanding the interactive effects of good governance practices and CEO profiles on ESG performance', *Mathematics*, Vol. 12, No. 17, p.2726, https://doi.org/10.3390/math12172726.

Rocca, M.L., Fasano, F., Cappa, F. and Neha, N. (2022) 'The relationship between political connections and firm performance: an empirical analysis in Europe', *Finance Research Letters*, Vol. 49, p.103157, https://doi.org/10.1016/j.frl.2022.103157.

Rochmatullah, M.R., Hartanto, R. and Probohudono, A.N. (2024) 'Have social vulnerability cases been considered in the budgeting process of social charity evidence from Indonesia', *International Journal of Public Sector Performance Management*, Vol. 13, No. 1, pp.58–77, https://doi.org/10.1504/IJPSPM.2024.135821.

Rossi, M., Capasso, A., Solak, I., Jarrar, H. and Salloum, C. (2025a) 'Green scores, golden returns: ESG's role in shaping SME financial outcomes', *Review of Accounting and Finance*, Vol. 24, No. 5, pp.619–639.

Rossi, M., Capasso, A., Pereira, B., Salloum, C. and Meriane, Y. (2025b) 'Exploring cross-country influences on private equity investment', *Review of Accounting and Finance*, Vol. 24, No. 5, pp.659–682.

Saiyed, S., Hasan, M., Chowdhury, R., Bin Parves, K.M.T., Hariyadi, E. and Kumar, V. (2025) 'Harnessing artificial intelligence to strengthen green innovation capacity in pursuit of sustainable development goals: evidence from Taiwan's manufacturing sector', *Equilibrium. Quarterly Journal of Economics and Economic Policy*, Vol. 20, No. 3, pp.877–904.

Salloum, C., Jabbour, G., Digout, J. and Gebrayel, E. (2015) 'Managerial dominance over the board and audit committee independence in financial institutions', *Investment Management and Financial Innovations*, Vol. 12, No. 4, pp.34–43.

Salloum, C., Rossi, M., Jarrar, H., Najem, J. and Pereira, R. (2025) 'Kingdom's capital charting the dynamic future of private equity', *Review of Accounting and Finance*, Vol. 24, No. 4, pp.585–599.

Saraswati, E., Ghofar, A., Atmini, S. and Dewi, A.A. (2024) 'Clustering of companies based on sustainability performance using ESG materiality approach: evidence from Indonesia', *International Journal of Energy Economics and Policy*, Vol. 14, No. 2, pp.112–125, https://doi.org/10.32479/ijeep.15393.

Sari, S.P., Diyanti, A.A. and Wijayanti, R. (2019) 'The effect of audit tenure, audit rotation, audit fee, accounting firm size and auditor specialization to audit quality', *JURNAL Riset Akuntansi Dan Keuangan Indonesia*, Vol. 4, No. 3 [online] http://journals.ums.ac.id/index.php/reaksi/index (accessed 15 December 2025).

Senadheera, S.S., Gregory, R., Rinklebe, J., Farrukh, M., Rhee, J.H. and Ok, Y.S. (2022) 'The development of research on environmental, social, and governance (ESG): a bibliometric analysis', *Sustainable Environment*, Vol. 8, No. 1, https://doi.org/10.1080/27658511.2022.2125869.

Shrivastava, P. and Addas, A. (2014) 'The impact of corporate governance on sustainability performance', *Journal of Sustainable Finance & Investment*, Vol. 4, No. 1, pp.21–37, https://doi.org/10.1080/20430795.2014.887346.

Singh, A.K., Zhang, Y. and Anu (2023) 'Understanding the evolution of environment, social and governance research: novel implications from bibliometric and network analysis', *Evaluation Review*, Vol. 47, No. 2, pp.350–386, https://doi.org/10.1177/0193841X221121244.

Skare, M., Gavurova, B. and Kovac, V. (2025) 'Sustainability of gender employment and pay gap types regarding female participation in corporate management', *Environment, Development and Sustainability*, Vol. 27, No. 9, pp.21593–21619.

Sugiarto, A., Puspani, N.N. and Fathia, F. (2023) 'ESG leverage towards stock performance in Indonesia Stock Exchange', *International Journal of Energy Economics and Policy*, Vol. 13, No. 5, pp.593–606, https://doi.org/10.32479/ijeep.14384.

Susanto, H., Suryadnyana, N.A., Astami, E. and Rusmin, R. (2025) 'The impact of family firms on financial reporting quality: the mediating role of high-quality auditors', *Journal of Risk and Financial Management*, Vol. 18, No. 6, p.295, https://doi.org/10.3390/jrfm18060295.

Susbiyani, A., Halim, M. and Animah, A. (2023) 'Determinants of Islamic social reporting disclosure and its effect on firm's value', *Journal of Islamic Accounting and Business Research*, Vol. 14, No. 3, pp.416–435, https://doi.org/10.1108/JIABR-10-2021-0277.

Syamsudin, S., Setiany, E. and Sajidah, S. (2017) 'Gender diversity and firm value: a study on boards of public manufacturing firms in Indonesia', *Problems and Perspectives in Management*, Vol. 15, No. 3, pp.276–284, https://doi.org/10.21511/ppm.15(3-1).2017.11.

Takyi, K.N., Gavurova, B. and Asamoah, C.A. (2024a) 'A contextual model for assessing the nexus between green innovation practices and enterprise performance', *Journal of Business Economics and Management*, Vol. 25, No. 6, pp.1238–1259.

Takyi, K.N., Gavurova, B., Charles, O., Mikeska, M. and Sampene, A.K. (2024b) 'Assessing the role of circular economy and green innovation in mitigating carbon emissions in the Visegrad countries', *International Journal of Renewable Energy Development*, Vol. 13, No. 6, pp.1149–1161.

Tessema, A.M., Zahir-Ul-Hassan, M.K. and Ahmed, A. (2024) 'Corporate governance, earnings management and the moderating role of political connections: evidence from the Gulf Co-operation Council countries', *International Journal of Ethics and Systems*, https://doi.org/10.1108/IJOES-02-2024-0056.

Tjahjadi, B., Soewarno, N. and Mustikaningtiyas, F. (2021) 'Good corporate governance and corporate sustainability performance in Indonesia: a triple bottom line approach', *Heliyon*, Vol. 7, No. 3, p.e06453, https://doi.org/10.1016/j.heliyon.2021.e06453.

Tyan, J., Liu, S. and Fu, J. (2024) 'How environmental, social, and governance implementation and structure impact sustainable development goals', *Corporate Social Responsibility and Environmental Management*, Vol. 31, No. 4, pp.3235–3250, https://doi.org/10.1002/csr.2721.

Ullah, S. and Kamal, Y. (2022) 'Corporate governance, political connections and firm performance: the role of political regimes and size', *Global Business Review*, Vol. 23, No. 4, pp.1031–1053, https://doi.org/10.1177/0972150919876520.

Vrtana, D., Rosnerova, Z. and Krizanova, A. (2025) 'Managerial decision-making in the process of managing corporate changes in Slovak production enterprises in the context of strengthening competitiveness', *Journal of Competitiveness*, Vol. 17, No. 2, pp.1–20.

Waqas, U., Umair, S., Mrugalska, B. and Ali Sulaiman, M.A.B. (2025) 'Twin transformation: the role of digitalization with artificial intelligence, big data and circular supply chain in circular economy performance for sustainability', *Equilibrium. Quarterly Journal of Economics and Economic Policy*, Vol. 20, No. 2, pp.613–645.

Wati, L.N., Ramdany, R. and Momon, M. (2020) 'Does corporate governance affect financial reporting quality of politically connected firms?', *Entrepreneurship and Sustainability Issues*, Vol. 7, No. 3, pp.2126–2143, https://doi.org/10.9770/jesi.2020.7.3(45).

Xiaomei, Z., Rashdan Sallehuddin, M., Mohd Saad, R. and Lu, Z. (2021) 'Gender diversity, political connections and environmental, social and governance performance in China: the moderating role of tenure', *Studies of Applied Economics*, Vol. 39, No. 10, https://doi.org/10.25115/eea.v39i10.5962.

Zulfikar, R., Lukviarman, N., Suhardjanto, D., Ismail, T., Dwi Astuti, K. and Meutia, M. (2020) 'Corporate governance compliance in banking industry: the role of the board', *Journal of Open Innovation: Technology, Market, and Complexity*, Vol. 6, No. 4, p.137, https://doi.org/10.3390/joitmc6040137.

Zvarikova, K., Musova, Z., Rowland, Z. and Skypalova, R. (2024) 'Factors determining the implementation of corporate social responsibility in the SME segment in the V4 region', *Equilibrium. Quarterly Journal of Economics and Economic Policy*, Vol. 19, No. 4, pp.1327–1362.