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Governance quality and sustainability: Uncovering the moderating role of commitment and assessment

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Abstract: Corporate governance reform in Indonesia after the Asian financial crisis and global scandals shows a lag in effectiveness, with the lowest governance rating of 33.6 in 2020. Despite regulatory improvements, weak leadership commitment and failure of governance implementation hinder improvements. In-depth evaluation and reform are needed for significant improvement. Governance quality and commitment are important for sustainability, but the study has limitations. This, raises violations in governance and sustainability, which requires further exploration of external variables and factors. This study integrates RBV to understand the effect of governance assessment and quality on corporate sustainability on the Indonesia Stock Exchange. This study assesses the effect of Commitment (M1) and Governance Quality (X) on Sustainability (Y) to show significant results. This study explanatory uses a survey with a Likert Scale to evaluate commitment, governance, and sustainability involving management with a higher education background, using a questionnaire distributed via email and WhatsApp. This study uses the SEM-PLS procedure with SmartPLS 3.2.9 to test the relationship between variables and construct validity, as well as model evaluation. This study shows that Commitment (M1) and Governance Quality (X) have a significant influence on Sustainability (Y), with T Statistics of 6.494 and 3.431, and p-values of 0.000 and 0.001. In contrast, Assessment (M2) has no significant influence, with T Statistics below 1.96 and p-value greater than 0.05. The blindfolding analysis model shows a Q² for Sustainability (Y) of 0.539, with R² of 0.756 and R² Adjusted of 0.744. Future research should explore additional factors or different methodologies to deepen understanding. Keywords: Assessment, Commitment; Governance quality, Indonesia stock exchange, Sustainability.

1. Introduction

Corporate governance reform is crucial after the Asian financial crisis, Enron and WorldCom scandals, Madoff fraud, and the 2008 US bank collapse, which underlined the need for proper governance to minimize corporate governance malpractices from past cases triggered global governance reforms, including in Indonesia, to improve governance, enhance assessment and commitment to prevent similar crises (Figure 1).

(%)	2010	2012	2014	2016	Change 2014 vs 2016 (ppt)	Direction of CG reform
Australia	8	1	((#))	78		
1. Singapore	67	69	64	67	(+3)	Mostly sunny, but storms ahead?
2. Hong Kong	65	66	65	65	-	Action, reaction: the cycle of Hong Kong life
3. Japan	57	55	60	63	(+3)	Cultural change occurring, but rules still weak
4. Taiwan	55	53	56	60	(+4)	The form is in, now need the substance
5, Thailand	55	58	58	58		Could be on the verge of something great, if
6. Malaysia	52	55	58	56	(-2)	Regulation improving, public governance failing
7. India	49	51	54	55	(+1)	Forward movement impeded by vested interests
8. Korea	45	49	49	52	(+3)	Forward movement impeded by vested interests
9. China	49	45	45	43	(-2)	Falling further behind, but enforcement better
10. Philippines	37	41	40	38	(-2)	New policy initiatives, but regulatory ennui
11. Indonesia	40	37	39	36	(-3)	Losing momentum after progress of recent years

Figure 1.

Governance quality ranking 2010 – 2016.

Source: CG watch report 2016 – ecosystem matter.

Indonesia, from 2010-2016, faced major issues in corporate governance, including lax regulations, lack of commitment, weak compliance, foreign investor protection, and poor transparency (Figure 2 and Figure 3).

Market	Total (%)	Macro market highlights
1. Australia	74.7	Banking commission spurs enforcement, still no federal ICAC
=2. Hong Kong	63.5	New audit regulator, enforcement remains strong, ICAC disappoints
=2. Singapore	63.2	Enforcement firming, rules improve, company disclosure disappoints
4. Taiwan	62.2	Big CG reform push on multiple fronts, rules still complicated
=5. Malaysia	59.5	Political turmoil erodes government scores, other areas hold steady
=5. Japan	59.3	Ahead on climate change reporting, behind on company CG disclosure
7. India	58.2	New audit regulator, civil society surges, public governance disappoints
8. Thailand	56.6	Political turmoil erodes government scores, rules strong, investors improve
9. Korea	52.9	Public governance strengthens, CG disclosure improves, regulatory opacity
10. China	43.0	Forging its own governance path, still waiting for ESG reporting guidelines
11. Philippines	39.0	Stronger regulatory focus on CG, investors and civil society disappoint
12. Indonesia	33.6	CG reform continues to struggle, some stronger rules, new e-voting system

Figure 2.

Scoring of governance quality in 2020.

Source: CG watch report 2020–future promise.



Changes in governance quality rankings 2010 – 2020. Source: CG watch data 2010 – 2020.

Indonesia experienced a decline in the quality of corporate governance, with the lowest score of 33.6 in 2020. This shows a lag compared to ASEAN countries such as the Philippines which recorded a score of 39.0. The CG Watch report from ACGA (2010-2020) reflects a major phenomenon: updating laws and policies in Indonesia has not been effective in improving corporate governance. The main factors for this failure are weak leadership commitment and the dysfunction of the existing governance system. This shows the need for in-depth evaluation and reform so that corporate governance in Indonesia can be substantially improved.

The decline in Indonesia's governance quality ranking since 2010 shows that legal and policy reforms have not been accompanied by effective governance implementation. ACGA surveys over the past 10 years have revealed that despite regulatory updates, issues such as conflict of interest, financial manipulation, and corruption remain high. Weak leadership commitment and failure to implement proper governance have led to failure. The case of a state-owned company such as PT Garuda Indonesia Tbk, despite having good GCG guidelines, experienced governance failure due to an ethical crisis. In contrast, PT Waskita Karya Tbk showed an increase in its GCG assessment from the "Good" category to "Very Good". This case shows the need for in-depth evaluation and improvement of the governance system to ensure the sustainability and integrity of companies in Indonesia.

Study of the relationship between governance, organizational commitment, and corporate sustainability. Although the findings by(Garrido-Ruso et al., 2024; H. Wang et al., 2024)shows that good governance quality can improve corporate sustainability by emphasizing the role of ESG in resilience to economic and environmental challenges, this study is limited in scope. Similarly, research by(Sahib & Malik, 2023)highlighted the importance of organizational commitment to sustainability but focused only on comparing sustainability management practices in developed countries, which may limit the generalizability of their findings to a global context. In addition,(Huang et al., 2023), emphasizes organizational commitment in moderating the relationship between governance and sustainability initiatives, but this study is limited to sustainability accounting standards and the balance between economic, social, and environmental interests. Therefore, although all studies support the importance of governance quality and organizational commitment in sustainability, differences in their specific contexts and methodological approaches may limit a comprehensive understanding of this relationship. Studies on the practical implementation and involvement of actors in the use of decision support tools for sustainable management, this study has not fully integrated these practical

aspects. In addition, this study also supports the findings(Konefal et al., 2023), related to the imbalance in sustainability priorities, where the environmental dimension is prioritized over social themes such as quality of life, food sovereignty, and fair trade practices, indicating the need for more attention to social issues in the context of sustainability. With this, it is necessary to examine how factors such as knowledge, management involvement, professional commitment, and technology can influence each other in the implementation of sustainability in hospitals. Although this study is in line with the findings(van Schie, 2024), which identifies these important factors, this study does not fully explore the interaction between factors in the context of concrete practices and strategies to overcome obstacles in corporate sustainability. Studies on organizational commitment specifically moderate the relationship between governance and sustainability across contexts. Although previous research by(Huang et al., 2023)And(Sahib & Malik, 2023), demonstrating the importance of organizational commitment, these studies do not comprehensively explore how variations in factors such as accounting standards, board independence, and diversity may influence the moderating role of organizational commitment in various sustainability contexts. Studies on the relationship between governance and sustainability. Although these studies, along with (Agbata et al., 2023) And (Irshad et al., 2023), showing the importance of governance quality for sustainability, this study is limited to non-financial public companies in Indonesia and does not take into account other variables such as the role of sustainability reporting as a mediator, as discussed by, (Abdul Rahman & Alsayegh, 2021). This study also does not fully explore how ethics and transparency in governance interact with environmental performance.

Frequent violations in state-owned enterprises highlight the research gap in corporate governance quality and its impact on sustainability. There is inconsistency in the relationship between governance and corporate performance, with some studies showing a positive impact, while others find inconsistent results. In addition, there is a knowledge gap regarding the influence of holistic governance mechanisms on corporate sustainability. Previous research is limited to a segmented understanding, with some studies showing a negative relationship between governance and financial performance, while others show a positive influence. This study attempts to fill this gap by exploring the variables that influence the phenomenon of corporate governance, to provide more comprehensive insights into the development of corporate governance and sustainability. There is a lack of exploration of the interaction between organizational commitment, governance quality, and sustainability. Further research is needed to understand how the combination of internal and external resources, such as regulatory support and market pressure, can more effectively support corporate sustainability. Lack of attention to external factors that influence corporate sustainability. Although the Resource-Based View (RBV) emphasizes the importance of internal resources such as governance quality and risk management as strategic resources for long-term sustainability, this study needs to consider the influence of external factors such as government regulations, market conditions, and industry dynamics. The need to integrate RBV with contingency theory to understand how external factors moderate the effectiveness of internal resources in achieving corporate sustainability. This study requires regulatory changes and stakeholder pressures, affecting the relationship between governance quality, risk management, and corporate sustainability. Further research is needed to integrate these external dynamics into the Resource-Based View (RBV) perspective to provide a more comprehensive understanding.

This study will reveal that in non-financial public companies on the Indonesia Stock Exchange, the influence of assessment interacting with governance quality on sustainability to improve the role of sustainability. through the integration of the Resources-Based View (RBV) theory with the variables of governance quality, corporate sustainability, commitment, and assessment. This approach provides a new perspective in understanding how internal company factors can affect governance and sustainability. In the RBV framework, corporate governance quality includes indicators of evaluation, control, and supervision, which indicate the extent to which a company can use its resources and capabilities to achieve sustainable competitive advantage.(Honeybun-Arnolda et al., 2024; Sun et al., 2024). Evaluation and control indicators highlight the importance of report performance as a reflection of effective managerial resources in implementing good corporate governance. Effective monitoring mechanisms also serve as resources that enable companies to monitor and control internal operations efficiently. Corporate sustainability, as measured by financial performance, adaptive capabilities, and

reputation, underlines the company's ability to maintain and develop its resources amidst market changes. This is in line with the RBV theory which emphasizes the importance of dynamic and adaptive capabilities in maintaining competitive advantage. Commitment variables, which include work experience, position, and education, illustrate how human resources with in-depth skills and knowledge can contribute to the achievement of corporate goals. Meanwhile, assessment variables show how governance structures, processes, and outcomes can be utilized as strategic resources to ensure effective and efficient GCG implementation.(Khan et al., 2024; van Schie, 2024). Thus, this study offers new insights in applying RBV to understand the interrelationships between governance quality, corporate sustainability, commitment, and assessment, all of which are important components in achieving sustainable competitive advantage in a dynamic business environment.

This study aims to identify the influence of Commitment (M1) and Governance Quality (X) on Sustainability (Y) in non-financial public companies listed on the Indonesia Stock Exchange, and to evaluate the contribution of Assessment (M2) in improving Sustainability (Y). In addition, this study aims to develop a model of the relationship between these variables through blindfolding analysis to measure the strength and accuracy of the model. The benefits of this research include providing insight into how Commitment (M1) and Governance Quality (X) can improve corporate sustainability, assist in formulating better policies, and provide a basis for further research by identifying other variables that may affect the relationship between the variables studied.

2. Research Methodology

2.1. Design

This research design is explanatory research which is important to explain the causal relationship between variables, allowing for in-depth understanding of the phenomenon through critical analysis and theory testing. This study uses a survey with a Likert Scale to evaluate commitment, corporate governance, and sustainability based on the respondent profile.

2.2. Population and Sample

This study involved respondents from various levels of management: 30% from top management, 40% from middle management, and 30% from lower management. The majority of respondents had more than 3 years of work experience and had undergraduate (S1) and postgraduate (S2/S3) education backgrounds. Although the primary data already represented the research needs, there were weaknesses such as the uncertainty of the questionnaire respondents and the qualifications of policy makers. The questionnaire containing 24 statements was distributed to 200 parties via email and WhatsApp, with 102 respondents providing feedback, covering all aspects studied(Purushothama, 2015).

2.3. Operational Research Variables

The following table displays various variables used to measure governance quality, corporate sustainability, commitment, and governance assessment in non-financial public companies listed on the Indonesia Stock Exchange.

Table 1.Operational procedure.

No.	Variables	Indicator	Statement	Scale	Source
1		Evaluation	The evaluation measures highlight the importance of reporting performance as a key indicator in the implementation of effective governance.	1: Strongly Disagree 2: Disagree 3: Neutral 4: Agree 5: Strongly Agree	(Irshad et al., 2023; Kashi et al., 2024)
2	Governance quality (X)	Control	Control shows how far the performance of the report can provide an accurate and clear picture of the results achieved by the company.	1: Strongly Disagree 2: Disagree 3: Neutral 4: Agree 5: Strongly Agree	(Agbata et al., 2023; Argente García et al., 2024)
3		Supervision	An effective control mechanism must be able to understand how the company runs its operations.	1: Strongly Disagree 2: Disagree 3: Neutral 4: Agree 5: Strongly Agree	(Chairina & Tjahjadi, 2023; Perdana et al., 2023)
4		Financial performance	Company performance is a reflection of management policies	1: Strongly Disagree 2: Disagree 3: Neutral 4: Agree 5: Strongly Agree	(Almaqtari, 2024b; Hashemi et al., 2022; Meadows et al., 2006)
5	Sustainability of company Y)	Capability	Companies are required to adapt well to rapid market changes.	1: Strongly Disagree 2: Disagree 3: Neutral 4: Agree 5: Strongly Agree	(de Koeijer et al., 2023; Sahib & Malik, 2023)
6		Reputation	Changes in stakeholder perception are the reputation that a company has.	1: Strongly Disagree 2: Disagree 3: Neutral 4: Agree 5: Strongly Agree	(Abdul Rahman & Alsayegh, 2021; Kashi et al., 2024)
7	Commitment (M1)	Work experience	Managers with extensive experience have more knowledge of company management.	1: Strongly Disagree 2: Disagree 3: Neutral 4: Agree 5: Strongly Agree	(Kampfmann et al., 2024; Parra-Paitan et al., 2023)

	I				I
8		Position	Employees who are given plenty of training opportunities will be more committed to the organization.	1: Strongly Disagree 2: Disagree 3: Neutral 4: Agree 5: Strongly Agree	(Choi & Lowry, 2024; Gomes & Pinho, 2023)
9		Education	The company values the improvement of education and skills possessed by employees.	1: Strongly Disagree 2: Disagree 3: Neutral 4: Agree 5: Strongly Agree	(Honeybun- Arnolda et al., 2024; Sun et al., 2024)
10		Management Structure	Building a governance structure supports the process of implementing GCG well	1: Strongly Disagree 2: Disagree 3: Neutral 4: Agree 5: Strongly Agree	(Khan et al., 2024; van Schie, 2024)
11	Assessment (M2)	Governance Process	The effectiveness of the process of implementing corporate governance principles is supported by the adequacy of the governance structure and infrastructure.	1: Strongly Disagree 2: Disagree 3: Neutral 4: Agree 5: Strongly Agree	(Almaqtari, 2024a; Sun et al., 2024)
12		Governance Results	The results of the application of good governance principles are supported by the adequacy of good governance structures and processes.	1: Strongly Disagree 2: Disagree 3: Neutral 4: Agree 5: Strongly Agree	(Francisco & Linnér, 2023; Kampfmann et al., 2024; Navarrete- Cruz & Birkenberg, 2024)

Source: Data processing, 2023.

Each variable has several indicators designed to evaluate specific aspects of the company's operations, with a rating scale ranging from "Strongly Disagree" to "Strongly Agree". These indicators serve to explore the extent to which the company's management and governance practices contribute to long-term performance and sustainability, as well as the organization's commitment to improving employee competency and enforcing effective governance.

2.4. Research Instrument

The research instrument includes two main methods for collecting data: telephone communication and a Google Form-based questionnaire. First, to obtain basic information about the demographics of respondents, the researcher conducted a telephone interview. This communication aims to collect demographic data including position, length of service, and educational background of respondents. This information is very important to understand the context and background of respondents in the study. Second, to evaluate the main variables of the study, a questionnaire distributed through Google Forms was used. This questionnaire was designed to measure four main variables, each with three question items. The variables measured are Governance Quality (X) - Measuring the effectiveness and efficiency of the management system in the organization(Cahyaningrum et al., 2024; van Schie, 2024). Corporate Sustainability (Y) - Assesses the company's efforts in implementing sustainability and social responsibility principles.(Aditya et al., 2023; Al-tekreeti et al., 2021). Commitment (M1) - Evaluates the level of involvement and dedication of respondents to the organization and research objectives.(Mura et al., 2024; Xue, 2022). Assessment (M2) - Measures how respondents assess the performance and results of the various aspects studied.(Adu et al., 2024; Jones-Crank, 2024; Kampfmann et al., 2024). Each variable is represented by three question items designed to elicit in-depth and accurate information about respondents' perceptions and experiences related to the measured variables. This questionnaire uses a Likert scale to assess respondents' level of agreement or satisfaction with each statement.

2.5. Research Procedures

This study uses SEM-PLS analysis to test predictive relationships between variables, ignoring some non-parametric assumptions. SEM-PLS is appropriate for new theory development research with the help of the SmartPLS version 3.2.9 application.(Syamsul Alam et al., 2022). This analysis consists of two models: a measurement model (outer model) to test the validity and reliability of the construct, and a structural model (inner model) for the strength of the estimation between latent variables.(Hashemi et al., 2022). The R2 value (0.75, 0.50, 0.25) indicates strong, moderate, or weak predictive power. GoF measures the overall model fit, and the path coefficient evaluates the influence between variables.(Hasan et al., 2024; Roziq & Ilma Ahmad, 2024).

This study uses the Structural Equation Modeling-Partial Least Squares (SEM-PLS) analysis method, which is an approach to testing predictive relationships between variables by considering the direct and indirect effects between latent variables. SEM-PLS was chosen because of its flexibility in handling non-normally distributed data and its ability to analyze models with relatively small sample sizes.

In SEM-PLS, there are two main sub-models analyzed: the measurement model (outer model) and the structural model (inner model). The measurement model is used to test the validity and reliability of the construct by ensuring that the manifest variables (observed variables) can accurately represent the latent variables (unobserved variables). Construct validity is tested through two types of validity tests: convergent validity and discriminant validity. Convergent validity is assessed from the outer loading value of each construct indicator, where values above 0.70 are considered valid, although values between 0.50 and 0.60 are still acceptable.(Almaqtari, 2024a; Igbinoba et al., 2023). Discriminant validity, on the other hand, measures how well a construct distinguishes itself from other constructs in the model, which is tested by comparing the square root of the Average Variance Extracted (AVE) value with the correlation between the constructs (Fornell and Larcker Criterion).

Reliability in SEM-PLS is measured using two main methods: Cronbach's Alpha and Composite Reliability. Cronbach's Alpha is used to measure the internal consistency of the measuring instrument, while Composite Reliability provides a more recommended measure of construct reliability to use.(Handayani et al., 2023; Hariyani & Mishra, 2023; Lidiawan, 2024). A construct is considered reliable if its Cronbach's Alpha and Composite Reliability values are more than 0.70. After the measurement model is evaluated, the next step is to analyze the structural model that shows the causal relationship between latent variables. The predictive power of the structural model is determined by the coefficient of determination (R_2) value, where a value of 0.75 indicates a strong model, 0.50 indicates a moderate model, and 0.25 indicates a weak model (Ghozali & Latan, 2014). In addition, an overall model evaluation is also carried out using Goodness of Fit (GoF), which measures the overall suitability of the model to the actual data. The GoF value is calculated from the average AVE multiplied by the R2 value, with an interpretation of 0.36 as a strong model, 0.25 as a moderate model, and 0.10 as a weak model(Igbinoba et al., 2023; Musyaffi et al., 2021). To test the significance of the relationship between variables, the bootstrapping method is used which allows researchers to resample the original data and produce a larger sample distribution. This bootstrapping process produces a t value which is used to test the hypothesis. The t value used in hypothesis testing is 1.65 for a 10% significance level, 1.96 for a 5%

significance level, and 2.58 for a 1% significance level.(Hasan et al., 2024; Lidiawan, 2024; C. Wang et al., 2024).

3. Results and Discussion

3.1. Descriptive Study

Most respondents in this study had more than 3 years of work experience, with 60% at that level. This reflects the stability and depth of experience in their field, which can provide a competitive advantage for companies by leveraging the balance between the dynamism of new workers and the stability of experienced workers. More than half of the respondents (65.7%) were in managerial positions, indicating that the majority were at the middle to upper levels, which provides an important perspective on the role of management in influencing work dynamics and strategic decisions. In addition, the distribution of education dominated by bachelor's and master's graduates without doctoral representation offers an opportunity to explore how education levels influence perceptions and decisions in the context of governance and sustainability research, thus helping to formulate more targeted hypotheses regarding the influence of education on the variables studied.

3.2. Outer Model Analysis



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Table 2. Outer loading.		
Indicator items	Outer loading	Decision
ASM1	0.850	Meet > 0.7
ASM2	0.684	Not Yet Fulfilled > 0.7
ASM3	0.728	Meet > 0.7
CM1	0.888	Meet > 0.7
CM2	0.760	Meet > 0.7
CM3	0.836	Meet > 0.7
GV1	0.830	Meet > 0.7
GV2	0.600	Not Yet Fulfilled > 0.7
GV3	0.774	Meet > 0.7
SS1	0.663	Not Yet Fulfilled > 0.7
SS2	0.850	Meet > 0.7
SS3	0.861	Meet > 0.7

Iteration 1 on the outer loading results for non-financial public companies on the Indonesia Stock Exchange, all indicators show values above 0.7, which means they meet the convergent reliability criteria. However, there are differences in dominance between indicators. The ASM1 indicator has the highest outer loading value of 0.922, indicating the largest contribution in measuring the related construct. Followed by the GV1 indicator with a value of 0.901 and SS3 with a value of 0.892, both of which also have a strong influence in the model. On the other hand, indicators with lower outer loading values, such as CM2 at 0.737, still meet the criteria but provide a smaller contribution compared to other indicators. Thus, the ASM1, GV1, and SS3 indicators are more dominant in this construct, while CM2 is less dominant although it still plays a significant role in the model (Table 2).





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Table 3.Outer loading iteration 2.

Indicator item code	Outer loading	Decision
ASM1	0.922	Meet > 0.7
ASM3	0.812	Meet > 0.7
CM1	0.894	Meet > 0.7
CM2	0.737	Meet > 0.7
CM3	0.851	Meet > 0.7
GV1	0.901	Meet > 0.7
GV3	0.834	Meet > 0.7
SS2	0.882	Meet > 0.7
SS3	0.892	Meet > 0.7

Iteration 2 is appropriate, because the outer loading of non-financial public companies listed on the Indonesia Stock Exchange, all indicators have values that meet the criteria > 0.7, indicating that all variables have a strong contribution to the measured construct. The ASM1 indicator with an outer loading of 0.922 and GV1 of 0.901 show very strong dominance, indicating that the aspects they represent are very significant in this model. Conversely, the CM2 indicator with the lowest outer loading value of 0.737, although it meets the criteria, has a weaker contribution compared to other indicators. This indicates that the variable represented by CM2 may be less dominant or have a lower influence in this model compared to other indicators such as ASM1 and GV1 which are stronger.

Construct	Cronbach's alpha	rho _A	Composite reliability	Average variance extracted (AVE)	Decisi on	Informa tion
Assessment (M2)	0.687	$\begin{array}{c} 0.76 \\ 7 \end{array}$	0.860	0.755	AVE > 0.5	AVE meets
Commitment (M1)	0.770	$\begin{array}{c} 0.77 \\ 6 \end{array}$	0.869	0.689	AVE > 0.5	AVE meets
Governance Quality (X)	0.677	$0.70 \\ 3$	0.859	0.753	AVE > 0.5	AVE meets
Sustainability (Y)	0.730	0.73 1	0.881	0.788	AVE > 0.5	AVE meets

 Table 4.

 Average variance extracted

A study involving non-financial public companies on the Indonesia Stock Exchange, four constructs were analyzed: Assessment (M2), Commitment (M1), Governance Quality (X), and Sustainability (Y). Based on the composite reliability value and AVE (Average Variance Extracted), it can be concluded that all constructs have good internal consistency because the Composite Reliability value is above 0.8 and the AVE is above 0.5, indicating that each construct has adequate convergent validity. The dominant construct is Sustainability (Y) with the highest Composite Reliability value (0.881) and the highest AVE (0.788), indicating that this variable has the strongest reliability and validity in the model. In contrast, the Governance Quality construct (X) has a lower Cronbach's Alpha (0.677), although the AVE still meets the criteria, indicating that while Governance Quality is quite reliable, it is not as strong as Sustainability in terms of internal consistency and validity among the other constructs.

Construct	Assessment (M2)	Commitment (M1)	Governance quality (X)	Sustainability (Y)
Assessment (M2)	0.869			
Commitment (M1)	0.811	0.830		
Governance quality (X)	0.648	0.688	0.868	
Sustainability (Y)	0.700	0.845	0.713	0.887

Table 5.Correlation matrix.

Correlation matrix between constructs for non-financial public companies on the Indonesia Stock Exchange, shows that the Sustainability variable (Y) has the highest correlation with the Commitment variable (M1) of 0.845. This shows that Commitment is a dominant factor that is closely related to sustainability in the company. High commitment tends to increase sustainability efforts, reflecting that companies that are committed to sustainability policies and practices show better results in this aspect. On the other hand, Governance Quality (X) shows the lowest correlation with Assessment (M2) of 0.648, indicating that governance quality may not be as strong as commitment in influencing the company's internal assessment related to sustainable practices. This could indicate that while governance is important, other factors such as corporate commitment play a bigger role in determining sustainability.

Table 6.

Discriminant analysis.

Construct	Assessment (M2)	Commitment (M1)	Governance quality (X)
Commitment (M1)	1,065		
Governance quality (X)	0.960	0.947	
Sustainability (Y)	0.956	1.129	0.999

Discriminant analysis for non-financial public companies on the Indonesia Stock Exchange, the discriminant values show that Commitment (M1) has the most dominant influence on Sustainability (Y), with the highest value of 1.129. This indicates that the level of company commitment significantly contributes to the sustainability of the company. Conversely, Governance Quality (X) shows a relatively lower value in relation to Commitment (M1) and Assessment (M2), namely 0.960 and 0.947. This shows that governance quality, although important, is not as strong as commitment in influencing sustainability. Assessment (M2) also shows a discriminant value that is not dominant in relation to Governance Quality (X), namely 0.999, which is lower than the influence of Commitment (M1). Therefore, corporate commitment plays a more dominant role in improving sustainability compared to governance quality or assessment.

3.4. Inner Model



Table 7.

Construct relationship.				
Construct relationship	T statistics (O/STDEV)	P values	Decision	
Assessment (M2) *				
Governance quality $(X) \rightarrow$	1,041	0.298	Alternative hypothesis is rejected	
Sustainability (Y)				
Assessment $(M2) \rightarrow$	1.000	0.015	Alternative hypothesis is rejected	
Sustainability (Ý)	1,006	0.315	Alternative hypothesis is rejected	
Commitment $(M_1) \rightarrow$	6 404	0.000	Alternative hypothesis is accorted	
Sustainability (Y)	0,494	0.000	Alternative hypothesis is accepted	
Commitment (M1) *				
Governance quality $(X) \rightarrow$	0.005	0.996	Alternative hypothesis is rejected	
Sustainability (Y)				
Governance quality (X) ->	9 4 9 1	0.001	Alternative hypothesis is accorted	
Sustainability (Y)	3.431	0.001	Alternative hypothesis is accepted	

The study on the relationship between commitment (M1) and governance quality (X) with sustainability (Y) shows the dominance of commitment (M1) as the main factor influencing sustainability, as evidenced by the T statistic value of 6.494 and P value of 0.000, which significantly supports the alternative hypothesis. Meanwhile, governance quality (X) also has a significant influence on sustainability with a T statistic of 3.431 and P value of 0.001. However, the interaction between assessment (M2) and governance quality (X), as well as assessment (M2) and commitment (M1) on sustainability does not show dominance, because the alternative hypothesis is rejected with a low T statistic value and an insignificant P value, such as in the relationship between assessment and sustainability which has a T statistic of 1.006 and P value of 0.315. This confirms that commitment and governance quality have a dominant role in influencing sustainability, while assessment does not have a significant influence.

Table 8.			
Blindfolding.			
Blindfolding	SSO	SSE	Q^2 (=1-SSE/SSO)
Assessment (M2)	210,000	210,000	
Commitment (M1)	315,000	315,000	
Governance Quality (X)	210,000	210,000	
Sustainability (Y)	210,000	96,908	0.539

Blindfolding analysis on non-financial public companies listed on the Indonesia Stock Exchange, shows that the Sustainability (Y) variable has a Q^2 value of 0.539, which indicates moderate predictive power in this model. A positive Q^2 value and more than 0 on Sustainability indicates that the model has quite good predictive relevance for this variable, which dominates in terms of explaining the variance that occurs. Meanwhile, other variables such as Assessment (M2), Commitment (M1), and Governance Quality (X) show identical SSO and SSE values without producing a Q^2 value, indicating that these variables do not have predictive relevance in this model. This shows that in the model tested, only Sustainability makes a significant contribution in explaining the variance in these companies, while other variables do not dominate in explaining the variance.

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r square.							
F Square	Sustainability (Y)	R square	R square adjusted				
Assessment (M2)	0.008						
Commitment (M1)	0.465						
Governance Quality (X)	0.136						
Sustainability (Y)		0.756	0.744				

The F Square and R Square values in non-financial public companies on the Indonesia Stock Exchange, the Commitment variable (M1) has a dominant influence on Sustainability (Y) with an F Square value of 0.465, indicating that the company's commitment significantly affects sustainability. Conversely, the Assessment variable (M2) has the lowest influence with an F Square of 0.008, indicating that the company's assessment does not provide a significant contribution to sustainability. The Governance Quality variable (X) also has a moderate influence with an F Square value of 0.136. The R Square value for Sustainability (Y) is 0.756, and the Adjusted R Square is 0.744, indicating that this model has good accuracy in explaining the variation in sustainability explained by these variables.

4. Discussion

4.1. Assessment (M2) moderates Governance Quality (X) towards Sustainability (Y)

Non-financial public companies on the Indonesia Stock Exchange, the analysis shows that Assessment (M2) interacting with Governance Quality (X) on Sustainability (Y) is not significant, with a T-Statistics value of 1.041 and P-Values of 0.298, indicating that the alternative hypothesis is rejected. Although Blindfolding shows a Q^2 of 0.539, indicating a moderate predictive relevance of the model, this result indicates that Assessment (M2) does not have a significant effect in moderating the relationship between governance quality and sustainability. The R Square value for Sustainability (Y) of 0.756 indicates that this model explains 75.6% of sustainability variability, while the F Square value for Assessment (M2) of 0.008 indicates that the impact of Assessment on Sustainability is very small. This finding indicates that in non-financial public companies in Indonesia, governance quality remains a major factor in achieving sustainability, while Assessment assessment does not provide a significant contribution.

This study contributes valuable insights into the relationship between governance, organizational commitment, and corporate sustainability, albeit withdifferent focus and context. Findings(Garrido-Ruso et al., 2024; H. Wang et al., 2024), shows that good governance quality enhances corporate sustainability, emphasizing the important role of ESG in corporate resilience to economic and

environmental challenges. Conversely,(Sahib & Malik, 2023), highlights how organizational commitment plays a crucial role in sustainability, but focuses on comparing sustainability management practices between developed countries. Meanwhile,(Huang et al., 2023), emphasize the importance of organizational commitment in moderating the relationship between governance quality and sustainability initiatives, with an emphasis on sustainability accounting standards and the balance of economic, social, and environmental interests. Although these three studies support the importance of governance quality and commitment in achieving sustainability, they differ in the specific context and approach used, from corporate resilience, international comparisons, to accounting standards.

Governance quality and risk management need to influence corporate sustainability. RBV argues that competitive advantage comes from managing unique, valuable, difficult to imitate, and nonsubstitutable resources. These findings support the idea that governance quality is an important strategic resource for achieving long-term sustainability, as it enables firms to manage internal resources efficiently and effectively, and create sustainable value for stakeholders. In addition, the results of the study indicate that effective risk management is also a strategic resource that contributes significantly to sustainability, in line with RBV which emphasizes the importance of a firm's ability to manage risk to increase resilience and adaptability. However, critical reflection on RBV suggests the need to consider external factors such as government regulation, market conditions, and industry dynamics in moderating the effects of internal resources on sustainability. This study suggests the integration of RBV with contingency theory to explore how external factors influence the effectiveness of internal resources. These findings also contribute to the literature by showing that governance quality and risk management are key to sustainability, enriching theoretical understanding, and providing insights for further theory development and better governance practices.

4.2. Assessment (M2) of Sustainability (Υ)

Assessment and sustainability in non-financial public companies on the Indonesia Stock Exchange show that the alternative hypothesis is rejected, with a T Statistics value of 1.006 and P Values of 0.315, indicating that the relationship between Assessment and Sustainability is not statistically significant. With a Q^2 value of 0.539 for Sustainability, this result indicates that although the company has an adequate governance structure, it is not enough to significantly affect sustainability. This finding shows the urgency to further examine other elements that may have a stronger influence on sustainability. In addition, the low F Square value (0.008) for Assessment in relation to Sustainability underlines those other aspects of governance, such as adaptation to rapid market changes and managing stakeholder perceptions, may play a greater role in supporting corporate sustainability. Therefore, companies must be more proactive in developing more comprehensive strategies to ensure sustainable sustainability amidst changing market dynamics. Although assessment is important to ensure policies are implemented correctly, assessment alone is not enough to strengthen the relationship between corporate sustainability. Assessments are often evaluative and do not encourage continuous improvement actions, so companies need to combine assessments with concrete actions and continuous improvement strategies. In conclusion, in order to have a significant impact on sustainability, assessments must be accompanied by real actions and a commitment to continuous improvement.

The study is in line with(Sun et al., 2024), stated that finding the potential of decision support tools in sustainable management, but requires further integration to focus on practical implementation and actor involvement in the use of decision support tools. This also supports the study(Konefal et al., 2023), an imbalance in sustainability priorities, with the environmental dimension being given more priority to increasing attention to social themes such as quality of life, food sovereignty, and fair trade practices.

4.3. Commitment (M1) to Sustainability (Υ)

Commitment (M1) has a significant effect on sustainability (Y) in non-financial public companies listed on the Indonesia Stock Exchange. This is evidenced by the T Statistics value of 6.494 and P Values of 0.000, which means the alternative hypothesis is accepted, indicating a statistically significant relationship. In addition, the F Square value of 0.465 indicates that commitment has a moderate impact on sustainability, which is further strengthened by the R Square value of 0.756 and R Square Adjusted of 0.744 for sustainability, indicating that approximately 75.6% of the variability in sustainability can be explained by this model. Commitment, which includes elements such as extensive managerial experience, training opportunities for employees, and appreciation for improving education and skills, has been shown to be important in supporting corporate sustainability. Companies that emphasize this commitment are better able to adapt to rapid market changes and maintain a good reputation in the eyes of stakeholders, thus reflecting a management policy oriented towards long-term sustainability.

This study is in line with the findings(van Schie, 2024), proves that there are important factors in implementing sustainability in hospitals: knowledge, management involvement, professional commitment, and technology. This is for the concrete practice aspects and strategies to overcome obstacles.

4.4. Commitment (M1) moderates Governance Quality (X) towards Sustainability (Y)

Non-financial public companies on the Indonesia Stock Exchange, statistical analysis shows that the Commitment variable (M1) moderated by Governance Quality (X) on Sustainability (Y) is not significant, with a T-Statistics value of 0.005 and P-Values of 0.996, so the alternative hypothesis is rejected. However, from the blindfolding results obtained a Q^2 value of 0.539 for Sustainability (Y), indicating that the prediction model has moderate predictive relevance. In addition, the R Square value for Sustainability (Y) of 0.756 indicates that 75.6% of the variability in sustainability can be explained by Governance Quality (X) and Commitment (M1). The F Square value shows that Commitment has a greater influence on Sustainability compared to Governance Quality, which means that although governance quality is important, organizational commitment has a more substantial impact in determining corporate sustainability.

This study is in line with(Huang et al., 2023),(Sahib & Malik, 2023), And(Chairina & Tjahjadi, 2023), highlighting the importance of organizational commitment in improving corporate sustainability. The study(Huang et al., 2023)emphasizes the integration of economic, environmental, and social dimensions into corporate strategy, suggesting that organizational commitment plays an important role in creating a sustainable balance. Meanwhile, research by(Sahib & Malik, 2023)focuses on the development of sustainability accounting standards and reveals that organizational commitment plays a role in moderating the effect of governance quality on sustainability initiatives.(Chairina & Tjahjadi, 2023)also emphasize that commitment to sustainability needs to play a significant moderating role in the relationship between green governance and sustainability reporting quality, and highlight factors such as board independence and diversity in strengthening sustainability commitment. These studies together show that organizational commitment is a key element in supporting effective governance practices and achieving sustainability goals.

The findings of this study support and extend the existing theoretical understanding of the importance of organizational commitment in the context of corporate governance and sustainability. In the Resource-Based View (RBV) theory, organizational commitment is considered a strategic resource that not only moderates but also needs to strengthen the relationship between governance quality and corporate sustainability. This suggests that organizational commitment needs to be strengthened from the management and employees' perspectives to play an important role in implementing good governance quality and ensuring long-term sustainability. In addition, the findings challenge the traditional assumptions of the RBV by showing that governance quality alone may not be sufficient to achieve desired sustainability without strong organizational commitment, indicating that the interaction between various internal resources and capabilities is more complex than previously thought. Therefore, further theory development is needed to understand how specific combinations of various internal and external resources, such as regulatory support and market pressures, can support corporate sustainability. The findings provide important contributions to the literature on corporate governance and sustainability, offering practical insights for managers to develop strategies that integrate organizational commitment with good governance practices, as well as encouraging the development of theories that consider the dynamics of the wider organization.

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4.5. Governance Quality (X) to Sustainability (Υ)

Non-financial public companies listed on the Indonesia Stock Exchange show that governance quality significantly affects sustainability, with a T-Statistics value of 3.431 and a P Value of 0.001, so the alternative hypothesis is accepted. This indicates that improvements in governance quality substantially contribute to improvements in sustainability practices. Blindfolding analysis shows a Q^2 value of 0.539, indicating that this model has strong predictive ability, confirming that the governance quality variable plays an important role in supporting corporate sustainability. In addition, the R Square value of 0.756 and the Adjusted R Square of 0.744 indicate that 75.6% of the variability in sustainability can be explained by governance quality, underlining the relevance and effectiveness of this model in analyzing the relationship between governance and sustainability in non-financial public companies in Indonesia.

The findings of this study indicate that implementing high-quality governance can significantly strengthen corporate sustainability. Good governance quality includes aspects such as ethics, transparency, accountability, and risk management, all of which play an important role in ensuring long-term sustainability. With a strong governance system, companies are able to identify and manage risks more effectively, and make strategic decisions that consider the long-term impact on sustainability. This suggests that companies with good governance practices tend to have more stable and sustainable performance because high governance quality helps them comply with regulations, maintain good relationships with stakeholders, and operate with integrity and responsibility.

This study is in line with(Agbata et al., 2023)And(Irshad et al., 2023)shows that good governance quality plays an important role in improving corporate sustainability. Agbata et al.'s (2023b) study focuses on developing countries such as Nigeria, while this study focuses on non-financial public companies in Indonesia. Meanwhile,(Abdul Rahman & Alsayegh, 2021), also highlights the significant influence of governance on sustainability, emphasizing the role of sustainability reporting as a mediator. However, this study places more emphasis on the importance of ethics and transparency in governance. Although the study(Irshad et al., 2023)focusing on environmental performance, this study covers the overall corporate governance aspect.

From the perspective of Resource-Based View (RBV) Theory, the results of this study show that the integration of risk management and governance quality significantly affects corporate sustainability. RBV argues that long-term competitive advantage comes from a company's unique and difficult-toimitate internal resources and capabilities. These results support RBV by emphasizing that quality governance and effective risk management are valuable resources that can enhance sustainability. However, critical reflection on RBV in this context suggests that the theory needs to be expanded to take into account external dynamics, such as regulatory changes and pressure from external stakeholders, which can affect the effectiveness of governance and risk management.

5. Conclusion and Suggestions

This study produces a statement that, between Assessment (M2) and Governance Quality (X) on Sustainability (Y), and between Assessment (M2) and Sustainability (Y), the alternative hypothesis is rejected with T Statistics below 1.96 and p-values greater than 0.05. On the other hand, Commitment (M1) shows a significant influence on Sustainability (Y) with T Statistics of 6.494 and p-value of 0.000, so the alternative hypothesis is accepted. Governance Quality (X) also shows a significant influence on Sustainability (Y) with T Statistics of 3.431 and p-value of 0.001, so the alternative hypothesis is accepted. For the blindfolding analysis, Q² for Sustainability (Y) is 0.539, indicating a good model with R² of 0.756 and R² Adjusted 0.744. The implications of these results confirm the importance of Commitment (M1) and Governance Quality (X) in improving corporate sustainability, while Assessment (M2) does not show a significant influence. Future research can explore other factors that may influence this relationship or apply different methodologies to deepen the understanding of the dynamics between the constructs studied.

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